150. By Mr. CUMMINGS: Memorial of the House of Representatives of the State of Colorado, memorializing Congress concerning social-economic planning in regard to emergency-relief measures; to the Committee on Ways and Means.

151. Also, memorial of the House of Representatives of the State of Colorado, memorializing Congress regarding grazing fees on national-forest reserves; to the Committee on Agriculture.

152. By Mr. FITZGIBBONS: Petition of citizens of Onondaga County, N.Y., requesting that measures be adopted that will relieve the mass of the people; to the Committee on Ways and Means.

153. By Mr. HASTINGS: Petition of the Oklahoma Legislature, memorializing the Congress of the United States to include in the plan for an adequate flood control of the Mississippi River area the construction of flood-control reservoirs on the dry Cimarron River within the State of Oklahoma and State of New Mexico; to the Committee on Flood Control.

154. Also, petition of the Oklahoma Legislature, memorializing the Congress of the United States that it is the sense of the members of the Oklahoma Legislature that the Government of the United States should perform its solemn promise and place American agriculture on the basis of equality with other industries by providing an adequate system of credit and that adequate legislation to that end should be adopted at the earliest possible date; to the Committee on Agriculture.

155. Also, petition of the Oklahoma Legislature, memorializing the Congress of the United States to enact a law authorizing and empowering the several States to levy and collect license, franchise, gross revenue, registration, or other forms of taxes upon or measured by capital represented by property and business employed in interstate commerce; to the Committee on Ways and Means.

156. By Mr. JOHNSON of Texas: Telegram of Hill County Cotton Oil Co., Citizens National Bank, Colonial Trust Co., Hillsboro Cotton Mills, and Smith & Tomlinson Co., of Hillsboro, Tex., opposing passage of the President's farm-relief bill; to the Committee on Agriculture.

157. Also, telegram of Farmers Nonpartisan Protective League, Karens, Tex., favoring the President's farm-relief bill; to the Committee on Agriculture.

158. By Mr. KLEBERG: Telegrams of J. R. McDougal, Walter Tips, H. H. Steves, Alf B. Schroetter, Herman Jostes, W. W. Boyce, R. A. Hall, J. E. Montgomery, Edwin E. Kinkler, William Meyer, and Ernest Kinkler, all of the State of Texas, urging passage of the President's farm relief bill; to the Committee on Agriculture.

159. By Mr. LEWIS of Colorado: Memorial of the House of Representatives of the Twenty-ninth General Assembly of the State of Colorado, urging enactment of legislation providing for the following principles in emergency-relief measures: direct governmental management of construction work; establishment of minimum income to workers on construction projects; shorter work hours and week days; standardization by the Government of wages, etc., involved in manufacture, sale, and distribution of materials used in construction projects; that the executive department be given full power to put these principles into effect; to the Committee on Labor.

160. Also, memorial of the General Assembly of the State of Colorado, urging the passage of the Frazier bill or similar legislation looking to the refinancing of existing farm indebtedness; to the Committee on Ways and Means.

161. Also, resolution of the board of councilmen and the mayor of the city and county of Denver, Colo., urging the passage of a law providing for the free and unlimited coinage of silver on a correct ratio with gold; to the Committee on Coinage, Weights, and Measures.

162. By Mr. McCORMACK: Memorial of the House of Representatives of the Commonwealth of Massachusetts, memorializing Congress to regulate the hours and wages of persons employed in manufacturing and industrial establishments; to the Committee on Labor.

163. By Mr. MILLARD: Resolution adopted by the Scarsdale Post, No. 52, of the American Legion, indorsing support of President's program; to the Committee on Economy.

164. By Mr. RICHARDSON: Petition of 140 qualified citizens of the borough of Bally, Berks County, Pa., urging consideration of the revaluation of the gold ounce for the purpose of bringing more money into circulation for business and for the betterment of the working class of people; to the Committee on Banking and Currency.

SENATE

THURSDAY, MARCH 23, 1933

(Legislative day of Monday, Mar. 13, 1933)

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

THE JOURNAL

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar day of Wednesday, March 22.

The VICE PRESIDENT. Is there objection? The Chair hears none.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. 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:

Adams	Copeland	Keyes	Reynolds
Ashurst	Costigan	King	Robinson, Ark.
Austin	Couzens	La Follette	Robinson, Ind.
Bachman	Dickinson	Lewis	Russell
Bailey	Dieterich	Logan	Sheppard
Bankhead	Dill	Lonergan	Shipstead
Barbour	Duffy	McAdoo	Smith
Barkley	Erickson	McCarran	Steiwer
Black	Fess	McGill	Stephens
Bone	Fletcher	McKellar	Thomas, Okla.
Borah	Frazier	McNary	Thomas, Utah
Bratton	George	Metcalf	Trammell
Brown	Glass	Murphy	Tydings
Bulkley	Goldsborough	Neely	Vandenberg
Byrd	Gore	Norbeck	Van Nuys
Byrnes	Hale	Norris	Wagner
Capper	Harrison	Nye	Walcott
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Patterson	Wheeler
Clark	Hebert	Pittman	White
Connally	Johnson	Pope	
Coolidge	Kendrick	Reed	

Mr. BLACK. I desire to announce that the junior Senator from South Dakota [Mr. BULOW] is still detained from the Senate by a slight illness.

Mr. REED. I wish to announce the continued absence of my colleague the junior Senator from Pennsylvania [Mr. DAVIS] on account of illness. I will let this announcement stand for the day.

Mr. HEBERT. I desire to announce the necessary absence of the following-named Senators: Mr. DALE, Mr. HASTINGS, Mr. KEAN, Mr. CUTTING, Mr. SCHALL, and Mr. TOWNSEND.

Mr. OVERTON. I desire to announce that my colleague [Mr. LONG] is necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-six Senators having answered to their names, a quorum is present. The Senate will receive a message from the President of the United States.

MESSAGES FROM THE PRESIDENT

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

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. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, in which it requested the concurrence of the Senate.

The message also announced that Representatives Randolph Perkins and U. S. Guyer were appointed in lieu of

Fiorello H. LaGuardia and Charles I. Sparks to serve with Representatives Hatton W. Sumners, Gordon Browning, and Malcolm C. Tarver as the managers on the part of the House of Representatives to conduct the impeachment pending in the Senate sitting as a court of impeachment against Harold Louderback, a United States district judge for the northern district of California.

ENROLLED JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled joint resolution (S.J.Res. 14) to authorize the Reconstruction Finance Corporation to make loans for financing the repair or reconstruction of buildings damaged by earthquake in 1933, and it was signed by the Vice President.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of North Carolina, which was referred to the Committee on Appropriations:

Resolution 27

Joint resolution of the General Assembly of North Carolina relating to the relief of the counties of Haywood and Swain, in the State of North Carolina, by reason of their loss in taxable valuation by the establishment of the Great Smoky Mountains National Park

Whereas it appearing to the General Assembly of the State of North Carolina that the General Assembly of the State of North Carolina at its session of 1927 passed an act entitled "An act to provide for the acquisition of parks and recreational facilities in the Great Smoky Mountains of North Carolina", and it further appearing that the said act was passed in accordance with the advice and recommendation of the Federal commission appointed for the purpose of establishing a national park in the southern Appalachian Mountains, and that the State of North Carolina did immediately upon the passage of the act of the session of 1927, upon the sale of the bonds as provided for in said act, began acquiring the lands as designated Great Smoky Mountains National Park, which designation was made by the Federal commission appointed for the purpose of recommending to the Congress of the United States the territory most desirable for the establishment of another national park east of the Mississippi River; and

Whereas it further appearing to the General Assembly of the State of North Carolina that the entire boundary on the North Carolina side is taken from the counties of Swain and Haywood in the proportion as follows: Haywood County's portion being 58,289 acres, and the balance within the boundary of Swain County in the aggregate acreage of 169,711 acres; and

Whereas it further appearing that the county of Haywood has lost from its tax books real and personal property valuation by reason of the establishment of the Great Smoky Mountains National Park the total taxable value of $1,000,000, and that the county of Swain has lost from its tax books the said real and personal property valuation in the amount of $4,242,819; and

Whereas it further appearing that prior to the year 1927 and prior to the passage of the act of the General Assembly of North Carolina at its session of 1927 the county of Haywood had issued its several bonds and the bonds of its several townships in the aggregate amount of $1,800,000, and that the county of Swain had issued its several bonds and the bonds of its several townships in the aggregate amount of $1,650,000, all of which indebtedness of the said counties of Haywood and Swain were as of the date of January 1, 1927, and prior to the passage of the act of 1927; and

Whereas it further appearing to the General Assembly of North Carolina that at the time of the acquiring of the lands hereinbefore set out that there was no provision made for the taking care of any part of the indebtedness of the counties of Haywood and Swain; and

Whereas it further appearing that the county of Haywood, by reason of and on account of the loss sustained on the acquiring of the Great Smoky Mountain National Park, or the area that is now within the border lines of the said county of Haywood, has lost 4 percent of its taxable valuation, which percentage would amount to $72,000 of the bonded indebtedness of Haywood County, and that the county of Swain has lost 29.99 percent of its taxable valuation, and the bonded indebtedness of Swain County being $1,650,000, the pro-rata part which should be assumed being $494,830: Now, therefore, be it

Resolved by the house of representatives (the senate concurring), That the General Assembly of North Carolina hereby respectfully petitions and memorializes the Congress of the United States:

(a) To make an appropriation for the purpose of retiring the pro-rata part of the bonded indebtedness of the counties of Haywood and Swain, in the State of North Carolina, as shown by the percentages of those lands acquired for park purposes.

(b) That said appropriations be made available to the treasurer of the State of North Carolina under such regulations as the Congress may prescribe, and that the treasurer of the State of North Carolina be instructed to use said appropriation for the sole purpose of retiring the bonds of Haywood and Swain Counties, in the State of North Carolina, in the same proportion as is set out in the preamble to this resolution, and that the treasurer of the State of North Carolina be further instructed to turn over to the respective county commissioners of the counties of Haywood and Swain, in the State of North Carolina, the bonds when so purchased and canceled.

SEC. 2. That certified copies of this resolution be sent by the secretary of state to the Congress of the United States and to the Senators of the State of North Carolina and to the several Congressmen of the State of North Carolina, and a further certified copy be sent to the Director of Parks and a certified copy to the Secretary of the Interior.

SEC. 3. That this resolution shall be in force from and after its ratification.

In the general assembly, read three times and ratified, this 20th day of March 1933.

A. H. GRAHAM,
President of the Senate.
R. L. HARRIS,
Speaker of the House of Representatives.

Compared and found correct.

WOODFIN,
For Committee.

STATE OF NORTH CAROLINA,
DEPARTMENT OF STATE.

I, Stacey W. Wade, secretary of state of the State of North Carolina, do hereby certify the foregoing and attached four sheets to be a true copy from the records of this office.

In witness whereof I have hereunto set my hand and affixed my official seal.

Done in office at Raleigh, this 21st day of March A.D. 1933.

[SEAL] STACEY W. WADE,
Secretary of State.

Mr. SHIPSTEAD presented the following resolution of the House of Representatives of the State of Minnesota, which was referred to the Committee on Banking and Currency:

Resolution memoralizing Congress to issue the money and establish the value thereof

Whereas the present system of distribution has proven itself inadequate to meet the needs of a civilized race, and has collapsed; and

Whereas the present Federal Reserve Banking System has failed to function in this emergency and the entire Government has practically abandoned the gold standard as a basis of money; and

Whereas the problem is entirely a national one and not a problem of tax reduction, wage cutting, or tax revision; and

Whereas the State of Minnesota or any other State alone is powerless to meet the emergency; and

Whereas the Congress of the United States, through past actions, has allowed the Federal Reserve Banking System, in reality an organization of private institutions, to loan the credit of the Nation, and has delegated to one man, namely, the Secretary of the Treasury, the power to dominate the monetary system of the Nation; and

Whereas the credit of the people of this Nation and consequently their buying power has been practically destroyed by the Federal Reserve Banking System deflation policy; and

Whereas some emergency measure must be effected in order to avert internal strife and disorder until a new economic system can be worked out and accepted by the people; and

Whereas the Constitution of the United States has bestowed upon Congress the obligation to coin the money and establish the value thereof: Be it further

Resolved, That we, the House of Representatives of the State of Minnesota, do hereby memorialize the Congress of the United States to immediately proceed to carry out the obligation placed upon them by the Constitution, namely, to issue the money and establish the value thereof; and be it further

Resolved, That Congress extend to the several States of the Union the same power formerly extended to the Federal reserve bank in the matter of loaning money, and issue directly to the said States on the security of the natural resources of such States, money to be loaned or issued directly to the people through such agencies as the State of Minnesota has created and are suitable thereto or which may be created in the future and which are suitable for this purpose; and be it further

Resolved, That the Congress of the United States, by proper legislation, as soon as possible liquidate all of the present national banks of issue and establish in their stead Government owned and controlled banks; and be it also

Resolved, That a copy of this resolution be sent to each of the two Senators from Minnesota, to each Congressman from Minnesota, to the Secretary of the Treasury, to the Governor of the State, to the Commissioner of Banks and Banking of the State of Minnesota, and also to President Roosevelt.

CHAS. MUNN,
Speaker of the House of Representatives.

Adopted by the house of representatives the 13th day of March 1933.

FRANK T. STARKEY,
Chief Clerk House of Representatives.

Mr. ROBINSON of Arkansas presented a plan, submitted by Mr. Tom Hart, of Fayetteville, Ark., intended to restore

confidence and furnish collateral to bank depositors, which was referred to the Committee on Banking and Currency.

Mr. ASHURST presented resolutions proposed by the committee on national defense embodying patriotic education, of the National Society Daughters of the American Revolution, assembled in State conference at Tucson, Ariz., protesting against the recognition of the Soviet Government of Russia and favoring the passage of the so-called "Dies bill", to provide for the exclusion and expulsion of alien communists, which were referred to the Committee on Foreign Relations.

Mr. BONE presented a joint memorial (House Joint Memorial No. 17) of the Legislature of the State of Washington, praying that Congress take action for the relief of suffering and starvation among Indians of the Colville Tribe on the Colville Reservation, Wash., which was referred to the Committee on Indian Affairs.

(See joint memorial, printed in full when laid before the Senate by the Vice President on the 20th instant, p. 613, CONGRESSIONAL RECORD.)

PRIMARY IMPORTANCE OF EMPLOYMENT

Mr. BONE. Mr. President, I send to the desk a resolution of the White Center Local of the Unemployed Citizens' League of the State of Washington. That is one of those bodies of unemployed citizens out in my State who have by association sought to overcome many of the difficulties imposed on them by the depression, and I commend to the attention of the Members of the Senate this particular document and ask unanimous consent that it be printed in the RECORD and appropriately referred.

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

Resolution of White Center Local of the Unemployed Citizens' League of the State of Washington

To the President, the Senate, and House of Representatives of the United States, greetings:

We are of the unemployed. For more than 2 years now we have been able to find no employment, though ready, willing, and anxious to work. Many of us have lost our homes; many of us have been evicted for failure to pay rent; our clothes are dilapidated and shabby; the apparel of our wives and children is insufficient, old, and worn; for food we are now receiving $2 per week from money provided by the Federal Reserve Corporation, which is barely enough for human existence; and our nerves are almost worn to exhaustion. Our membership consists of war veterans, former mechanics, small business operators, and laborers. Many of our members are native-born citizens of the United States, the others are naturalized.

We respectfully submit that as citizens of the United States we are entitled to employment at wages sufficient to provide decent and respectable living conditions.

It has been brought to our attention that the President recognizes the situation in which we find ourselves, and the necessity for prompt action to relieve our condition. He said, "More important, a host of unemployed citizens face the grim problem of existence, and an equally great number toil with little return. Only a foolish optimist can deny the dark realities of the moment." He further states as the cause of our predicament that, "primarily, this is because the rulers of the exchange of mankind's goods have failed through their own stubbornness and their own incompetence, have admitted their failure, and abdicated." He also said, "Our greatest primary task is to put people to work. This is no insoluble problem if we face it wisely and courageously." He also says, "But in the event that Congress shall fail to take one of these two courses, and in the event that the national emergency is still critical, I shall not evade the clear course of duty that will confront me."

This is the first ray of hope that has fallen into our darkened lives since the beginning of the depression. We therefore desire to convey to the President our thanks and express the hope that he will carry out his assertion to make unemployment his primary task and that the Senate and the Congress will join with him in this time of our distress. We respectfully submit that it ought to be apparent that there can be no prosperity or happiness in this Nation until the millions of unemployed citizens are returned to work, and that there is no power outside the Government itself by which this can be accomplished; it is therefore

Resolved, by White Center Local of the Unemployed Citizens' League of the State of Washington, That we hereby extend to the President our thanks for the courageous stand taken by him in our behalf, and hope that his assertion that employment is of primary importance will be recognized and acted upon by the Congress to the end that the human misery, heartache, and deprivation existing in this land of plenty may cease; it is further

Resolved, That a copy of the foregoing resolution be sent to the President of the United States, a copy to Senator BONE, and a copy to our Representative, WESLEY LLOYD, with the request that Senator BONE and Representative LLOYD present the foregoing resolution to the Senate and House of Representatives, respectively.

WHITE CENTER LOCAL UNEMPLOYED CITIZENS' LEAGUE OF THE STATE OF WASHINGTON,
By CHAS. BATEMAN, *Its President.*
HOMER J. BIGLEY, *Chairman of Relief.*

BAUSH MACHINE TOOL CO. *v.* ALUMINUM CO. OF AMERICA

Mr. WHEELER presented a decision of the United States Circuit Court of Appeals for the Second Circuit in the case of Baush Machine Tool Co., plaintiff-appellee, against Aluminum Co. of America, defendant-appellant, which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT

BAUSH MACHINE TOOL CO., PLAINTIFF-APPELLEE, *v.* ALUMINUM CO. OF AMERICA, DEFENDANT-APPELLANT

Before: Manton, Augustus H. Hand, and Chase, circuit judges.

Appeal from the District Court for the District of Connecticut, bill of discovery filed as ancillary to a suit at law to recover treble damages under the antitrust laws (15 U.S.C., secs. 15, 22). Decree entered for plaintiff; defendant appeals. Affirmed.

Edward F. McClennen, Esq., Smith, Buchanan, Scott & Gordon, Esqs., Edward Williamson, Esq., for the appellant.

Cummings & Lockwood, Esqs., E. C. Park, Esq., for the appellee.

Manton, Circuit Judge.

This appeal is from a decree entered for the appellee which granted relief asked in the bill of discovery, filed in aid of an action for treble damages under the Clayton Act (15 U.S.C., secs. 15, 22). Appellant is a Pennsylvania corporation and the appellee a Massachusetts corporation. Appellee claims damages to it because the appellant monopolized commerce in crude aluminum among the several States. The complaint charged that in producing aluminum alloys and in fabricating articles from aluminum and its alloys, the appellant monopolized the industry; that prior to June, 1928, it controlled and operated, through a wholly owned subsidiary corporation, Aluminum Co. of Canada., Ltd., the only plants producing aluminum in Canada and that through ownership and financial investment it was the dominant factor in the aluminum industry; that in May 1928 it caused to be organized under the laws of the Dominion of Canada, Aluminum, Ltd., to which it thereafter transferred all of the outstanding stock of its Canadian company and all the stock owned by it in various other companies carrying on operations in Canada and foreign countries; that the stockholders of the appellant received all the shares of Aluminum, Ltd., and that the stock ownership rested in the hands of a few individuals; that the relations between the appellant and the foreign producers of the aluminum were not and for many years have not been competitive and that the appellant, in competition with the appellee, in the sale of aluminum alloys and fabricated articles, has offered such articles for sale at prices which would yield no profit to the manufacturer who purchased aluminum at the monopoly price fixed and maintained by the appellant and that the appellee has consequently been damaged. It is maintained that the appellant has been able to fix prices at an artificial level in the United States to the appellee's damage.

The bill of discovery seeks a disclosure of appellant's cost of production in support of the allegations of the complaint in the action at law. It sets forth in detail that it is practically impossible for the appellee to obtain proof of the appellant's costs by the processes of law, and that such proof cannot be obtained from other sources, and that it requires the aid of a court of equity. Interrogatories are attached to the bill.

A motion to dismiss the bill, made because neither party was a citizen, resident, or inhabitant of Connecticut; also because the action in aid of which the bill purports to be brought is for a penalty, and, therefore, a court of equity has no jurisdiction, or should not exercise it, to order discovery in aid thereof was denied. A motion to strike out the answer resulted in striking out paragraphs 1, 2, 3, 4, 5, 6, and 8, but the balance of the answer stood, and appellant was ordered to answer some of the interrogatories, namely, those relating to costs of appellant. It is from this decree that the appeal was prosecuted.

Appellee argues that the decree is not appealable and asks for its dismissal. The question is open to us (Judicial Code, sec. 128; U.S.C., title 28, 0225). The appealability of the order is a question addressed to our jurisdiction. The decree directing the appellant to answer some of the interrogatories is final and appealable within section 128 of the Judicial Code (U.S.C., title 28, sec. 225). Although ancillary for jurisdictional purposes, the order obtained was all that was sought or could be obtained in an equity suit. On appeal orders dismissing bills of discovery have been affirmed where appealability has not been raised. (*Durant* v. *Coss*, 12 Fed. (2) 682 (C.C.A. 6); *Bradford* v. *Indiana Harbor Belt Ry.*, 300 Fed. 78 (C.C.A. 7); *Munger* v. *Firestone Tire Co.*, 261 Fed. 921 (C.C.A. 2).) *Tucker* v. *Peiler* (297 Fed. 570 (C.C.A. 2)) involved a proceeding to obtain evidence by subpena,

and there we pointed out that orders issued denying or granting subpena duces tecum are not final and, therefore, not appealable. But in the instant case there is a decree which is final. (*United States* v. *River Rouge Improvement Co.*, 269 U.S. 411; *Munger* v. *Firestone*, supra). The decree completely ends the equity suit. It gives to the appellee the relief asked. The decree must be executed by the appellant, and if error has been committed in granting it the appellant is entitled to have it reviewed as it seeks here.

Neither party is a resident of Connecticut, and the suit is not supported under the diversity of citizenship provision of law. (U.S.C., title 28, p. 112.) But the action at law, in aid of which a bill of discovery was brought, was properly brought in the district of Connecticut where the appellant concededly transacts business. (Clayton Act, p. 12, U.S.C., title 15, p. 22.) Section 12 states that—

"Any suit, action, or proceedings under the antitrust laws against a corporation may be brought * * * in any district wherein it may be found or transacts business * * *."

The suit is an action at law for treble damages. (*Fleitman* v. *Welsbach Street Lighting Co.*, 240 U.S. 27), and although the language "any suit, action, or proceeding" is broad, it is not clear that a bill of discovery may be brought in any district where the corporation is found or does business regardless of the district where the suit at law, which the bill is meant to aid, is pursued. The appellee suggests, and we agree, that we need not decide that page 12 of the Clayton Act offers jurisdiction for the bill of discovery independent of the action at law. It is sufficient for the purpose of this appeal to say that the bill is ancillary or auxiliary to the action at law. If the bill is ancillary the question of independent jurisdiction under page 12 of the Clayton Act is not important. (*Eichel* v. *U.S. Fidelity & Guaranty Co.*, 245 U.S. 102). The bill of discovery is ancillary to the laws action. Its very purpose is that of aiding the action at law. Such a bill has been called ancillary in the general sense of that term. (*Kurtz* v. *Brown*, 152 Fed. 372 (C.C.A. 3).) Counsel has not cited nor has our independent search found any case holding a bill of discovery dependent and ancillary for jurisdictional purposes. However, the bill of discovery is in aid of an action at law in the same district, and we think is dependent and ancillary for jurisdictional purposes, and jurisdiction over the bill may be sustained because of the jurisdiction had over the action at law. The suit is between the same parties and is in aid of the claim of damages in the action at law and is brought without the same jurisdiction. These facts are sufficient for jurisdictional purposes. (*Root* v. *Woolworth*, 150 U.S. 401; *Sherman Natl. Bank* v. *Schubert Co.*, 247 Fed. 256 (C.C.A. 2); *McCabe* v. *Guaranty Trust Co.*, 243 Fed. 845 (C.C.A. 2); *Campbell* v. *Golden Cycle Mining Co.*, 141 Fed. 610 (C.C.A. 8).) The nature of the suit, its purposes as the decree entered shows, clearly demonstrates it to be an ancillary suit. (*Julian* v. *Central Trust Co.*, 193 U.S. 93, 113; *In re Williams*, 123 Fed. 321; 1 Pomeroy's Equity Jurisprudence, p. 191 (4th ed.).) The bill was plainly dependent upon the action at law, and the jurisdiction to entertain it was referable to that invoked and existing in the action at law out of which it arose. (*Eichel* v. *U.S. Fidelity & Guaranty Co.*, 245 U.S. 102.)

A bill of discovery may be maintained when it is in aid of an action for damages under the Clayton Act. It is urged that equity will not grant a decree of discovery in aid of enforcement of a penalty (*Boyd* v. *United States*, 116 U.S. 616, 631) and that an action for damages under the antitrust laws is one for a penalty. The appellant may assert no constitutional privilege against disclosure. (*Hale* v. *Henkel*, 201 U.S. 43.) In an action under the antitrust laws disclosure by one in the position of the appellant may be obtained. (*Porto Rican Amer. Tob. Co.* v. *Amer. Tob. Co.*, 30 Fed. (2) 234, 237 (C.C.A. 2).) It has been held that actions under the antitrust laws are not actions to enforce penalties with respect either to assignment of the chose in action (*United Copper Co.* v. *Almalgamated Copper Co.*, 232 Fed. 574 (C.C.A. 2)) or the statute of limitations (*Chattanooga Foundry & Pipe Wks.* v. *Atlanta*, 203 U.S. 390). *The Porto Rican Tobacco case* was a proceeding in equity under the Clayton Act and discovery was allowed by interrogatories sought under equity rule 58. We held it was proper to require such answers. In the action at law, the recovery is for threefold damages, but we see no distinction in that which results in lessening the power of the courts to act. Moreover, in actions under the antitrust laws, a corporation may be required to produce its books and papers under the provisions of Revised Statutes, section 724. (*Internatl. Coal Mining Co.* v. *Penn. R.R.*, 152 Fed. 557; *Amer. Banana Co.* v. *United Fruit Co.*, 153 Fed. 943.) An action for damages under the antitrust laws is not one for a penalty. (*Chattanooga Foundry & Pipe Wks.* v. *Atlanta*, 203 U.S. 390; *Shelton Elec. Co.* v. *Victor Talking Machine Co.*, 277 Fed. 433.) The suit is between private parties and the enlargement of the damages does not convert it into a prosecution for a penaly. (*Brady* v. *Daly*, 175 U.S. 148.) While it is true the statute trebles the damages found by a jury, yet to succeed a plaintiff must prove damages, and there is no fixed penalty named in the statute.

Lastly, the appellant contends that the plaintiff was not entitled to the relief obtained (a) because the true answers to the interrogatories would not tend to support any allegation of the bill or derogate from any allegation of the appellant; (b) the interrogatories are not for ultimate facts but only for evidence; (c) that the appellee has available a legal remedy to get the same information by deposition of the same officers who would have to answer the discovery interrogatories, all of whom reside more than 100 miles from the place of trial; (d) that the collection of information would require burdensome labor; and (e) that the information does not appear on the appellant's books and papers, and to obtain it would require the appellant to go out of the district of the court and out of the district of the appellant's residence to consult employees and officers and make compilations and computations.

In order to sustain its cause of action the appellee must prove that the competitive prices of the appellant are unfairly fixed and applied and preclude the possibility of profitable operation by the appellee, and that the appellant has maintained the price of aluminum ingots at an artificial level and above the price yielding a fair and reasonable profit over the cost of production and above the prices which would be fixed in a fair and free market. The interrogatories which have been ordered answered are addressed to matters of costs. They call for information within the appellant's books and records and the knowledge of its employees and officers, important on appellee's theory of its action. They will disclose competent evidence. For the reasons we have stated, the court had jurisdiction to entertain a bill of discovery. The difficulties of the appellee in obtaining proof of the ultimate fact or the true ingot cost is apparent and the immediate success in doing so through a bill of discovery is obvious. It is no answer to say that the task of answering is gigantic and that the appellant should not be obliged to do so. The interest of justice dictates otherwise.

The procedure adopted below is warranted by the authorities. (*Pressed Steel Car Co.* v. *Union Pac. R. Co.*, 241 Fed. 964.) A discovery elucidating the facts in the matter of costs from the appellant's own records should be of aid to the course of justice and narrow the issue presented at the trial of the action at law as well as be an aid in the ultimate result.

Decree affirmed.

REPORT OF THE COMMERCE COMMITTEE

Mr. STEPHENS, from the Committee on Commerce, to which was referred the bill (S. 743) to amend the act approved June 30, 1932, entitled "An act providing for the transfer of the duties authorized and authority conferred by law upon the board of road commissioners in the Territory of Alaska to the Department of the Interior, and for other purposes", reported it without amendment and submitted a report (No. 5) thereon.

ENROLLED JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today March 23, 1933, that committee presented to the President of the United States the enrolled joint resolution (S.J.Res. 14) to authorize the Reconstruction Finance Corporation to make loans for financing the repair or reconstruction of buildings damaged by earthquake in 1933.

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. NORRIS:

A bill (S. 749) for the relief of the Fairmont Creamery Co., of Omaha, Nebr.;

A bill (S. 750) for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr.; and

A bill (S. 751) authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer; to the Committee on Claims.

By Mr. JOHNSON:

A bill (S. 752) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards; to the Committee on the Judiciary.

By Mr. TRAMMELL:

A bill (S. 753) to confer the degree of bachelor of science upon graduates of the Naval Academy; to the Committee on Naval Affairs.

By Mr. PITTMAN:

A bill (S. 754) for the relief of Fred M. Munn; to the Committee on Military Affairs.

A bill (S. 755) granting a pension to Roy E. Donnelly; and

A bill (S. 756) granting a pension to Earnest G. Harvey; to the Committee on Pensions.

By Mr. SHIPSTEAD:

A bill (S. 757) to relieve agricultural distress through the consolidation and adjustment of indebtedness and the re-

duction of the rate of interest thereon, to release frozen credits and stimulate the recovery of business, to create in the Department of Agriculture an Administration of Agricultural Loans with which will be consolidated in the interest of economy and efficiency, all agencies of the Federal Government concerned with agricultural credit, and for other purposes; and

A bill (S. 758) to amend section 8 of the act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes", approved June 30, 1906, as amended, relating to misbranded foods; to the Committee on Agriculture and Forestry.

A bill (S. 759) authorizing the Reconstruction Finance Corporation to make loans to certain hospitals; and

A bill (S. 760) to authorize the Reconstruction Finance Corporation to make loans to private colleges, universities, and institutions of higher learning, and for other purposes; to the Committee on Banking and Currency.

A bill (S. 761) to provide funds for cooperation with the Minnesota State Board of Control in the extension of the Minnesota State Sanatorium at Ah-Gwah-Ching, Minn.; to the Committee on Indian Affairs.

A bill (S. 762) for the relief of Teresa de Prevost;

A bill (S. 763) for the relief of John Gorman;

A bill (S. 764) for the relief of Pete Jelovac;

A bill (S. 765) for the relief of Mary A. Rockwell;

A bill (S. 766) for the relief of Earl W. Thomas;

A bill (S. 767) for the relief of Howland & Waltz Co., Ltd.;

A bill (S. 768) for the relief of the Waterous Co.;

A bill (S. 769) for the relief of Gustave C. Wetterlind; and

A bill (S. 770) for the relief of certain claimants who suffered loss by fire in the State of Minnesota during October 1918; to the Committee on Claims.

A bill (S. 771) for the relief of James Darcy; and

A bill (S. 772) for the relief of Robert J. Smith; to the Committee on Military Affairs.

A bill (S. 773) granting a pension to Matilda Davison;

A bill (S. 774) granting a pension to Iva B. Erickson;

A bill (S. 775) granting an increase of pension to Mary H. Fetzer;

A bill (S. 776) granting a pension to Katherine M. Owens;

A bill (S. 777) granting a pension to Ann E. Thomas;

A bill (S. 778) granting a pension to Mary E. Verrill;

A bill (S. 779) granting an increase of pension to Adaline A. Allen;

A bill (S. 780) granting an increase of pension to Mary A. Dittman; and

A bill (S. 781) granting an increase of pension to Nora Mitchell; to the Committee on Pensions.

By Mr. KING:

A bill (S. 782) to prevent the use of the mails and of telegraph and telephone facilities in furtherance of fraudulent and harmful transactions on stock exchanges; to the Committee on Banking and Currency.

By Mr. COPELAND:

A bill (S. 783) to prohibit the counterfeiting of drugs, to provide penalties therefor, and for other purposes; to the Committee on Agriculture and Forestry.

A bill (S. 784) for the relief of Anna Marie Sanford; and

A bill (S. 785) for the relief of Elizabeth Bolger; to the Committee on Claims.

By Mr. THOMAS of Oklahoma:

A bill (S. 786) for the relief of Frederick E. Dixon; to the Committee on Civil Service.

A bill (S. 787) for the relief of Grady D. Coleman; to the Committee on Military Affairs.

(Mr. THOMAS of Oklahoma also introduced Senate bill 788, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

By Mr. LOGAN:

A bill (S. 789) for the relief of James Lowe; to the Committee on Claims.

A bill (S. 790) for the relief of Charles B. Arrington;

A bill (S. 791) for the relief of Elmer Blair;

A bill (S. 792) for the relief of Curtis Jett; and

A bill (S. 793) for the relief of Homer H. Keffer; to the Committee on Military Affairs.

A bill (S. 794) for the relief of Luther Foster; and

A bill (S. 795) for the relief of James Earl Johnston; to the Committee on Naval Affairs.

A bill (S. 796) granting a pension to Maude Kinser Alexander;

A bill (S. 797) granting a pension to Squire O. Baker;

A bill (S. 798) granting a pension to Mary Burton;

A bill (S. 799) granting a pension to Price V. Hendricks;

A bill (S. 800) granting a pension to John S. Marcum;

A bill (S. 801) granting a pension to Mary A. Newkirk;

A bill (S. 802) granting an increase of pension to Mary E. Fowler; and

A bill (S. 803) granting an increase of pension to William G. Patton; to the Committee on Pensions.

By Mr. DILL:

A bill (S. 804) to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co.; to the Committee on Military Affairs.

By Mr. CAPPER:

A bill (S. 805) to provide for loans by the Reconstruction Finance Corporation to farmers to enable them to refinance their farm-mortgage indebtedness, and for other purposes; to the Committee on Banking and Currency.

By Mr. FRAZIER:

A bill (S. 806) establishing the Bank of the United States, owned, operated, and controlled by the Government of the United States; defining the scope and manner of its operation; defining the powers and duties of the persons charged with its management; creating a board of directors, and for other purposes; to the Committee on Banking and Currency.

By Mr. CLARK:

A bill (S. 807) for the relief of G. C. Vandover; to the Committee on Claims.

By Mr. NORRIS:

A bill (S. 808) to amend the Federal Water Power Act, as amended; to the Committee on Interstate Commerce.

By Mr. THOMAS of Utah:

A bill (S. 809) granting a pension to James H. Allred; to the Committee on Pensions.

By Mr. JOHNSON:

A joint resolution (S.J.Res. 32) authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy; to the Committee on Foreign Relations.

By Mr. KING:

A joint resolution (S.J.Res. 33) to prohibit the exportation of arms or munitions of war from the United States under certain conditions; to the Committee on Foreign Relations.

CONTROLLED EXPANSION OF THE CURRENCY

Mr. THOMAS of Oklahoma. Mr. President, I ask permission to introduce a bill, and I request that it may be printed in the RECORD and referred to the Committee on Banking and Currency.

There being no objection, the bill (S. 788) for the relief of the people and the Government of the United States through a system of controlled expansion of the currency, was read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That for the purposes of meeting the existing deficit of the Federal Treasury, and/or of meeting the expenses of the Federal Government, and/or of financing a program of public improvements, and/or of financing a program of rentals to farmers and land owners in connection with agricultural relief, and/or of meeting maturing Federal obligations and for increasing commodity, collateral, and property prices, the Secretary of the Treasury is hereby authorized and directed to issue Treasury notes to be known as "prosperity notes" in such denominations and in such amounts as he shall, from time to time, require and demand in order to carry into effect the provisions of this act.

SEC. 2. The size, form, color, and wording of and on such notes shall conform to the provisions of this act: *Provided*, That such notes shall contain the wording "United States prosperity note" in bold type in a prominent place, and to be otherwise governed by rules and regulations promulgated and adopted by the Secretary of the Treasury.

SEC. 3. United States notes, known as "prosperity notes," issued pursuant to the provisions of this act shall be lawful money of the United States and shall be legal tender in payment of all debts, public and private, and shall be receivable for customs, taxes, and all public dues, and when so received shall be reissued. Such notes, when held by any national banking association or Federal Reserve Bank, may be counted as a part of its lawful reserve. The provisions of sections 1 and 2 of the act of March 14, 1900, as amended (U.S.C., title 31, secs. 314 and 408), and section 26 of the Federal Reserve Act, as amended (U.S.C., title 31, sec. 409), are hereby made applicable to such notes in the same manner and to the same extent as such provisions apply to United States notes.

SEC. 4. (a) Whenever the index number of the wholesale or commodity prices rises above the index number of such prices for the years 1921 to 1929, as computed by the Bureau of Labor Statistics of the Department of Labor, and adopted by the Secretary of the Treasury, notwithstanding any provisions of law to the contrary, the following methods for contracting the issues of currency in the United States shall be in force and effect in the manner and to the extent prescribed in subsection (b) of this section:

(1) Abolishment of the circulation privilege extended to certain bonds of the United States under the provisions of section 29 of the Federal Home Loan Bank Act and retirement of such bonds as security for circulating notes as rapidly as necessary and practicable.

(2) Termination of the issuance and reissuance of national-bank circulating notes and the retirement of such notes for circulating as rapidly as practicable.

(3) Termination of the issuance and reissuance of Federal Reserve notes secured by direct obligations of the United States.

(4) Termination of the issuance and reissuance of Federal Reserve notes secured only by gold or gold certificates.

(5) Termination of the issuance and reissuance of Federal Reserve notes secured by notes, drafts, bills of exchange, acceptances, or bankers' acceptances which are not issued in direct benefit of commerce, industry, or agriculture.

(b) Any such method of contracting currency issues shall be applicable when the Secretary of the Treasury finds that its application is necessary in order to maintain the index number of wholesale all commodity prices at the approximate level of the index number of such prices for the years 1921 to 1929 and issues an order setting forth such finding. Each such order shall prescribe such rules and regulations as are necessary and appropriate to carry out the provisions of this section with respect to the method of contraction made applicable in the order. The Secretary shall make such methods applicable only in the order in which they are set forth in subsection (a) of this section, but he shall make such methods applicable as rapidly as may be necessary to carry out the purposes of this section. When any such order is issued with respect to Federal Reserve notes, the Federal Reserve Board shall take such action as may be necessary to facilitate the enforcement of the order.

SEC. 5. Upon the recommendation of the Secretary of the Treasury, the Federal Reserve Board shall require the several Federal Reserve banks to sell Government bonds held by such banks in order to withdraw from circulation currency herein authorized to be placed in circulation, and shall otherwise cooperate with the Secretary of the Treasury in carrying into effect the provisions of this act.

SEC. 6. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such amounts as may be necessary to carry out the provisions of this act.

SEC. 7. This act may be cited as the "General Relief Act, 1933."

CHANGE OF REFERENCE

On motion of Mr. THOMAS of Oklahoma the Committee on Claims was discharged from the further consideration of the bill (S. 554) providing for per capita payments to the Seminole Indians in Oklahoma from funds standing to their credit in the Treasury, and it was referred to the Committee on Indian Affairs.

HOUSE BILL REFERRED

The bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power was read twice by its title and referred to the Committee on Agriculture and Forestry.

AGRICULTURAL RELIEF—AMENDMENT

Mr. GOLDSBOROUGH submitted an amendment intended to be proposed by him to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

HEARINGS BEFORE THE COMMITTEE ON MANUFACTURES

Mr. BULKLEY submitted the following resolution (S.Res. 45), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

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

HEARINGS BEFORE THE COMMITTEE ON THE LIBRARY

Mr. BARKLEY submitted the following resolution (S.Res. 46), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

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

HOW AMERICA CAN BE ADJUSTED

Mr. OVERTON. Mr. President, I ask leave to have printed in the RECORD a speech on How America Can Be Adjusted, delivered by the senior Senator from Louisiana [Mr. LONG] over the network of radio stations of the National Broadcasting Co. from Washington, D.C., on the 17th instant.

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

RADIO ADDRESS OF HON. HUEY P. LONG, OF LOUISIANA, MARCH 17, 1933

Ladies and gentlemen, I have made it a custom to reintroduce myself, regardless of how well I am introduced, which, of course, I was tonight. This is HUEY P. LONG, United States Senator from Louisiana. I was once Governor of that State.

I am beginning my speech tonight by quoting a few lines from Oliver Goldsmith. They are as follows:

> "Ill fares the land, to hastening ills a prey,
> Where wealth accumulates and men decay:
> Princes and lords may flourish, or may fade;
> A breath can make them, as a breath has made;
> But a bold peasantry, their country's pride,
> When once destroyed, can never be supplied."

I have prepared three bills which are before Congress. One is known as a "capital tax levy bill." Under it, if a man has over a million dollars, he will be required to give 1 percent of all over $1,000,000 to the Government. If he has over $2,000,000, he will be required to give 2 percent of all over the $2,000,000 to the Government. Then it will be stepped up to the point that if he has over $10,000,000, he will be required to give 10 percent of all over $10,000,000 to the Government, and finally, when one has over $100,000,000, he will be required to give all that he has over $100,000,000 to the Government. This means that when a man reaches the point that he has $100,000,000, the Government thinks he has enough. Then everybody else begins to share, rather than one man to have more than that.

My second bill takes the present income tax laws and extends their schedules to the point that once a man makes the net sum of $1,000,000 in 1 year that he gives the balance of what he makes that year to the Government. This law means that the Government thinks that when a man earns a net sum, exclusive of expenses and taxes, of $1,000,000 in 1 year, that he has earned enough, and that he ought to be willing to give the Government the balance for the general welfare of all our people.

Then the third bill provides for inheritances, so that the present schedules are extended up in higher brackets to finally provide that when one inherits $5,000,000 for which he has never hit a lick of work in his life, that he has inherited enough and that the balance over $5,000,000 should go to the Government.

Now, what is the purpose of such laws? They are twofold:

First, it would give to the Government all of the money that it may ever need for anything without having to tax anybody else. The great run of our people would never have to pay a dime in taxes.

But, secondly, these laws would prevent all of the wealth from being concentrated into the hands of a few people, and thereby these laws would prevent the great mass of people from being impoverished and rendered practically penniless as a result of a few people's owning everything, all by these monstrous fortunes being whittled down to frying size.

What is the true philosophy of government? It is to do the greatest good to the greatest number. That represents my view

and theory of good government. We are not doing the greatest good to the greatest number when we allow, unchallenged, wealth to be concentrated and poverty to spread. We are not doing the greatest good to the greatest number when we let the few dominate us in government, finance, and industry, and allow the great masses of our people to become the political serfs and industrial slaves of superlords of finance.

The laws of all civilized countries are originally founded upon the common law propounded by the Lord.

Now, by turning to these laws, particularly the Book of Leviticus, from the twenty-fourth to the twenty-seventh chapters, inclusive, you will find it set forth in certain terms that the nation must keep its people from being burdened with debt; that the nation must provide to distribute and redistribute its wealth among the people; and so that there might be no doubt about that there was commanded a complete redistribution of property every 50 years and a general forgetting of debts every seventh year. That command that every seventh year all of the people of the nation go forth free of debt, and that command that every fiftieth year a redistribution of the property take place, made it impossible for the wealth to be concentrated into the hands of the few. That was a very drastic provision, or rather there were two very drastic provisions, more drastic than anything I advocate. But it was commanded by the Lord as a common law for a nation, to keep the wealth from being concentrated into a few hands. And so determined was He that it should not be concentrated that every seventh year all debts were forgiven and every fiftieth year all wealth was redistributed.

The Lord commanded this law as necessary for the existence of the race. And with His command, He uttered both a promise and a warning. The promise was that if the statutes were kept, the nation and race would live and thrive forever.

The warning was, however, that to the nation and to the people who did not keep the promise, the nation could not survive. Now it may be said that that was the Old Scriptures; but when Christ was on earth, He asked about these laws propounded by Moses, and He said: "It is easier for the heavens and the earth to pass, than for one tittle of the law to fail."

In the Book of James, in the New Testament, chapter 5, it is said:

"Go to now, ye rich men, weep and howl for your miseries that shall come upon you.

"Your riches are corrupted, and your garments are moth-eaten.

"Your gold and silver is cankered; and the rust of them shall be a witness against you, and shall eat your flesh as it were fire."

The Greek philosophers summed up their cry against wealth being possessed by the few, by saying that under such conditions even in the land of plenty, there was greater suffering than in the land of famine, because of a few desiring more than they needed.

And that is what has happened in America. With more than we can eat and more than we can wear and more houses than we can live in, there is greater distress among the people of America today to get something to eat and something to wear and a place to live than there was in times of famine. Simply because a few have desired to accumulate all the wealth, even though they impoverished all the balance of the people.

Our English-speaking people found among the leading British statesmen many expressions of the necessity of observing the fundamental laws of the Lord to keep wealth spread among all of the people. It was hundreds of years ago when Lord Bacon sounded his warning that there would be starvation in the land of the plenty unless the wealth be spread among all of the people. Said he:

"Concerning the materials of sedition, it is a thing well to be considered—for the surest way to prevent seditions, if the times do bear it, is to take away the matter of them."

In other words, if you want to avoid revolutions, take away the cause of revolutions. Then I quote further:

"For if there be fuel prepared, it is hard to tell whence the spark shall come that shall set it on fire. The matter of sedition is of two kinds, much poverty and much discontentment. It is certain, so many overthrown estates, so many votes for trouble * * *. This same 'multis utile bellum' is an assured and infallible sign of a State disposed to seditions and troubles; and if this poverty and broken estate in the better sort be joined with a want and necessity in the mean people, the danger is imminent and great—for the rebellions of the belly are the worst.

"Above all things, good policy is to be used, that the treasures and monies in a State be not gathered into few hands, for otherwise, a State may have a great stock, and the people starve."

In our Declaration of Independence, our immortal forefathers declared it the right of man that all be created equal, and declared it the inalienable right of everyone to share in a government guaranteeing the life, liberty, and pursuit of happiness to all. We have forgotten all about that. We have forgotten those guaranties.

The doctrine of Jefferson and of Andrew Jackson was fundamentally that the greatness of the country could be found only by its fruits and blessings being spread among the people to be enjoyed by all, and in this connection they most severely condemned the pomp and splendor that might fall into a few hands and thereby aggravate misery and impoverish the masses. The immortal Abraham Lincoln said:

"Inasmuch as most good things are produced by labor, it follows that all such things of right belong to those whose labor has produced them. But it has so happened in all ages of the world that some have labored and others have without labor enjoyed a large proportion of the fruits. This is wrong and should not continue. To secure to each laborer the whole product of his labor, or as nearly as possible, is a worthy subject of any good government."

On December 29, 1820, in a speech delivered at Plymouth, on the commemoration of the first settlement of New England, Daniel Webster, the greatest American orator and statesman that ever lived, said this:

I am quoting from Daniel Webster:

"The freest government, if it could exist, would not be long acceptable if the tendencies of the law were to create a rapid accumulation of property in few hands and to render the great mass of the population dependent and penniless. In such a case the popular power would be likely to break in upon the right of property, or else the influence of property to limit and control the exercise of popular power. Universal suffrage, for example, could not long exist in a community where there was a great inequality of property.

"The holders of estates would be obliged in such case, either in some way to restrain the right of suffrage, or else such right of suffrage would soon divide the property. In the nature of things, those who have not property, and see their neighbors possess much more than they think them to need, cannot be favorable to laws made for the protection of property. When this class becomes numerous, it grows clamorous. It looks on property as its prey and plunder, and is naturally ready, at all times, for violence and revolution."

President Theodore Roosevelt said in one of his public addresses:

"I feel that we shall ultimately have to consider the adoption of some such scheme as that of a progressive tax on all fortunes beyond a certain amount, either given in life or devised or bequeathed upon death to any individual—a tax so framed as to put it out of the power of the owner of one of these enormous fortunes to hand down more than a certain amount to any one individual."

I have not the time tonight in the 30 minutes allotted me to read further statements along this line, but to similar effect were the philosophy and warnings of William Jennings Bryan, and, as much as it may surprise you, in a speech at Indianapolis while he was President, Mr. Herbert Hoover declared that the remedy for economic depression was the distribution of wealth, and in a speech at Madison Square Garden he squarely declared that his conception of America was for a land where wealth was not concentrated in the hands of a few, but diffused among the lives of all.

So with the further citations of well-known citizens and statesmen of all times, founded upon the authority of our Creator I hope I have proven to the satisfaction of all that fundamentally no nation can survive where wealth is concentrated into a few hands, with the consequent poverty and misery.

And it is for that reason that I have prepared for Congress the bills allowing no one man to own more than $100,000,000; allowing no one man to have an earned net income in excess of $1,000,000 per year; and allowing no one child to inherit more than $5,000,000 from the estate of a father or mother.

Now, let us review the conditions which brought about the distress in this country which we face today. In along about 1916 to 1918 complaints were made over the condition of America, over the fact that too much of the wealth was in the hands of a few people. Among those complaining were such publications as the Wall Street Journal and the Saturday Evening Post, two very conservative journals devoted to the interest of big business, even unto the present day.

The Saturday Evening Post said, in its editorial columns on September 23, 1916, under the heading of "Are We Rich or Poor?" the following:

"The man who studies wealth in the United States from statistics only will get nowhere with the subject because all the statistics afford only an inconclusive suggestion.

"Along one statistical line you can figure out a nation bustling with wealth, along another a bloated plutocracy comprising 1 percent of the population lording it over a starveling horde with only a thin margin of merely well-to-do in between."

That is not my language, my friends. I have been accused of being intemperate, and have been condemned therefor, but that is not my language. I am quoting from the Saturday Evening Post. I have never been guilty of such intemperate language as that regarding anything I have said, and I never will.

Again, in the year 1919, the Saturday Evening Post said:

"We want big rewards for men who do big constructive things and jail sentences for the big fellows who steal the fruits of their work and savings of small investors.

"There have been altogether too many mavericks loose on this range, sucking cows on which they have no claim.

"There would be no real railroad mess, no necessity for trying to pare down wages in basic industries, if there had been no banker control and no flagrant watering of the stocks of these corporations."

I am almost tempted to say that we would not have had to cut the compensation of the veterans in Congress last week had the Saturday Evening Post had its way when it was undertaking to clamor against concentrated wealth.

Now I will read you what the Wall Street Journal had to say. It said this:

"Yet more menacing was the concentration of power proceeding in the banking world, which even the conservative capitalistic Wall Street Journal described in 1903 as 'not merely a normal growth, but concentration that comes from combination, con-

solidation, and other methods employed to secure monopolistic power.' Not only this, but this concentration has not been along the lines of commercial banking. The great banks of concentration are in close alliance with financial interests intimately connected with promotion of immense enterprises, many of them being largely speculative."

That was the Wall Street Journal. They won't say that right now! They have been told not to talk too much on certain lines, by some of their editors.

Therefore, in the midst of such feeling and understanding, the President of the United States, the late Woodrow Wilson, secured authority from Congress and appointed an Industrial Relations Commission to report upon conditions existing at the time, and in the report supplied by that body they listed as the first cause of distress among the people—

"Unjust distribution of wealth and income."

In the report of the Industrial Relations Committee, printed by the Government Printing Office in 1916, they said:

"The rich, 2 percent of the people, own 60 percent of the wealth; the middle class, 33 percent of the people, own 35 percent of the wealth. The poor, 65 percent of the people, own 5 percent of the wealth. This means, in brief, that a little less than 2,000,000 people, who would make up a city smaller than Chicago, own 20 percent more of the Nation's wealth than all the other 90,000,000."

It will be noticed from the foregoing that at that date in 1916 2 percent of the people owned 60 percent of the wealth, and that condition was at the time declared not only by the commission but by the Saturday Evening Post and by the Wall Street Journal to be an intolerable concentration of wealth and power. But did we break up the condition which existed in 1916? On the contrary, it has become many times worse in the past 17 years. In 1916 it was 2 percent of the people who owned 60 percent of the wealth, but in 1928, the Federal Trade Commission said this:

"The foregoing table shows that about 1 percent of the estimated number of decedents owned about 59 percent of the estimated wealth, and that more than 90 percent was owned by about 13 percent of this number."

So that in 1928 1 percent owned the same percentage of the wealth that 2 percent owned in 1916. But worse still, it will be observed that in 1916 there was a middle class of around 30 percent that owned about the same percentage of the wealth of the country. That class has disappeared. The rich became richer, and the poor became poorer, and the middle class dropped among the poor, and about 85 percent of the wealth is owned by 5 percent of the people. Is this condition one that will let a nation live?

Let us again see, and this time I quote from the pastor of the Baptist Church of which John D. Rockefeller senior and junior are both members; here are the words of this good man at whose feet sat and now sit the Rockefellers while he expounds the gospel of life. I quote from the Reverend Harry Emerson Fosdick, in a speech on December 28, 1930:

"See the picture of the world today—communism rising as a prodigious world power and all the capitalistic nations arming themselves to the teeth to fly at each other's throats and tear each other to pieces * * * Capitalism is on trial * * * Our whole capitalistic society is on trial.

"First, within itself, for obviously there is something the matter with the operation of a system that over the western world leaves millions and millions of people out of work who want work, and millions more in the sinister shadow of poverty.

"Second, capitalism is on trial with communism for its world competitor.

"The verbal damning of communism now prevalently popular in the United States will get us nowhere. The decision between capitalism and communism hinges on one point: Can capitalism adjust itself to the new age?"

Therefore, I have not only presented to you the facts relating to this case but I have presented to you the logic of the most conservative publications and authorities of all times—mythical, ancient, medieval, modern, and present.

And who is it that now owns America? Ah, my friends, let me read you a few of the statistics:

I have here the facts showing the concentration of American industries.

Iron ore, 50 to 75 percent monopoly; steel, 40 percent monopoly; nickel, 90 percent monopoly; aluminum, 100 percent monopoly; telephone, 80 percent; telegraph, 75 percent; Pullman Co., 100 percent; agricultural machinery, 50 percent monopoly; shoe machinery has a monopoly; sewing-machine machinery is monopolized.

It was on May 22, 1932, in a speech in Atlanta, Ga., when Mr. Roosevelt was quoted as saying the following in the public press, which I offered in the CONGRESSIONAL RECORD:

"The country needs, and unless I mistake its temper the country demands, bold, persistent experimentation. It is common sense to take a method and try it; if it fails, admit it frankly and try another. But, above all, try something. The millions who are in want will not stand by silently forever while the things to satisfy their needs are within easy reach.

"Many of those whose primary solicitude is confined to the welfare of what they call capital have failed to read the lessons of the last few years and have been moved less by calm analysis of the needs of the Nation as a whole than by a blind determination to preserve their own special stakes in the economic disorder.

"While capital will continue to be needed, it is probable that our physical plant will not expand in the future at the same rate at which it has expanded in the past.

"We may build more factories", he said, "but the fact remains that we have enough now to supply all our domestic needs and more, if they are needed. Now, our basic trouble was not an insufficiency of capital; it was an insufficient distribution of buying power, coupled with an oversufficient speculation in production."

That is the statement of our great President, who has been elected and who is so ably serving us at the present time. With these kind of statements Mr. Roosevelt loomed as a great hope.

But our main thing is our President has not only kept faith both before his nomination but he kept faith after nomination. In his speech during the campaign to the Commonwealth Club in San Francisco, September 23, 1932, President Roosevelt said:

"Just as freedom to farm has ceased, so also the opportunity in business has narrowed. It still is true that men can start small enterprises, trusting to native shrewdness and ability to keep abreast of competitors; but area after area has been preempted altogether by the great corporations, and even in the fields which still have no great concerns the small man starts under a handicap.

"The unfeeling statistics of the past 3 decades show that the independent business man is running a losing race. Perhaps he is forced to the wall; perhaps he cannot command credit; perhaps he is 'squeezed out', in Mr. Wilson's words, by highly organized corporate competitors, as your corner-grocery man can tell you.

"Recently a careful study was made of the concentration of business in the United States.

"It showed that our economic life was dominated by some six hundred and odd corporations, who controlled two thirds of American industry. Ten million small business men divided the other third.

"More striking still, it appeared that, if the process of concentration goes on at the same rate, at the end of another century we shall have all American industry controlled by a dozen corporations and run by perhaps a hundred men.

"Put plainly, we are steering a steady course toward economic oligarchy, if we are not there already.

"The day of the great promoter or the financial titan, to whom we granted anything if only he would build or develop, is over. Our task now is not discovery or exploitation of natural resources or necessarily producing more goods.

"It is the soberer, less dramatic business of administering resources and plants already in hand, of seeking to reestablish foreign markets for our surplus production, of meeting the problem of underconsumption, of adjusting production to consumption, of distributing wealth and products more equitably, of adapting existing economic organizations to the service of the people.

"The day of enlightened administration has come.

"Just as in olden times the central government was first a haven of refuge and then a threat, so now in a closer economic system the central and ambitious financial unit is no longer a servant of national desire but a danger. I would draw the parallel one step farther. We did not think because national government had become a threat in the eighteenth century that therefore we should abandon the principle of national government.

"They must, where necessary, sacrifice this or that private advantage, and in reciprocal self-denial must seek a general advantage. It is here that formal government—political government, if you choose—comes in.

"As yet there has been no final failure, because there has been no attempt, and I decline to assume that this Nation is unable to meet the situation.

"The final term of the high contract was for liberty and the pursuit of happiness.

"We have learned a great deal of both in the past century. We know that individual liberty and individual happiness mean nothing unless both are ordered in the sense that one man's meat is not another man's poison."

In another speech delivered on the 8th day of November 1932, President Roosevelt said this:

"We find fewer than 3 dozen private banking houses and stock-selling adjuncts in the commercial banks directing the flow of American capital within the country and to those 'backward or crippled nations' on which the President built so heavily.

"In other words, we find concentrated economic power in a few hands, the precise opposite of the individualism of which the President speaks.

"We find a great part of our working population with no chance of earning a living except by grace of this concentrated industrial machinery, and we find that millions and millions of Americans are out of work, throwing upon the already burdened Government the necessity of relief."

And at Columbus, on the 20th day of August 1932, Governor Roosevelt said:

"I, too, believe in individualism; but I mean it in everything that the word implies. I believe that our industrial and economic system is made for individual men and women, and not individual men and women for the benefit of the system. I believe that the individual should have full liberty of action to make the most of himself, but I do not believe that in the name of that sacred word a few powerful interests should be permitted to make industrial cannon fodder of the lives of half of the population of the United States."

And so there has been nominated to the American people a President who, as I say, before and after his nomination, has de-

clared to help decentralize the wealth of the country, as reaffirmed in his inaugural address, and our President will need much help to carry it out. He has a hard task ahead. We must be patient and not expect too much too quickly. It depends upon the people to help out in this kind of undertakings, because he will confront the most masterful problem when he undertakes to carry out this platform pledge that he reaffirmed in his inaugural address.

Why should there be calamity in this land? There is too much to eat among us, so why should anyone starve? There is too much to wear; why should anyone go naked? There are too many houses; why should anyone go homeless?

Blessed as we are with everything that the Creator can give us, why should we allow the greed of the few to spread poverty and misery to the many? Should we not follow along the lines that are safe, fair, and secure?

If we will allow $100,000,000 to any one man; if we will allow him a net earning of $1,000,000 in 1 year; if we will allow one child to inherit $5,000,000 without hitting a lick to earn it, is that not enough?

After that, is it not fair that the Government should have the balance so that the mass can be relieved of the taxes, so the Government can spread its work and find employment, and so that the wealth may eventually be filtered and diffused into the lives of all, even as Mr. Hoover expressed himself in his last election and as our President is desirous of accomplishing?

These are the bills which I have introduced in Congress, my friends; and I conclude my remarks hoping that they may have ready help from the American people.

I thank you.

LOANS TO STATE BANKS AND TRUST COMPANIES

The Senate resumed the consideration of the bill (H.R. 3757) to provide for direct loans by Federal reserve banks to State banks and trust companies in certain cases, the pending question being on the amendment proposed by Mr. ADAMS to the substitute reported by the Committee on Banking and Currency, which was, on page 3, line 19, after the word "collateral," to strike out the words "and a thorough examination of the applying bank or trust company."

Mr. GLASS. Mr. President, on yesterday, when the Senate took a recess, I had ventured briefly to point out to the Senate the liberal way in which existing statutes treat nonmember State banks. In case there are Senators now present who were not present, then I will briefly recapitulate the citations which I made yesterday.

It will be observed that under section 14 of the Federal Reserve Act as originally passed, which Senators may find on page 47 of the printed act, nonmember State banks may, through their correspondent member banks, get the privileges of rediscount on eligible paper accorded to member banks. Of course, it was contemplated that such a privilege would never be granted except in exigent circumstances. It could not reasonably be expected that banks which had never contributed a thrip toward the establishment or the maintenance of the Federal Reserve Banking System should be accorded the same privileges enjoyed by banks which had endured the cost from the beginning and continued to bear the cost. So that provision of the original act was never availed of nor authorized by the Board until in this frightful emergency, I am told, the Board adopted a regulation authorizing nonmember banks, through their correspondent member banks, to rediscount their eligible assets with Federal Reserve banks.

In addition to that, Mr. President, I offered a rider to the Wagner relief bill, which was passed last July, which authorized not only nonmember banks but individuals, partnerships, and corporations to receive accommodations directly at Federal Reserve banks, in the event that it should be established that they could not get accommodations from individual banks in the ordinary course of business. The reason for that was that the banks generally were not functioning. They not only were not making loans but they were calling loans, and their liquidity came to be unprecedented. They were able to make loans, but would not make loans. So it was considered advisable, if they would not make loans, that the Federal Reserve banks, with ample facilities, might deal directly with individuals, partnerships, and corporations upon eligible paper.

I may say that the proposal of that rider to the Wagner bill gave the then administration a shock; they supposed it to be revolutionary and so pronounced it; and called the leaders of the other House and the Senate to the White House and put them upon notice that the bill would be vetoed if it contained that provision. I was called into conference to explain the meaning of that provision. I pointed out that it not only was not revolutionary but had been a prevailing practice for nearly a hundred years by every central bank of Europe, including the Bank of England, the Bank of France, and the Reichsbank. Next morning I was called out of bed before breakfast and was told by the then President of the United States that they had changed their minds about it, and not only wanted that provision incorporated in the bill but wanted it expanded in a way to which I would not agree.

So it will be observed that the existing statutes treat nonmember banks with the greatest liberality; and it is beyond my understanding how any Senator may now contend that banks which have persistently for 19 years remained outside the Federal Reserve System, refusing to impound their reserves in that System, refusing to contribute one penny to the maintenance of the System, as they had never contributed one penny to its establishment, should receive privileges in excess of those granted the member banks which established and maintained the System.

Mr. COSTIGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Colorado?

Mr. GLASS. I yield to the Senator.

Mr. COSTIGAN. With due respect for the distinguished Senator from Virginia, whose prestige as a legislator in this field is unsurpassed, I rise to ask whether the argument he is now making does not impose penalties on bankers rather than on depositors, and whether the crisis which now confronts the country does not require peculiar solicitude for those depositors? Depositors, if I may so suggest, have not been experts in regard to the banking laws of the United States. They know little of the bankers' power or duty to affiliate with the Federal Reserve System. The argument of the Senator from Virginia would subject such depositors in some cases to needless and irrevocable loss, without any real participation in the conditions which precipitated the crisis. For that reason and because this is an emergency justifying exceptional treatment, I ask the Senator whether the amendment of my able colleague from Colorado [Mr. ADAMS] is not now entitled to support?

Mr. GLASS. I respond to the distinguished Senator by saying that, while it is true the depositors generally are not experienced in either the philosophy or the technic of banking, they do not occupy a much different attitude than the nonmember banks themselves, because the depositors could have compelled the nonmember banks to become member banks, and in the event of failure they could have put their deposits in member banks which were secured by the various provisions of the Federal Reserve Act rather than in nonmember banks which persistently refused to come into the system.

I may say to the Senator further that in a moment or two I expect to get away from the seeming severity of the argument I am now making and reach an even more liberal basis of the problem than I have yet discussed.

Mr. LOGAN. Mr. President——

Mr. GLASS. I yield to the Senator from Kentucky.

Mr. LOGAN. Mr. President, there is one provision of this bill which I do not understand, and, while I do not like to disturb the orderly discourse of the Senator from Virginia, I should like to take this opportunity to ask him what it means, as I do not know. On page 5 there is a provision in section 2 under which the Reconstruction Finance Corporation is prohibited from subscribing for preferred stock of banks in those States where there is a double liability law; but the section also contains a provision under which—

> The Reconstruction Finance Corporation is authorized, for the purposes of this section, to purchase the legally issued capital notes or debentures of such State bank or trust company, having voting rights similar to those herein provided with respect to preferred stock.

I do not know exactly what that means. I do not know what is meant by "capital notes or debentures having voting rights." I do not know whether there is any State in

the Union where a bank can issue capital notes or debentures with voting rights. So I should like to be advised as to what that section means. I intend to propose an amendment, and I think the Senator from Missouri [Mr. CLARK] also has an amendment to offer, but before proposing it I should like to know what is the meaning of that section.

Mr. GLASS. Mr. President, if the Senator from Kentucky, for whom I have the utmost respect, will not construe it as a discourtesy, I will ask him to defer that question until a little later——

Mr. LOGAN. If the Senator will discuss it during the course of his address, it will be entirely satisfactory to me.

Mr. GLASS. When it may be answered by my colleague on the Banking and Currency Committee, the Senator from Ohio [Mr. BULKLEY] perhaps more explicitly and cogently than I might answer it.

Mr. LOGAN. That is entirely satisfactory to me.

Mr. GLASS. Mr. President, I have pointed out the great liberality of existing statutes, so broad and so considerate of State banks, as that I have thought there was no need at all for this proposed legislation; but we have it here and must dispose of it.

The objection involved in the proposed amendment of the Senator from Colorado [Mr. ADAMS] is that applying nonmember State banks should not be required to be thoroughly examined before they avail themselves of the facilities of the Federal Reserve Banking System for their ineligible paper. That may mean anything on earth. It is true that I once characterized collateral of that sort as "cats and dogs", and, largely, that is what it is.

The existing law requires the Comptroller of the Currency, in the first place, thoroughly to examine periodically all member banks. In addition to that, the Federal Reserve Board is authorized and required to make periodical examinations of member banks, and to make examinations of member banks at such other times as the Federal Reserve Board may think is required. That being so, why should the Congress be asked to permit nonmember banks, which have never contributed a thrip to the establishment and maintenance of the system, to avail themselves of its facilities without thorough examination by the authorities of the system?

I just cannot conceive, in fairness, in equity, or in security, how a proposition of that sort could be presented.

It is said that it will require time. As was indicated in the fine speech delivered here yesterday by the junior Senator from Texas [Mr. CONNALLY], the Congress would better take time, and these various agencies of the Congress which are shoveling out the money of the taxpayers of this country would better pause and take time. Under the proposed amendment thousands of unsound and rotten banks might avail themselves of the facilities of the Federal Reserve Banking System. No time will be wasted. The resources of that System should not be preyed upon by unfit banking institutions, some of them ignorantly managed, many of them rascally managed. They should not be permitted without examination to avail themselves of the facilities acquired over a period of 19 years of the Federal Reserve Banking System.

Mr. PITTMAN. Mr. President, may I ask the Senator a question there for information?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Nevada?

Mr. GLASS. I yield.

Mr. PITTMAN. What is the particular objection to the member bank's obtaining this loan, if the eligible paper in itself is known to be worth the loan? Is it because of the possible distribution of the money that is borrowed that the Senator desires to know whether the bank is sound or not sound?

Mr. GLASS. How is the Federal reserve bank to determine the worth of the paper unless it makes an examination of the bank? There may be claims of priority on the very paper presented.

There will be no time wasted in an examination of the bank. The Comptroller of the Currency has a large—perhaps too large—force of bank examiners at his disposal; and, in addition to that, the Federal Reserve Banks and Board have a large force of experienced bank examiners at their disposal. They would be available for this work; and this work should not be done in a haphazard or a hasty way.

I do not know that it would add anything particularly to the impressiveness of the argument, and it is something that ordinarily I do not think is advisable to be done on the Senate floor, but I may say that the President of the United States, in his own hand, wrote that provision in the proposed bill, because he and his Secretary of the Treasury and the Federal Reserve Board thought it ought to be in there. I think it ought to be in there, and the Banking and Currency Committee, by an overwhelming majority thought it ought to be in there, because my very distinguished and beloved friend from Colorado presented his proposal before the Banking and Currency Committee, and it was thoroughly discussed at the round-table argument and did not prevail; and, in my judgment, I respectfully submit, it should not prevail here.

I said a while ago that under this proposal thousands of insecure banks might avail themselves of the facilities of the Federal Reserve Banking System, and, having so done, it might result in their wreckage sooner perhaps than otherwise they would be wrecked, because naturally I should infer that they would present their best ineligible paper—if there be any such thing on the face of the earth as the best ineligible paper—and that would strip the banks of the last vestige of secure assets, and they could not any longer function in the emergency.

Right on this point I was about to say something of a personal nature—perhaps that would prolong the discussion, and I note the absence of the Senator to whom my remarks would particularly be addressed, by indirection—relating to the utter insecurity, if not absolute rottenness, of the banking system of an entire State, dominated, it is repeatedly alleged, by illicit and corrupt influences. Under this proposed amendment, banks of that description could avail themselves of the facilities, acquired over a period of 19 years, of the Federal Reserve Banking System.

A little later on I intend, as a matter of personal privilege, to make some statements here on the floor of the Senate, and to controvert some malicious falsehoods that have been disseminated concerning certain legislation here.

Mr. President, I believe that is all I now care to say. I am not feeling very strong, and scarcely had strength to say this much. Now, I suggest that my distinguished colleague, on the Banking and Currency Committee, from Ohio, Mr. BULKLEY, will answer the questions propounded by the Senator from Kentucky [Mr. LOGAN], and I should like to have the Senator from Kentucky hear him if he is available.

Mr. CLARK. Mr. President, the Senator from Kentucky has been called from the Chamber for a few moments.

Mr. GLASS. That, Mr. President, is all I have to say just now as to this proposal. I could well wish that my friend from Colorado would withdraw his proposed amendment, because, if adopted, it is not going to be conducive to the best interests of the banking system of the country, nor, in my judgment, will it afford any material relief in this exigency.

Mr. VANDENBERG. Mr. President, I follow the able and distinguished Senator from Virginia [Mr. GLASS] on a subject of this nature only with the greatest diffidence and the greatest deference. I think he is fully aware of the high opinion which I hold for his views upon these related matters. As a matter of fact, I do not rise in quarrel with his fundamental proposition; but it seems to me that in the discussion of this particular banking legislation something must be said regarding the general trend of the legislative formula which we are pursuing in respect to the banking crisis. In this formula is not only the power to save but also the power to destroy.

The pending measure contemplates a certain limited liberalization of Federal Reserve privileges in respect to State banks. State banks cannot be left to a sacrificial fate in this crisis. The amendments submitted by the Senator from Louisiana [Mr. LONG] and the Senator from Colorado [Mr. ADAMS] may not be appropriate amendments. I have no wish to address myself to that particular subject. But I do want to submit to the Senate that in the face of banking developments in the United States since the presidential proclamation there is necessity, if not for a liberalization of statutes at least for a liberalization of administration in respect to these statutes and also in respect to the reorganization of the banking structure of the Nation. In the last analysis I am perfectly confident in my own mind that there will be no final stabilization of the nature and the sort which not only the American depositor must have but which American business must have, if it is to renew its vitality, without some type of self-supporting Federal deposit insurance. But this is beside the present point. The thing I want to submit at the moment is that if liberalization of the emergency banking statutes is not desirable, at least a liberalization of the administration of the statutes is desirable in certain obvious directions which are sound and justified.

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

Mr. VANDENBERG. I yield.

Mr. GLASS. I do not know that I would be willing to dissent, in general, from the suggestion of the Senator from Michigan, but there are at least two sides to that question. Would the Senator suggest that there should be administrative liberalization of a process of this kind: say in a certain State—not the Senator's State—there has been no examination of banks since May 2, 1932, and two of the largest, outstanding banks in that certain State have had advances, to the extent of millions of dollars of the taxpayers' money, acquired through the Reconstruction Finance Corporation, with three or four or five hundred correspondent banks, which two large banks had not been examined for nearly a year. Would the Senator call that liberal administration of the law?

Mr. VANDENBERG. No, Mr. President. I shall submit to the Senator's judgment, before I shall have concluded, a precise demonstration of the type of liberalizing need I am undertaking to discuss. I concur with the Senator's general view. The paradox of the situation is that while at the moment I think I can demonstrate that deflationary rules and regulations under the auspices of our contemporary bank dictatorship are forcing needless deflation in the bank assets and the depositor assets of the Nation, on the other hand, after those assets once have been reasonably stabilized I concur a thousand percent with the Senator that the need of the Nation is an infinitely more rigid supervision and infinitely more acute responsiveness on the part of banking to government. I favor every stricture the Senator ever has proposed upon this score. I think I will submit to the Senator, in the course of my very brief observations, a definition of what I mean by the need of present liberalization. I agree with the Senator that his example is not the liberalization of which I speak.

Mr. GLASS. Liberalization! It almost verges on criminality.

Mr. VANDENBERG. Mr. President, the Senator's example, which "verges on criminality", to use his language, is not at all an example of the thing of which I am speaking, and I shall submit to my able friend from Virginia that the exhibit which I lay before him does not fall beneath any such condemnation. On the contrary, it is entirely possible for action to "verge on criminality" today if it needlessly wrecks the values behind the savings accounts of the American people; and that is the other side of the picture, and it is the thing to which I am proposing to address myself.

Mr. President, just because the banking situation has ceased to be front-page news in Washington is no sign that it has ceased to be front-page news in other parts of this country. It will continue to be front-page news until the reorganized banking facilities of the Nation are adequate to the banking needs of the Nation. I am not speaking in any critical sense whatsoever. If there is one man more than another in this Chamber who realizes that it is easier to be critical than to be correct, I am that man. The administrators of this new crisis have been utterly heroic in the efforts they have made to meet the situation. They confronted a terrific responsibility. I beg Senators to believe that I do not approach the thing in any remote sense of political criticism, only in the sense that since the spirit of the administration of the rules and regulations is calculated to determine their ultimate sufficiency and their value, it is important that the Senate should speak its mind in the open as to what type of administration and what philosophy of action ought to be followed from now on.

I repeat, the banking crisis is not over simply because it has left the front pages of the Washington newspapers. I imagine that the situation in my own State of Michigan is quite typical. On yesterday, the State banking commissioner reports to me, there were 27 national banks open and 71 shut in Michigan; there were 24 State member banks in the Federal Reserve System open and 73 shut, and there were 143 State banks open and 196 shut, which means a total of 194 banks open and 340 shut.

I suspect that is a rather typical cross section of the situation in which the country as a whole finds itself, and I want to speak briefly in respect to that situation, not on account of the banks but on account of the bank depositors and the bank deposits, because, in the final analysis, except as we are able to salvage a substantial portion of the deposit resources of the American people, we cannot hope to stimulate an upturn in American business. We cannot save the situation. Yet it must and can be saved.

The problem has two phases. We confronted the first phase when, following the President's summary proclamation, which was bravely issued and unquestionably had to be issued, there was a sudden summary classification of the major banking institutions of the United States. The whole banking system of the Nation was made literally to pass in review almost overnight, and to confront an arbitrary classification at the hands of government which spelled either life or death for those institutions, and, in a relative degree, for every deposit in those institutions.

The first phase was this initial phase, where these initial licenses were issued. The second phase is the phase which we are now confronting and have yet to solve, namely, those banking institutions which were not covered in under the initial licenses and those subsequently opened.

The only possible utility in discussing the first phase is to see whether or not there is anything in it by way of instruction and admonition in dealing with the second phase. I have no interest in threshing old straw, and again I urge that I am not proposing to be critical; but it is very necessary that we understand precisely what happened in the first phase in order to know what is calculated to happen in the second phase.

This is what happened in the first phase. These initial licenses were issued, of course, under pressure of great haste. Error and inequity were inevitable. The action was in entire good faith, but decisions were made which blemished the records of institutions which had a half century of honor behind them. The decisions had to be made almost under the exercise of a war power. But it is very important to realize on just what basis that initial classification was made, because we discover, when we assess the basis, that if we are to continue that basis we are embarked upon the most ruthless deflation in the history of this or any other nation. We have had enough deflation. Our needs today are in an opposite direction.

Mr. President, how were the first licenses issued? They were issued to banks which could certify, among other things, to the following—quoting from the application:

> According to the last report of examination, this institution, even if all actual market bond depreciation, all doubtful paper, and all losses were charged off, would still have assets of sufficient value to more than cover all liabilities other than its own stock liabilities.

Which is to say that the only bank which could qualify for a license in the initial bracket—in other words, the only bank which was given a chance to survive on the basis of unimpaired solvency—was a bank whose surplus exceeded, first, all market bond depreciation; second, all losses; third—and this is the significant item—all doubtful paper.

Mr. President, anyone who has had any experience with bank examiners knows that there never was a bank-examination report turned in yet in which every conceivable benefit of every doubt was not taken by the examiner when he listed doubtful paper. It is regular procedure. It is standard practice. It appropriately puts the bank on notice to watch these credits. But I venture the further assertion that there never was a list of doubtful paper turned in by a bank examiner upon which 50 percent of the items did not have a substantial element of integrity and a considerable percentage of the items ultimately were not recovered. No wonder there were not very many banks which could qualify for an initial license, when they had to have a surplus exceeding all the doubtful paper an examiner could conjure, with all his professional suspicions, plus all of these other items.

Furthermore, these banks passed in this deadly review on the basis of "the last examination." That examination may have been a year ago for a certain bank. It may have been at a time when values were infinitely more advantageous. It may have been upon the basis of an examination for a bank right across the street that was examined a few weeks ago, at the very bottom of the slough of despond. It may have been made on the basis of a State examination in lieu of a Federal examination. There was no uniformity. I do not complain. There could have been no uniformity. But by the same token there could be no equality of decision and of justice. It was drumhead courtmartial. War is that way.

Again, the judgments of examiners differ as do the judgments of other men. Yet the judgment of one examiner submitted on one examination became the sentence of doom for many banking institutions in the United States. I do not complain, I repeat, against any error that was committed under the stress of those initial proceedings because it was precisely the same situation which we confronted in the World War. It was and is war, and we have to have summary action and take the consequences. But I am proposing and submit that if we find that we erred in some of those initial situations under the whip and spur of the emergency, it is, indeed, well for us to take account of the fact as we now proceed to confront the balance of our problem which is infinitely larger than the problem which we have thus far answered.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER (Mr. BANKHEAD in the chair). Does the Senator from Michigan yield to the Senator from Maryland?

Mr. VANDENBERG. I yield.

Mr. TYDINGS. I just want to point out for the Senator's information that a great deal of the so-called "doubtful paper" is really good paper, as he has observed. In the case of the banks in my own State, having gone over the list with the bankers in question, I asked the comptroller's office and the bank examiner's office if they would not make a reexamination of the doubtful paper. I am glad to say that that reexamination was made very promptly and it resulted in a considerable reduction in the doubtful-paper total. I simply mention that in passing because it may be of some benefit to the banks in the Senator's own State of Michigan.

Mr. VANDENBERG. I thank the Senator for his observation. I know the experience which he relates has been had by others. It demonstrates all over again the utter menace of writing a life and death ticket for the banking institutions, and relatively for the depositors in those banks, of the country on the basis of that limited information which was available at the moment when the initial orders were issued.

What happened as the result? I want to read a paragraph from a letter from a very distinguished banker who, for obvious reasons, I shall not identify, but I want to ask Senators if this is not exactly what has happened under this excessive rule of stern liquidity which has been applied to this situation, this rule of ruthless deflation. Let us see if this is not exactly what happened:

> The almost tragic part of the whole situation is that in general those banks which did not press the debtor by withdrawing lines of credit, and which did not dispose of the borrower's collateral at forced sale on low markets, and which exercised judgment in pressing mortgagors, are the banks which have the larger percentages of slow assets.

In other words, the very banks which have undertaken to do precisely the thing for the public welfare which the Reconstruction Finance Corporation was organized to do, the banks that have done the precise thing that Congress has undertaken to do in recent amendments to the Bankruptcy Act and in proposed debt latitudes generally, are the banks that fell under this initial sentence of death because of this arbitrary rule of ruthless liquidity which was set up as the metes and the bounds of our banking validity.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Texas?

Mr. VANDENBERG. I yield.

Mr. CONNALLY. Let me inquire of the Senator from Michigan whether many of the banks in his State were not closed before the Federal Government intervened at all?

Mr. VANDENBERG. Oh, yes; I am not discussing the Michigan situation. I am discussing what I believe is the second phase of the national crisis. I may say to the Senator, however, that, regardless of when or how Michigan's banks closed, it was the Federal orders which governed their initial reopenings.

Mr. TYDINGS. I am very much impressed by what the Senator said. In view of the fact that there have been injustices due to the speed with which these matters were acted upon, I cannot think of any other way that those injustices can be remedied except through reexamination of the banks' doubtful paper. Assuming that that results in reducing the amount of doubtful paper, I am interested in asking the Senator if a bank's capital, taking into consideration the reduction of the doubtful paper, is still impaired, does the Senator mean the bank should then be reopened?

Mr. VANDENBERG. No. I agree with the Senator that at that time the bank should be closed, but the tragedy is that it is too late to reexamine, in so far as the fundamental vice and fundamental damage are concerned. But it is not too late to improve things for the future.

Mr. TYDINGS. I agree with the Senator. What I was trying to do was to elicit the information that injustices have been done, as I know and as the Senator knows, in some cases due to the speed with which action had to be taken. Is there any quicker way by which we can remedy the situation or remedy those injustices than by reexamination of the doubtful paper with the end in view of eliminating or decreasing the total amount of doubtful paper?

Mr. VANDENBERG. Probably not, and that might be a very wise suggestion. My purpose in speaking is not to complain about what has happened, because it probably is amazing that the high officers of the Government did as well as they did under the gigantic responsibility suddenly thrust upon them, but my purpose is to draw a moral if we can out of what has happened to guide us in respect to what is yet to happen if we do not change our course.

I want to continue reading from this letter. I remind Senators that the letter has already set up an initial test that the operation of this original license plan put a premium upon what could in some instances be called hoarding banks. Those are the ones, at any rate, which could best qualify under the initial rule. Continuing to read:

> They—
>
> Referring to these banks—
>
> have performed their duty to the people of their respective communities as banks and for so doing are now being censured and scored by public opinion. Whether they will be penalized for so doing by the Government yet remains to be seen.

That is what I want to talk about.

I hope not—

Mark you!—

I hope not, for upon the attitude of the Government in this respect depends the salvation not only of the banks, but the welfare of the people who are both borrowers and depositors.

"Upon the attitude of the Government in this respect", and it is a problem, I remind Senators again, which we yet have ample time to meet, because the major banking structure of the Nation has yet to be put back into working shape.

Let us see how literally true is that indictment. I submit but one example out of many. In one jurisdiction, Mr. President, when the so-called "solvency" of these banks was determined—determined, I repeat, on the basis of ruthless liquidity—they were not satisfied merely to require all doubtful paper to be entirely eliminated; they were not satisfied to have the losses charged off; but they even required that all real estate subject to mortgage foreclosures should be charged off. Just think what that means, Mr. President, to the midcontinent bank which has devoted itself to home mortgages for the purpose of creating American communities. Just contemplate that community where this bank, aiming to serve the home owner and home community, has been reasonably lenient in respect to mortgage foreclosures and has not pressed down for the last Shylock penny upon every interest date. It has been reasonable and liberal; and yet, if it has a mortgage, under these liquidation rules, that is six months' past due, the Government says to it, "There is not a penny's value in that mortgage and you must charge it off." Mr. President, I do not see how a rule of that sort can be justified in normal times, much less in times like these.

There are numerous kindred exhibits to which it is needless to advert. I could speak at length of the impairment of the solvency of many a lessor bank solely because its reserves are impounded in a closed larger bank. These reserve deposits had to be made by injunction of the law. Yet the law declines to recognize the trust character of this transaction and, when we seek to release the reserve, we are met with a denial on the plea that an illegal preference would be created. This seems to be the law, but it lacks both logic and equity.

But I repeat that I am particularly referring to needlessly deflationary assignment-of-bank assets to the category of loss. I speak with entire respect for bank examiners and supervising bank authorities. My own relations with them have always been with reasonable reactions. There is a danger, however, that some subordinates, suddenly clothed with these new dictatorial powers, may develop a Jupiter complex. These are not times for such procedure. The times call for courage. But they also call for understanding.

The example which I gave respecting the classification of mortgages typifies the particular suggestion which I bring to the illumination of my text. This is the type of thing about which I am talking, Mr. President, upon which the Senator from Virginia [Mr. GLASS] questioned me. I regret that he has left the Chamber. I am perfectly sure that he would agree with me, with the examples he gave of the wrong kind of liberalization, that this type of exhibit is a totally different thing.

Now we are coming into the second phase. We still have the rest of the bank structure to remake and reorder. The thing I am undertaking to say today is that unless we amend our philosophy of action and unless we seek long-range liquidity based upon present solvency instead of prompt liquidity based upon summary solvency, we are going to massacre needlessly the savings of the American people.

We are about to start into this reorganization program. It will have many different phases, each phase depending upon human judgment for weal or woe. It is in respect to the use of those human judgments that I speak, human judgments in respect to reorganization, human judgments in respect to the choice of proper conservators and then the proper exercise of the conservators' power, human judgments in respect to new capital structures to be created under a rule of reason, I submit, instead of under a rule of utter deflation at its maximum. There are new preferred stock subscriptions to be made by the Reconstruction Finance Corporation, stock subscriptions unfortunately which ultimately can enter the market place to find their ultimate way into the control of the centers of finance. Nevertheless the preferred section of the law offers the most hopeful possible outlet if it is reasonably administered in respect to a liberal management of the necessities of the hour and of the country.

I want to plead again, Mr. President, as I have before in the last 3 weeks, that these new set-ups and these reorganizations be started with maximum regard for long-range opportunity to permit depositors to recoup their share of recovered values. That is the point—a scheme of reorganization which gives the depositor a chance to still be a depositor when we have turned that corner where prosperity hides, that still leaves him in the status of a depositor when the dividends are passed out on the new deal. That is the thing I insist is fundamentally essential as we now proceed into this second phase, and which is calculated to be lacking if we persist as in the first phase. Let us not persist in ruthless deflation to the extent where we sell out the depositors of the Nation under the hammer. That is the thing which I say is not only morally wrong, but which I say is absolutely fatal in its economic repercussions.

No one would want insolvent banks reopened. I hope no Senator will get any such idea as that from what I have said. Nobody wants an insolvent bank reopened, but we want a rule of reason in respect to solvency and not a rule of ruthless deflation. We need long-range liquidity, with the Government standing by. We need a formula under which the banks have a chance to work themselves and their depositors out for the benefit of their depositors, and for the benefit of their depositors exclusively.

Indeed, Mr. President, I can probably best illustrate the thought that is in my mind if I say again to the Senate that the theory upon which I would operate is the theory which I offered weeks ago, but which was rejected. Under this theory the plan would be to divide the assets of these banks, liquid and slow. I would trustee those slow assets with the bank to administer itself. I would issue negotiable certificates of participation to the depositors against those impounded trust assets, and I would put an interest rate on the certificates in order to help keep them at par. Then—and this is the important thing—I would dedicate all the earnings of that bank, if it took 50 years, to pay the face value of those certificates, 100 cents on the dollar. Then I would open the liquid side of the bank to unlimited business; and I would put Federal insurance behind those new deposits and those live deposits. I would have the confidence of the American people in that institution, and I would give the depositor his maximum chance to recover his maximum equity.

I said something about this the other day on the floor of the Senate.

Mr. FLETCHER. Mr. President, may I interrupt the Senator from Michigan?

Mr. VANDENBERG. I yield to the Senator from Florida.

Mr. FLETCHER. The Banking and Currency Committee now has a subcommittee handling the whole question of the insurance of deposits and every other phase of the question. The chairman of the subcommittee is the senior Senator from Virginia [Mr. GLASS], and on it are the Senator from Ohio [Mr. BULKLEY], the junior Senator from California [Mr. MCADOO], the Senator from Connecticut [Mr. WALCOTT], and the Senator from Delaware [Mr. TOWNSEND]. Those Senators compose the subcommittee that will soon begin hearings and the consideration of this whole question, involving what the Senator from Michigan is now discussing.

Mr. VANDENBERG. Mr. President, I thank the Senator for his observations. I know what he has stated is true, and I also know that there have been subcommittees of the Banking and Currency Committee about as long as I have been in the Senate dealing with the same subjects, and we are still waiting for a report. I realize, on the other hand, that the distinguished chairman of the committee,

who has just interrupted me and who does me the honor of listening to these observations, is himself warmly committed to the theory for which I speak, and I am quite hopeful that in the course of the next few weeks or months we shall make definite progress in the direction indicated. I have pioneered in this cause, and it is close to my heart.

However, Mr. President, I observed, when interrupted, that I made some suggestions last week along the lines of the desirability of a more reasonable rule of assessment of values in respect to the banks of the country for the sake of their depositors. As a result of those observations, the New York Journal of Commerce, on March 16, did me the honor editorially to comment under the caption "Dangers Ahead." I want to read just a few sentences from this editorial to indicate how completely I was misunderstood and how it seems to be possible for New York to misunderstand the midcontinent viewpoint in respect to banking:

When the first flush of enthusiasm has subsided and the public realizes the price that must be paid to guarantee resumption—

Speaking of banks—

on a sound, permanent basis, the pressure to spoil the bank plan by amending it and to undermine it by lax administration will increase.

I submit that up to date I have not said anything in favor of "lax administration." I abhor it. The editorial continues:

The complaints of Senator VANDENBERG, for instance, author of a measure to provide a Federal guaranty of savings deposits, constitute a frontal attack against which a strong defense must be erected if the country is to be saved from new attempts to maintain a fictitious scale of bank asset values.

Mr. President, let me interrupt the reading of the editorial just long enough to say that "a fictitious scale of bank asset values" can be too low just as fatally as it can be too high; and when it is needlessly too low, the whole social and economic fabric of American life is the victim. I continue to read:

Senator VANDENBERG urges the grant of wide administrative powers to determine what constitutes "sound assets" upon which banks shall be permitted to borrow from the reserve banks.

Now quoting my language:

"I insist", the Senator from Michigan said, "that in the construction of the word 'sound' the banks shall not be tied to the dead bodies of today's values."

I repeat, with all the emphasis at my command, that in the construction of the word "sound", as applied to banking today, the banks, and particularly their depositors, "shall not be tied to the dead bodies of today's values." Then the editorial proceeds:

If this is Senator VANDENBERG'S way of demanding a resurrection of the "deader" values of the past, and using them as a measure of the borrowing capacity of the banks of the country, trouble lies ahead.

O Mr. President, I am not trying to resurrect the "'deader' values of the past" in any such invidious sense as is there suggested. But some of the "values of the past" are not dead, or else America is sunk "for keeps." All the values of yesterday are not gone, and any man who says they are fails to have faith in America. The "deader" values of yesterday! Why, the very day this comment appeared, the Wall Street Journal reported that on the market over yonder there was the "widest advance since 1931." The New York Sun on the same morning reported a restoration of $1,000,000,000 in the stock and bond values of the Nation—$1,000,000,000 in 24 hours; $1,000,000,000 of those "deader" values come back to life. Those are the values I am talking about. To be sure they fluctuate. They have swung down again the last few days. But the point is that they are live values, not dead values. I do not want the banks set up again on the basis of these swollen exaggerations of the boom days, but, Mr. President, I think it is equally indefensible to set them upon the basis of today's wrecked values, in the utter slough of despond.

I would not care so much about that if it were only the bank that suffered, but it is not the bank that suffers, it is the bank depositor who suffers when the values upon which he must depend for the liquidation of his deposit are forced under the hammer in summary liquidation. What I am urging, Mr. President, with all the earnestness at my command, is that we should not proceed into this second phase on the same theory of utterly ruthless deflation which we have been pursuing up to date. Perhaps, it was necessary to pursue it up to date. I repeat that I decline to be critical; I repeat that I decline to speak in any sense other than as of attempting to be helpful for tomorrow; but I am saying, since the great banking structure of the back country of the Nation still remains to be restabilized, that in dealing with it we shall endeavor to apply a rule of reason with respect to values so that the depositor will still be alive in respect to his deposits when some of those "deader" values of yesterday have returned as a benediction upon our land. They will return, within reason, and today's distraught depositor should not be needlessly cut off from his just share of the recoupment. That is the sole burden of my observation, Mr. President. We have got to have more liberal administration of the rules and regulations under which we are operating in respect to this banking crisis or we have got to have more liberal legislation itself.

In the final analysis, as certainly as the rising of the sun, the American people are going rightfully to demand that the savings of America shall be safe, and the final steel beam that has got to be built into the banking structure when it shall be remodeled and stabilized is the steel beam of self-liquidating Federal deposit insurance upon the responsibility of the Government of the United States.

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

Mr. VANDENBERG. I yield.

Mr. FLETCHER. May I ask the Senator to enlighten us a little further, if he well, briefly, on what he would base the values of today? Values should be based on earnings or returns. How would the Senator base the new values? At the present time "values" is a very mythical sort of term to use.

Mr. VANDENBERG. That is correct; and if the Senator from Florida were to ask the Supreme Court to set down what it meant by a "rule of reason" in respect to railroad earnings, I suspect it would have difficulty in resolving the rule to words of one syllable and specific figures. The rule of reason is a rule which contemplates a reasonable acknowledgment of values in respect to present and prospective conditions in the United States. Let me be more specific than that; that sounds entirely too vague, and I am not at all vague in my own mind. I suggest, for example, where there is a doubtful asset that that portion of the asset which is not doubtful may well be recognized and the whole thing shall not summarily disappear because, temporarily, a portion of it happens to be under a shadow and under a ban. I suggest, for example. that a mortgage is not a total loss because it is in default. I suggest that true bond values are not solely dependent upon the current fire-sale price in a depressed, deflated, and often hysterical market. So far as I am concerned, as I indicated a time ago, I would have the banks of the United States work out their own salvation in this respect, because I would acknowledge every dollar of value outside of existing actual losses; and, having segregated the slow assets and having trusteed them to the bank, I would put that bank to work, if necessary for 50 years, to pay back the face value of the certificate. Let us not wholly deflate America. Let us preserve the greatest possible measure of recovered values for the American depositor. Let us save all possible banks for the sake of their depositors. Then let us write a new code of Government supervision which shall permanently protect against the mistakes, the errors, and the crimes, if any, of the past.

Mr. NYE obtained the floor.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. NYE. I am glad to yield.

Mr. THOMAS of Oklahoma. Will the Senator permit me to suggest the absence of a quorum?

Mr. NYE. I much prefer that the Senator should not do that at this time. I am sure the large majority of the

Senate at this luncheon hour need food much more than they need any lecturing that might be offered here on the floor.

Mr. President, I hesitate to inject myself into this debate by reason of the learned argument that has been presented by others so much better informed upon the whole subject than am I.

Having just listened to the splendid appeal offered by the Senator from Michigan [Mr. VANDENBERG], I might perhaps better but concur in the thought he has expressed; but having sat aside, having refrained from participating in any of the argument or any of the discussion that has been offered in connection with the existing banking emergency, I have felt it my duty to refrain no longer at least from expressing the views which have prevented my concurring in the votes that have been recorded here during this session of Congress in an attempt to cope with the terrible situation that finally fastened itself upon the country.

I voted against the emergency bank bill. I will say now that I did it primarily because of the complete ignoring in that legislation of the interests and the welfare of millions of bank depositors in the smaller and the State banks of the country.

I was happy, therefore, when a few days ago there arose prospect of an amendment that would give to the State banks a parity in the way of opportunity with the national banks—legislation which I had hoped was going to find the Federal Government showing the same determination, the same will to save the millions of depositors in State banks, that was shown in saving depositors in the larger and in the national banks. With the passage of the Steagall bill in the House of Representatives the other day I wired those who were representative of State banking interests in my own State the full text of that bill as it passed the House.

I was not surprised in the response that came to me from those authorities in my State; and I am going to offer now the observations of two of them in response to the Steagall bill.

The first is as follows:

> Nothing very attractive for State banks in that bill, yet a few might be able to take advantage of the provisions, especially in the case of a national changing over to a State bank, of which we may have 6 or 8. Since there is likely little hope of getting anything better, I would suggest supporting the measure for what little benefit there may be in it for State banks.

The other spokesman for the State banking interests in my State responded as follows:

> Bill for direct loans State banks does not offer much relief, but will undoubtedly be of considerable assistance to some banks, particularly those converting from national to State. It can do no harm, and believe it merits your support by reason of foregoing.

So, Mr. President, I suppose like most of the Members of this body I shall vote for the bill which is pending before the Senate at this time. It is true that the Senate Committee has altered considerably the bill that came to us from the House, but a comparison does not reveal to me where the Senate bill offers anything in a material way more than was offered for State banks in that bill, known as the Steagall bill, which passed the House.

I do hope, though, with the Senator from Michigan who has just spoken, that we are going to find Congress quickly awakening to the fact that there are other people with their lifetime savings involved in this emergency than those depositors in the large banking centers of this country and in the larger banking institutions. If we are going to continue, as we seem to have done in the past, turning our backs upon the interests of the smaller depositors, the result in the end is all too apparent.

Mr. President, on March 9, within 8 hours after the convening of the new Congress, there was enacted into law the far-reaching emergency bank bill. A moratorium had been wisely declared by the President. Eighteen thousand seven hundred and ninety-four banks had been closed. To insure a maximum of opening and fair play for all that were deserving of governmental help in the emergency, an effort was made to amend the bill to provide for the more than 12,000 State banks the same help that was being provided for the six or seven thousand banks that were members of the Federal Reserve System. The effort to amend in this manner was easily defeated under the urge for quick passage.

Now, Mr. President, we are trying to amend the bill which passed 2 weeks ago, and to correct, as far as we can correct at this later day, the grave injustice which was then done to two thirds of the total number of banks by our hurried action on March 9. This amendment provides, at least in its title, for direct loans by the Federal Reserve Banks to State banks and trust companies. Whether the bill will do that is open to wide question; but that, at least, is in part its purpose.

In a large degree, my vote against the original emergency bank bill was caused by the failure of that bill to respond to all sound and deserving institutions, whether they be State or national banks, by giving all the same measure of governmental and legislative help that the emergency seemed to call for.

The cause for my opposition to the emergency bank measure was not stated at the time, because I felt that public confidence at that hour could best be restored and maintained by silence, particularly in view of the certainty of the bill's passage. If I erred in not speaking then my opposition to the bill, the error was one of judgment and not of the heart. I contented myself at the time with voting against the bill and remaining quiet. It would have been far easier to have voted for the measure, especially if it had contained a provision for State as well as national banks. It would have been easier because the people of the country were demanding and were expecting backing for the President, in whose leadership they had placed and are still placing, and I believe justly so, implicit faith and confidence.

I want now to say that my vote was in no sense a vote indicating lack of confidence in the purpose of the President. I should be quite ashamed if I were convinced that I had contributed in any degree to the injury of that public confidence in our new leadership which prevails, the continuation of which leadership is so highly essential if we are to entertain any hope of ultimately winning our way out of the insane situation in which our civilization finds itself today.

The manner in which the President has shouldered his responsibilities, the manner in which he has substituted action where drifting has all too long prevailed, has won and still commands my great respect and confidence in his leadership.

Mr. President, so great is my confidence in President Roosevelt, so much of my hope and all our hopes concerning the future is tied up in his ultimate success, that I quite fear that under favorable consideration of the interests of the State as well as the national banks in the banking bill I should have conceded, as so large a majority of the Members of Congress did concede, the need for delegating the unlimited, the dictatorial powers which went with passage of that measure; but I could not avoid at the moment very gravely weighing what I thought to be the very unfair manner in which we were dealing with thousands upon thousands of State banks—banks that were sound and as deserving of help as were those national banks provided for in the bill.

I felt that we should be as concerned with the welfare of depositors in one set of banks as we were with that of the other. It appeared to me at the time and since then that we were inflicting burdens, additional hardships and odds upon two-thirds of the banks of the country, to the end that one-third of them might have their chance for life improved.

Mr. President, the great fear which confronted the banks and the people on March 3 and 4 was quite directly occasioned by the closing of great banks in New York and Chicago—banks which were thought to be the strongest, but which, in the stress of the hour, were found to be the weakest. Here we were, then, I felt, rallying to the aid of the very institutions which were responsible for our troubles, while we turned our backs upon the savings of millions upon

millions whose interests were tied up in those two-thirds of the banks of the country which were not taken into the legislative picture at the time.

Had the original bill provided for all deserving banks and their depositors alike, I quite likely, as I have said, would have voted for it; yet had I done so I fear I should everlastingly have regretted it, in view of that provision in the bill which gives the money changers a new power—a power they have long sought.

For generations great students and leaders have stood in opposition to a grant to the bankers of such powers as were given them in the emergency banking bill. Upon that question I desire to speak briefly this afternoon.

William Jennings Bryan once expressed himself as of the opinion that the bankers always thrived upon banking emergencies; that in times of stress they went after new grants of power and further reaches of monopoly such as they could not hope would be granted by Congress in hours of calm deliberation. It now appears that the present emergency may have been used by the bankers to gratify wishes of very long standing.

Two outstanding things have these bankers wanted. They wanted greater concentration of banking power and facilities, greater leeway and power for themselves in the issuance of money. In the bank bill passed on March 9 there is found a provision for the creation of a new kind of money. This new money is not based upon gold. It is not based upon silver, upon Government bonds, or other Government securities. Instead, this new money is based upon bankers' assets, and has been known as asset currency. It constitutes a complete departure from our monetary plan of years.

I am not at all as fearful, as are some, of any departure from the gold standard; but when we did depart from it I had hoped that we could witness the creation of the kind of new money or basis for money that was determined by the people and their earning power, rather than by that class of bankers who for the past 10 years have been digging the very grave in which America was all but buried two weeks ago. It was they who laid the foundation for the crash which ultimately had to come as a result of their greedy manipulation of our banking, money, and credit structure; and now we have given them the power they have long sought to turn their bank assets into money.

This banking or asset currency of which I speak is provided for in the following language of the new banking bill:

Title IV, section 401, relates to the deposits with the Treasurer of the United States of direct obligations of the United States, or of any "notes, drafts, bills of exchange, and bankers' acceptances acquired under the provisions of this act," whereupon any Federal Reserve bank making such deposit in the manner prescribed by the Secretary of the Treasury shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, duly registered and countersigned.

So, Mr. President, by our action on March 9, we gave into the hands of the bankers a power to issue and to circulate a brand new currency. Here, then, was unlimited opportunity for expansion of the currency, but the power to expand it is with the bankers quite alone. We are declaring that a sound money system has room for currency of this kind—asset currency. Will there be the same liberality shown when it is urged to refinance agriculture by, in effect, making land, instead of bankers' assets, the basis for money expansion?

My fears regarding asset currency are not new fears. Men have fought it off for years. Each great national emergency has found the bankers driving expensive bargains—expensive for the Government and the people—an exchange for their response to emergency credit needs.

In the effort to finance the Civil War the bankers did not want to lend their gold to the Government. Instead, they proposed to lend the Government their own notes, bankers' notes. Then followed the Legal Tender Act, which enabled the Government to issue its own demand notes to be used in paying the soldiers. The banking interests straightway stepped in and refused to accept the demand notes when presented and thus destroyed their value.

With the backing of Secretary Chase and Thaddeus Stevens the bill providing that Treasury notes should be "absolute money, fully monetized, full legal tender for all debts and dues, both public and private," passed the House. In the Senate the measure was amended under pressure brought by the bankers, the amendment providing that the greenback should not be legal tender as related to the payment of duties and interest on the public debt which the Government owed these bankers.

Of the amended bill, as it came from the Senate, Stevens, on the floor of the House on the day following the passage of the bill in the Senate with this amendment, spoke his mind regarding it in part as follows, on February 20, 1862:

Mr. Speaker, I have a very few words to say. I approach the subject with more depression of spirits than I ever before approached any question. No personal motive or feeling influences me. I hope not, at least. I have a melancholy foreboding that we are about to consummate a cunningly devised scheme which will carry great injury and great loss to all classes of the people throughout this Union, except one. * * * It is true there was a doleful sound came up from the caverns of bullion brokers, and from the saloons of the associated banks. Their cashiers and agents were soon on the ground and persuaded the Senate, with but little deliberation, to mangle and destroy what it had cost the House months to digest, consider, and pass.

Then he went on:

They fell upon the bill in hot haste, and so disfigured and deformed it that its very father would not know it. * * * It now creates money, and by its very terms declares it a depreciated currency. It makes two classes of money—one for the banks and brokers and another for the people.

If one will follow the debates of those days he will find other leaders of that hour expressing themselves in no uncertain terms regarding the manner in which the Government was permitting itself absolutely to lose control over the currency and over the machinery of banking of this Nation.

James G. Blaine, in volume 1 of his work entitled "Twenty Years of Congress," quotes many leading men of that day upon this subject, and I am going to read very briefly from his work. He said:

Mr. Bingham of Ohio spoke earnestly in favor of the bill.—

That was the House bill without the Senate amendment—

He could not "keep silent" when he saw "efforts made to lay the power of the American people to control their currency, a power essential to their interests, at the feet of brokers and of city bankers who have not a tittle of authority save by the assent or forebearance of the people to deal in their paper issues as money."

He quoted also from a speech on the floor at that time by Senator Wilson, who, Mr. Blaine said—

Looked upon the contest as one "between the men who speculate in stocks and the productive, toiling men of the country."

Someone has suggested that there is nothing new under the sun; and when one goes back and acquaints himself with the debates and the problems of those earlier days, it is easy to discern that what they then were dealing with were the same identical problems with which we are dealing to-day, and that the thing that stood in the way then, as now, of an honest solution of these banking and money problems were the selfish, greedy banking interests, which were going to permit no change to take place in the regular order of things that in any way was going to deprive them of powers which might be theirs at this stage.

Following the conference between the conferees of the House and the Senate back there in 1862 upon this currency bill, the story is told that when Thaddeus Stevens, one of the conferees, emerged from the council chamber he was asked what the outcome had been; he was asked if it was true that the House had yielded on this amendment dealing with legal tender. The story has it that Stevens responded:

Yes; we had to yield; the Senate was stubborn. We did not yield, however, until we found that the country must be lost or the bankers gratified, and we have sought to save the country in spite of the cupidity of its wealthier citizens.

So we see, Mr. President, as I have stated, that back there in those earlier days the money changers were using emergencies as they had used them before and as they have used them since, to make stronger their hold and their power upon our banking and our money structure here in America.

Some years later Congress was called upon to deal with what then was known as the Aldrich-Vreeland currency plan, and here again asset currency came to the fore. Speaking out in Kansas City in 1911, Speaker Champ Clark said in part upon that subject the following:

Laying no claim whatever to the character of a financier, I am utterly opposed to the creation, chartering, or authorization of any institute which will deliver into the hands of a few men, I care not who they may be or where they may live, the powers of life and death, not only over the bankers of the country but over every business in the land. Even financiers of renown differ widely as the poles on the Aldrich plan. Many great financiers indorse it, some emphatically, some mildly, and some doubtfully and hesitatingly. Such eminent and successful business men as James J. Hill and Leslie M. Shaw are openly against it on the ground that the Aldrich plan is essentially a monopoly. Mr. Shaw says it would be so profitable to a few men who would really run it that they could well afford to pay the entire national debt for a perpetual charter, asserting that it would make them absolute masters of the American business world. Now, if such eminent financial physicians as Doctors Aldrich, Vreeland, and Laughlin on the one hand, and Doctors Hill and Shaw on the other hand, disagree so radically on this subject, would we not be acting the part of wise and patriotic men to wait long enough at least to hear both sides in this important and far-reaching matter before making up our minds?

There again it will be observed that the urge of the bankers was for immediate action. "Do the work quickly. Do not take time to deliberate. Do not take time to consider. We have to have action now." Men like Clark were standing their ground and saying, "No; not so fast." Speaker Clark went on in that speech to say:

So far it has been largely in the nature of an ex parte proceeding. Only the advocates of the plan have had an inning. Why, then, rush pell-mell into such an important matter? Why render a verdict prematurely? Why not take time—not too much, not too little, but ample time—thoroughly to investigate, to find out the sponsors, to discover the motive of this undertaking, to ascertain who are to be its beneficiaries, to learn with definiteness the powers to testify before committees of House and Senate, vigorously to cross-examine, to discover jokers, if any, in this plan—in short, to inform ourselves as we ought to be informed touching a problem of such intense interest to 93,000,000 American people now living and untold millions yet unborn? Individually I am not enamored of the Aldrich plan. Quite the contrary. I certainly will vote against it if an attempt is made to rush it through under whip and spur. It should be thoroughly ventilated and the light let in on it. The safe rule, which I adopted years ago, is to vote against opportunity to inform myself, thereby giving myself and my constituents the benefit of the doubt.

United States Senator James A. Reed also spoke in opposition to the Aldrich plan. He said:

I am against any currency scheme written by bankers for bankers. I do not mean to attack the banks or the financial centers of the country, but I protest against any plan that will lessen the control of the people over the finances of the country.

Mr. President, it was but a few years later, during the consideration of the Federal Reserve banking measure, that the question of asset currency again arose and entered into the picture in a very prominent way. We are told that William Jennings Bryan then threatened to resign from the Cabinet of President Wilson unless there was change in the provision of the bill relating to the character of the currency to be issued. To overcome the Bryan objections to what was known as the bank-asset currency plan then in the bill, Federal Reserve notes were made obligations of the United States and receivable for taxes, customs, and other public dues. In other words, asset currency was defeated under Bryan's leadership at the inauguration of the Federal Reserve System.

The very best argument against the asset currency, to my way of thinking, was that offered in an editorial written by a leading American bank in the Aldrich currency debate days. I shall read that editorial, and I would call to the attention of Senators the similarity of conditions existing then with those which we are battling now. The editorial of which I speak follows:

There is such a similarity between the editorials in the city dailies demanding an asset currency as to suggest that the editorials are written in response to a suggestion from the money centers. The big financiers have either brought on the present stringency to compel the Government to authorize an asset currency or they have promptly taken advantage of the panic to urge the scheme which they have had in mind for years. Several years ago Secretary Shaw stated that we must either have a perpetual debt or the bank notes would have "some other basis." The "some other basis" referred to is the asset basis. When it became apparent that the public would not tolerate an asset currency, the financiers asked for an emergency currency based on assets. This was only a subterfuge and the Republican leaders were afraid to press it at the last session. Now it is to be brought forward as if it were a new remedy, just thought of as a panic cure. It is a panic breeder instead of a panacea; it would aggravate rather than relieve the situation. It would increase the bank's liabilities just at a time when depositors are fearful that the bank cannot meet present liabilities. The need of elasticity has been very much exaggerated; if banks would prepare in advance for "moving crops" and for such other future demands as may be reasonably expected they would not be confronted by so many "emergencies." The trouble is that they loan to the limit in ordinary times and therefore have no reserve available for the unusual demands. Another trouble is that the banks are encouraged to keep a large part of their reserve in reserve cities and, therefore, a shock in any of the big cities disturbs banking everywhere.

Just as the shock in New York and Chicago on May 3 and 4 brought about a disturbance throughout the land.

Just now the country banks cannot use their reserves because the big city banks will not allow deposits to be withdrawn.

This, Mr. President, is an editorial which was written back in 1906 or 1907.

When the same money is counted over and over in the reserves of several banks, the withdrawal of $1,000 results in shrinkage of several times that sum.

The Democrats should be on their guard and resist this concerted demand for an asset currency. It would simply increase Wall Street's control over the Nation's finances, and that control is tyrannical enough now. Such elasticity as is necessary should be controlled by the Government and not by the banks. The Government could furnish a certain amount of elasticity by increasing and decreasing Government deposits according to the needs of business; or it could provide for the temporary issue of Treasury notes on Government bonds whenever a holder of bonds is willing to surrender the interest; or it could issue Treasury notes in any emergency. But none of these plans will suit the financiers; they insist upon absolute control of the Nation's finances—they to reap the advantage while the public bears the burden and takes the chances.

But the Democrats in the Senate and House are in duty bound to look at the question from the standpoint of the people, and oppose the asset currency in whatever form it may appear. They may also have to oppose the great central bank, which is a part of a scheme of the financiers. And they will find that the same influences which are behind the asset currency and the central bank are behind the President's plan for national incorporation of railroads. They are all a part of plutocracy's plan to increase its hold upon the Government.

What we need just now is not an emergency currency but greater security for depositors. The depositors are scared—unnecessarily scared in most cases—but scared. The Government is going to recommend a Postal Savings bank, but, according to press dispatches, deposits will not be accepted in excess of $250 from any one person. This is good as far as it goes, but it does not go far enough. All bank depositors should be made to feel secure, and they could be made to feel secure by a guaranty fund raised by a small tax upon deposits. When depositors feel sure of their money they will not care to withdraw it, and the money which would be drawn from hiding places would more than repay the banks for the small tax necessary.

The first thing is to release the public from the grip of Wall Street and then, when the stock gamblers have to suffer for their own sins instead of unloading them on the general public, we may expect legislation in the interest of the people at large.

Mr. President, the editorial I have just read came from the pen of one who exercised in his day, and since, most powerful influence upon men and upon legislation. There are those in this Chamber to-day who followed him and fought for the principles he fathered and furthered. The writer was none other than William Jennings Bryan. Were Bryan here to-day, he could repeat his editorial of 25 years ago as quite directly bearing upon our present emergency and legislative consideration and action.

But in our haste we have abandoned the warnings of other days, and while meeting emergencies go on granting new and increased opportunity and powers to the Wall Street crowd which would be little considered in hours when

there was a will to deliberate. In the present emergency we have voted asset currency privileges to the bankers.

Whether the concession recently granted can ever be taken away remains to be seen. The bankers in times past have lost few, if any, gains they have been able to win.

It remains likewise to be seen whether our present and belated action in behalf of State banks is going to save the day for these institutions, so thoroughly disliked by the big bankers. Passage of the emergency bill, while not so intended by those who urged its passage, was nevertheless a bait intended to injure public confidence in State banks. If that confidence in State banks is maintained, it will be quite alone because of the confidence of people in our new leadership, not because of the care and solicitude of Congress in its dealing with banking legislation.

I hope the prevalent confidence in this new leadership may continue long enough to see accomplished under that leadership the program which has been promised, a program to end the domination of Wall Street in banking legislation, a program which will eliminate the money changers from their influential position at the council tables in these emergencies, which some people believe they purposely bring about, a program which will truly reform and strengthen our banking structure and make it foolproof against the manipulations of our Mitchells, our Morgans, our Harrimans, and institutions like Halsey, Stuart & Co.—against all those who have used and will, if permitted, use again the power to cheat, beat, and betray the people and the Government itself. It is high time Congress again exercised its power and duty to issue money, instead of delegating that power to the money changers, who have proven themselves undeserving of continued confidence.

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

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

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

Adams	Copeland	Keyes	Reynolds
Ashurst	Costigan	King	Robinson, Ark.
Austin	Couzens	La Follette	Robinson, Ind.
Bachman	Dickinson	Lewis	Russell
Bailey	Dieterich	Logan	Sheppard
Bankhead	Dill	Lonergan	Shipstead
Barbour	Duffy	McAdoo	Smith
Barkley	Erickson	McCarran	Steiwer
Black	Fess	McGill	Stephens
Bone	Fletcher	McKellar	Thomas, Okla.
Borah	Frazier	McNary	Thomas, Utah
Bratton	George	Metcalf	Trammell
Brown	Glass	Murphy	Tydings
Bulkley	Goldsborough	Neely	Vandenberg
Byrd	Gore	Norbeck	Van Nuys
Byrnes	Hale	Norris	Wagner
Capper	Harrison	Nye	Walcott
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Patterson	Wheeler
Clark	Hebert	Pittman	White
Connally	Johnson	Pope	
Coolidge	Kendrick	Reed	

Mr. OVERTON. I desire to announce that my colleague [Mr. LONG] is necessarily detained from the Senate.

Mr. BLACK. I wish to announce again that the junior Senator from South Dakota [Mr. BULOW] is detained from the Senate by a slight illness.

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

Mr. ADAMS. Mr. President, I wish to add a word or two with reference to the amendment which I have proposed. I have very earnestly tried to persuade myself that I should follow the recommendation of the senior Senator from Virginia [Mr. GLASS], for whom I have the most affectionate regard and the highest esteem, and who knows so much more of these Federal Reserve measures than I can possibly hope to know, but I have been unable to adjust myself to his recommendation. I want, therefore, to add a word as to the purpose of the brief amendment which has been offered.

The amendment proposes to eliminate from the so-called Steagall bill the provision requiring, as a condition precedent to the granting rediscount privileges, a thorough examination of the applying bank. The Senator from Virginia suggests that if that provision be eliminated it will open the Federal Reserve banks to the raids of thousands of unsound and "rotten" banks. I can not conceive that to be possible where the Federal Reserve banks are protected under the bill as it will stand with these provisions eliminated. The Federal Reserve bank will be protected, first, by the requirement that the collateral offered for discount must be submitted to and approved by the Federal Reserve bank, and further that all such discounts are to be made under the regulations and restrictions of the Federal Reserve Board.

The amendment which I have offered does not forbid examinations; they will be permitted whenever the Federal Reserve Board wishes or requires. It merely eliminates the absolute necessity of making a thorough investigation before any rediscount privilege can be granted, regardless of the emergency and regardless even of the fact that the soundness of the bank may have been established by a prior and approximately recent examination.

The proposal in the Steagall bill which I am seeking to strike out imposes limitations upon the privileges which the nonmember banks now enjoy. The nonmember bank now enjoys certain privileges and the Steagall bill proposes to impose upon them limitations and restrictions so heavy and so harsh that rediscounts on the part of nonmember banks will be practically impossible, especially if there be an emergency. The Steagall bill is limited to the period of the emergency; it requires the supervision of the Federal Reserve Board in its regulations and restrictions. It requires the approval of the security by the Federal Reserve bank and it then requires the maintenance of reserves in the Federal Reserve bank by the nonmember bank to the same extent as is required of member banks.

Then, as to the solvency of the applying bank, the bill requires that there shall be a certificate from the State bank commissioner as to the solvency of the applying bank. In other words, when it is asserted that the absence of the requirement of a thorough examination by the Federal Reserve authorities will permit "rotten" and unsound banks to apply, it, in substance, is a declaration that the certificate of the banking authorities of the State is absolutely unreliable. While I do not know generally, I do know that in my own State their certificates are reliable.

It seems, in addition, Mr. President, that those who are opposing most earnestly this amendment, notably the distinguished Senator from Virginia, are speaking in terms of the Federal Reserve System, a monument to that Senator. However, I am approaching it from a different standpoint. I am approaching it from the standpoint of the depositor and of the community in which the bank is located.

If it were merely the nonmember bank that was involved, I would yield to the argument of the Senator from Virginia; I am not disposed to ask that favors be extended to nonmember banks that have failed to go into the Federal Reserve System; but I am asking that the depositors throughout this land who have placed their deposits in nonmember banks and the merchants, the manufacturers, and the business men of the small communities who are depending upon the continued prosperity of the nonmember banks shall receive consideration.

The President of the United States saw fit to close every bank in the United States, member bank and nonmember bank, regardless, and today the problem is to reopen the banks which were closed by the order of the Executive. The destruction of nonmember banks, Mr. President, should be of great interest to member banks for their own salvation, because—note this and note it well—if a nonmember bank in a community be closed, there is thereby impaired the stability of the member banks in the same community and the same neighborhood. The failure of any additional banks of this country ties up in the banks the deposits which constitute the lifeblood of commerce. Every time a deposit account ceases to be available for checking purposes it creates deflation to that extent. When a bank is closed, Mr. President, there are thrown upon the market its bonds and its securities, upon a market already overloaded with such securities. That tends to drive the market down, and when the market goes down, it goes down upon the

bonds and securities of member banks as well as upon the bonds and securities of nonmember banks, and there is thus imposed upon the member bank an obligation to restore its reserves whenever this form of deflation is perpetrated by the closing of nonmember banks.

So I think very earnestly, Mr. President, that this amendment should be adopted, and we should at least remove this one hurdle from the path of nonmember banks in their efforts to secure aid from the Federal Reserve System. I may say that it is not giving any privilege to member banks or to nonmember banks not already existent; but the Steagall bill, I say again, imposes limitations and does not grant privileges, for if the Steagall bill shall be passed as it is, the nonmember bank will have less opportunity to rediscount is paper than it has today.

Mr. STEIWER. Mr. President, I desire to detain the Senate for a few moments in order to make what I believe to be a justifiable restatement of the question presented by the amendment of the Senator from Colorado [Mr. ADAMS]. Statements have been made that would seem to imply that the question before the Senate is whether or not we should require an examination of nonmember State banks as a prerequisite to the granting of the facilities provided by this proposed act. I want to suggest, most respectfully, to those who have so regarded the matter that that is not an accurate statement of the question before the Senate. There is no question before us, as far as this amendment is concerned, as to whether or not inspection or examination of the banks is to be had. Such an examination may be had, and will no doubt be had in any event, regardless of the action which the Senate and the Congress may take upon the proposal of the Senator from Colorado [Mr. ADAMS].

In support of what I am saying I want to call the attention of Senators to the language which will remain in the bill in case the provision requiring examination shall be stricken out. It provides in effect that the Federal Reserve bank, in its discretion and after inspection and approval of the collateral, and, as presently stated, after a thorough examination of the applying bank or trust company, may make direct loans to a State bank or trust company under the terms provided in section 10 (b) of the Federal Reserve Act as amended.

Most Senators will remember that under the terms of section 10 (b) the requirement is that the security must be to the satisfaction of the Federal Reserve bank to which the application is made. So we may start with the proposition that no loan will be made under the authority of the pending bill unless the security is satisfactory to the member bank. If the amendment of the Senator from Colorado shall be agreed to, the further condition will require that the loan will be made only after inspection and approval of the collateral, and we must remember also that the loan will be made only upon the discretion of the Federal Reserve bank.

Mr. President, the Federal Reserve bank, in order to determine whether it is satisfied with the security, in order to determine whether it approves the collateral, and in order to determine whether it will exercise its discretion, may, of course, make such examination as may be necessary, and I assume that in every case the Federal Reserve bank will make a proper and necessary examination if that institution shall regard the examination as requisite to the proper administration of this proposed law. So I say to the Senate the question presented by the amendment offered by the Senator from Colorado is not whether or not there shall be an examination before the loan is made, but the question is, Are we to rely upon the discretion of the Federal Reserve bank to make a proper and sufficient examination? Stated in a different way, the question is, Are we to leave it to the Federal Reserve banks to determine whether an examination shall be made, or are we, by mandatory requirement, to require a thorough examination as a prerequisite to the making of the loan?

Now let us be perfectly candid concerning this question.

Mr. GLASS. Mr. President——

Mr. STEIWER. In just a minute I shall be glad to yield.

It has been said here over and over again that the Federal Reserve bank does not propose to let the State banks in this country continue in their existence. I do not know whether that statement is true or not. I am not prepared to affirm it, but I will say that undoubtedly the nonmember State banks are not going to be the favored children of the Federal Reserve System. If there is to be favoritism, naturally, and I think most properly, that favoritism will be extended to the national banks and to the member banks of the Federal Reserve System; and if we are to insure some relief under this bill to the State banks of this country, it will not do for us to surround the legislation with too many hard-and-fast restrictions.

What will be the effect of the enforcement of this act if the amendment of the Senator from Colorado is not agreed to? We will then have thousands, literally thousands, up to a maximum of 14,000 State banks applying for relief under this bill, and we will have written into the bill a mandatory requirement that no loans shall be made until after a thorough examination; and if it be true, as has been charged here, that the State banks are in disfavor with the Federal Reserve System, that they are on the road to destruction by reason of the unwillingness of the Federal Reserve System to come to their aid, then where will the responsibility be? Why, the Federal Reserve bank will say, "We have not the staff necessary to make the examinations." They will say, "The Congress of the United States has required, as a prerequisite to the loans, that there be a thorough examination made before we can even consider your application."

I am unwilling, as far as I am concerned, by my vote to lay upon the Congress the responsibility of contributing to the destruction and downfall of the State banking system of this country. If we are to pass this legislation and say to the Nation that we are going to give the aid of the Federal Reserve System to the State banks of this country, why not take away from this bill as it is presently written this hard-and-fast requirement that there must inevitably be a thorough examination made by the Federal Reserve bank? Why is it not proper for us to enact this legislation just as the Senator from Arkansas [Mr. ROBINSON] introduced it here, and as we passed it in the first place? This language was not then in the bill. It never was in the bill until the Steagall bill was introduced and passed in the House of Representatives. Why not adhere to the program which we ourselves wrote? Why not say to the Federal Reserve System, "In your discretion, when you approve the collateral and when you are satisfied that it is sound, you may then make a loan and extend aid to the State banking system in this country. If you think an examination is necessary, make it; but we will not require you, as a mandatory prerequisite to make the examination when we know that you have not the facilities with which to make it. When we do a prerequisite to relief during this emergency?
to the country, 'We go through the form of giving aid to the State banks, but in doing so we surround that aid with a condition which we know in very many cases cannot be met.'"

Mr. President, I am quite happy in the support of this bill. I am in favor of the measure; but I am equally in favor of the proposal made by the Senator from Colorado. I was one member of the committee who supported his amendment in committee, and I am very happy to support it here, because it seems to me that the Congress will do the right thing if we bestow upon the Federal Reserve System, unhampered by impossible restrictions and impossible conditions, the right and the power to do the thing which we say ought to be done.

Mr. GLASS. Mr. President——

Mr. STEIWER. Now I am happy to yield to the Senator from Virginia.

Mr. GLASS. The Senator who just spoke has omitted from his comment on section 10 (b) of the Federal Reserve Act or of the Glass-Steagall bill a very potent fact. That

section relates to member banks only. The Senator will agree to that.

Mr. STEIWER. Oh, yes; that is so stated expressly.

Mr. GLASS. There the existing law requires—it does not merely permit, but the law requires—that member banks of the Federal Reserve System shall be examined periodically, not fewer than 3 times a year.

Mr. STEIWER. Will the Senator permit me to interrupt him at that point?

Mr. GLASS. Yes.

Mr. STEIWER. Of course that is true; but that is not true for the purpose of carrying into effect the provisions of section 10 (b). As the Senator knows, that requirement is made for other reasons which have no relation to section 10 (b).

Mr. GLASS. I know, but the existing law requires that these banks shall be examined; and the information thus acquired by the Comptroller of the Currency, who is ex officio a member of the Federal Reserve Board, is available to the Federal Reserve Board in determining its policy as to loans. Now the Senator proposes to give nonmember banks—which, as I have so often stated here, never contributed a thrip toward the establishment and maintenance of the Federal Reserve System—superior facilities to member banks of the System.

As to there being any design whatsoever in this bill or any other bill that has ever been proposed by the Federal Reserve Board authorities to destroy State banks, I have no knowledge whatsoever; and I totally discredit the suggestion that there is any such desire. Certainly nothing in this bill is designed to destroy any State banks.

Mr. STEIWER. I have not so stated, Mr. President. I have not claimed that there is anything in this bill that is intended to destroy State banks.

Mr. GLASS. On the contrary, what there is in this bill is a provision to put State banks which are not members of the Federal Reserve System on a parity with those banks that have been for 19 years, more or less, members of the system and have endured all of the tax assessments imposed upon them; and that is all there is to it. Why should a bank object to being examined if it wants to avail itself of the facilities of somebody else's credit and somebody else's money?

Mr. STEIWER. I do not think any bank will object to being examined.

Mr. GLASS. But the Senator is objecting for them.

Mr. STEIWER. Oh, no; I have no objection at all to any examination the Federal Reserve bank wants to make; I object only because the examination cannot be speedily made, and the requirement of an examination will defeat the purpose of the bill. If, to accomplish the purpose the Senator spoke about just a minute ago, in order to acquire information that they may determine their policy, it is thought wise that an examination shall be had, I should most cheerfully agree to it. But may I say that the thing I object to is the requirement making the examination of 14,000 State banks, without adequate staff for that purpose, a prerequisite to relief during this emergency?

Mr. GLASS. Making it mandatory.

Mr. STEIWER. Unless the reserve bank deems it essential, it ought not to be a prerequisite to relief.

Mr. GLASS. But it is mandatory upon member banks. Why should it not be mandatory upon nonmember banks?

Mr. STEIWER. That begs the question.

Mr. GLASS. No; that is the question.

Mr. STEIWER. Let the Senator be a little patient with me. They already have the examination so far as the member banks are concerned.

Mr. GLASS. I am altogether patient.

Mr. STEIWER. The Senator does not mean to say to us that before member banks are to be given relief, a new, separate, and additional examination will be made, and that the whole banking system of this country will be held up, and all relief held in abeyance, until that examination is made. That is not going to be done. I cannot accept that as a fact, and I do not think the Senator means to say that. They already have the examination made of the member banks. Therefore, no hardship results from requiring that examination.

Mr. GLASS. That is where the Senator and I disagree. I do not think nonmember banks should have privileges that are not accorded to member banks. Member banks are required by law to be examined both by the Comptroller of the Currency and by the examining staff of the Federal Reserve Board. They are required to be examined, and they ought to be examined. Examination, and thorough examination, is absolutely essential to a safe and secure conduct of the System; so why should we now permit banks that have refused for 19 years to come into the Federal Reserve System to have privileges superior to those enjoyed by banks that have been in all along?

Mr. STEIWER. I recognize the theoretical validity of the Senator's position.

Mr. GLASS. It is not any theory; it is an actual banking proposition.

Mr. STEIWER. If the purpose of this legislation were to preserve, over the course of the years, the exact integrity of the Federal Reserve System, then I should be voting with the Senator, because I know that in this respect he is right. We are dealing with an emergency, however; and the claim I want to make is that the inclusion of this language against which the motion of the Senator from Colorado is made is going to decrease, if not completely to destroy the effectiveness of the relief, and that the elimination of the language, although it may temporarily give a favor to a State bank, is not going to destroy or disrupt the Federal Reserve System. There is nothing at stake in this matter save the academic theory the Senator is talking about.

Mr. GLASS. There is no academic theory involved. It is a practical banking theory.

Mr. STEIWER. I beg to have my own opinion about that.

Mr. GLASS. I do not deprive the Senator of it by expressing my own opinion of it.

Mr. STEIWER. Certainly not; but the Senator is so quick in contradiction that I thought possibly he was challenging my right even to make the assertion here.

Mr. GLASS. I cannot imagine that I am more impatient or more emphatic than the Senator who is addressing me.

Mr. STEIWER. Possibly the Senator is not so greatly interested so far as the welfare of the State banks is concerned.

Mr. GLASS. Why not? I have State banks in my State. Why not?

Mr. STEIWER. Mr. President, let us remind ourselves of the fact that the extraordinary favors conferred by section 10 (b), to which we have referred, require an interest rate 1 percent higher than the discount rate; so that the favoritism that the Senator talks about, that we extend to the State banks, is one that we extend to them at a rate of 1 percent higher than the discount rate extended to member banks.

Mr. GLASS. No, no. That is true of member banks under section 10 (b).

Mr. STEIWER. That is true; whoever desires to enjoy the extraordinary privilege that is accorded by section 10 (b) and by the extension of section 10 (b) in the Steagall bill which is now before the Senate.

Mr. GLASS. Yes.

Mr. STEIWER. It is true of both those classes.

Mr. GLASS. Yes; it applies to member banks as well as nonmember banks.

Mr. STEIWER. There is no question about that; but the member banks are not obliged to use the provisions of section 10 (b). They have other privileges that have come to them from their membership, other provisions which the State banks do not and cannot and presumably should not enjoy.

Mr. GLASS. And so have State banks privileges, although they are not members.

Mr. STEIWER. Mr. President, I fully agree with most of the suggestions and proposals made by the Senator from

Virginia; but I want to say again that whatever be the motive—and I have never, of course, questioned the motive of the distinguished Senator from Virginia; he knows how highly I regard and esteem his opinions concerning a subject of this kind——

Mr. GLASS. Everybody does who disagrees with me. [Laughter.]

Mr. STEIWER. We do also when we agree with the Senator, so far as that is concerned. We do in spite of our agreement with him. But, whatever be the motive of those who seek to insist that this language remain in the bill, the fact remains that, with 14,000 State banks making application, or with any considerable number of those State banks making application, if we leave in this bill the House requirement for "thorough examination", we know in advance that the relief sought to be brought to them under the measure proposed here in the first instance by the Senator from Arkansas [Mr. ROBINSON] is going to be extended in only a very, very few cases.

Mr. FLETCHER. Mr. President——

Mr. GLASS. Let me make this one observation, and then I shall have ended. Let me correct the impression that some Senators seem to have that this is my bill. This is not my bill.

Mr. STEIWER. This particular language is the only part of the bill the Senator seems to be greatly interested in.

Mr. GLASS. This is not my bill. The very provision which the Senator seeks to strike out was insisted upon by the Federal Reserve authorities, by the Secretary of the Treasury, and written in at the hands of the President of the United States, and I doubt very much whether the bill could have been favorably reported from the Committee on Banking and Currency of the Senate with this provision stricken out, because the Senator who has just addressed the Senate knows perfectly well that this thing was thoroughly argued in detail before the committee, and that the committee overwhelmingly voted down the proposition, and I certainly should not have voted to report the bill unless this safeguard had been in it.

Mr. FLETCHER and Mr. NORRIS addressed the Chair.

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

Mr. STEIWER. I yield to the Senator from Florida.

Mr. FLETCHER. I was going to call the attention of the Senator to the phase of the bill which the Senator from Virginia has mentioned. This language is written into the bill not accidentally and not incidentally. It is a very essential and important part of the bill as it comes to us from the House. We have accepted the House bill, in effect, in the bill which is now before the Senate, and we have added 1 or 2 amendments which I am assured will meet with the agreement of the House. We want to pass the bill, and if we can do so, let us accept the bill as it has come from the House, as we have it in this report, and let us pass the bill with these amendments, which will be agreeable to the House, and immediately they will concur, undoubtedly, in what we do here, and the bill will become a law. That much is certain.

As the Senator from Virginia has emphasized here, this provision is not accidental at all. It was purposely written into the bill and regarded as an essential feature of the bill. We do not want to come in contact with a veto; that is one thing. In the next place, we want to make the bill as agreeable as we can so that our amendments will all be agreed to in the House and the bill enacted.

I may say that there is no danger of 14,000 banks applying for relief under this bill. There are 14,000 State banks, to be sure, but not all the banks are going to apply. They are scattered over all the country. So that the inspection and the examination will not all be done in 1 day as to 14,000 banks. There will be plenty of time for that.

The Senator began his remarks today by saying that if this language were stricken out of the bill, the Federal Reserve bank would have absolute power and authority to require this thing to be done. I quite agree with that. If that is true, what harm does it do to write this into the bill? I see the point that it is mandatory, but, after all, this whole thing is largely discretionary with the Federal Reserve banks. They are going to have the option to turn down securities and reject applications, and all that sort of thing, and require such examination as will satisfy them. They have to be satisfied with reference to the collateral that is offered, and they will have the power to require the very thing that is written in this bill, "a thorough examination of the applying bank or trust company." So I do not see that we would do any harm by including the language, especially as it is the language of the House, which they regard as very important, and it would be very risky to strike it out.

Mr. NORRIS. Mr. President, will the Senator from Oregon yield to me?

Mr. STEIWER. I yield.

Mr. NORRIS. Mr. President, I should like to get some information. I want to say to the Senator from Oregon that my interruption is for the purpose of getting enlightenment. Like the Senator from Oregon, and like all Senators, I believe, I am extremely anxious to extend relief to State banks if we can do so.

I want to ask the Senator this: The language, as I understand it, that is sought to be stricken out is the language which requires that before making a loan to a State bank, they shall examine the State bank. As I understand it, the Senator's objection is that it would take too long to do that, that in this emergency they have not time to do it.

I cannot see why we should expect either the authority named in this bill, or any other authority, to make a loan to a bank of public funds without being first satisfied that the security put up for the loan was adequate and good.

Mr. STEIWER. That would be required in any case.

Mr. NORRIS. I understand. It seems to me that one of the things, not the only one but one of the things, that is necessary in order to determine whether the applying bank is giving good security is to examine the bank itself. It may mean some delay, but while I am anxious to give relief to all sound, solvent State banks, I do not want to take a chance, by anything we shall do here, to induce the authorities to make loans unless they are satisfied that the security is good and that the bank is in good shape. How can we find that out without examining the bank, and why should a bank object to it? Why should we require, in the general law, that examinations be made of member banks? It seems to me that when a bank that is not a member of the System must have an examination, other banks should not object. I am not criticizing banks at all for not becoming members of the System. I only want to know that the Government money is not loaned to any bank, State or Federal, that is insolvent, and which ought to have its doors closed and its business wound up. Why is there objection to an examination of the bank before a loan is made?

Mr. STEIWER. Let us take the questions in their reverse order. The reason why the Federal Reserve is permitted to examine the member banks is not to enable them to make loans which are contemplated under section 10 (b), which is referred to.

Mr. NORRIS. Let me interrupt the Senator there. Whatever the reason is, the authority is there, and they make the examinations. When they lend money to a member bank, they have before them the report of an examination of that bank.

Mr. STEIWER. They may have the report of a recent examination, or they may not have a report of a recent examination. They have reports of such examination as may happen to have been made.

Mr. NORRIS. They would have reports of all the examinations, whatever they had been.

Mr. STEIWER. They may be of value, and in these times of changing prices and sharp drops in values there may be but little in the examination that is worth while.

Mr. NORRIS. It may be of great value, or may not be of much value.

Mr. STEIWER. What they have is a right to make the examination, and under this measure, if the amendment proposed by the Senator from Colorado shall be agreed to, they would still have the right, in the exercise of their discretion, to make the examination.

Mr. NORRIS. All the language sought to be stricken out is that which gives them authority to make the examination. Why does the Senator object to that?

Mr. STEIWER. Because it is made a prerequisite. I think the Senator did not follow closely what I was saying in my argument awhile ago.

Mr. NORRIS. Yes, I did; I followed it with great interest.

Mr. STEIWER. It is because it is prerequisite to the granting of the loan. It is made a condition precedent to the granting of the loan. That is not true in the case of the member State banks. That examination has already been made.

Mr. NORRIS. That is true.

Mr. STEIWER. It might be recent, and it might be valuable, or it might be old and of no value. But that seems to be beside the mark. Nevertheless, the question of examination does not stand in the road of the making of the loan. It seems to me—and I think this is a valid answer to the question which has been asked by the Senator from Nebraska—that the thing to be determined primarily in the granting of the favors which are sought to be extended by this measure is whether, in the first place, the Federal Reserve bank is satified with the collateral. Under section 10 (b) it must be satisfied with the collateral or it will not make the loan. Under the language contained in this measure, even though we strike out the provision for thorough examination, a loan cannot be made until after the collateral has been inspected and has been approved, and then shall only be made in the discretion of the Federal Reserve bank.

There are institutions in this country the position of which is notoriously good. The Federal Reserve might be perfectly justified in making loans in some amount to such institutions in the first place, provided the collateral were good, and making the examination afterwards. There are other institutions where the Federal Reserve might regard a bank as being unsafe, and it might in its discretion in that case desire to make examination in the first place, and I do not seek to tie its hands. The Senator from Colorado, by his amendment, does not want to tie the hands of the Federal Reserve banks. There is nothing in this bill to prevent them from making an examination if they want to make it.

The question of an examination or no examination is not the question we are going to determine here by our vote on this amendment. The question here is one single question; that is, whether or not Congress is going to make it a condition precedent to the making of a loan to any State bank that there shall first be a thorough examination by the Federal Reserve bank, and the only thought I have with respect to it is that the Federal Reserve bank, through its experts, its trained executives, is better equipped to deal with that question than we are, and that with respect to every case that comes to them they ought, in right, to make the determination, and that it is unwise for us to fix a condition precedent by requiring them to make an examination in cases where it may not be at all necessary.

That is the only thought I have with respect to it. I can support this bill very happily with this language in or with this language out, but it seems to me better all around that Congress should not take the responsibility in advance of fixing that condition precedent to the granting of relief under the act. Surely we can leave it with safety to the Federal Reserve banks, when it is their own money they are dealing with, and when the law requires, first, that they be satisfied with the security; second, that they shall inspect; then that they shall approve the collateral; and then that they shall make the loan only if, in their discretion, the loan ought to be made.

I referred awhile ago to the talk about the disposition of the Federal Reserve System to bear down heavily upon the nonmember State banks. I did not make that as a charge, as the Senator knows, because I do not know any more about the facts with respect to it than do other Senators. It has been said here over and over again.

The point I want to insist upon, and the point that controls my own attitude and my own vote toward this question, is that, if there be anything to that charge, I want to exonerate Congress from any relation to the charge. I do not want to vote for a bill, unless I have to, by which Congress says that this thorough examination is a condition precedent. I do not want to put the Federal Reserve, in case it desires to bear down upon the State banks, in the position where it can say, "Congress requires this to be done." I want them to be in such position that they ought to say to those who apply to them for loans, "Our information is that inspection ought to be had in this case," or, if the bank be a reasonably sound one, "Our information is that the inspection may be made later in this case, and we will not require it as a condition precedent to the making of the loan."

The question, after all, is just the question of who is going to take the responsibility of requiring the thorough examination as a prerequisite to the making of the loan. If the Senator feels that we ought to take that responsibility, regardless of all other considerations, even when we know that it is going to limit the relief possible under this measure, that is one thing. If it is fair and proper to leave it to the Federal Reserve bank to take that responsibility, under the exercise of its discretion, that is another thing. I am inclined to the latter view, and for that reason I support the amendment.

Mr. NORRIS. Mr. President, in the course of the few remarks I am about to make, I may ask the Senator some other questions, and if I do, I will yield to him in my time.

Mr. ROBINSON of Indiana. Mr. President, before the Senator starts on his address, may I make one observation in his time? The bill reads:

> And said Federal Reserve bank, in its discretion and after inspection and approval of the collateral and a thorough examination of the applying bank or trust company, may make direct loans.

If I read it correctly and understood it correctly, the Federal Reserve bank would still insist on making a thorough examination of the applying bank if it desires.

Mr. NORRIS. I think so. That is what the Senator from Oregon said.

Mr. ROBINSON of Indiana. Or else not make the loan, in which case the State bank would submit itself to the examination. I wonder if the Senator from Nebraska has that view?

Mr. NORRIS. I have the view from listening to the debate, particularly the discussion of the Senator from Oregon, that they would have authority to make the examination.

Mr. STEIWER. The chairman of the committee, I think, agrees to that construction.

Mr. NORRIS. Yes; and I am going on that assumption.

Mr. FLETCHER. They would do it anyhow.

Mr. NORRIS. Nevertheless it seems to me an examination of the bank ought to be required before a loan is made. The Senator from Oregon said they are lending their own money. It is our money they are lending. They are lending the money of the depositors.

Mr. STEIWER. No; the Federal Reserve lends the money of its depositors. It is the money in one sense of the member banks, but under the law the relation of debtor and creditor exists, so really it is the money of the Federal Reserve bank.

Mr. NORRIS. I think probably my statement was too broad, but indirectly it is the depositors' money. It comes from the depositors. It is the depositors' money in the Federal Reserve bank that is going to be loaned, is it not?

Mr. STEIWER. Without doubt it is money derived from deposits and from reserves put up in the hands of the Federal Reserve bank.

Mr. NORRIS. It seems to me we ought to guard with jealous care the rights of the depositors in all kinds of

banks. We are dealing with somebody else's money. It is a trust fund. I can see, it seems to me, that in lending this money to member banks they will have records of the banks through all of the examinations which have been made since the Federal Reserve System started. They can look through the examinations and get a general idea of how a particular bank has been conducted. It is true, as the Senator said, that something sudden might have happened. It may be that the previous day the vice president or other official of the bank had stolen the bank blind, and there would be nothing in the previous examination to show that fact. We cannot be 100 percent sure, but we would have a general idea of the condition of the bank. No one has any such idea of the condition of a State bank now.

Mr. STEIWER. The Federal Reserve bank can, of course, get all that information from the State banking department.

Mr. NORRIS. Probably.

Mr. STEIWER. And they could get probably much better information through the State banking department than they could obtain through their own facilities, under the circumstances.

Mr. NORRIS. It may be. Nevertheless they would have no legal authority to compel compliance with the request, if they made such a request of the State banking authority, as I understand the law.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. NORRIS. I yield.

Mr. ADAMS. There are two observations I wish to make. One is that as a prerequisite to making the application the bill specifically requires that there shall be furnished a statement from the State banking commissioner that the State bank or trust company is in a sound condition; in other words, that the State banking authorities, which had been making the periodical examinations which ordinarily conform at least in numbers to those of the Federal system, shall furnish such a statement.

The second observation which I think applies to what the Senator from Nebraska has just mentioned, and it might meet that situation if a further provision were inserted after the clause as it stands in the bill—that is, the clause preceding the part proposed to be stricken out, providing that a thorough examination of the applying bank and trust company shall be made. The Senator raised the question of what would happen if that clause were stricken out. If we were to add to that a provision so it would read "thorough examination of the applying bank or trust company if such Federal bank shall determine such examination necessary," would not the addition of that language meet the Senator's suggestion?

Mr. NORRIS. Yes; I think it would if the other provision were still left in the bill and it would take the place of the examination, which I do not believe it would. It is true that they get from the State banking commission a statement, but I think that is the least valuable of any of the prerequisites named in the bill. I know of some State bank commissions that are as efficient as the Federal, some of them better, I believe; but there are some that are of very little importance or value. There are some statements to which I would not pay very much attention if I were going to make a loan.

All that is said about time is correct enough. I admit there is something in it, and I wish we could eliminate it; but to be safe I do not see how it can be eliminated. Senators, in my judgment, have very much exaggerated the time that is going to be necessary to make the examinations. The Federal Reserve System and the Comptroller of the Currency are equipped with bank examiners. They can get additional ones very easily. Most of the State banks can be examined in the course of a few hours.

Let me say to the Senator from Oregon that it seems to me I can see how a State bank, or any other bank for that matter which is enjoying this privilege, could deceive the lending authorities by presenting to them paper that is absolutely good and which might make the loan good. That is not the thing of which I am thinking. I am wondering, even if the loan is good, if something else is wrong, what is going to happen to the depositor in the bank that is applying for the loan? I can understand how a bank might have securities, notes, and bonds well worth the amount of the loan for which it is applying and still the bank be rotten to the core. It seems to me that might happen. A brief examination of the bank itself would disclose whether that were its true condition or not.

Mr. STEIWER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield further to the Senator from Oregon?

Mr. NORRIS. I yield.

Mr. STEIWER. At this point I want to suggest merely that the many hundreds of nonmember State banks which have borrowed money from the Reconstruction Finance Corporation have all been examined by agents of that institution. The Federal Government may have examined them as recently as the last 10 days, and yet if we pass this bill as it is sent to us from the House of Representatives, they may not even use that examination, but we would compel them to withhold relief from such banks until the Federal Reserve System with its inadequate force could make another examination.

Mr. NORRIS. I do not quite understand the Senator when he says the lending board would have made an examination just 10 days before. By what authority would they make it?

Mr. STEIWER. The Reconstruction Finance Corporation examine the institution to which they are making the loan.

Mr. NORRIS. It may be one that never borrowed money from the Reconstruction Finance Corporation.

Mr. STEIWER. That is true, but among the number would be some who have undergone an examination, and yet we could not use it under the terms of this bill.

Mr. BARKLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield.

Mr. BARKLEY. The examinations made by the Reconstruction Finance Corporation would not be a safeguard anyway, because over 800 banks that were examined and borrowed money closed after the money was loaned to them.

Mr. NORRIS. That would not speak very well for their examinations.

Mr. STEIWER. Many hundreds of member banks in the Federal Reserve System also closed.

Mr. BARKLEY. But this was before there was any proclamation by any governor or by the President either.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Oklahoma?

Mr. NORRIS. I yield.

Mr. GORE. The Senator from Kentucky has made the point I intended to make. I would merely emphasize it. The Reconstruction Finance Corporation has lent money to more than 5,000 banks. Eight hundred of those banks have failed. They have 800 failed banks on their hands. They have 800 dead banks on their hands, banks which have failed, which have died, notwithstanding the examination, notwithstanding all the precaution exercised by the Reconstruction Finance Corporation. Under the terms of the bill the Federal Reserve banks are required to make a "thorough examination" of the State banks applying for loans.

The amendment offered by the Senator from Colorado [Mr. ADAMS] is to strike out that provision. He moves to strike out that precaution. Senators object to the requirement that a thorough examination should be made. That is rather extraordinary. It seems rather meticulous that the Federal Reserve banks, upon which our whole credit and currency structure depends—it seems a little extraordinary that such an institution should be required to examine the applying bank and ascertain whether or not it deserves the loan. That, Senators seem to think, is carrying curiosity

beyond the limits of propriety. The Senator from Oregon has provided a solution for that dilemma, or a way out. He suggests that the Federal Reserve bank make the loan and, if need be or if the Federal reserve bank should become curious, then it should make the examination afterwards. There is a point in that. That could be done. The Federal Reserve bank could make the loan to the State bank.

Mr. NORRIS. That would be like locking the stable after the horse is stolen.

Mr. GORE. Yes; putting the padlock on paddock. That is the point I wanted to make.

Mr. NORRIS. I do not believe we are asking for any unnecessary precaution. I think in taking this action we ought to be just as anxious to protect the depositors of a bank that is in the State banking system as we are to protect the depositors in banks in the Federal Reserve System. I am not conscious of having any prejudice against either one of them, but I want to be conservative in making these loans. We are using the money of the depositors in one system to lend to the banks, and through them to the depositors in another system. I want to do that. I am in favor of the legislation. I am going to vote for the bill no matter whether the amendment is agreed to or not. But it seems to me we have no moral right to take the money of the depositors of one system and lend it to the depositors of another system unless and until we are perfectly satisfied that the money is going to be returned, that the loan is good. Otherwise we would be injuring the stability of banks whose depositors' money we are taking to lend to another system of banks.

Certainly a bank ought not to object, when it applies for funds in the nature of a loan, to having an examination made. Repeating partially what I said to the Senator from Oregon a while ago, a bank might present a perfectly good 100 percent security and still the bank be insolvent. I have in mind now a little State bank that sold its securities to two or three other banks. The securities were gilt edge. The banks received good security for their loans. An official of the bank ran away, and it was discovered that he had robbed the bank completely. Although the loans were good, and the other banks that loaned the money did not lose anything, yet the depositors in the banks were robbed. I use that as an illustration. In this case there were things disclosed after the loan was made. An examination of the records of that bank would have disclosed that it was insolvent at the time the transaction took place.

Mr. STEIWER. Mr. President, will the Senator yield at that point?

Mr. NORRIS. I yield.

Mr. STEIWER. It occurs to me the Senator's own illustration destroys the argument which he is making. He has said, and rightly, that we should safeguard the funds of the Federal Reserve System; that we should take all necessary precautions to see that those funds are not lost. With that I agree. Then he cites as an illustration a State bank which borrowed money on collateral security which it offered and said that those borrowings were good, that those loans were good. The loans were obtained from the people who stand in the same relation to that State bank as the Federal Reserve bank would stand under this legislation. The loans would still be good.

Mr. NORRIS. The banks that lend the money do not lose anything, but as a matter of fact, if an examination was required and this language were left in the bill, and although the security offered was perfectly good, if that examination disclosed, nevertheless, that it was an insolvent institution, I take it they would not loan them a dollar, regardless of the kind of security they offered. That bank would go into the hands of a receiver, where it ought to go without any delay whatever. That is what I think the illustration which I gave demonstrates.

Mr. STEIWER. I take it that the Senator from Nebraska would be unwilling to see such a loan made, even though it were adequately secured, but would prefer that the Federal Reserve bank be in a position, as a prerequisite for the loan, to make an examination of the bank, and if it disapproved of the conduct of its affairs or the condition in which its business was found, that it in effect would take the responsibility of closing that State bank.

Mr. NORRIS. It would take the responsibility of refusing a loan and let the State bank fail, as it probably would in that case. Now let me go on with that.

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

Mr. NORRIS. I will yield to the Senator from Ohio in just a moment. The Senator has not gotten completely the point that I attempted to make or thought I was making by my illustration. I was speaking of the protection of the depositors of the State banks, and in the illustration which I presented examination showed that the bank was actually insolvent. It took all the good paper it had and sold it to the bank that made the loan. Then the cashier skipped out with all the money. The result was that while the member bank was secured the depositors were robbed of their security because the good paper was all taken out. If the other bank had refused to make the loan, and the borrowing bank had failed, all that good paper would have been a part of the assets of the bank, and the depositors of the bank would have gotten the benefit of 100 per cent of the value of that paper. Now I yield to the Senator from Ohio.

Mr. FESS. Mr. President, I am in sympathy with what the Senator from Nebraska has been saying; I think he is taking a sound position. There is, however, one consideration, as I see it, that might be rather a strong argument for the amendment. The amendment, of course, is based upon the theory that the collateral ought to be all that would be considered in making the loan; that if the security is good, then the loan would be safe. I can see how one who takes that position might feel that if, after examination, although the collateral is good, for some reason the loan should be denied, it would be a fatal stroke.

Mr. NORRIS. That is the point I was trying to make in the illustration. If in a case of that sort the Federal Reserve bank made a loan and took all the good paper the borrowing bank had, knowing that that bank was insolvent and that the depositors had nothing left to protect them, they would, in my judgment, be committing one of the worst kind of moral crimes. It would be indefensible. They would be securing themselves, it is true, but they would be leaving the depositors in the bank that borrowed the money absolutely helpless and penniless.

Mr. FESS. In other words, the loan would not be a benefit to the depositors at all.

Mr. NORRIS. No.

Mr. FESS. I think the Senator's position is the correct one. On the other hand, if we did not safeguard the Federal Reserve System in connection with such borrowings the whole financial structure might crash, and then we would all go down, State banks and everything else.

Mr. NORRIS. I am in favor of making the loans; I want to do that; but I want to do it on a safe basis.

Mr. SHIPSTEAD. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Minnesota?

Mr. NORRIS. I yield if the Senator wants to ask me a question, but I am about through.

Mr. SHIPSTEAD. It occurs to me that if the loan were made, though the bank was not solvent, the cash would go to the bank and the stockholders would be protected.

Mr. NORRIS. In the case I gave the cash did not go to the bank. It went to South America.

Mr. SHIPSTEAD. Did somebody carry it away?

Mr. NORRIS. Yes; the cashier carried it away and never came back with it.

Mr. SHIPSTEAD. Cashiers can do that even though the banks are examined.

Mr. NORRIS. Certainly; but in that case, where a loan was made and the bank was insolvent, an examination would have shown that fact; the loan would not have been made, and the depositors of that bank would have been protected to the extent of the good paper, all of which was taken over by the bank which made the loan.

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

Mr. NORRIS. I yield.

Mr. FRAZIER. I want to ask the Senator if there is anything in this bill that would prevent the making of a loan, if an examination was made and they found the collateral to be good, even though the bank might be insolvent?

Mr. NORRIS. No; I do not think there is. I think they could make the loan, although I take it that no man who has any idea of justice in his heart would take that kind of a course.

Mr. FRAZIER. We have no way of judging these banks in the future except by their action in the past, and I know a number of instances where that very thing was done in the past in the case of member banks.

Mr. NORRIS. Some terrible disclosures have recently been made that have caused the country, including myself, to lose confidence in the great financial engineers that many country banks thought were very closely related to Deity up to this time, but they are just common crooks. Nevertheless, whenever we authorize a loan to be made, we must invest the loaning authority with discretion. They may be wrong about it; perhaps that the discretion may be reposed in a man who is dishonest himself, or an honest mistake may be made, but in either case money is lost; that is true. We have to take that chance. Now, I want to ask the Senator from Colorado or the Senator from Oregon about the language which it is proposed to strike out. The words which it is sought to strike out are "and a thorough examination of the applying bank or trust company." The bill before us comes, as I understand, in the shape of a recommendation of the committee which amends the House bill by striking out all after the enacting clause and substituting language in its stead. Am I right about that?

Mr. STEIWER. That is merely a matter of form. The substitute bill which is recommended for enactment is, I think, identically the same as the House bill except that certain additional material is included.

Mr. NORRIS. Yes; but we are considering the Senate committee amendment, are we not?

Mr. STEIWER. I do not know why it was done in that way, but I think it is true that the language of the substitute bill is identical, so far as the House bill is concerned, with the House bill.

Mr. NORRIS. Mr. President, that is my understanding. The amendment of the Senator from Colorado, which is now the pending amendment, if I understand it aright from the printed copy I have on my desk, applies to the text of the House bill. Of course, it is perfectly proper to amend the House text; the Senator can apply his amendment either to the House text or to the committee amendment; but I am speaking now of striking out the words "and a thorough examination of the applying bank or trust company."

Mr. STEIWER. I think one amendment was offered and printed and subsequently another amendment was offered and printed, which recites the proper language and refers to the proper place in the bill. The Senator from Colorado may confirm that statement.

Mr. NORRIS. I should like to inquire of the Senator from Colorado as to that.

Mr. ADAMS. The line and the page indicated on the amendment were changed after the bill was reported to the Senate.

Mr. NORRIS. I have now been furnished with the correct copy, and I thank the Senator. So I understand the amendment now applies to the substitute?

Mr. ADAMS. Yes.

Mr. NORRIS. I was only going to call attention to the fact, so that the Senator might correct it. As I had the printed amendment, it applies to the House language, and while that is a perfectly parliamentary procedure, nevertheless if we had adopted the Senator's amendment as originally proposed and changed the House bill and then had agreed to the substitute, of course, the Senator's amendment would have been lost, because the language that we are striking out appears both in the House bill and in the amendment in the nature of a substitute proposed by the Senate committee.

Mr. CONNALLY. Mr. President, it appears to me that some Senators have misconstrued the object of this whole measure. The purpose of this bill is not simply to loan to some State bank money it needs, but the purpose is to make it possible for State banks to carry on and to continue to carry on as public agencies. It is not to help some individual bank for its own selfish purposes; the purpose of the bill is, by loaning money to a bank that can carry on and is sound to make it possible for that bank to continue as a banking institution. If that be true, how highly important it is before the loan is ever made that a thorough examination be made by the Federal Reserve Board to see whether or not, after the bank gets the money, it can still operate and function as a bank. The loan might be perfectly good; the bank might take out all its prime paper and go over and give it to the Federal reserve bank, the Federal reserve bank would have the security, and that would be adequate to repay the loan; but the next day there might be a run on that bank, the doors of the bank would be closed; it would be destroyed as a public instrumentality, and the Government would not have accomplished anything except to become a creditor of a wabbly bank that had gone out of business. In the meantime it would have done an injury to its stockholders and to its depositors, because the Government would have acquired all its liquid assets and would have left the local depositors and stockholders to suffer. It seems to me that the prime purpose of this proposed legislation is not to let somebody have some money who wants it, but to continue in existence and to permit to open banks that can remain open after they shall have been opened. If that is the purpose of it, why should not the Federal Reserve Board make examination, and why should not the examination be compulsory?

I am getting tired of trusting people with the Government's money to do with it as they please. It seems to me, with all due respect to the Senator from Colorado, that I cannot vote for his amendment. The State banks are not in the Federal Reserve System; they could have come in, but they saw fit to stay out. Now that they want to come in, and want the benefits of the Federal Reserve Act, why should not they be examined just as the member banks have been examined for all these years?

Let me ask the Senator from Oregon, if he goes to a bank and wants to borrow money, do they not give him a thorough examination before he gets the loan? I do not mean to make a personal allusion; I am speaking more particularly about the Senator from Texas, for I know what they do to him.

Mr. STEIWER. Mr. President, will the Senator yield at that point?

Mr. CONNALLY. I know that they examine me thoroughly, not only my front pockets but my back pockets, before I can get a dollar. So why should not the bank be examined? I yield now to the Senator from Oregon.

Mr. STEIWER. Could it be that there is something the matter with the Senator's security that he should be so treated?

Mr. CONNALLY. How is that?

Mr. STEIWER. I asked a question that was facetious. I rose to ask the Senator a question. The Senator just said that we should take greater precautions in the matter of loaning the Government's money. Did I understand the Senator correctly when I understood him to say that?

Mr. CONNALLY. I said that I was getting weary of the laxity with which the Government's money was being loaned. I said that.

Mr. STEIWER. Does the Senator understand there is involved here a question concerning the loaning of Government money?

Mr. CONNALLY. I understand the Senator's point; in this case it is the money of the Federal reserve bank.

Mr. STEIWER. The Senator does not mean to say that that is Government money?

Mr. CONNALLY. No; but I would not be any more careless with a trust fund than I would with my own money. I would not make the Federal reserve banks loan their money on less adequate security than that on which I would loan the Government's money. Would the Senator do so?

In a measure, the Federal Reserve Board's money is our money, in that we are trustees for it, because we control its use by law. I would not undertake by statute to make the Federal reserve banks pay out money under terms and conditions which the Government itself would not adopt with reference to its own money; but, as I see it, these are minor questions to the question of the public interest involved, and that is not to permit any of these banks to reopen and not to loan them any money with which to conduct their business unless they are in such condition that when they are opened they can stay open and render a public service to the community.

As has been suggested by the Senator from Kentucky, the Reconstruction Finance Corporation has loaned money to about 5,000 banks; and 800 of those banks, after obtaining that money, have closed. What good has that done? What good has the Government accomplished by loaning money to banks that ultimately failed? The only thing it has done has been that it has gotten all the good assets out of these banks, thereby facilitating and hurrying and expediting their closing, because when they got into difficulties later on, and wanted money at the Federal reserve bank, they had no prime security which they could afford to offer, because all of their good securities were here in the Reconstruction Finance Corporation; and, as suggested by the Senator from Oklahoma [Mr. GORE], the favored depositors rushed in and got their money, and the banks closed and left the little fellows who were ignorant, or not cautious, out in the rain.

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

Mr. CONNALLY. I yield to the Senator from Kentucky.

Mr. BARKLEY. What State bank which may make application for these loans has made any objection to this provision for examination?

Mr. CONNALLY. I shall say frankly that I do not know.

Mr. BARKLEY. I have State banks in my State that probably would make application for loans provided for in this bill. I have not received any request from any State bank in Kentucky asking that the provision for examination be eliminated, and I should be suspicious of any bank that made such a request.

Mr. CONNALLY. I agree with the Senator. I have had no request from my State banks, and we have lots of them.

Mr. STEIWER. Mr. President——

Mr. CONNALLY. I do not want any of my State banks to accept a loan from the Government or from anybody else unless it can stand an examination and unless it can show that its assets are sound and unless it can show that after it gets the money it can go along on its own legs. I do not want to foist any little, wabbly, sickly, pale, insipid, rheumatic State bank—or any other bank, big or little, national or State—off onto the Federal Treasury, whether it is in Texas or in Oregon or anywhere else.

Mr. STEIWER. Mr. President——

Mr. CONNALLY. I yield to the Senator from Oregon.

Mr. STEIWER. I know of no State bank in the United States that objects to examination. The difficulty will not come from examination. The difficulty comes from imposing a condition precedent that cannot be met.

Mr. CONNALLY. What is that condition precedent?

Mr. STEIWER. The difficulty comes from the fact that examinations cannot be had.

Mr. CONNALLY. Oh, no!

Mr. STEIWER. If examinations could be had, there would be no argument upon this floor this afternoon with respect to this matter. The whole question is whether or not Congress wants to make a condition precedent that we know cannot be met.

Mr. CONNALLY. I shall say to the Senator that I do not agree with him at all.

Mr. STEIWER. Can the Senator tell us how long it will take to make the examinations?

Mr. CONNALLY. I shall tell how long it took this morning over at the Reconstruction Finance Corporation and the Federal Reserve Board; and this was not a State bank. This was a national bank.

Mr. STEIWER. That does not quite meet the question. Does the Senator know how much staff, how much personnel, the Federal reserve bank has, how long it takes to examine a bank, and how long it would take to pass upon these applications?

Mr. CONNALLY. If the Senator will let me answer, I shall try to answer his first question before he gets to the second.

Mr. STEIWER. The Senator started to tell me about the Reconstruction Finance Corporation.

Mr. CONNALLY. Oh, no. The Senator wants to know whether there would be an examination or not.

Mr. STEIWER. Exactly.

Mr. CONNALLY. I was going to tell him that I went over to the Reconstruction Finance Corporation and the Comptroller this morning about a national bank, and they said, "Yes; we will examine it today, and by tomorrow we will known whether or not it can open"; and yet the Senator talks about not having any staff to conduct examinations.

No; the trouble is not about the examinations. If they can stand an examination, and they are all right, it will not take long to examine them. If you take a witness before the grand jury, and he is telling the truth, it takes a mighty short time to get through with him; but when you are dealing with a witness who is dodging and hiding and hedging with his testimony it takes all day. In the case of one of these banks that is sound and has good paper it will not take them a day to convince the Federal reserve bank examiners that they are sound and entitled to a certificate.

Mr. ADAMS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Texas yield to the Senator from Colorado?

Mr. CONNALLY. I do.

Mr. ADAMS. The Senator from Texas, I fear, is somewhat short in his experience in the examination of banks. This provision we are asking to have go out says "a thorough examination" of banks. In the case of a comparatively small bank, if it is given a thorough examination, it cannot be done in the way it was done yesterday before the Federal Reserve bank. It means going into all of their collateral, into all of their notes, counting everything they have, checking everything up, and in an ordinary small bank it will take 2 or 3 days. If the bank is of any size, there will be a week involved in a thorough examination.

The other problem, as suggested by the Senator from Oregon [Mr. STEIWER], is the problem of getting the examiners there to do the work. If there are a hundred or five hundred or a thousand banks in an emergency asking for loans, there is not available the staff to send out to make examinations, to say nothing of making thorough examinations.

Mr. CONNALLY. Then the argument of the Senator from Colorado and the Senator from Oregon, if carried out to the end, is that it is impossible to examine the banks, and therefore we should let them have the money because they want it and need it. That is the answer.

Mr. ADAMS. Mr. President, may I interrupt the Senator again?

Mr. CONNALLY. I yield.

Mr. ADAMS. That is not quite the argument.

Mr. CONNALLY. I said, "carried out to its end." I did not mean that the Senator had gone quite that far, because I know he does not want anybody to think that he would go that far; but, if we follow the Senator's argument, that is where we arrive. I do not mean any reflection on the Senator.

Mr. ADAMS. Oh, I understand that; but here are the problems:

In the first place, the Federal reserve bank must be satisfied as to the soundness of the security.

Mr. CONNALLY. That is right.

Mr. ADAMS. The rules and regulations of the Federal Reserve Board must be complied with.

Mr. CONNALLY. Yes.

Mr. ADAMS. In the next place, there must be furnished a certificate from the State banking authorities who have made examinations that the bank is in fact sound. We are not dealing with tottering, wabbling banks but with those banks that can furnish credentials.

Mr. BARKLEY. Mr. President——

Mr. CONNALLY. Let me say to the Senator from Colorado, and then I shall yield to the Senator from Kentucky, that so far as the certificate from the State banking department is concerned, if a State bank is all right it ought not to have any trouble whatever in getting that instantaneously, because it has recently been examined; so that is out of the picture. The State banking authorities, however, have no control over these moneys. They belong either to the Federal Reserve System or to the Federal Government; and the certificate of the State banking commissioner ought not to have any weight whatever with the loaning authority. The loaning authority ought to settle with itself its responsibility and the character of the paper.

I yield now to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, I simply wanted to call attention to the fact that this provision requires that the security shall be adequate or sound, that the bank itself shall be sound, and that, in order to determine that, there shall be a certificate from the State banking authority and an examination.

Mr. CONNALLY. That is right.

Mr. BARKLEY. Now, it is entirely conceivable that a bank that is itself unsound might put up securities which, based upon their own merit, would be sound.

Mr. CONNALLY. To be sure.

Mr. BARKLEY. But some prior claim against the bank or some involvement of that very security in other liabilities might make the security itself unsound.

Mr. CONNALLY. To be sure.

Mr. BARKLEY. And if the security becomes unsound because of the unsoundness of the bank, certainly the Federal Reserve System ought to know that before it makes a loan.

Mr. CONNALLY. The Senator from Kentucky is entirely correct; and let me say that of the three things he pointed out, the most important is the examination of the bank to see that it is sound.

Mr. BARKLEY. The soundness of the bank.

Mr. CONNALLY. If the bank is sound, it does not make very much difference about the character of the paper, because the bank promises to pay, and if the bank is sound, you are going to get the money; but the paper might be absolutely gilt-edged, and yet the bank might be in a failing condition and might close its doors on the following day. Therefore, it ought to be examined thoroughly to know that it is a going concern and can continue to do business after it gets the Government's money.

Mr. BARKLEY. And the soundness of any security may be tainted by the unsoundness of the bank which puts it up.

Mr. CONNALLY. To be sure.

Mr. ADAMS. Mr. President, is it not a fact that the Federal Reserve System, in dealing with State member banks, does accept the certificate and examination of the State banking authorities?

Mr. CONNALLY. That may be true; but the banks that we are talking about now are not members of the Federal Reserve System.

Mr. ADAMS. No; but I am talking about the credibility of the State banking authorities. If their certificate is accepted as to State member banks, why should it not be accepted as to State nonmember banks?

Mr. CONNALLY. I do not agree with the proposition, though, that a State bank which has never availed itself of the Federal Reserve System should now come in with the door wide open without first submitting itself to a thorough examination.

Mr. GLASS. Mr. President——

Mr. CONNALLY. I yield to the Senator from Virginia.

Mr. GLASS. As to the credibility of some State banking authorities, there is no credibility.

What I rose to say, however, was that there has been great interest manifested here in the depositors of the bank. When an unsound bank takes all of its sound paper and presents it for rediscount either at the Federal reserve bank or for loans from the Reconstruction Finance Corporation, just in that measure it robs the depositors of the bank.

Mr. CONNALLY. I shall say to the Senator from Virginia that we discussed that matter before he entered the Chamber, and we pointed out that that has already happened in the case of many banks which borrowed from the Reconstruction Finance Corporation. They took all of their prime paper and borrowed money at the Reconstruction Finance Corporation and then failed.

Mr. GLASS. And left their depositors stripped.

Mr. CONNALLY. Their depositors, of course, were denuded of all of their expectations, not alone their realities.

Mr. President, on yesterday I made some remarks about tightening up the Government loaning agencies somewhat, and I desire to call the attention of the Senate just for a moment to some other things along that line. I take it that they are not out of line with the matters that we are now discussing. We are discussing now matters of making it—I will not say difficult, but rather rigorous to be able to qualify to get money out of the Government Treasury, whether in the case of a bank or anybody else.

On yesterday I suggested that the operations of the Reconstruction Finance Corporation ought to be somewhat curtailed with reference to self-liquidating corporations. I hold in my hand yesterday's issue of the New York Times. On the front page is a glaring headline entitled:

> Loan of $13,050,000 authorized by Reconstruction Finance Corporation to make jobs here—East Side slum clearance project gets $8,000,000—Work for 1,840—Jones Beach expansion—Advance of $5,050,000 made for bathhouses and mile of boardwalk.

This newspaper report shows that $8,000,000 has been loaned to rebuild certain apartments in the slum section of New York to a private real-estate corporation, the Fred F. French Operators, Inc., for a project supposed to cost ultimately $9,500,000. The Government is advancing more than 80 percent of the total cost of a real-estate project to build apartments and tenements when everybody knows that the real-estate market in the country is glutted with untenanted houses and tenements and apartment houses; but the real self-liquidating corporation is the Jones Beach Park on Long Island.

> The authorization for further development of Jones Beach Park on Long Island is made to the Jones Beach State Park Authority. A total of $10,000,000, according to the application for the loan, already has been invested in the park.
>
> With the proceeds of the loan there will be provided two bathhouses accommodating 15,000 and a swimming pool capable of accommodating 1,400 persons. In addition, a 40-foot boardwalk a mile long will be provided.

Mr. President, what I am protesting against is that the Government of the United States has so much money and our people are so happy and so prosperous and our incomes are so bloated that we are able to furnish, out of the Treasury of the United States, money to build bathhouses up on Long Island, money to build boardwalks a mile long, under the pretext that they are self-liquidating corporations!

Mr. President, I believe that the wild orgy of loaning money in prosperous times, in 1928 and 1929 and 1927 and the years preceding, was one of the sources of the financial depression from which we are now suffering and perhaps may continue to suffer for a considerable period. We are now being called to account to settle for many of these loans and many of these obligations. Mortgage debts of private individuals, bond issues of States and counties and subdivisions, great bond issues of the Government of the United States itself, debts of European governments—it is this load

of debt which has been the largest factor in producing the depression.

I say to the Senate now that we are not going to cure it by lending more money. We are not going to cure the financial panic by continuing to pour out money from the Federal Treasury, because the pay time will come some day, and we cannot maintain values by this theory of pumping credit into industry and business. That was a favorite theme of President Hoover, "pumping credit", pumping more credit and more money into industry and business. It was upon that theory that the Reconstruction Finance Corporation was founded, and I submit to the calm judgment of the Senate and of the country that the Reconstruction Finance Corporation has been a disappointment and, in a large measure, a failure, because it has not accomplished its purpose.

As a part of this wild plan of credit I want to call attention to something in the News of today with respect to the Harriman National Bank of New York. This is just a symptom, it is just an incident, it is just an episode, as it were, in this wild idea of bringing relief through credit and through lending more money. The report in the News discloses that the United States district attorney at New York has written a letter—I suppose to the Committee on Banking and Currency; at least it is disclosed by that committee—in which he says that the condition of the Harriman National Bank of New York, which has now closed and whose president, I understand, is under charges, was revealed to the administration some months ago; but, under the pretext that a reorganization was to be effected, the Department of Justice here in Washington under the last administration called a halt on the district attorney's efforts. I read:

> The congressional demands for investigation resulted from Medallie's published statement in New York replying to charges of a committee of depositors in the closed bank that he had known of its condition for several months before acting. His statement follows:
>
> "I acted within less than 24 hours after I was authorized to proceed by the commencement of prosecution upon a warrant issued for Harriman's arrest. The Comptroller of Currency as well as counsel for the clearing house requested the Department of Justice at Washington, when the facts were transmitted to me, to withhold action until the bank's affairs could, if possible, be straightened out. This request was acceded to by the Department of Justice. I acted a day after the restriction upon my proceeding was removed."

Mr. President, if the district attorney at New York is to be credited, we are presented with the remarkable spectacle of a president of a national bank misconducting the bank, probably guilty of fraud, at least violating the law; and these matters were called to the attention of the Comptroller of the Currency, whose sworn duty it is to see that national banks do obey the law, and to the attention of the Attorney General of the United States himself; and, in the face of those facts, the Attorney General directed the district attorney not to prosecute those violations, and that he acted finally within 24 hours after the ban had been removed from his action.

Mr. President, this is but an incident in this wild-banking exploitation which the people of the United States have witnessed in the past few years. First, there was the sale by international bankers of billions of dollars of foreign securities, and the sale to the people of the United States of domestic securities which are now almost worthless. I simply cite it as an incident to prove that we cannot cure the depression simply by pouring out more money, which ultimately must be paid by the taxpayers through the harsh and rigid thumbscrews of the taxgatherer. We cannot bring back prosperity by borrowing ourselves over our heads and ears. We cannot bring it back by mortgaging the future of our children and our children's children.

I hope that the Government of the United States will restrict the activities of the Reconstruction Finance Corporation. I hope it will restrict the Federal reserve banks to making only those loans which are necessary and which are sound. And because I entertain those views I oppose the amendment of the Senator from Colorado, because I believe the bill should be enacted as it is presented to the Senate, in full.

Mr. CAPPER. Mr. President, I rise to express the hope that this latest bill, which, as I see it, will take care of the needs of the smaller local communities served by State banks not members of the Federal Reserve System, during this emergency, will be speedily passed and enacted into law.

It is not my intention to stand here particularly as a proponent of the State banking system as opposed to the national banking system. That is not the question, as I see it. I am friendly to both systems. I think the Senate is friendly to both. Nor is the primary question whether or not nonmember State banks should be allowed certain privileges which member banks of the Federal Reserve System feel they have bought and paid for and thereby are entitled to hold exclusively.

I am speaking for the small communities; for the depositors in the banks in these communities; for the agricultural and business and industrial interests in these communities. It is true that most of the communities affected by this measure, who will obtain the benefits of this measure as I understand those benefits, are small communities.

But, Mr. President, this Nation on the whole is made up of the small communities and the people in these small communities. They are entitled to every advantage and protection that the Federal Government can afford and grant them in this time of trial. It is just as important to the Nation as a whole that these be protected as that the large city banks, and the reserve member banks in medium-sized communities, be afforded the aids, benefits, and protection extended by the National Banking Emergency Act of March 9 last.

The need of some such provision as this was pointed out during the comparatively brief discussion of that emergency measure. It was admitted within a few hours after the Emergency Act was signed. That was nearly 2 weeks ago. Since that time the Senate has approved one measure intended to meet the needs of the situation affecting nonmember banks and the communities these serve. For some reason that bill suffered from locomotor ataxia for a day or two and was late reaching the legislative body at the other end of the Capitol. Then, after other delays, the House of Representatives passed a different bill. Necessary changes, I understand, have been made by our Committee on Banking and Currency. That is very fine. I am not certain who is going to get credit for this bill when it finally is passed, and it is not particularly important. I do say, however, it is important that we enact this bill into law for the benefit of those of our people who depend upon the small State banks to handle the business of their communities.

Now, Mr. President, while we are on this subject of banking, let me say that President Roosevelt cannot start on his program to bring lawless-minded financiers and crooked bankers under control any too soon to suit me; and I will follow him just as far as he will lead in that direction.

I am thinking particularly of Mr. Roosevelt's declaration for Federal control and regulation of the holding company, control and regulation of the stock exchanges, efforts to prevent the sale of "blue-sky" securities and worthless foreign bonds, more rigid supervision of banks, discouragement of the use of bank deposits for speculation, separation of investment and commercial banking, and barring the use of Federal reserve funds for speculation.

The recent disclosures of the financial wizardry of Samuel Insull and his associates, and the financial wizardry of Mitchell and the National City Bank crowd in New York City, and the other shocking practices brought to light by the subcommittee from the Senate Banking and Currency Committee have convinced the country that something must be done to protect the public against the misuse of bank funds and bank prestige by the New York promoters of high finance as it has been carried on in recent years.

Testimony before that committee shows beyond peradventure of a doubt that the Wall Street racketeers abused public confidence in banks and bankers by unloading upon a credulous public—including their own employees—stocks and securities at from 3 to 10 times their actual value. They

are to a great extent responsible for the terrible conditions which have cursed the country the last 3 years.

It is a sordid story, a shocking story, a disheartening story that the Insulls and Mitchells and their agents and salesmen are spreading on the records in the Senate investigation.

Not the least pitiful part of it is that the betrayal of trust by these financiers reflects unfairly on the banks and bankers of the country as a whole. That is not only unfortunate but most unfair, that our honest and law-abiding bankers all over the country should have to suffer from the market operations of these financial pirates.

I want to promise again that President Roosevelt cannot go too far in his efforts to make impossible the continuance of such practices under the law—if, indeed, these practices were within the law.

Control of holding companies, stock-market gambling, and board of trade gambling in commodities, as well as stock-market gambling in securities—such control evidently is beyond the power of the States. These National City Bank operations were carried on in New York and under the laws of New York. Franklin Roosevelt, ex-Governor of New York, President of the United States, is entitled to the support of every loyal citizen, when he moves to bring these operations under more rigid Federal control.

Mr. LEWIS. Mr. President, I regret that an illness severe for the last 2 days has prevented me from being informed as completely concerning this amendment as I would have been could I have had the pleasure and the inspiration of hearing the discussion. I gather from the speech of the able Senator from Kansas a very correct impeachment of a class of gentlemen who have been allowed the privilege of banking in the United States of America. They have conducted themselves in such manner as to qualify themselves for prison stripes in any penitentiary, but they have done a further offense in having robbed the banks of the confidence which the ordinary citizen enjoyed and desired to continue in the financial institutions of his home. These of whom we speak, this guilty criminal band of financial brigands, have been busy holding their hands up in horror at the contemplation of some poor individual who, having misfortune in life, perchance violated some small law, and, in the violation of that law, perchance committed a breach of trust. How these described bankers of privileged pollution demanded the little clerks to be seized by the vigorous hand of justice and brought at once to the bar for condign punishment! These eminent gentlemen, designating themselves as bankers, delight to dwell on the fact of the individual's being suddenly sent to the penitentiary, where the prison walls close in upon him; these masters of finance, who have been so busily and gleefully gloating in expression of disdain over the misfortunes of the weak and the "politician" damning—they hiss with contempt at Members of Congress. These holier-than-thou financiers who have for years been holding themselves up as the representatives of social exclusiveness! These whose theory of life is the golf game in the afternoon with plotting conspirators for the issue of multiplied watered stock to be put on the innocent and in the evening regaling themselves with their diamond-bespangled Delilah, as her gems glisten to his eyes. These they purchase from the proceeds of the depositors' money, filched by the crooked fingers of these eminent gentlemen, which in one way and another takes the description upon the bank books as necessary "expenses." [Laughter.]

These gentlemen it is who by all this have robbed the American bank of credit and the American banker of honor. It is these who are in our midst—calling themselves at one time "national bankers" and at another time "State bankers." It is to be regretted that we are having a conflict of vowels. The letter "a" has been wrongly placed. It is not that they are "bankers but "bunkers." [Laughter.]

In this particular respect they have proven their efficacy. They are, as the world would speak of them on the sidewalk in a bit of language we are forbidden in propriety to exercise here, not only "bunkers" but "bunk artists." [Laughter.]

These gentlemen do not realize that they have ridden long and that their flame and fire have been exhausted. They have reached their fall, they are at the pit, and the sounds we hear all around are the glad huzzas of the multitude that at last these and their kind have been brought to book. These of the plain people had too long realized in experiences the truth of the bard, proclaiming—

> Plate sin with gold,
> And the strong lance of justice hurtless breaks:
> Arm it in rags, a pygmy's straw doth pierce it.

Sir, the time has come, to use the words of the Senator from Kansas [Mr. CAPPER], when this class of gentlemen have been detected. I would say to him that this administration has started out, with the good will of all political parties, to see that these particular masters of manipulating-money necromancy which in different forms of robbery have pillaged the banks, looted the Treasury, disgraced the Republic, dishonored the Nation, and held the country up before the world as unworthy of confidence in business, are rapidly being brought to be understood that no longer while we live will we have the spectacle of that affronting superiority of the once-eminent gentleman called "the banker" merely because he has established himself upon some corner in that form of establishment which holds itself out to the lending of money and, in different form, the draining his neighbor by usury—in the language of the Senator from Virginia [Mr. GLASS] a short while back, in one of his usual discussions learned in the wisdom of finance—that such class calling themselves "bankers" were but pawnbrokers in their habit and manner. Also, there is now the end of that other set of gentlemen who, adorning themselves in the form of the lily of Solomonlike glory, are to be seen in any portion of our land, glorious to look at, splendid in their assumptions, audacious in their impudence, seeking public office, bold in their robbery of the ballot boxes by guilty agents, but who nevertheless have been able to purchase even for themselves and transmit to their family the credit and the inheritance as of eminent gentry in office. They, who having secured large fortune, by its tricky manipulation transmit it in inheritance, after having defeated the income tax while they lived, transmit the inheritance by manner in which they cheat the inheritance tax when dead. These gentlemen have run their day. It is well that they may understand the tocsin has sounded for them. This Democratic administration has written for them the maxim dedicated at the great feast of another Belshazzar: "Mene, mene, tekel, upharsin"—you are weighed in the balance and you have been found wanting.

Mr. President, the question is, Will this Democratic administration—in the broad sense I use the word "Democratic", representing the spirit of true republicanism as well as that of a virtuous democracy—will it allow by law the criminal privileges on the part of those masters to be handed down to their successors; to be duplicated in habit and repeated in system? Shall they again afflict this Nation with the same corrupting disease from which it has been suffering, and whose finances died under the stroke and whose honor lies in the grave of a once financially splendid trust and glorious past? We feel, sir, that it will not be duplicated. We will not repeat the tragedy.

I deplore to say that it has come to my conception and now to my conviction that when we speak of a State bank, we may do so with great respect and wishes for the future, but it is an institution that is to be ended. The Government creates the money. It is the finance of the United States. It is the currency of the United States country. It is the money of the Republic. Behind it stands the Government. The Government will take every step to protect that currency. In whatever institution that currency is handled, be it a city or a county or a State institution, the Federal Government will surround it with a form of protection that assures that currency to return to its owner and not to be taken from its owner by the hand that rifles the Treasury intrusted to its guardianship. Therefore, Mr. President, I wish to support the measure that looks to the

investigation of any institution that seeks to have the money of the United States of America, with which it deals as a speculator or claims as an owner.

We are confronted with this fact, and it cannot be disputed, that had there been a system of proper supervision of the banks we would not have the losses, far exceeding two and one-half billions of money, with millions and millions of our people never to hope for the return of a cent of their own. We would not have the exposition disclosed this morning in official reports that securities advanced for money are now developed to be not worth one cent of the dollar for which they were received. There would be a sense of security on the part of depositors. There would be a feeling that that which is his own is being protected and preserved. There would be, sir, no more of those instances of deliberate pollution in finance, that open and displayed crookedness which gentlemen profess as the art of finance. There will be no longer the constant doubledealing with every trust reposed in them out of which they could enrich themselves and their associates at the expense of funds trusted to their hands by the widows and children, and reposed to their administering by their country.

To this object, Mr. President, therefore, I feel that the Government and the people must make their choice now. To conclude my observations—I was born in a land not far from us where the school of political thought was strongly in what is called State rights. My home was afterward transferred out of conditions to the West, where there was a mutual discussion between eminent sources as between the sovereignty of the Nation and the sovereignty of the State.

I have not been exempted from a proper admiration of the system of each, nor have I been at all ignorant of the great virtues to be advocated for either. But the time has come when we must abandon those ancient theories which were applicable when we were very far apart from each other State by State, and when conditions of government were in nowise such as now we are compelled to bear. We must meet conditions as we find them. Any attempt to hark back to the fathers on some theory which they represented and carrying it on to the conclusion that it must be followed and transmitted to unborn sons, is but to continue in many instances institutions that carry in themselves the destruction of the inheritance.

For myself the creeds are done. We are ready to adopt whatever primary facts are necessary for the preservation of the citizens. Our citizens must come to a choice in banking, and I speak frankly to say that I defer greatly and I speak somewhat hesitatingly in the presence of those eminent Senators who have for many days around us discussed with rare wisdom and shown great capacity touching this question in its financial ramifications. But we will do one of two things now: We will abolish all forms that call themselves banks, city or county or State, and turn to but one system. That will be the bank of the United States in some form, distributed throughout our country, by which the citizen will feel the security of his Government behind him, to which there will be added a supervision, a supervision so secure as will cause the citizen to feel that there is that ever-present guardianship over his funds that gives him sleep at evening and calm by day. That must be accompanied by a form of regulation that where there is a violation of those systems of inspection, those who shall be guilty of the violation shall be treated as offenders and as criminals hastily brought to their doom.

In this manner we can at once revive the system of our banking as it touches the Federal law and again invest the citizen with confidence and give a rebirth to the Federal Government insofar as its bank system is concerned and hold it once again before the world where it will have the trust of mankind and the honor of its country.

If you will not have that, sir, then all institutions, city and county and State, added to the Federal, that have to do with the handling and circulation of the medium of exchange which we call money, and which holds the deposits of the people, who intrust them to the institutions called banks, must be put under the supervision in some form of examination of the Government, by which all of those institutions bearing some relation to the Federal Government may give a guarantee to the deposits to all about them of security through investigation, examination, and supervision. We want a banking system that gives respect to the country and security to the depositor.

The bill now proposed, as I listened to it, meant much more to me perchance than to possibly many of the Senators. I began very early without success tendering amendment upon amendment, measure upon measure, seeking to enforce the Federal Reserve System to be applied to all forms of banking in America. I would have done so without forcing the local banks to comply with any of the requirements that burden them with the costs or expenses, or with unnecessary machinery.

I would have made the Federal Reserve System an institution which any bank would have the right to enjoy, and I would give to it the right of examination and supervision of the member banks which enjoy its privileges. I therefore find in this measure in the provision that looks to such supervision what I feel to be an approval of the position I have been maintaining without success for some time past, but which at the present time I see the events of recent months have wholly justified.

I rose to support—and I apologize for the length of time I find I have consumed in digressing—the measure that will give the right of supervision on the part of the Federal Reserve System to any institution to which it advances money. I go further; and I would give to every banking institution within the country the privilege of enjoying the advantages of the Federal Reserve System in return for the right of the Federal Reserve in the meantime to supervise such bank and to protect American depositors.

Long do we pray that there may never again be a duplication and a repetition of the hideous scene of the cracking of banks as eggshells under the heat of the Torrid Zone, or that other and worse events, of men who have heretofore plied their art up and down this country and posed as examples of citizenship, being, under the cloak of their pretense, criminals of the dubious kind. They who found it agreeable not only to rob those of their fellow citizens but to betray every trust that was reposed in them; who, in many instances, posed as Christians within the church, but were in the meantime violating every obligation they owed to Almighty God, as they had debased their country in every trust of which they were made the guardians. For which reason, sir, I hope that any step may be taken and all steps may be added that will save us from the deplorable plight that has been our dishonor in the past and that, we pray heaven, may never again be our inheritance in the future.

Mr. PITTMAN. Mr. President, I think we all agree that there should be no loans by the Federal Reserve banks to insolvent nonmember State banks. The question is as to how to determine whether or not they are solvent. The provisions of the bill lay down several methods of determining that question. The first is that it is within the discretion of the Federal Reserve bank to refuse to make any loans. It shall not make the loan until it inspects the security and approves it. Now, the question is, Shall we make the Federal Reserve bank go further than that? The provision in the bill, which was not, as I understand, in the original Senate bill, reads "and a thorough examination of the applying bank or trust company."

There is no doubt that there are some State banks that the Federal reserve bank in the district knows are absolutely solvent. There are probably thousands which the Federal Reserve bank does not know whether they are solvent or not. Why should we cause State banks that are known to the Federal Reserve Banking System to be solvent to await a so-called thorough examination before action is taken under this measure with regard to them? If the Federal Reserve bank is satisfied that an applying bank is solvent, why cause it to be subjected to the delay and the expense of having this thorough examination? A Federal Reserve bank does not have to lend money to any other bank; we cannot by law

compel it to lend money to any other bank. It is its own money. All we do is to authorize such bank, in its own discretion, to lend the money or not to lend it. We throw this restriction around it; we say, "Before you lend you must be sure that the collateral is good after an examination."

Then there is the additional provision thrown in here which requires what we call a thorough examination. I think there should be a thorough examination of any doubtful bank—that is, any bank whose solvency is doubtful—because the main object of lending this money is to restore the functioning of that bank. I agree to all those principles. Now, I ask the Senator from Colorado if he would not be willing to modify his amendment by withdrawing his motion to strike out the words "and a thorough examination of the applying bank or trust company", and, instead of striking them out, add after those words the words "if in the opinion of such bank such examination is necessary"?

Mr. ADAMS. That would be entirely agreeable to me.

Mr. GLASS. Mr. President, may I ask the distinguished Senator from Nevada how a Federal Reserve bank, without examination, knows that a nonmember bank is sound?

Mr. PITTMAN. The Senator was so busy talking while I was discussing that question that he certainly misunderstood what I said.

Mr. GLASS. Oh, no; I simply responded to one question that a Senator sitting near asked me.

Mr. PITTMAN. I did not say that they could know without an examination, but what I said was that if a Federal Reserve bank of a given district, from information in its possession, knows that a certain bank which under the proclamation of the President of the United States, was closed would not have closed except for that proclamation, if it knows that that bank is solvent——

Mr. GLASS. How may they know it is solvent without an examination? They now have no authority of law to examine it.

Mr. PITTMAN. They may know it from the State examination or they may know it from the bank reports that have been submitted. But assuming that they do not know it, all I wish to do is this, not to strike out the words referred to but to add after them the words "if such Federal Reserve bank"—that is, the one to which the application for the loan is made—"deems such examination necessary." That is all. The Federal Reserve banks are not anxious to lend money to nonmember banks. We can trust, I think, pretty safely that they will not lend much money to nonmember banks. All I desire is to get away from the mandatory feature of this provision that in every case there must be this thorough examination.

Mr. GLASS. In other words, the Senator would have the existing mandatory law apply to the member banks but not apply to the nonmember banks?

Mr. PITTMAN. I am not interested whether it applies to a member bank or a nonmember bank; I have not the slightest interest in that question; I am interested, though, in the depositors. I will say to the Senator from Virginia that if we were dealing with normal conditions I would not be discussing this question at all, nor would any of these amendments or bills have been presented to us, but we are not in normal conditions; we had every bank in the United States closed by a Presidential proclamation; and the question is to open them, and to open as rapidly as possible those that are able to function and to continue operating.

We have found that some of the great national banks, even some of the strong member banks, that at first were not able to open, now through licenses have been opened; and we know that the great majority of the State banks in this country have not dared to open until they could see the finances in sight with which to open. It is a matter of keen interest. All I ask, if the Senator from Colorado will do so, is that he change his motion to strike out the provision with regard to a thorough examination and let the Federal Reserve bank make whatever examination it wants to. If it wants to make a cursory examination, if that satisfies it, very well; but not require the bank to make a thorough examination when, in its opinion, that is not necessary. That can be accomplished by adding after the provision with respect to a thorough examination the words "when such reserve bank deems it necessary."

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Nevada yield to the Senator from Colorado?

Mr. PITTMAN. I yield.

Mr. ADAMS. Let me inquire if this would meet the Senator's suggestion, that I withdraw, with the consent of the Senator, the motion to strike out the words which are designated, and, in lieu thereof, on page 3, line 20, after the word "company", insert the words, "if such Federal Reserve bank shall determine such examination necessary"?

Mr. PITTMAN. That covers what I have been suggesting, sir.

Mr. ADAMS. Mr. President, if I may have unanimous consent to do so, I will modify my amendment in that way.

The PRESIDING OFFICER. The Senator has a right to modify his amendment. The Chair understands the Senator to withdraw his original amendment and to offer in lieu thereof the amendment in modified form.

Mr. GLASS. Mr. President, right on that point, let me say a word in the interest really of depositors, particularly in the interest of depositors of sound, solvent banks. The Federal Reserve authorities, supplementing the authority of the Comptroller of the Currency, are expressly required to examine member banks, for the reason that they are stockholders in the Federal Reserve banks, and the depositors in these banks have their money at risk. Therefore when Senators talk about the security of depositors they must remember that the deposits of depositors in the member banks of the Federal System constitute more than one half the deposits in all the banks of the United States. Therefore, the Federal Reserve authorities are required to make this examination. The Comptroller of the Currency is required—the law is mandatory—to make these examinations in order that the depositors may be secure and that unsound, insolvent banks may not continue to receive the deposits of the people.

Therefore a mere permission is not what was wanted; it is not what the Committee on Banking and Currency of the Senate required; and, as I have said, but for this safeguard, I do not think this bill ever would have been reported from the Banking and Currency Committee.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Colorado as modified.

Mr. LA FOLLETTE. Mr. President, I think the amendment offered by the Senator from Colorado [Mr. ADAMS] and the bill sponsored by the Senator from Arkansas [Mr. ROBINSON] are both offered in the best of faith; but, so far as I am concerned, I have no illusion about the measure, with the amendment of the Senator from Colorado or without it, bringing any substantial relief to the State banks which are not members of the Federal Reserve System.

It is perfectly obvious, Mr. President, that it is a part of the policy to liquidate such State banks. I think it was inherent in the system set up in the Emergency Bank Act; I think it is inherent in this attempted liberalization of that act that the banks which are not members of the Federal Reserve System should be cast adrift, without any support from the Federal Government, in the most serious economic crisis of a financial character in recent history.

I know it was argued at the time the Emergency Bank Act was under discussion, I know it has been argued in connection with this bill, that the Federal Government had no responsibility for nonmember banks. I never have been able to see the logic of that position after these State banks, together with the State member banks and the National banks, were closed as a result of a Presidential proclamation. After all, inherent in that situation was an exercise of extraordinary Federal authority and, in my judgment, the assumption of a corresponding Federal responsibility.

I recognize, however, that this engine of deflation which has been launched will go on unchecked. I only hope, how-

ever, that Senators and others in positions of responsibility will recognize the economic effect of what has been done.

Insofar as the purchasing power of the people is concerned, there is no difference between currency in circulation and bank deposits. As a result of this banking crisis and the policies in vogue we will be fortunate if the net loss in bank deposits is only eight or nine billion dollars. What that means in the sudden collapse of additional purchasing power, what it means in its repercussions upon trade and industry, are almost beyond the ability of the imagination to comprehend.

As I stated, however, I recognize that these events have a certain logic behind them, and that insofar as we have been committed to the logic of those events by the steps which have thus far been taken in this bank crisis nothing can now turn them aside. I only hope, however, that there will be a full recognition of the economic consequences of the steps which have been taken and that a full realization of those economic consequences will be weighed when the time comes in the immediate future to frame and to organize a program of reconstruction and recovery which must follow immediately unless we are to have further economic disaster which will make the past 3½ years seem like a period of prosperity.

The PRESIDING OFFICER. The clerk will state the pending amendment.

The CHIEF CLERK. The Senator from Colorado [Mr. ADAMS] offers the following amendment:

On page 3, line 20, after the word "company", insert: "If such Federal Reserve bank shall determine examination to be necessary."

Mr. COSTIGAN. Mr. President, it is gratifying to have this discussion revert to the plight of the depositors in the closed banks of the United States. We owe them our best thought and cooperation; and thanks, therefore, are due the Senator from Oregon [Mr. STEIWER], the Senator from Nevada [Mr. PITTMAN], and the Senator from Wisconsin [Mr. LA FOLLETTE] for emphasizing our real problem.

It is to be hoped that the amendment may be adopted; but I share doubts expressed here as to the extent of its efficacy if adopted. It has the definite merit of making possible more rapid extension of relief to certain banks and their depositors; and such action can be taken under the amendment without really abandoning safeguards for which the Senator from Virginia [Mr. GLASS] has strenuously contended. Surely this is desirable.

My purpose in rising is to supplement the discussion so far had by bringing to the attention of the Senate one illustration, which must be more or less typical of ill fortune which has befallen depositors in this country as a result of the banking crisis and events since the Presidential proclamation.

I have here an illuminating and appealing letter just received from an attorney for and director of, not a State bank, but one of the national banks in one of the less populous but important rural counties of Colorado. This bank has long had an excellent reputation. It was, until closed by the Presidential proclamation, the only bank in a county of some 2,000 square miles, serving several thousand people who reside there. Those people are self-respecting, industrious, frugal, and deserving Americans. They have met their obligations year by year with extraordinary fidelity. They have used and supported this banking institution. They have had and still have the utmost faith in it, although closed under the Presidential proclamation, subsequently placed in the hands of a conservator, and recently visited by a bank examiner.

The letter urges the necessity for doing something for the people so situated to preserve for them banking facilities and not to condemn them to the ranks of forgotten men; for be it remembered that there are signs that unless we do more than we have done our 12,000,000 jobless will be supplemented by many others drawn from depositors scattered throughout the length and breadth of this land who, as indicated by the Senator from Wisconsin, may lose in the near future billions of money intrusted by them to what was supposed to be the safe-keeping of banking institutions.

Mr. President, this letter is so self-explanatory that I trust that, without assuming responsibility for its underlying assumptions, I may read from it without further comment.

The writer says:

The First National Bank, located in this large county, was closed by mandate of the President, and without actual knowledge as to its ability to carry on has been denied the right even to try. Even in spite of the fact that officers of the bank stated to me that they would carry on without any help, this bank has been kept closed, a proceeding somewhat akin to taking property without due process of law. But what of the result? Additional suffering and hardships on the people already burdened with other bank failures in the county and 4 years of bad crops and low prices. The people of this county from the date the bank closed its doors, with absolute confidence in the stability of their bank, and backed by the radio address of the President, have continued to transact their business to this date with checks of the depositors—holding them until the date of opening—checks which now they must hold indefinitely and take their loss, no matter how great or small. But this is not all. Taxes owing by the resident taxpayers cannot be paid; livestock cannot be fed; farming operations cannot be started; the merchant cannot replace his stock; and where will these people turn for financial help? The bank has all the security they have. Who is going to help them? Is not this quite a different picture than was painted for us with phrases such as "strangulation of bank deposits must cease", "there will be enough currency ready to meet all demands as required"? If this bank is to be liquidated, what does that mean? Simply a sale of all the assets held by the bank, leaving the people paupers and our lands waste, for most, if not all, of these people have every worldly possession they have mortgaged to the bank to keep the bank here and make their notes good. They have not been hoarding.

Apparently, since the proclamation, an examiner was sent to investigate this bank, as will appear from the letter. The letter, therefore, throws light on the question we have been discussing this afternoon of delays incident to thorough investigations.

In our interview with the examiner at Kansas City yesterday we were given the advice that a bank at this point could not make money and therefore was not needed, and that by reason of our doubtful assets we would have to put up a substantial amount of money—this in spite of the fact that his examination had been made some time ago and the bank then permitted to continue operation and a showing had been made that all loans criticized had received attention, some thereof having been paid in full or better secured. Who is in a position to judge the character of these loans—the man who was raised in this county and has been a banker here for 24 years in this bank or a man sent out from the city?

The conservator asserts that only a small portion of our loans are doubtful and that if liquidation is the order he can liquidate in full. Of course, if your examiners take the attitude that commodity prices have not reached bottom, and if this is the correct premise, there, of course, may be more doubtful paper, but confidence does not radiate from the examiner. On the contrary, he is surely full of pessimism, as he now demands more than he did previously. The requirement of further substantial amounts of money is easy if you have it, but we do not have it, and have no place to get it. When you ask him for some plan to obtain it and he says there is none, it strikes me as a complete about-face from the position we were led to believe we were in. When we closed we felt that we would reopen, but should that not happen, that at least all depositors would be taken care of. Then, without knowing as a matter of fact whether or not this bank needed a dime to continue, we are politely told that we must furnish the capital and to dig it up or the depositors will take that much loss. Is this help? If it is, the word has been given a different meaning. Is this the final word? Where is the 90 percent of currency as against the assets of the bank, and where is the appraisal of these assets? They, like other things, are now forgotten.

Mr. President, what I have read portrays, I fear, not an isolated but a representative situation. It particularly indicates the pressing need for supplementary remedial action or legislation to aid, so far as possible, blameless but stricken depositors of the reasonably solvent banks of this country. We have taken one course to meet an emergency. We should take other courses without delay to meet the new and developing emergencies before us, and to save rather than to destroy.

Mr. BORAH. Mr. President, I can see no reason for voting against this bill. There may be some reason for voting for it. I have not been able to discover it, but there may be. Not desiring to sit silent, I shall vote for it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado [Mr. ADAMS] to the substitute reported by the committee.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The clerk will state the next amendment of the Senator from Colorado to the amendment.

The CHIEF CLERK. The second amendment of the Senator from Colorado is on page 3, line 23, after the word "may", to add the word "also."

Mr. ADAMS. Mr. President, I shall suggest briefly the purpose of the amendment. There was a question in the minds of those who were drafting the Steagall amendment, apparently, as to whether or not the eligible paper of nonmember banks might not be excluded by virtue of some of the complicated conditions of the pending legislation. So they added the provision that loans may be made to any applying nonmember bank or trust company upon eligible security.

That raised the other question, as to whether or not, having specified eligible security under a proviso, they were not excluding the very security that was intended to be covered. So we have suggested, in order to cover that, that we provide that loans may also be made upon eligible paper, to avoid the question of doubt, by adding the word "also."

Mr. FLETCHER. Mr. President, the only objection to the amendment is that it is wholly unnecessary. That is just what the language means now.

Mr. GLASS. Mr. President, it is inconceivable that a Federal Reserve bank would discount the ineligible paper of a bank and refuse to discount the eligible paper of the bank.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The clerk will state the next amendment of the Senator from Colorado.

The CHIEF CLERK. On page 4, line 13, to strike out, after the word "act", down to the word "indebtedness", in line 21, as follows:

During the time that such bank or trust company is indebted in any way to a Federal Reserve bank it shall be required to comply in all respect to the provisions of the Federal Reserve Act applicable to member State banks and the regulations of the Federal Reserve Board issued thereunder: *Provided*, That in lieu of subscribing to stock in the Federal Reserve bank it shall maintain the reserve balance required by section 19 of the Federal Reserve Act during the existence of such indebtedness.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was rejected.

Mr. CLARK. Mr. President, I desire to offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment to the amendment.

The CHIEF CLERK. On page 5, line 16, after the word "company", strike out the remainder of the paragraph, as follows: "having voting rights similar to those herein provided with respect to preferred stock."

Mr. CLARK. Mr. President, the purpose of this amendment is to strike out the requirement in section 2 of the so-called "Steagall bill" which requires that the debentures or stock notes upon which money is to be loaned to these State banks by the Federal Reserve System shall have voting power.

The reason for the amendment arises from the fact that under the Constitution of Missouri, and, I am informed, under the Constitutions of Illinois, Ohio, Kentucky, and possibly other States, the issuance of preferred stock is prohibited except upon the consent of all the holders of common stock. Of course, everyone must realize that that prohibition, in a time like this, is to all intents and purposes an absolute prohibition against the issuance of preferred stock, because, through the death of a stockholder, or the pledging or wide scattering of stock, or other causes, it might be a practical impossibility to obtain the necessary unanimous consent for the issuance of preferred stock.

The Committee on Banking and Currency, before whom I appeared the other day, at my request inserted after the word "liability", in line 11, the following words, "or if such laws permit such issue of preferred stock only by unanimous consent of the stockholders." But even with that saving clause which the committee put in, if there is a requirement that these debentures or stock notes be given a voting power, there is very grave danger that the courts would hold that, no matter whether the security to be issued be called a debenture or stock note, or whatever it might be called, if it had the voting power, it would be considered to have the essential features of preferred stock, and therefore would be abhorrent to the constitutional prohibition against the issuance of such preferred stock.

I am informed that the Federal Reserve made no requirement that these debentures or stock notes have voting power. I have been also informed that it was not in the bill as it was originally introduced by the Senator from Ohio, but that it was inserted in the committee.

Mr. President, if that provision stays in the measure, there will be very grave danger that at least four States, and possibly more, will be entirely excluded from the benefits of the act. I therefore move to strike out that language requiring voting power to be given these debentures.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on the amendment as amended.

The amendment as amended was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, as follows:

Be it enacted, etc., That title IV of the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933, is amended by adding at the end thereof the following new section:

"SEC. 404. During the existing emergency in banking, or until this section shall be declared no longer operative by proclamation of the President, but in no event beyond the period of 1 year from the date this section takes effect, any State bank or trust company not a member of the Federal Reserve System may apply to the Federal Reserve bank in the district in which it is located and said Federal Reserve bank, in its discretion and after inspection and approval of the collateral and a thorough examination of the applying bank or trust company, may make direct loans to such State bank or trust company under the terms provided in section 10 (b) of the Federal Reserve Act, as amended by section 402 of this act: *Provided*, That loans may be made to any applying nonmember State bank or trust company upon eligible security. All applications for such loans shall be accompanied by the written approval of the State banking department or commission of the State from which the State bank or trust company has received its charter and a statement from the said State banking department or commission that in its judgment said State bank or trust company is in a sound condition. The notes representing such loans shall be eligible as security for circulating notes issued under the provisions of the sixth paragraph of section 18 of the Federal Reserve Act, as amended by section 401 of this act, to the same extent as notes, drafts, bills of exchange, or bankers' acceptances acquired under the provisions of the Federal Reserve Act. During the time that such bank or trust company is indebted in any way to a Federal Reserve bank it shall be required to comply in all respects to the provisions of the Federal Reserve Act applicable to member State banks and the regulations of the Federal Reserve Board issued thereunder: *Provided*, That in lieu of subscribing to stock in the Federal Reserve bank it shall maintain the reserve balance required by section 19 of the Federal Reserve Act during the existence of such indebtedness. As used in this section and in section 304, the term 'State bank or trust company' shall include a bank or trust company organized under the laws of any State, Territory, or possession of the United States, or the Canal Zone."

SEC. 2. (a) Section 304 of such act of March 9, 1933, is amended by adding after the first sentence thereof the following new sentences: "Nothing in this section shall be construed to authorize the Reconstruction Finance Corporation to subscribe for preferred stock in any State bank or trust company if under the laws of the State in which said State bank or trust company is located the holders of such preferred stock are not exempt from double liability. In any case in which under the laws of the State in which it is located a State bank or trust company is not permitted to issue preferred stock exempt from double liability, or if such laws permit such issue of preferred stock only by unanimous consent of stockholders, the Reconstruction Finance Corporation is authorized, for the purposes of this section, to purchase the legally issued capital notes or debentures of such State bank or trust company."

(b) The second sentence of said section 304 is amended to read as follows: "The Reconstruction Finance Corporation may, with the approval of the Secretary of the Treasury, and under such rules and regulations as he may prescribe, sell in the open market the whole or any part of the preferred stock, capital notes, or debentures of any national banking association, State bank, or trust company acquired by the corporation pursuant to this section."

Such section 304 is further amended by adding at the end thereof the following new sentence:

(c) "As used in this section, the term 'State bank or trust company' shall include other banking corporations engaged in the business of industrial banking and under the supervision of State banking departments or of the Comptroller of the Currency."

The bill was passed.

The title was amended so as to read: "An act to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases, and for other purposes."

ORDER OF PROCEDURE

Mr. ROBINSON of Arkansas. Mr. President, if I may have the attention of the Senator from Oregon and other Senators, it is desirable that the committees having jurisdiction of legislation that is deemed of an emergent character should have an opportunity to proceed with their work, and there is no special business to claim the attention of the Senate for the remaining 2 days of this week. I, therefore, ask the following unanimous consent, that when the Senate concludes its labors on this calendar day, it take a recess until 12 o'clock noon next Monday, and that during the recess the Secretary of the Senate may receive and the Vice President may refer to committees any message or messages, bill, or resolution transmitted by the House of Representatives; also, that the Committee on Education and Labor may, if it desires, submit a report to the Secretary of the Senate, and the Secretary of the Senate is authorized to have the same printed.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

Mr. ROBINSON of Arkansas. I also ask unanimous consent that during the recess the Vice President may sign, as during a session of the Senate, any bill which has passed or which may pass.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. BARKLEY in the chair), as in executive session, laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

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

RECESS TO MONDAY

Mr. ROBINSON of Arkansas. Unless there is some further business to come before the Senate, I move that the Senate take a recess until 12 o'clock Monday.

The motion was agreed to; and the Senate (at 4 o'clock and 55 minutes p.m.) took a recess until Monday, March 27, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 23 (legislative day of Mar. 13, 1933)

MEMBER OF UNITED STATES TARIFF COMMISSION

James W. Collier, of Mississippi, to be a member of the United States Tariff Commission for the remainder of the term expiring June 16, 1937.

MEMBER OF THE FEDERAL RADIO COMMISSION

James H. Hanley, of Nebraska, to be a member of the Federal Radio Commission for the unexpired portion of the term of 6 years from February 24, 1930.

GOVERNOR OF THE TERRITORY OF ALASKA

John W. Troy, of Alaska, to be Governor of the Territory of Alaska vice George A. Parks.

PROMOTIONS IN THE NAVY

Capt. Charles P. Snyder to be rear admiral in the Navy from the 1st day of March 1933.

Commander Herbert S. Babbitt to be a captain in the Navy from the 1st day of March 1933.

Lt. Comdr. Hiester Hoogewerff to be a commander in the Navy from the 1st day of February 1933.

Lt. Comdr. Louis E. Denfeld to be a commander in the Navy from the 1st day of March 1933.

Lt. Comdr. Joseph B. Anderson to be a lieutenant commander in the Navy from the 30th day of June 1931, to correct the date from which he takes rank as previously nominated and confirmed.

Lt. Percival W. Buzby to be a lieutenant commander in the Navy from the 30th day of June 1932.

Lt. William C. Vose to be a lieutenant commander in the Navy from the 23d day of October 1932.

Lt. Harry R. Thurber to be a lieutenant commander in the Navy from the 8th day of November 1932.

Lt. James B. Sykes to be a lieutenant commander in the Navy from the 1st day of December 1932.

Lt. John O. Huse to be a lieutenant commander in the Navy from the 12th day of January 1933.

Lt. (J.G.) Winston P. Folk to be a lieutenant in the Navy from the 14th day of June 1932.

Lt. (J.G.) Thomas H. Dyer to be a lieutenant in the Navy from the 30th day of June 1932.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of January 1933:

John F. Addoms.

Harold H. Tiemroth.

Asst. Dental Surg. Claude E. Adkins (temporary) to be an assistant dental surgeon in the Navy, with the rank of lieutenant (junior grade), from the 2d day of March 1933:

The following-named assistant naval constructors to be naval constructors in the Navy, with the rank of lieutenant, from the 3d day of June 1932:

Clement F. Cotton. William H. Magruder.
William J. Murphy. Joseph C. Huske.

Assistant Civil Engineer Carl W. Porter to be a civil engineer in the Navy, with the rank of lieutenant, from the 26th day of February 1933.

Gunner George W. Woolwine to be a chief gunner in the Navy, to rank with but after ensign, from the 2d day of September 1932.

Pharmacist Harry J. Lucy to be a chief pharmacist in the Navy, to rank with but after ensign, from the 23d day of February 1933.

Lt. (J.G.) Donald F. McLean to be a lieutenant in the Navy from the 12th day of January 1933.

MARINE CORPS

First Lt. Monitor Watchman, Jr., to be a captain in the Marine Corps from the 1st day of March 1933.

Second Lt. Carroll Williams to be a first lieutenant in the Marine Corps from the 25th day of February 1933.

Second Lt. Raymond C. Scollin to be a first lieutenant in the Marine Corps from the 1st day of March 1933.

Quartermaster Clerk Albert O. Woodrow to be a chief quartermaster clerk in the Marine Corps, to rank with but after second lieutenant, from the 26th day of January, 1933.

Marine Gunner Charles R. Nordstrom to be a chief marine gunner in the Marine Corps, to rank with but after second lieutenant, from the 9th day of February, 1933.

HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 23, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Blessed Father in Heaven, we thank Thee that beyond the night are the open gates of the morning. O Redeemer and Lover of us all, come vitalize, transform, and beautify our souls. We praise Thee for Thy free gift to the world and the exhaustless fountain of divine love and mercy. Quicken in us all those blessed faculties of faith, hope, and love which are the flower and the crown of character. Reinforce

us; spur us on in fresh effort to bring quietude and contentment to the untold throngs and countless homes which must be rescued from the strangling grip of poverty and want. Hear us, gracious Lord. Let us hearken to the words of the Master, "Inasmuch as ye did it unto one of the least of these, ye did it unto me." Amen.

The Journal of the proceedings of yesterday was read and approved.

FARM LEGISLATION—EXTENSION OF REMARKS

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that my colleague, Mr. SHANNON, who is absent on leave, have consent to extend his remarks in the RECORD to include a letter written to him by the editor of the Kansas City Star on the agricultural bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. SHANNON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I wish to insert the following statement giving the results of a poll of representative farmers, taken by Mr. W. A. Cochel, editor of the Weekly Kansas City Star, and chairman of the agricultural committee of the Kansas City Chamber of Commerce:

For several years those who designate themselves as spokesmen for farmers or for farm organizations have been very active in efforts to obtain farm legislation. The agricultural committee of the Kansas City Chamber of Commerce recently decided to permit the farmers in Missouri, Kansas, Nebraska, Oklahoma, Texas, and Colorado to speak directly for themselves instead of through spokesmen on these four questions:

"Do you believe the agricultural marketing act and the activities of the Federal Farm Board should be continued?

"Do you favor a domestic-allotment plan?

"Do you favor the Federal Government attempting to control prices of production through stabilization, allotments, or other schemes to direct price movement against natural influences?

"Do you favor the Federal Government coming to the aid of farmers in refinancing mortgages and other indebtedness at lower interest rates with extended maturities?"

Every possible effort was made to obtain a fair expression, free from any organized or unorganized influence. Letters were mailed to editors of rural newspapers, bankers in agricultural communities, and county assessors asking them to furnish a list of 25 names of farmers to whom the questions might be submitted. In all, letters went to 484 counties in the 6 States. It was suggested that the names furnished be of those actually engaged in farming, either as renters or owner-operators, without consideration of their political faith, financial standing, or former expression on these subjects. The idea was to procure a list of representative men to whom their neighbors would go for consultation or advice on farm problems. That the list is truly representative is indicated by the receipt of more than 600 letters supplementing the ballots, in which reasons for their attitude toward the questions were given. The letters came from farmers who think clearly. The dominating note was one of discouragement with present conditions, but not one of despair. A surprisingly large percentage expressed the opinion that they would be able to work out of the present difficulties without governmental assistance, except in refinancing farm mortgages. There is almost universal demand for lower taxes, lower salaries of public employees, and lower costs of the things which farmers must buy.

The poll is not fully complete. A few cards are coming in on every mail. A sufficient number of ballots have been received, however, to definitely indicate the train of actual farm thought. It is thought best to give out this report at this time, before any agricultural legislation is passed, so that Members of Congress and others who have the best interest of the farmers at heart may know how the farmers themselves feel about these questions.

On the first question the decision was practically unanimous. In each of the six States and in every county in these States the farmers are against the continuance of the Agricultural Marketing Act and the activities of the Federal Farm Board. The vote was 1,174 yes, 4,397 no.

There were several suggestions on this question indicating that the Marketing Act might be continued with modifying amendments and that a differently constituted Farm Board would be acceptable.

On the second question the decision was approximately 2 to 1 against the domestic-allotment plan. This measure was favored more in Colorado and Texas, where the votes were almost equally divided. The results by States were: Missouri, 25 percent "yes", 75 percent "no"; Kansas, 37 percent "Yes", 63 percent "no"; Nebraska, 23 percent "yes", 77 percent "no"; Oklahoma, 49 percent "yes", 51 percent "no"; Texas, 56 percent "yes", 44 percent "no"; Colorado, 49 percent "yes", 51 percent "no."

The 21 counties in Kansas which voted in favor of the allotment were in the Wheat Belt, yet the surprising fact is that even the majority of the wheat-producing counties were against the allotment, although supposedly well-informed men frequently have stated that as high as 9 percent of the wheat farmers favored this measure.

On the third question which really determined whether farmers were in favor of any efforts on the part of the Government to stimulate prices by stabilization, allotment, or other measures, the vote was quite similar to that on the allotment plan itself.

Every State except Texas voted "no" on this question. In Kansas there were 21 counties which favored governmental action of some sort, compared with 14 counties in Missouri, 2 counties in Nebraska, 28 counties in Texas, 28 counties in Oklahoma, and 14 counties in Colorado.

The outstanding conclusion from the answer to this question is that the large majority of farmers—65 percent—are definitely opposed to governmental action of any sort that will interfere with the natural influences which determine values.

Many of the supplementary letters suggested that governmental activities which sustain prices in other industries, public-service corporations, and transportation should be discontinued to permit a return corresponding to that received by farmers for their efforts. Restoration of the purchasing power of the farm dollar is demanded without qualification. On question 4, which pertains to farm mortgages, the vote was most decisive. Every State and every county gave a majority favoring a lower rate of interest and a longer period of time for the payment of farm mortgages. The vote on this question was 5,019 "yes", and 681 "no."

Many letters accompanying the ballots indicated that there was also a necessity of reducing the face value of the loans as well as the rate of interest and extension of dates of payment. A few indicated that it might be better to permit liquidation to go through, even though many individuals would suffer, so that farming in the future would not be handicapped by the necessity of earning returns on an excessive valuation.

In reviewing the letters and comments it was found that practically every measure ever proposed for the relief of agriculture was suggested. There are still some who believe in the equalization fee or the export debenture; others in fixing prices above production costs or controlling acreage or production by governmental edict. The suggestion that each farmer be permitted to market a definite and predetermined amount of commodities without any restriction and that a heavy tax be assumed against production in excess of that amount was occasionally expressed.

There is much criticism of the Government's financing inefficient producers through crop and seed loans, encouraging greater production through agricultural research and extension agencies, protecting banks, railroads, and insurance companies through loans from the Reconstruction Finance Corporation and deflating values of agricultural products through the Federal Reserve banks. Packers, millers, grain and livestock exchanges were criticized in a few letters. In several instances farmers were outspoken in their declarations that farm leaders in Washington do not represent the sentiment of those actually engaged in farming as a means of livelihood. In no case, however, was there any semblance of a majority who hold such views.

The letters clearly indicate that those who live on and operate the land and who depend upon production of farm commodities through their own efforts are thinking clearly and weighing their decisions carefully. They are particularly anxious that measures which might give temporary relief, yet be detrimental in the end, should not be enacted.

No one could go over these ballots and the letters accompanying them without reassurance that farm problems presented to actual farmers would be decided wisely and without detriment to those engaged in other lines of industry or business.

SALE OF BEER IN THE DISTRICT OF COLUMBIA

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 71, a privileged resolution from the Committee on Rules, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 71

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 3342, a bill to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the District of Columbia, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill back to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BLANTON. Mr. Speaker, if the gentleman from New York, in charge of the rule, will permit, yesterday when the gentleman from New York asked unanimous consent to have until midnight to file this rule, it was granted to him upon the assurance by both him and by our majority leader that this bill would be called up and sent to the Committee of the Whole House on the state of the Union under the regular

rules of the House, which allow those who are against the bill to be heard in their own right with an equal division of time. This rule which has just been read violates that agreement and sets aside all of the usual rules of the House respecting debates, and provides that an hour of general debate only is to be had, all of which allotted to the Democratic side of the House is to be controlled wholly by Members who are in favor of the bill. The time allowed for debate on the bill is only 1 hour, and under the general rules of the House there should be at least 2 hours in the Committee of the Whole. Under this rule we are confined to 1 hour. Half of that time at least ought to be controlled absolutely by those who are against the bill.

Mr. O'CONNOR. Mr. Speaker, in answer to the gentleman, when he made the inquiry yesterday whether or not this bill would be considered under the general rules of the House, I thought he had in mind that the bill would be taken up in the Committee of the Whole and read for amendment; and that is the only thought I had when I said "yes." As to the division of the time, the Rules Committee has brought in a rule, not setting aside all of the rules of the House, setting aside no rule of the House, as far as I know, but dividing the time in the ordinary method when rules are presented. The Rules Committee does not know whether the chairman or the ranking member is for or against the bill. The usual rule provides that the time be equally divided between the chairman of the committee and the ranking minority member. No one is more in favor than I of having the opponents control one half of the time.

Mr. BLANTON. Can we not have unanimous consent now that that should be done?

Mr. O'CONNOR. The Rules Committee does not control that.

Mr. BLANTON. Mr. Speaker, the chairman of the Committee on the District assures me that that will be done, and that is all I want.

Mr. O'CONNOR. Does the gentleman from Pennsylvania [Mr. RANSLEY] desire any time?

Mr. RANSLEY. There is little or no demand for time on this side. I would suggest that we be granted 10 minutes.

Mr. O'CONNOR. Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. RANSLEY. That will be satisfactory.

Mr. O'CONNOR. Mr. Speaker, this rule provides for the consideration of what is known as the District of Columbia beer bill. The rule provides for 1 hour of general debate, after which the bill will be read under the 5-minute rule for amendment. The necessity for the bill arises as it does in every State in the Union. After the passage of the national beer bill, which was signed by the President yesterday, each State is preparing by appropriate legislation to arrange for the sale and distribution of this beverage. The District of Columbia is in the same position as the States, and needs such a bill. I have read the bill. It will be explained to you fully. Some of us who have lived with this question for many years have taken an interest in certain features of any licensing system.

I call to the attention of the committee in charge of the bill what many have believed for years are the important features of such a bill. In the first place, the licenses should be high, just as high as the traffic will bear. In this bill I notice there is an "on sale" license of $100 for restaurants, and so forth, where it is sold on the premises. I believe that is ridiculously low.

In the next place, I believe the penalties should be made severe. The penalties for any violation of the provisions of this act should be most severe. I have always wanted to see in a State or in the District of Columbia a licensing bill which had a penalty running against the premises rather than against the person. For instance, if a person violates the license in a particular location, no further license should be granted to that place as well as not to the person.

I believe further that every effort should be made to prohibit the brewers from obtaining a monopoly of this business.

The beer bill does provide that no brewer shall have any interest in any retail place. I believe that should be strengthened, so that there is no possibility of a brewery running a chain of restaurants or so-called "saloons."

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. MAY. Does not the gentleman think that if the penalty is provided against the place and not against the person also it would work against the enforcement of the act by reason of the fact that a man might abandon that place and go to another place and still be a violator of the law?

Mr. O'CONNOR. If he is a violator of the law himseif he is not going to get a license, if they enforce the law. If you will put a penalty against the place, then you will cause the landlord to be a little more careful. I do not want to see the sale of this beer used as a cover for selling spirituous liquors.

Mr. MAY. I believe that is right; but I believe that if the person is made responsible instead of the place it would have a better effect, because if the place is made responsible the person can shift from place to place.

Mr. O'CONNOR. Of course, we cannot always prevent the intricacies of deceit that human nature is capable of, but we can do the best we can.

I do hope the committee will use every effort to prevent monopolies. The curse of the old system was the fact that the brewers owned all the saloons.

A further provision in the bill which I hope the committee will pay some attention to, as well as the gentleman from Texas and others interested in seeing that this business is conducted properly, is the provision that no license shall be granted to a felon. If you will recall the O'Connor-Hull beer bill, on which we voted last year but which failed to pass, we also provided that if a felon was knowingly employed on the premises the license would be revoked. That prevents the racketeer from being employed as a bartender or around the place.

Mr. BLANTON. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BLANTON. That revolves around what is a felon. In some jurisdictions for the same offense one Federal judge will make an offender a felon by sending him to the penitentiary for a year. Another Federal judge will merely fine an identical offender $500. How are we going to distinguish between the two, which is a felon and which is not?

Mr. O'CONNOR. Well, we are talking about the District of Columbia.

Mr. BLANTON. There is a part of this bill that the committee proposes to strike out which would prevent a license being granted to one convicted of violating the misdemeanor laws of the country.

Mr. O'CONNOR. The prohibition laws.

Mr. BLANTON. Yes; the prohibition laws, respecting misdemeanors.

Mr. O'CONNOR. I agree with the gentleman. I would not grant a license to anybody who has heretofore violated the felony provisions of the prohibition laws.

Mr. BLANTON. Then we should put that provision back in the bill. I am glad to hear the gentleman from New York say that.

Mr. O'CONNOR. I do not understand who pays the barrel tax, according to this bill. I might ask some member of the committee. Is it the brewer or the licensee?

Mr. PALMISANO. It is the licensee.

Mr. O'CONNOR. Well, that is an odd thing. I would make the brewer pay the barrel tax before the barrel leaves the brewery.

I would like to call attention to another thing, and I do not presume to intrude on your jurisdiction, but there is a provision here for licensing "incorporated clubs." That does not mean anything unless you do what we did a year ago in the O'Connor-Hull beer bill, that is, make a minimum membership fee of that club at least $15 a year, payable in one sum. Then you will stop the creation of these clubs where they go in and pay a dollar admission. Make it an annual fee of $15, payable in one sum, before it can be considered a club to which a license is to be granted.

I believe the effective date of the bill should coincide with April 7.

I hope the committee does work out a real beer bill for the District of Columbia, a bill that is fair, a bill that will not permit the old conditions to exist, a bill that will not in any way interfere with our ultimate goal, namely, the repeal of the eighteenth amendment. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. RANSLEY. Mr. Speaker, there are no requests for time on this side.

Mr. O'CONNOR. Mr. Speaker, I yield to the gentleman from Texas [Mr. STRONG] such time as he may desire.

Mr. STRONG of Texas. Mr. Speaker, I just want to announce that I am against this bill, and I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. STRONG of Texas. Mr. Speaker, prohibitionists have never claimed that prohibition of the liquor traffic is a cure for all our political ills, but it is one issue which, if put into effect, will bring prosperity and happiness to more homes and the greatest number of people throughout the Nation than all other issues combined.

Since the adoption of the eighteenth amendment hundreds of thousands of children are attending the schools who could not attend before on account of not having the necessary clothing to wear. These children were poorly clad, and largely deprived of food, and could not attend school; therefore they were cheated out of an education, food, and clothing. And since the adoption of the eighteenth amendment our colleges and universities throughout the Nation are simply overflowing with young men and young women, the attendance upon these institutions being larger than ever before within the history of our country. If I were to say nothing more, the facts I have stated are sufficient to cause the eighteenth amendment and the Volstead law to remain intact for all time to come.

I want to add, if this bill becomes law it will cheat thousands of children in the Capital City of our beloved Nation out of clothing, food, and shelter—and an education. To say this will be a crime is stating the matter very mildly indeed, therefore I cannot vote for a bill which I know will bring such havoc to the children of this great city along with ruin, degradation, and shame to thousands of homes.

In my State we began to try and curb the evils of the liquor traffic by what we termed "local option." The citizens of counties, and subdivisions of counties, would vote to prohibit the legalizing of the liquor traffic therein. The liquor interests, of course, fought local option bitterly, and their main claim was the law could not be enforced. Many counties in Texas were made dry under the local-option system, but opponents of the law did all in their power to cause the same to fail by giving all aid possible to the bootlegger and other illegal dealers in intoxicating liquor. Through such procedure they caused many counties of the State to repudiate local option, by voting to reinstate the legalized liquor traffic, but invariably such counties, soon as another election could be ordered, would reinstate local option, and the liquor question in those counties was settled for all time.

I have mentioned this to say, if the eighteenth amendment were to be repealed for 1 year, it would then be unanimously readopted by the State, and if the prohibition question would be settled in this country as long as our Government existed; for, I feel sure, the wettest of the wets after 1 year's repeal of the eighteenth amendment would never again favor legalizing the liquor traffic. I sometimes feel I would like to see the eighteenth amendment repealed for 1 year in order to get the liquor question out of the way, so that Congress could proceed with progressive measures which would cause our Nation to forge to the front as never before in its history. But when I consider the want, woe, and misery it would bring to innocent women and children of the Nation, and the added expense to the Government, I am constrained to continue the battle for the retention of our Constitution and laws as they now exist. Besides the great suffering brought to humanity through repeal of the eighteenth amendment, the additional expenses brought to the Federal and local Governments would be enormous.

A wrecking crew would have to be maintained upon practically every mile of the highways throughout the Nation in order to keep the highways cleared of wrecks so traffic could proceed. When I consider all this I feel the price is too great to pay for the repeal of the eighteenth amendment for only 1 year, and we must battle for its retention and elect public officials who have respect for their oath of office and who will see to it that the Constitution and laws of our country are respected and obeyed.

It is being urged here today that Congress pass this bill allowing 3.2 percent beer to be manufactured and sold in the District of Columbia. I am sure if this bill becomes law it will bring much suffering to many of the homes of Washington and will benefit no one except the brewer and the agents of the breweries who sell the beer allowed under this bill. Everybody knows there can be all the beer manufactured today under existing laws that it is possible for all the brewers of the Nation to manufacture. This beer if manufactured under existing laws would contain only one half of 1 percent alcohol and does not have the "kick" that the brewers claim is demanded. They know the beer allowed under this bill now pending will be intoxicating and therefore in direct violation of the Constitution of the United States, and it is really puzzling to me how any Member of this House who has taken the solemn oath to uphold the Constitution and laws of our country can vote for such a measure, which if it becomes a law will bring nothing but ruin, degradation, and shame to multiplied thousands of homes of this the Capital City of the greatest Nation on earth.

Mr. O'CONNOR. Mr. Speaker, I move the previous question on the passage of the resolution.

The previous question was ordered.

The resolution was agreed to.

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 3342) to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 3342, the District of Columbia beer bill, with Mr. JONES in the chair.

The Clerk read the title of the bill.

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. BLANTON. Reserving the right to object, with the understanding that it be printed in the RECORD at this point, I will have no objection.

Mrs. NORTON. That is satisfactory.

The CHAIRMAN. Is there objection to the request of the lady from New Jersey?

There was no objection.

The bill H.R. 3342 is as follows:

Be it enacted, etc., That the term "beverages" as used in this act shall include beer, lager beer, ale, porter, and other brewed or fermented beverages containing one half of 1 percent or more of alcohol by volume but not more than 3.2 percent of alcohol by weight.

SEC. 2. The Commissioners of the District of Columbia are authorized to issue licenses to persons, firms, corporations, or associations on application duly made therefor for the sale of beverages within the District of Columbia, subject, however, to the limitations and restrictions imposed by this act. The Commissioners shall keep a full record of all applications for licenses, of all recommendations for and remonstrances against the granting of licenses, and of the action taken thereon. The Commissioners may employ such clerical and other assistants as may be necessary to properly inspect and supervise the operations of licensees under this act. The salaries and expenses incident to such work shall be fixed by the Commissioners and paid from the funds arising from license fees under this act.

SEC. 3. It shall be lawful for any brewer or manufacturer to brew within the District of Columbia and sell to licensees any

beverage or beverages authorized to be manufactured or brewed by the laws of the United States of America.

SEC. 4. Any person, firm, corporation, or association desiring a license for the sale of beverages under this act shall file with the Commissioners of the District of Columbia an application therefor in such form as the Commissioners may prescribe. The application shall designate the kind of license desired. Before the license is issued the Commissioners shall satisfy themselves of the moral character and financial responsibility of the applicant, appropriateness of the location where such licensed business is to be conducted, taking into consideration the number of such licenses already issued, and generally as to the applicant's fitness for the trust to be reposed. Before any license is issued under this act the Commissioners shall determine the whole number of licenses to be issued within the District. Each license shall designate the place of business of the licensee. Each application for a license shall contain:

First. The name and residence of the applicant and how long he has resided within the District of Columbia.

Second. The particular place for which a license is desired designating the same by street and number if practicable; if not, by such other apt description as definitely locates it.

Third. The name of the owner of the premises upon which the business licensed is to be carried on.

Fourth. A statement that the applicant is a citizen of the United States and not less than 21 years of age, and that such applicant has never been convicted of a felony, or been adjudged guilty of violating the laws governing the sale of intoxicating liquors or for the prevention of gambling in the District of Columbia.

Fifth. This application must be verified by the affidavit of the petitioner made before a notary public or other person duly authorized by law to administer oaths. If any false statement is made in any part of said application the applicant or applicants shall be deemed guilty of perjury, and upon conviction thereof the license shall be revoked and the applicant subjected to the penalties provided by law for that crime.

Sixth. That the applicant is not the owner of or licensee named in any license then in force.

Seventh. That he intends to carry on the business authorized by the license for himself and not as an agent of any other person, and that if licensed he will carry on such for himself and not as the agent for any other person.

Eighth. That the applicant intends to superintend in person the management of the business licensed and that if so licensed he will superintend in person the management of the business.

SEC. 5. Licenses issued under authority of this act shall be of two kinds: (a) "On sale" licenses, which shall permit the licensee to sell beverages for consumption on the premises only; and (b) "Off sale" licenses, which shall permit the licensee to sell beverages in original packages for consumption off the premises only.

SEC. 6. All applicants for "on sale" licenses shall pay to the District of Columbia a license fee of $100 per annum, the same to be paid before the license is issued. "Off sale" license fees shall be $25 per annum, payable in like manner. Each kind of license shall be good for 1 year from its date unless sooner revoked by the Commissioners of the District of Columbia.

SEC. 7. "On sale" licenses shall be granted only to bona-fide restaurants, incorporated clubs, and/or hotels. "On sale" licensees may serve beverages to bona-fide guests only, to be consumed at regular public tables, or, in case of hotels, may be served in guests' rooms. It shall be the duty of the Commissioners to have frequent inspections made of premises of "on sale" licensees and if it is found that any such licensee is violating any of the provisions of this act or the regulations of the Commissioner's promulgated hereunder or is failing to observe in good faith the purposes of the act, such license may be revoked after the licensee is given an opportunity to be heard in his defense.

SEC. 8. There shall be levied and collected from each licensee by the District of Columbia on all beverages sold with said District as authorized by this act a tax of $1.20 for every barrel containing not more than 31 gallons, and a like rate for any other quantity or fractional part. Said tax shall be paid on or before the 15th day of each month for beverages sold to or purchased by the licensee during the preceding calendar month.

SEC. 9. No person, firm, association, or corporation shall sell or offer for sale by retail within the District of Columbia any beverage without having first obtained a license so to do. No brewer, wholesaler, or distributor shall sell or deliver any beverage within the District of Columbia to any person other than a licensee.

SEC. 10. No manufacturer of beverages outside the District of Columbia shall bring into the District and sell or offer for sale to licensees any beverage without a permit having first been obtained from the Commissioners of the District of Columbia, and an agreement on the part of the permittee that a monthly report, under oath, of the quantity of beverages shipped into the District of Columbia and to whom sold and delivered will be submitted to the assessor of the District of Columbia.

SEC. 11. Each licensee shall on or before the 10th day of each month submit on forms to be prescribed by the Commissioners a statement showing the quantity of beverages purchased during the preceding calendar month.

SEC. 12. No brewer, manufacturer, wholesaler, or distributor shall have any direct or indirect financial interest in the business of any licensee.

SEC. 13. All brewers, wholesalers, or distributors of beverages within the District of Columbia shall furnish to the assessor of the District of Columbia on or before the 10th day of each month a statement under oath showing the quantity of beverages sold during the preceding calendar month to each and every licensee within the District of Columbia.

SEC. 14. The Commissioners of the District of Columbia are hereby authorized to promulgate rules and regulations, not inconsistent with law, for the issuance of licenses and for the operation of all businesses by licensees. Said regulations may be modified from time to time as the Commissioners may deem desirable.

SEC. 15. Any person who shall violate any of the provisions of this act shall, upon conviction by a court of competent jurisdiction, be punished by a fine not exceeding $1,000 or imprisonment in jail for 1 year, or both fine and imprisonment, in the discretion of the court, and in case of a licensee his license shall be revoked for a period of 1 year. If any licensee shall willfully violate the regulations duly issued and promulgated by the Commissioners of the District of Columbia, the Commissioners may, after proper hearing, revoke the license for the period of 1 year. In case any licensee is convicted of the violation of the terms of this act the court shall immediately declare his license revoked and notify the Commissioners accordingly. Any licensee who shall sell or permit the sale of any alcoholic beverages not authorized under the terms of this act on his premises or in connection with his business or otherwise shall, upon conviction, forfeit his license and shall, in addition thereto, be fined $1,000 or imprisoned for 1 year, or both fine and imprisonment, in the discretion of the court.

SEC. 16. The act of Congress approved March 3, 1917, entitled "An act to prohibit the manufacture and sale of alcoholic liquors in the District of Columbia, and for other purposes", with the exception of sections 11 and 20 thereof, is hereby repealed.

Mrs. NORTON. Mr. Chairman, I yield myself 30 minutes and I yield 30 minutes to the gentleman from Texas [Mr. BLANTON].

The CHAIRMAN. The Chair understands that under the rule the lady from New Jersey does not have that much time to yield. The lady has 30 minutes.

Mr. SNELL. Mr. Chairman, I think the ranking minority Member should have that 30 minutes. If he is not dry, we will try to present someone who is qualified.

Mrs. NORTON. I heartily agree with the gentleman.

The CHAIRMAN. The lady from New Jersey will be recognized for 30 minutes, and the gentleman from New York [Mr. STALKER] will be recognized for 30 minutes, under the rule.

Mrs. NORTON. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I reserve my time until we hear from the proponents.

Mr. GOSS. Mr. Chairman, a point of order. I do not understand that the gentleman can reserve his time.

The CHAIRMAN. Does the lady from New Jersey agree that the gentleman from Texas may reserve his time?

Mrs. NORTON. No. The gentleman from Texas has asked me to yield him time, and I have done so. I prefer that he use the time now.

Mr. BLANTON. Mr. Chairman, it was understood this time was to be parceled out. I have promised part of my time to some of my colleagues.

The CHAIRMAN. The gentleman does not have the right to yield in the second degree.

Mr. WITHROW. Mr. Chairman, I demand the regular order.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent, in view of the fact that unanimous consent was granted the gentleman from New York last night to file this rule with the understanding that we should have the right to parcel out our own time, that we who are granted time now be permitted to parcel it out.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. GOSS. Mr. Chairman, I object.

Mr. BLANTON. Well, Mr. Chairman, I can use 10 minutes on this bill without any trouble at all.

Mr. Chairman, when the Borah amendment which prevented the sale of intoxicating beer in beer joints to little girls and boys was stricken out of the Cullen bill, the only excuse on earth that was given for its elimination was the fact the States themselves would control by proper regulation sale to persons and the legislature of each State could prevent sale to minors. Now, this does not apply to the 10-mile square known as the District of Columbia, which is the seat of this Government. We are sitting here to-day

legislating for Washington, the District of Columbia, just like a legislature legislates for the State; and just as a State legislature would make proper regulation for the sale of intoxicating liquors within its borders, it is the duty of Congress now as the legislature for the District of Columbia to make proper regulation respecting the sale of intoxicating liquors in this District.

I am glad to say the stock of my friend from New York [Mr. O'CONNOR] went up considerably, in my estimation, today when he frankly asserted that no felon and no violator of the prohibition law should be granted a license. This bill provides that no license shall be granted to a felon, but the provision in the bill which prevents licenses being granted to those who have violated the law in lesser degree than that of felony has been stricken out by the committee as a proposed committee amendment. It ought to be put back, because in different jurisdictions people guilty of the same offense have been punished in different ways, so that one has been made a felon and one not. There are Federal district judges in the different parts of the United States, even in the city of Washington, who in the case of two people found guilty of similar offenses will make of one man a felon by sentencing him to a year in the penitentiary where the other is not made a felon but is adjudged guilty of a misdemeanor and only fined from $50 to $500, yet one is just as guilty of moral turpitude as the other. Both should be treated alike. A license should not be granted to a man who has violated the prohibition law, because if he violates it one time he likely will violate it again.

I am going to ask for a rising vote on this proposed committee amendment. We ought to vote it down and leave this provision in the bill. Those who first wrote the bill wisely put it in. And it was in the bill which this committee favorably reported in the last Congress.

One other matter to which I wish to call attention is the Borah amendment that was stricken out of the Cullen beer bill, which I mentioned a while ago. We must put it in this bill because no State legislature can protect the children of Washington. If you do not put the Borah amendment in this bill, you will find that beer joints all over Washington will sell intoxicating beer to little children, to little boys and girls, 10 and 12 years old, in the graded schools of Washington. Do you want to do this? If you do, I want to ask you this question: Could you have gone to your closet last night and knelt on your knees and said, "Almighty God, tomorrow I am going to vote a pass a beer bill. Please help me not to protect the little children."

Could you have asked Almighty God that last night?

Could you have said, "Please lead me in voting against the amendment that would keep beer from being sold to children."

Is there a man or a woman in this House willing that intoxicating beer be sold to the children of the Nation's Capital? There are 79,000 children in Washington. I am not willing that it should be done.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. My time is very limited, but I yield to my good friend, the distinguished gentleman from Missouri.

Mr. COCHRAN of Missouri. I may say to the gentleman from Texas I hope those who are classed as wets in this House will join in trying to make this a model bill to be copied by all the States. However, I cannot see where the gentleman's argument is sound, when the Congress says this beer is not intoxicating, to then try to put something into the bill saying that it is intoxicating.

Mr. BLANTON. Mr. Chairman, usually our friend from Missouri is one of the keenest minds in this House. He has an unusually keen intellect. He is a most valuable legislator here on most subjects, but he is not fooling himself now when he intimates this beer is not to be intoxicating.

Mr. COCHRAN of Missouri. The gentleman from Missouri weighs over 140 pounds, I may say to the gentleman from Texas.

Mr. BLANTON. If he were to assure his wet constituents back in Missouri that he was going to put on them a beer on April 7 that was not intoxicating, they would flood him with telegrams of protest.

Is there a man in this House who will get up here and say that he does not think there is to be the usual kick in this beer? Oh, we all know it is going to have in it the same old kick. We know what the courts have held. We know what the scientists have held. We are acquainted with this beer. We have seen it operate. We have got common sense. We all know this beer is to be intoxicating.

You are framing a law right now—the only law—that is to handle this beer traffic in the District of Columbia. If you do not pass this law they can not sell beer in Washington. Whether or not they sell beer in Washington, and when, and how, and to whom they sell, depends upon the action you take on this bill. If you do not provide in this bill that they can sell beer to children in Washington, then there will be no beer sold here to children. There was a time in the past when beer and other liquors were sold in this Capitol Building, and we have heard weird tales of some statesmen perambulating across the floor when their gait was not steady. We have all been proud of a sober Congress during all these years of national prohibition. Do you want the time to come again when beer is sold downstairs and when some colleague might embarrass his district by taking on more than his 140 pounds, or his 240 pounds, is able to assimilate? Would we not feel responsible? I do not want this to take place in the great House of Representatives.

Mr. CLAIBORNE. Will the gentleman yield for a question?

Mr. BLANTON. Certainly.

Mr. CLAIBORNE. Were they not among the ablest men in the body? [Laughter and applause.]

Mr. BLANTON. Possibly, but alcohol did not increase the quality of their intellect. One of the greatest criminal lawyers I ever knew started out believing he could not try a case without a couple of drinks. He was most eloquent. He was convincing. He was powerful. After a while he had to have 3 drinks and then he had to have 4 before he could properly handle his case. He was a wonderful advocate before a jury and had remarkable success. As the years went by he got so he could not carry enough bottles to get him through a trial, and the first thing we knew any two-bit lawyer in the city could beat him in a case. He went all to pieces. Just think of what he could have been if he had only let it alone.

Oh, it keeps you up for a while and able-bodied men can drink it for a while and get away with it, but if they drink it too long they cease to be able-bodied and cease to be able-minded men.

Mr. CLAIBORNE. You do not want to live forever. [Laughter.]

Mr. BLANTON. I want to say to my friend that one of my wet colleagues asked me yesterday:

> Tom, how on earth do you have a good time when you do not drink.

I wish he knew. Why, I have as good a time as you do, but I have a sober mind to help me to enjoy it. Some men get so sometimes that they can not tell whether they are having a good time or a bad one. I am always in a condition of mind to know whether it is a good or bad time I am having, and so I enjoy myself more. And I do not have to suffer any bad effects that follow some good times.

I want to help make this bill as unobjectionable as possible, and then on final passage I shall vote against this bill, Mr. Chairman.

[Here the gavel fell.]

Mr. STALKER. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. MCFARLANE].

Mr. MCFARLANE. Mr. Chairman, I believe we are all of one accord as to what the result will be on this beer bill. We have had this legislation before us, and about every other relief measure is a beer measure, and I think after you enact this measure and turn the flowing suds loose here within the Capital as it was of old, most of the laboring people will be relieved, and the brewers will be enriched.

It has been many years since there was a bar operating on the first floor of the Capitol. I was born and reared to early manhood in the district that sent to this body the man who offered the legislation that drove saloons out of the Capital of the United States.

I trust in the consideration of this measure we will consider the measure carefully and place the proper safeguards around it so that no such beverages may be sold in the Capitol buildings and so that the boys and girls of the District of Columbia will be protected and not be allowed to go into these drinking places where the beverage permitted under this measure will be sold, when I know and you know that if it did not have a kick in it those who are wet and want something with a kick would not be satisfied with it; and if it does have a kick in it, it is a nullification of the Constitution of the United States and an open violation of the oath that each and every one of us took when we stood here and held up our hands and said we would enforce the Constitution of the United States.

The principal argument, I may say, that has been made here upon the floor has been that it is a tax measure and will add to the coffers of the Treasury of the United States. Mr. Speaker, is our Treasury so destitute of funds that we need to collect money by such a measure as this, which, I believe, will not redound to our benefit in future years as a legislative proposition?

When you consider the argument with respect to unemployment, the records of this House show from the hearings that have been held on this measure that there has never been employed in the brewing industry during the time beer was sold throughout the United States as many as 100,000 men, according to the testimony of Prof. Ernest Smith Bradford, consulting economist of the College of the City of New York. So it could not help the 12,000,000 unemployed who to-day are walking our streets crying for bread. It seems to me that it is a violation of our constitutional oath, and I therefore shall vote against it. [Applause.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Maryland [Mr. PALMISANO].

Mr. PALMISANO. Mr. Chairman, ladies, and gentlemen, I want to address myself particularly to the new Members of the House with reference to the gentleman from Texas, who tells us that we want to permit felons and criminals to obtain licenses.

You would think, to hear the gentleman from Texas, that he is 100-percent law abiding and that everyone who voted for this measure is not a law-abiding Congressman.

I recall when I first came on the floor of this House 6 years ago I asked for an investigation of the Prohibition Department for Maryland and the District of Columbia. In that petition or resolution I offered I stated the facts where a man was indicted for assault on two women, and where an agent had been convicted of highway robbery in the State of Maryland and sentenced for 6 years, and they were operating as agents of the prohibition law. The gentleman from Texas defended that group.

Mr. BLANTON. What group? I defended no such group.

Mr. PALMISANO. It was when I made my maiden speech on the floor, and the RECORD will show that he directly, by his defense, opposed my resolution and defended that group.

Mr. BLANTON. When and where? The gentleman is all mixed up on his facts. He should refresh his memory.

Mr. PALMISANO. I want to say in reply to the gentleman from Texas the other day, when he said that I was a former bartender, that I extended my remarks, and also stated to the gentleman verbally that I was going to do so, and that I tried to have taken out of the prohibition department this same man, who gained some respectability by being placed in the prohibition department and being defended by the gentleman from Texas, and that he was able to deceive a widow and afterwards drown the widow and her child in Virginia waters, to obtain insurance on her life.

Mr. BLANTON. I never defended such a man in my whole life. I did defend the Methodist Church, the Baptist Church, the Presbyterian Church, and several million good people who were affiliated with the Anti-Saloon League.

Mr. PALMISANO. But the gentleman opposed by resolution on the floor of Congress, and the gentleman questioned me at the time I took the floor. I say to you that the gentleman from Texas never hesitated, never inquired into the reputation of this man in the prohibition department.

So, so far as you new Members of the House are concerned, you need not pay any attention to what the gentleman from Texas says, that we want criminals to obtain a license.

The whole question about that provision is this: In the old days and today you have a provision in the bill that a man who has been violating the rules and the license law under this bill will have his license revoked. If the Commissioner sees fit a year hence, and the man is able to show that he has reformed, the commissioner may issue another license to that individual. We place that discretion in the hands of the Commissioner because they know more about this than we do. The Commissioners may permit a man who has violated the law once—he may have bought a pint of liquor and gone to a party and been arrested, or something of that kind, but under the law he is a criminal, but if he has become a law-abiding citizen, they could permit him to return and issue a license the second time. So the Commissioners have a right to say, after a man has once been convicted of a misdemeanor, whether they will give him at some future time a license.

We want to give the Commissioners all of the power that we possibly can give them.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. PALMISANO. Yes.

Mr. HOEPPEL. Mr. Chairman, as I understand this bill, page 4, section 8, it provides for chain saloons. I would like to have that provision explained.

Mr. PALMISANO. Mr. Chairman, there will be an amendment here to strike out all of that provision.

The CHAIRMAN. The time of the gentleman from Maryland has again expired.

Mr. STALKER. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman and members of the committee, when Columbus started out back in 1492 with three schooners, we heard the first of a dry land from a man sitting up in the crow's nest, who probably enunciated that fact to the mariners who were down on the deck. And from that day to this, this body and a great many other deliberative bodies have been inspired with talk about beer. But that is not the particular question before the House this morning. I assume, of course, that if Hamlet could come in here from Denmark with a New York accent he might say, "To beer or not to beer, that is the question." But as a matter of fact, that is not the question, because beer as such is now conceded; nor is it a question of alcoholic content in the bill under consideration. Rather, I should say, it goes to the amendment proposed by the gentleman from Texas relative to precluding beer that might be dispensed to what he calls children in the District of Columbia, and I suppose he has in mind the age limit of 16 years. I have been reared as a good Presbyterian, and yet I am in favor of this bill. I have a family, and I am mindful of and have a proper solicitude for my family, as does every other father. I do not want to foist on the mothers and fathers of the District of Columbia anything that I think might be vicious, but, so far as 16-year-old boys and girls are concerned, it should be borne in mind that they have grown up along with the country and there is a certain sophistication about them that is not to be found in those of similar age in past generations. I am free to admit that the youth of today knows infinitely more, and that it is infinitely cleverer and smarter than the youth of corresponding age of any other generation. I should be rather ashamed of the Pennsylvania Avenue flappers and the drug-store cowboys in Washington if they could not properly comport themselves when this nonintoxicating beer is ultimately dished up.

As a matter of fact, would you rather continue to sprinkle them with this bad Maryland rye that comes in here, or

prefer to give them a wholesome tonic in what we call nonintoxicating beer? When I think of that, and think of the remarks that the gentleman from Texas has so honestly and sincerely made in this body, I think about the two sons of the Baptist minister who were getting ready to baptize a litter of kittens. After they had immersed the kittens in water, they decided to baptize the mother cat, but she began to protest and to yowl and scratch. Finally they gave it up, laid her over to one side, and one boy said to the other, "Well, Jimmy, I suppose we might just as well sprinkle that cat a little bit and let her go to hell." And so it is here. Are we going to save the youth of the District with good wholesome beer, or are we going to let them go to hell with bad booze that is obtainable here anyway at any time. I am opposed to restricting or adding any red tape to the bill now under consideration. The whole history of prohibition abuses, as a matter of fact, has resulted from the fact that there have been so many restrictions, and that such restrictions have challenged not only human ingenuity but youthful ingenuity as well. It is only 5 miles to the Maryland line. If they can not get beer here in the District of Columbia, they will get it over there, or they will drive many miles and go to Pennsylvania and get it. They will get it, because that is the nature of the young man and young woman of today. After all, why try to transfer the authority for raising children in a proper and decorous way from the fathers and mothers and seek to effectuate that sort of thing through some legalistic instrumentality? Is it not a fact that all these restrictions and all the provisions that have sought to deal with private conduct and behavior have always resulted in inspiring that human challenge and have gone for naught? For that reason I object to placing any further restrictions in this bill with respect to the young men and women of the District. [Applause.]

Mrs. NORTON. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Mr. Chairman, ladies and gentlemen of the committee, long before the Democratic National Convention of last June, and as far back as 1928, I was battling for repeal of the eighteenth amendment and the modification of the Volstead Act, because I believed then, as I believe now, that that character of legislation is contrary to the fundamental principles of this Government. My concern now is not particularly with the specific provisions of this bill, except in one instance, but to call attention to the fact that there is great danger of an abuse of this legislation pending repeal of the eighteenth amendment by the States, and if the beer business results in abuses it may ultimately bring about the defeat of the whole scheme of those who are opposed to that kind of legislation by a defeat of the repeal of the eighteenth amendment. I believe that the legislation that has imposed on the Nation the regime of prohibition for the last 12 years is wrong. I went down to defeat in 1928 as a candidate for Congress battling openly, consistently, and without compromise against this form of legislation. Since that time the people of my district have come around to the belief that I entertained at that time and entertain now.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. MAY. I recognize that those who favor retention of the eighteenth amendment in the Constitution and oppose any modification of the Volstead Act are in good faith about the matter, and I not only accord to them the right to their views but I am a good enough Democrat to accord to them the same rights I claim for myself, which carries with it the high prerogative of voting and acting in accordance with the dictates of their own consciences. Personally I am as dry as a du Pont powder house, and I would not vote for this measure except the strictest regulations be thrown around the sale of this nonintoxicating beverage. I am opposed to permitting bootleggers, especially those previously convicted, obtaining a license to sell beer.

Mr. STALKER. Mr. Chairman, I yield 3 additional minutes to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. I am convinced that if there is abuse by the distributors or sellers of the nonintoxicating beer, as we believe it to be, in the interim in which the eighteenth amendment is being considered by the people of the States, it will ultimately defeat the whole proposition of reform that is to be obtained by this character of legislation.

I agree very fully with my friend from Texas [Mr. BLANTON] on the proposition that the original committee amendment to section 4 of this bill should be reinserted in the bill. That is the clause which provides that no person convicted of a felony shall be granted a license or be permitted to engage in the sale of beer. I think it ought to be extended to include any person who has violated the prohibition laws in any respect, because of the principle involved. The man who violates a law that may carry with it a penalty for a misdemeanor, and not violate a law which carries the penalty of a felony, violates it undoubtedly because he does not dread the punishment so much as if the punishment inflicted might be imprisonment in the penitentiary. Therefore there is a question of moral turpitude involved, and the very thing that may ultimately defeat the legislation we are trying to enact.

I think that amendment ought to be reinserted in the bill to provide that no man who violates the law, either where the penalty is that of a felony or a misdemeanor, should be permitted to handle beer in any way for sale.

Mr. PALMISANO. Will the gentleman yield?

Mr. MAY. I yield.

Mr. PALMISANO. Does the gentleman mean to say he wants to prohibit any man who has been convicted of a misdemeanor?

Mr. MAY. I mean of a misdemeanor in connection with the prohibition laws, the sale of intoxicating beer or liquor or wine.

Mr. PALMISANO. If it is going to be for violation of a misdemeanor it ought to be for all misdemeanors, in all respects.

Mr. MAY. Well, I take the position that the man who violated provisions of this law, especially one under conviction, is not a man who should be permitted to sell beer, and it should be regulated strictly, because the question of regulation by statute is a very important matter on the question of the administration of the law.

As stated by the gentleman from Texas [Mr. BLANTON], this is the legislative body for the District of Columbia, and we will make a vital mistake today if we do not act discreetly.

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. MAY] has again expired.

Mrs. NORTON. Mr. Chairman, I yield 3 minutes to the gentleman from New York, Doctor SIROVICH.

Mr. STALKER. Mr. Chairman, I also yield 2 minutes to the gentleman from New York [Mr. SIROVICH].

The CHAIRMAN. The gentleman from New York [Mr. SIROVICH] is recognized for 5 minutes.

Mr. SIROVICH. Mr. Chairman, ladies and gentlemen, besides the beautiful flowers, trees, and shrubs we behold in this world we also find weeds, thorns, and thistles everywhere. Yet no one judges our world by the weeds that are contained therein.

The same simile may be applied to human beings. In life we have different groups of humanity placed in this world to carry out the Divine program. Like the flowers, shrubs, and trees, we have a conglomeration of human elements that through the service they render to their fellow man have made the world a better place for humanity to live in.

Mr. Chairman, medical men have designated a group, like the weeds, that they call the psychopathic constitutional inferior types. They are the pathological derelicts and driftwood of human existence. Somewhere in their physical and mental make-up there is a perversion of obligation and duty. They appear to be contrary, fractious, obstinate, stubborn, and ungovernable. In modern society they do not appear to be able to cooperate and harmonize with their fellow man. Why? Because in nature there are two worlds. One is the

world of struggle, conflict, toil, and drudgery. The other is the world of dreams, phantasy, romance, and imagination.

The psychopathic constitutional inferior type of human beings can not endure in the world of reality. Society is too cruel and vicious to him. It has robbed him of every initiative and every incentive of living. So he tries to run away from it. Where does he go? He runs away to the world of dreams, fancy, and imagination. This world is kind, sweet, and gracious to him. There, in that exotic stage of charm and beauty, every hope, ideal, and aspiration is realized. There, the fleeting phantasies and purposeless drifting of the mind keep awake in him every flame and revery of life.

What is the contributory exciting influence that animates his mind to achieve this purpose? It is alcohol in its strongest form. It momentarily exhilarates. Subsequently it stupefies. Ultimately it intoxicates. In this stage, under this influence of alcohol, the psychopathic constitutional inferior type departs from the world of reality and flees into the world of dreams. Here in this state every cherished ideal and object is achieved and realized.

Mr. Chairman, ladies, and gentlemen, in this beer bill before the House we are legislating for normal human beings, who are the majority of the people of the United States. We are not thinking of the weeds of life who need institutional care. We are passing laws for the benefit of those who believe in temperance and to whom a glass of innocent beer is a tonic and an adjuvant to their food.

My dear friend and colleague from Texas [TOM BLANTON] need have no compunction regarding the sanity and stability of the average American citizen to know and to understand when he has taken enough beer to satisfy the inner urge.

Now, Mr. Chairman, ladies and gentlemen of the committee, during the last 13 years that prohibition has been upon our statute books, most of these psychopathic types, unable to secure pure, good liquor, have had recourse to the utilization of drugs. The peddling of dope to these innocent, psychopathic victims has increased by leaps and bounds, year in and year out. Thousands of tons of opium, morphine, heroin, and cocaine have been consumed by these unfortunate people. These drugs, just like alcohol, have had the desired effect of transplanting their victims from the world of reality into the world of dreams. Our hospitals and sanitaria are crowded and filled with these unfortunate victims of drug addiction, driven to the use of medication through the lack of beverage alcohol that their system requires.

Mr. Chairman, ladies, and gentlemen, I am glad the time has now arrived when we can destroy this drug evil. After listening to my friend [TOM BLANTON], I can only paraphrase an old couplet by stating:

You can take a horse to the trough, but you can not make him drink.

So you can "lead a fanatical prohibitionist to knowledge, but you can not make him think." [Applause.]

Mr. Chairman, it is not work that kills a human being. It is worry. It is not the revolution of a machine that destroys the machine. It is the friction and wear and tear that brings about dissolution. It is not the ingestion of food that destroys a human being. It is overindulgence that causes autointoxication and disease. It is not a glass of beer that intoxicates a human being. It is the abuse of that privilege. So let us be temperate in our food, drink, and action. Mr. Chairman, the day has come when we can adequately supervise the abuse in the consumption of alcoholic beverages by passing this beer bill that will give to the citizens of the District of Columbia pure, wholesome, legal, nonintoxicating beer that will be a gustatory joy to their stomachs, a delight to their appetites, and a pleasant repast to their starving and depressed spirit. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. STALKER. I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. GOSS. Mr. Chairman, I wish to make a point of order for the purpose of getting a ruling from the Chair.

The CHAIRMAN. Does the gentleman from Texas yield to the gentleman from Connecticut?

Mr. BLANTON. Mr. Chairman, I do not yield for a parliamentary inquiry.

Mr. GOSS. Mr. Chairman, I am making a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GOSS. Section 6, rule XIV, states that no Member shall speak more than once to the same question without leave of the House. Does this apply to debate under a special rule where the time is in the control of both sides?

The CHAIRMAN. The rule under which this bill is considered states that the time shall be equally divided and controlled by the chairman and the ranking minority member of the Committee on the District of Columbia. This, being a special rule, would, insofar as it is in conflict with, suspend the other rules of the House, and the gentleman can be recognized if he is yielded time in the regular way.

Mr. BLANTON. Mr. Chairman, I am taking this time, which was tendered to me without my asking for it, for two purposes. First, I want to correct a statement attributed to me by my good friend and colleague from Texas [Mr. MCFARLANE]. He misunderstood my remarks. My second purpose in accepting this time, so generously tendered to me by my friend from New York [Mr. STALKER], is to deny the assertions made by my friend from Maryland [Mr. PALMISANO], who is entirely mixed up on his facts. The only resolution of his that I have ever opposed was one that involved a proposition that would have taken the people's money out of the Public Treasury. Is that the one?

Mr. PALMISANO. No. Now will the gentleman yield?

Mr. BLANTON. If that is not the one, I do not know of any other.

Mr. PALMISANO. I want to correct the gentleman.

Mr. BLANTON. It was a measure to take the people's money out of the Public Treasury that I was objecting to, and there was not any defense of anybody except on the occasion when I defended certain churches from an attack by the gentleman. If the gentleman can show me in the RECORD where I have ever defended such a man as he mentioned, either here or before the Prohibition Bureau, I will take him and every member of his committee to the finest dinner he can order in the Willard Hotel tonight.

Mr. PALMISANO. Will we have beer?

Mr. BLANTON. You can have everything else but that. I wish the gentleman would tell me the name of the man he says I defended. Give me his name.

Mr. PALMISANO. His name is Wimbley. I protested against the appointment of a man by the name of Wimbley convicted and sentenced to 6 years in the Maryland penitentiary.

Mr. BLANTON. What did I do about it?

Mr. PALMISANO. The gentleman from Texas criticized me at that time on the floor.

Mr. BLANTON. When?

Mr. PALMISANO. In 1928. I will get the RECORD.

Mr. BLANTON. I wish the gentleman would get the RECORD. I will send for it at once myself. No RECORD will show anything even remotely like that. Please get the RECORD.

Mr. PALMISANO. I will.

Mr. BLANTON. I have never had anything to do with the Bureau of Prohibition in the matter of appointing men. I have left such matters entirely to the bureau.

Mr. PALMISANO. The gentleman from Texas criticized me; that is what he did.

Mr. BLANTON. Oh, no.

Mr. PALMISANO. Oh, yes.

Mr. BLANTON. I may say this to the gentleman from Maryland—I want him to get this, and I want all my colleagues to get it—when I made reference to my friend when he was presiding as having been a former bartender, I intended no reflection upon him personally. Why, I knew he is not ashamed of it at all. He thinks it is perfectly all

right. I intended no reflection upon him, but I had a right to call attention to the fact that a former bartender was presiding over the House of Representatives while we passed the beer bill.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, could the gentleman from New York kindly yield me 1 additional minute?

Mr. STALKER. Mr. Chairman, I yield the gentleman from Texas 5 additional minutes.

Mr. BLANTON. I am grateful to my friend for his kindness, because I do want to refresh the memory of the gentleman from Maryland [Mr. PALMISANO] and show him just what happened when I interrupted him when he spoke in behalf of his Resolution No. 99, on March 28, 1928, for I now have the RECORD, and I quote from page 5532 of the daily CONGRESSIONAL RECORD. The gentleman from Maryland got the floor on a question of privilege, he stating "that the superintendent of the Anti-Saloon League, of Maryland, had called him a liar," because he had asserted that "Judge Coleman had permitted the Anti-Saloon League to have him put a gag on the newspapers." And after the gentleman from Maryland [Mr. PALMISANO] had criticized the Anti-Saloon League and many officials, and referred to me as "defending officers who violate the law", I then got him to yield to correct that, and I did then correct it, as shown by the following colloquy, quoted verbatim from the RECORD, to-wit:

Mr. PALMISANO. All agents in Maryland are defended as friends of the court. He was not so fortunate as my friend from Texas in defending officers who violate the law. Now I yield to the gentleman from Texas.

Mr. BLANTON. Now that I have been recognized, I want to make this comment: I never defend a guilty man. I defend the innocent. The Anti-Saloon League, castigated by the gentleman, has a membership of several million good people in the 48 States of the Union. Does the gentleman think it is fair to condemn them all because there may have been some improper men in the Anti-Saloon League?

Mr. PALMISANO. No; but referring to what the gentleman has stated about defending the innocent, I do not think there is a lawyer in the House who ever defended a man charged with crime that he considered a criminal, and that is true of the gentleman from Texas. [Laughter.] So far as the membership of the Anti-Saloon League is concerned, I respect any man who honestly differs with me on the Volstead law.

Mr. BLANTON. In other words, take the great Baptist Church, which may have in it some members who are improper people, men not of good character. Would the gentleman condemn the entire Baptist Church because it has a few members in it who are improper?

Mr. PALMISANO. Mr. Speaker, in reply I do not condemn any class of people as a whole, but I say this: If the Anti-Saloon League of this country is fair, it will dispense with this man, and I think it will, because the people of Maryland have exposed him. The Anti-Saloon League will have to dispense with his services or perhaps take him into some other territory where he is not known.

Mr. BLANTON. Will the gentleman recognize me further?

Mr. PALMISANO. Certainly.

Mr. BLANTON. Take, for instance, the great Secretary of the Treasury, Mr. Andrew Mellon. He belongs to the same church that I belong to, the Presbyterian Church. It has been charged that he has had knowledge all along of the $160,000 of oil money that was donated to the Republican campaign. Would the gentleman condemn the entire Presbyterian Church because it has Mr. Andrew Mellon as a member?

Mr. PALMISANO. I never referred to the gentleman simply because he belongs to the same church as the distinguished Secretary of the Treasury, nor did I have him in mind because of certain remarks made at the other end of the Capitol, that "birds of a feather flock together." I say this, however: I have received information that in the Treasury Department they have a man who was convicted in Virginia of having stills in the State of Virginia, the record of which has been destroyed.

Mr. BLANTON. But the gentleman would not, therefore, condemn the entire Treasury Department?

Mr. PALMISANO. No.

The foregoing is everything that occurred between the gentleman from Maryland and myself. It will be seen that in no way did I defend any man he may have had in mind. Simply because he had it in for the superintendent of the Anti-Saloon League of Maryland, which he knew was a dry organization, and because he knew I was a dry, he connected us together in some way, and imagined that I was taking sides in his controversy, when as a matter of fact, he brought me into it himself by stating that I defended officers, and so forth, when I had made no defense whatever of any officers.

Let me tell you that there can be fanaticism shown on either side of this question. We, colleagues here, have to work together for the interest of the people, and some think one way and some another, but we ought to respect each other's views and we ought to work together. Anything that is good in our wet brothers should be admitted and commended by us drys, and the wets ought to admit the same thing with respect to us.

You know the most wonderful thing to me on earth is that as many million people as God Almighty has been able to create since the beginning of time He has never yet made two of them alike. Every one of them has different fingerprints, different viewpoints, and different physiognomies. It is not strange that all of us do not agree about everything, and yet we can all agree on fundamentals.

If you are to pass a beer bill in spite of us, you wets can help us drys enact a bill that will protect innocent people as far as possible.

I want to say to my good friend here who told so many jokes yesterday that in every State of this Union it was against the law, even when we had saloons, to sell liquor to a minor under 21 years of age. This was when we had saloons and before the eighteenth amendment. You could not sell liquor to a minor in a single State of this Union; hence, why not put a provision in this bill to prevent them from selling it to boys and girls under 18 years of age? Is this unreasonable?

I may say to my technical, parliamentary friend from Connecticut that they do not want this stuff sold in Connecticut to minors.

Mr. GOSS. Now that the gentleman has referred to me by name, will the gentleman yield?

Mr. BLANTON. The gentleman tried to keep me from speaking twice on this bill, but nevertheless I yield.

Mr. GOSS. No; I just wanted to get a ruling on the question. The gentleman knows that.

Mr. BLANTON. The gentleman got his ruling, but I am his friend nevertheless. I yield.

Mr. GOSS. In Connecticut, when you are talking about intoxicating liquor, that is one thing, but I classify this beverage the same as I would soda water in a drug store.

Mr. BLANTON. Would the gentleman use 3.2 percent beer, which is pre-war beer, in his own home and give it to his children?

Mr. GOSS. I would use this nonintoxicating beverage just as I would Coco-Cola or soda water.

Mr. BLANTON. Does the gentleman expect to have it on his sideboard?

Mr. GOSS. I hope to some day, if the gentlemen will go along with us.

Mr. BLANTON. I would say to the gentleman that if I took it myself I would also let my children take it. I have always told my four boys, who are all out of college, "Boys, do as I do and not as I tell you; go along with me and you can do anything you see me do." This is a mighty good way. I say to you that there are a dozen especially dangerous provisions in this bill that you wets can help us drys to perfect. I wish that you would help us do it.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman, as far as the House is concerned the broad phases of the prohibition question have gone by. We have passed the resolution for the repeal of the eighteenth amendment and we have passed the beer bill for the national jurisdiction.

The wets instead of the drys are now confronted with problems. The members of the committee who supported beer legislation felt that the wets of the House should do all in their power to redeem the pledges made by the wets throughout the country in order to get popular support for their views on the general question. Having this in mind, we first sought to eliminate by this bill—which, of course,

will be looked at by the entire country—the old-time saloon, and we came to the conclusion that probably the best way to do this would be to provide for two different kinds of licenses, the on-sale license and the off-sale license, the theory being that it would not profit any person merely to sell beer alone. He would have to sell some other commodities in connection either with his on-sale license or his off-sale license, whereas if he could sell for consumption on the premises and for consumption off the premises, in time, his place could degenerate into the old-fashioned saloon, and the real, essential proposition in the committee's plan is the on-sale license and the off-sale license.

The committee is disposed to be very liberal with the House. The committee wants the advice of the House on this bill. The committee is disposed to take from the House any protective amendments so that the main goal of the liberals of this House, the repeal of the eighteenth amendment, will not be interfered with by faulty administration of beer legislation.

The chairman of the committee [Mrs. NORTON] has in mind offering an amendment on the question of sale to minors. I have seen the amendment and I rather believe it will be satisfactory to the House.

On the question of those who shall have the right to obtain licenses, the committee would be willing to accept an amendment that has been drawn by the gentleman from New York [Mr. O'CONNOR] to the effect that nobody guilty of a felony can obtain a license, and nobody guilty of a felony in connection with the national prohibition law shall be able to obtain a license.

But the committee did not think that the ordinary violator, the bartender in a speak-easy or the man on a truck or the ordinary misdemeanant, under the national prohibition acts should be barred from earning a living now that his views of morality are prevailing among the legislators. It seemed ridiculous to the committee to say that for all these years it has been entirely wrong on the moral viewpoint involved, and then having changed its mind to say that those who had a clearer insight into morality than the Congress could not go ahead in accordance with this new morality.

So the committee thought that a man who is an ordinary small violator of the prohibition law, without violating any other law, like murder, assault, or bribery, would not be barred by the legislation.

The committee is anxious to hear from the House. The committee wants to get as good a bill as possible. It is going to be an interesting experiment in legislation to find out if the House can legislate on a proposition in respect to which everybody in the House has some distinct and definite information. [Applause.]

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. Mr. Chairman, I want to answer two things the gentleman said about beer and its effects. Incidentally, I would like to have every Member of the House vote for this bill. The committee considered it carefully and impartially.

The gentleman wanted to know if I gave beer to my children. I have a boy 9½ years old, and if he wants beer I would give it to him. I am willing for his mother to develop those moral instincts in him, which will make him temperate. The gentleman from Texas wants to know if we want our children to drink beer and have them grow up to be undersized boys. In our family, which is an old German family, we always had beer, and it did not make me any smaller. I think I am fairly well developed. [Applause.] My training to be temperate was developed by home training, which was imparted by my mother.

Now, if you are going to penalize a man for a misdemeanor it will not work out for the good administration of the law. Al Capone was one of the big violators of the prohibition law, but he was not put in jail for that. He was never convicted of violating the prohibition law. The large operators and violators are never convicted, but it is the small violators who are convicted and put in jail.

I think the bill is a good bill. I do not believe that there should be such restrictions put on it as will hamper the enforcement of the law. I think that the Commissioners ought to have some discretion in regulation and I propose to give it to them. [Applause.]

Mr. STALKER. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Chairman and members of the committee, I am sorry to state that for two basic reasons I am opposed to this bill. I am in favor of beer and wine, and I am speaking in the interest of repeal of the eighteenth amendment.

That is one of my basic reasons. The other is that I believe in the right of the people of any community or any place to determine what they wish, and until this question is submitted in a referendum to the people of the District of Columbia, I am opposed to this bill.

I am opposed to the saloon.

I have had 35 years' experience. I have lived with men who drank, and I know what the saloon is. I am opposed to anything that would make it possible for the saloon to return.

I respect the dignity of this Congress too much to lend my vote to any proposition that will cause us to see, perhaps, drunken boys and girls on the streets of this city, who have been brought to that state, not by a vote of their own parents, but by a vote of this Congress.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. Yes.

Mr. BOYLAN. Will the gentleman state whether or not they are going to have a referendum in California upon this question, such as he suggests here in the District of Columbia?

Mr. HOEPPEL. We had a referendum there on November 8 last, and they voted wet, and I am going to vote wet on anything of a national character; but I think it is unfair to the people of this District for Members of Congress to come here from a long distance and force the children of the citizens of the District into the temptation of drinking beer without their parents having an opportunity to express themselves on this question.

Mr. McLEOD. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. Yes.

Mr. McLEOD. Does the gentleman know that there is no means provided whereby the District can have a referendum?

Mr. HOEPPEL. Yes; and that is what I am opposed to. I believe the people of the District should have the opportunity to express their opinions in their own government. I understand it takes $125,000 a day for the Congress to legislate for the District of Columbia, while these people here have not the liberties that aliens have who are dominated by foreign governments. I say this Congress has no moral right whatever to legislate for the District of Columbia. Let them manage their own affairs. [Applause.]

Mr. Chairman and members of the committee, I oppose the passage of H.R. 3342 because of the principle involved therein which is a complete repudiation of the American-accepted standard of liberty. Our forefathers established this Nation in furtherance of the just slogan of "No taxation without representation."

I am a firm believer in State rights and the self-determination of the people in all problems which concern them. Here we have the monarchical anomaly of seeking to impress the will of Congress upon a corporate entity without in any way ascertaining the wishes of the inhabitants thereof. Despite the fact that the citizens of the District of Columbia are typical of the highest-type citizenry in American life, and despite the fact that numerically they are at least five times greater than is the entity of the State of Nevada, nevertheless Nevada, with its total population of less than one fifth of the District of Columbia, has 2 votes in the Senate and 1 in the House.

The District of Columbia has absolutely no voice in the conduct of its own affairs. Within a democracy, I protest monarchial action by any one body over another without permitting the people so governed to express themselves on the issues involved.

In this same connection I digress to state that in my opinion a democratic reorganization of Congress itself is necessary in order that the voice of the new Members-elect may be equally heard. The fetters and incongruities existing in seniority or divine right of rule should be abrogated in the interest of representative government.

We have heard a great deal in reference to economy, yet we here today are debating question involving the liberties not of an alien but of a kindred people, and at the expense of the taxpayers of the United States we are seeking to perform that which, in justice and in liberty, they themselves should do. It is understood that the deliberations of Congress on District of Columbia affairs cost the Government $125,000 per day. What an unnecessary burden this is on the impoverished taxpayers of our Nation! It is ridiculous to find this Congress, whose Members receive at least $25 per day, legislating on the question of removal of a corpse from one cemetery to another, or to find them legislating on the closing of an alley or the qualifications of a dogcatcher or any other insignificant detail of petty government which a sergeant of police might decide!

The people of the District of Columbia are entitled to the right of self-determination, and if Congress will not relinquish its oligarchy completely, I suggest that in the interest of economy they delegate such authority to at least five feudal lords or commissioners, who should be headed by an imperial potentate or dictator or some kind of an administrator whose duty it would be to perform all the functions of government which now, unfortunately, take so much valuable time of the distinguished Members of Congress, whose time could and should be more profitably employed in the interest of the unemployed and our overburdened taxpayers.

Even alien races, under the domination of foreign governments, and even those in our own Government who are not a hegemonic entity, have more liberties today than have the citizens of the District of Columbia.

The CHAIRMAN. The time of the gentleman from California has expired.

Mrs. NORTON. Mr. Chairman, I, too, believe that the people of this District should have the right to legislate and I should be very glad to consider such a bill giving them the franchise; but in the meantime, since they must depend upon us to legislate and in order to bring them up to an equality with the States with regard to the manufacture and sale of beer, it is absolutely important that we pass this bill today. That is the reason for bringing in this bill, so that the people of the District of Columbia may have the same advantage as the people in the rest of the country when the sale of beer is permitted.

There is little I can add to what has been said here today except on the question which seems to agitate so many Members—respecting minors. I do not believe that 3.2 beer is intoxicating or should be considered intoxicating, because nobody has the capacity to drink enough of it to really become intoxicated. Nevertheless, I should be very glad to and shall offer an amendment today restricting the sale of this beverage to minors in the District of Columbia, and I do so, not because I believe it is going to do the minors any harm but because a great many people seem to think that some advantage might be taken in the places where the beer is on sale and that other kinds of drink may be substituted. Therefore, I should be glad when we come to that part of the bill to offer that amendment. [Applause.]

Unfortunately the people of the District have nothing to say about the national prohibition bill. Therefore, we must speak for them; and I sincerely hope that every Member of the House will legislate for the people of the District, who have no right to express themselves with regard to their own government, just as he would legislate for his own State, and if we do that, I have not a doubt that we shall deal fairly with them today and pass this bill. [Applause.]

The CHAIRMAN. The time of the gentlewoman from New Jersey has expired. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the term "beverages" as used in this act shall include beer, lager beer, ale, porter, and other brewed or fermented beverages containing one half of 1 percent or more of alcohol by volume but not more than 3.2 percent of alcohol by weight.

Mr. SMITH of Virginia. Mr. Chairman, I move to strike out the last word. It seems to me there is a very cogent reason why this bill should be enacted into law promptly—a legal reason—which I have not heard discussed in the consideration of the bill this morning. Gentlemen doubtless recognize that in legislating for the District of Columbia we are legislating in a manner different from any other place we will have to deal with. In other words, we act as a State legislature or as a city council for the District of Columbia. The District of Columbia has at present what is known as the "Sheppard law", providing for the enforcement of the Volstead Act. When the Volstead Act is amended so as to permit the sale of 3.2 percent beer, unless there is some local law in the way, then this beer may be sold ad libitum without any restrictions at every corner grocery store in the city of Washington. It has been decided by one of the lower courts in the District of Columbia, I am informed, that the Sheppard Act, which is the local enforcement act, was repealed by the Volstead Act. It has been so held by one of the courts, and I think that the corporation counsel has stated it is his opinion that that decision is correct. I am not sure about that. However, there is a serious legal question involved, and the belief is that the only enforcement law for the District has been repealed by the Volstead Act, and if that is the case, unless we enact this measure or some other measure, as soon as the change in the Volstead Act because effective beer may be sold over all of the city of Washington without restriction whatever.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. Yes.

Mr. MAY. Does the gentleman not think that makes more imperative the necessity for rigid restrictions on the sale of it?

Mr. SMITH of Virginia. We should pass a law, but we should pass a law which would give the people of the city of Washington all the proper restrictions around this subject that we would like to have at home in the States. My State still has its dry law. The sale of this beer will be unlawful in my State, but if you are going to have a law in the District of Columbia, let us have a law that is good and tight; and I believe this proposed bill is good and tight with some exceptions which I hope will be corrected by amendment as we go along. Let us have a law that is not going to put beer in disrepute before we get fairly started.

Mr. PALMISANO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PALMISANO: Page 1, line 4, commencing with the word "and", strike out through the word "beverages," in line 5, and insert in lieu thereof the following: "wine, similar fermented malt or vinous liquor, and fruit juice."

Mr. PALMISANO. Mr. Chairman, I just want to say to the Members of the House that this language is the same language as was passed in the beer bill. Originally we did not permit wine or grape juice in the bill. That was due to the fact that the original beer bill that passed in this House did not contain that language. Since the language has been adopted in the Senate and approved of by the House, we feel that the people of the District of Columbia ought to have the same rights as the respective States.

Mr. GOSS. Will the gentleman yield?

Mr. PALMISANO. I yield.

Mr. GOSS. Does the gentleman think we should pass this amendment, in view of the statement made by the lady from New Jersey that she intends to offer an amendment to make it illegal to sell to minors under 16? That provision was not in the other bill either.

Mr. PALMISANO. I may say the reason it was not placed in the original bill was the fact that we felt that that provi-

sion should be taken care of by the respective States. In view of the fact that the District of Columbia must have a special act in order to protect itself, there would be no objection to that provision.

Mr. GOSS. The gentleman does not think this beer will be intoxicating?

Mr. PALMISANO. Oh, no, sir. If I had my way, I would leave it entirely in the hands of the commissioners.

Mr. BUCK. Mr. Chairman, I rise in opposition to the amendment. I do so for the reason that I think the House today is engaged in the process of enacting a model bill, and if it is going to enact a model bill I want my colleagues in the House to know that I, representing as I do the largest wine growing and wine-producing State in the Union, believe the amendment offered will be entirely unsatisfactory, and will permit the sale not of a beverage which is either healthful or nonintoxicating but one which could hardly be called more than a violation of the pure-food law itself. We want to see enacted in this law provisions which will safeguard not merely the purchasers of the drinks themselves, to give them healthy and potable beverages, but the interest of the producers of grapes in New York, Ohio, and California, or wherever else they may be produced. I should like to see this amendment defeated, so that when the delegation from California presents to you its conception of what wine legislation should be you may enact into law for the District of Columbia the provisions of such a bill, without having the subject now summarily disposed of. I hope this amendment will be defeated here or that the Senate will take cognizance of it and defeat it there.

I ask unanimous consent, Mr. Chairman, that the amendment may again be reported.

There being no objection, the Clerk again reported the pending amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland [Mr. PALMISANO].

The question was taken; and on a division (demanded by Mr. PALMISANO) there were ayes 20 and noes 60.

So the amendment was rejected.

The Clerk read as follows:

SEC. 2. The Commissioners of the District of Columbia are authorized to issue licenses to persons, firms, corporations, or associations on application duly made therefor for the sale of beverages within the District of Columbia, subject, however, to the limitations and restrictions imposed by this act. The Commissioners shall keep a full record of all applications for licenses, of all recommendations for and remonstrances against the granting of licenses, and of the action taken thereon. The Commissioners may employ such clerical and other assistants as may be necessary to properly inspect and supervise the operations of licensees under this act. The salaries and expenses incident to such work shall be fixed by the commissioners and paid from the funds arising from license fees under this act.

Mr. COCHRAN of Missouri. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: Page 2, line 11, after the word "act," strike out the period, insert a semicolon and the following: "*Provided*, That not more than $25,000 shall be used for such purpose."

Mr. COCHRAN of Missouri. Mr. Chairman, I simply want to say that the section as drawn throws it wide open to the Commissioners of the District of Columbia to use all the money they collect for licenses, if they so desire, for the purpose of employing people to enforce the act.

We have the District of Columbia police, and all that is needed is simply a small clerical force, and I think we should limit the amount that should be used for that purpose.

That is the purpose of my amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. COCHRAN].

The amendment was agreed to.

Mr. TARVER. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment by Mr. TARVER: On page 2, in line 3, after the word "act", strike out the period, insert a colon and the following: "*Provided*, That sale of such beverages on any property belonging to the United States shall not be licensed nor permitted."

Mr. GOSS. Mr. Chairman, I make the point of order that the amendment is not germane to this section.

The CHAIRMAN (Mr. JONES). This section provides for the issuance of licenses, and certainly the amendment is a restriction or limitation, so it would be in order.

Mr. BLACK. Mr. Chairman, may I be heard?

The CHAIRMAN. The Chair will be glad to hear the gentleman from New York.

Mr. BLACK. Mr. Chairman, this bill provides for the administration of this law by the Commissioners of the District of Columbia. Inasmuch as the Commissioners of the District of Columbia do not have any complete jurisdiction over the buildings in the control of the Federal Government, buildings commonly called Federal buildings, such as this building, I doubt very much that the amendment which the gentleman has offered is germane.

The CHAIRMAN. The Chair thinks that is a further argument in favor of its being germane, because it eliminates those.

The point of order is overruled.

Mr. TARVER. Mr. Chairman, the purpose of this amendment is to prevent the sale of the beverages described in this bill upon property of the United States, which would include its sale in cafeterias operated in the various Government buildings in the District of Columbia and particularly would include the prohibition of its sale in the Capitol of the United States.

I know there is on the statute books a law which purports to prohibit the sale of intoxicating liquors in the Capitol, and it may be insisted that that law is sufficient to accomplish what I am seeking to accomplish by this amendment.

Remember, gentlemen, it is contended here that these beverages are nonintoxicating. It seems to me if there is any question at all about their being nonintoxicating we should consider this: It may very well be that this law will be held constitutional and not in violation of the eighteenth amendment. It may also be held, and would naturally be held as a sequence, that the act prohibiting the sale of intoxicating liquors in the Capitol of the United States has no relation to beverages of this character. So we get down to the question whether or not it is the purpose of the House to authorize the opening of a saloon in the Capitol of the United States.

I think there is no Member here but who knows my attitude. So far as I am concerned, I would not vote for this bill no matter how it is amended. I am opposed to the passage of the bill and expect to vote against it under any circumstance. But I do not believe the majority of the House proposes to authorize or permit the opening of a saloon under the dome of this Capitol. I submit this for your consideration. If it is your purpose to do it, of course, I am in a minority on this issue and it is not within the power of this minority to control it, but I will not believe, until by your votes you have said so, that it is your purpose to authorize the opening of a saloon in the Capitol itself, or for that matter to authorize its being done on any property belonging to the Government of the United States.

The gentleman from New York [Mr. BLACK], by his question, intimated that this is a matter coming within the jurisdiction of the authorities of the Government having control of these various properties. Of course, this is true, but there may be some question as to their probable action and as to the right of the Commissioners of the District of Columbia to license the sale of such liquors on Government property. Why not eliminate these questions by adopting this amendment prohibiting sale on Government property?

A vote for this amendment is an expression of opinion that the Capitol of the United States and the departments of the United States where Government employees work by the thousands should not be turned into saloons, and that the sale of liquors, intoxicating or not, of the alcoholic percentage specified in this bill should not be permitted there; but a vote against the amendment is an indication on the part of Members casting such votes that it is their intention, so far as they can, to open up even the Capitol itself

to the evils which formerly existed in the District when intoxicating liquors were sold here.

[Here the gavel fell.]

Mr. TARVER. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes. I take but little of the time of the House.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. TARVER. I know nothing about conditions existing in Congress at the time liquors were sold on the first floor. The statements which were challenged by the gentleman from New York [Mr. O'CONNOR] may be true or not. It is not a matter coming within my knowledge; but I do not believe even a small percentage of the membership would like to have a saloon located on the first floor of the Capitol again, or would like to say by their vote to the people of the country that they want to provide a store of beverages in this Capitol for their personal use.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. TARVER. I yield.

Mr. DIRKSEN. When the gentleman speaks of a saloon, does he imply that the sale in the cloakroom back here of a bottle of 3.2 beer with which to wash down a cheese sandwich makes of that cloakroom a saloon?

Mr. TARVER. In my judgment, and I think in the judgment of every logically minded person in this country, any place where intoxicating liquors are sold is a saloon.

Mr. DIRKSEN. The point is, this beverage is not intoxicating.

[Here the gavel fell.]

Mr. BLACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment of the gentleman from Georgia gives a picture of the drys in their last retreat, digging in at the Capitol and in the Government office buildings they have owned and controlled for years.

Beer is either intoxicating or it is not. By legislative flat and by the opinion of scientists we are saying that beer is a nonintoxicant. If it is a nonintoxicant, certainly the strong men of the House and the strong men of the Senate should be allowed to have it. [Laughter.]

Mr. EATON. How about the weak ones?

Mr. BLACK. It might help some of the weak men, too. Certainly this House should not pass a beer bill for the Nation saying that beer is harmless and nonintoxicating and then say in another bill that we will not have it around the House, we will not have it around the Senate, and we will not have it around Federal buildings.

This amendment is put out as propaganda and nothing else. The drys will go out through the country and say: "You can have beer all over the country, but they did not want to pass any intoxicating-beverage proposition for the Capitol Building and for the Federal buildings." It is purely an attempt to put the wets in an inconsistent position.

Mr. TARVER. Mr. Chairman, will the gentleman yield for a question?

Mr. BLACK. I yield.

Mr. TARVER. The wets have been in an inconsistent position all the time.

Mr. BLACK. I do not want to accuse the gentleman from Georgia of being a propagandist, because he took one of the most far-reaching steps that has been taken in the House when he offered the amendment doing away with entrapment, stool pigeons, and such things.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. BLACK. I yield.

Mr. BLANTON. If it is to be sold in the Capitol, in the cloakrooms, in the office buildings, and in the other scores of Government buildings, should not that authority be given by Government officials and not by the Commissioners of the District of Columbia?

Mr. BLACK. I do not care who gives it.

Mr. BLANTON. All on earth this Tarver amendment does is to prevent the Commissioners of the District of Columbia from exercising control over Government buildings.

Mr. BLACK. I should not be surprised if it is given away, but I do not care who controls it.

Mr. BLANTON. I want the absolute control of all Government property here in this District kept in the hands of the officials of the United States, and I do not want District Commissioners attempting to exercise any control over it.

Mr. GLOVER. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I think the gentleman from New York [Mr. BLACK], in his first speech, sounded a very clear note of warning to those of you who are responsible for voting beer back to the various States that will now permit its sale.

Out of the responsibility that is on you now I believe you ought to safeguard this bill. It is to your interest to back up what you have done, if you can do so.

I am glad I am not responsible in any degree for the bringing back of beer to this country; and I am not going to be responsible for bringing it back on a helpless people who have no vote, who cannot come on this floor and express their views as to what they really want [applause]; but may I say to you who stand here today and say this beer is not intoxicating that if you ask the brewers what alcoholic content they used in their beer in the days before prohibition, you will see you have got it in this bill. Blue Ribbon beer contained only 2.75 percent of alcohol by volume. Pabst Milwaukee contained only 4 percent by volume, the same as the alcoholic content provided in this bill. There was but one beer, that made by Anheuser-Busch, which contained more than 4 percent alcohol, the good old Budweiser that you boys liked—that contained 4½ percent. All Mr. Anheuser-Busch and his company have got to do to come under this bill is to reduce the alcoholic content of their beer one half of 1 percent.

I say to you that we are facing the American people today with a proposition that we ought to be cautious about.

You come now with an amendment, and the only restriction that is asked under this amendment of the gentleman from Georgia is that they are not to be permitted to sell this beverage on Government property. If this bill passes today as written, there is nothing to prevent the setting up of a beer establishment right here in the cloakroom and having it sold to every Member of this House. [Applause.] Oh, the gentleman here states that this is what he wants. He ought to go out and put up a saloon if he feels that way about it.

Mr. McLEOD. Will the gentleman yield?

Mr. GLOVER. No; I do not yield.

I may say to you that when you pass this bill you are not only bringing back an intoxicating liquor but you are bringing back one that has been held by the courts to be intoxicating.

This bill contains authorizations for the sale of porter, ale, and wine and 4 percent of alcohol in beer. Any man who has had any experience in dealing with this subject knows this is intoxicating. I should like to see it tried out on some gentleman who has not had long experience, such as some of them say they have had in using it. I say to you that a quart of this stuff is strong enough to make a man who is not accustomed to using it intoxicated and make him fight as quick as a bulldog would fight a rat, and you know it. [Laughter.]

There is no escaping the fact that this is intoxicating. Do not let us fool ourselves. If you want intoxicating liquors back in this country, you ought to be honest enough to say, "I want it, and I am going to vote for it." My opinion is that this is what you are doing when you vote for beer.

[Here the gavel fell.]

Mr. GLOVER. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

Mr. BLACK. Mr. Chairman, we must get through with the consideration of this bill, and I object.

Mr. GUYER. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, I do not wish to take all of the 5 minutes of the time of the House. I know how dry you are—I mean how thirsty you are.

I would have offered such an amendment myself had the gentleman from Georgia not done so. I do this on principle. My ideas on this subject are well known to the House.

I believe this bill is unconstitutional just as I believed the other beer bill was unconstitutional. I conscientiously believe this, and believing that I cannot vote for anything that puts one of these beer gardens in the Capitol of the United States.

I may say to the gentleman from Illinois [Mr. DIRKSEN] that if you take Webster's definition of a saloon, you will put a saloon back there in the cloakroom if you sell intoxicating liquors there, because Webster says that a saloon is a place where intoxicating liquors are sold.

Mr. PALMISANO. Mr. Chairman, I move to strike out the last three words, in order to say a word in opposition to the proposed amendment.

I want to say to the members of the committee that if you listen to the gentlemen advocating this amendment they would make you believe you are going to have a saloon in every corner of this building. Under this bill the commissioners are the only ones who can grant a license, and the commissioners have no jurisdiction over this building. You cannot have it in the dining room and you cannot have it in the cloakroom unless a license is obtained, and they will not be able to obtain such a license unless the Speaker of the House authorizes it. So why make a fuss about this amendment?

I ask the members of the committee to vote down this amendment.

Mr. TARVER. Will the gentleman yield?

Mr. PALMISANO. Yes.

Mr. TARVER. Unless you expect the Speaker of the House or the authorities having in charge the House and this section of the Capitol to authorize the sale of this beverage in the Capitol, and unless you expect this to be done in the Senate, why do you object to this amendment, which provides that it shall not be permitted? This amendment would be binding on those in authority in the Capitol as well as in other Government buildings.

Mr. PALMISANO. This amendment would also be binding on the tenant of a Government building anywhere in the District of Columbia.

Mr. McLEOD. Will the gentleman yield?

Mr. PALMISANO. Yes.

Mr. McLEOD. Is it not a fact also that the Code of the District of Columbia provides that the Commissioners of the District have no jurisdiction over any of the Government buildings?

Mr. PALMISANO. I stated that, and said that if the Government were to buy some property for improvement and then abandon the idea of using the property for that purpose and wanted to lease the property, the tenant would be unable to obtain a license, if this amendment were adopted.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. PALMISANO. Yes.

Mr. BLANTON. We have Government buildings scattered all over these 10 square miles and all under different management. Does not the gentleman think it wise for us to put this Tarver amendment in the bill to prevent the Commissioners of the District from exercising jurisdiction? This bill gives the Commissioners the right to control licenses all over the District, if they are not restricted by the Tarver amendment.

Mr. PALMISANO. I am not afraid there will be any such action taken without adopting amendments prohibiting such licenses in a Government building.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. TARVER].

The question was taken; and on a division (demanded by Mr. GUYER) there were—ayes 72, noes 121.

So the amendment was rejected.

Mr. BLANTON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 7, after the word "assistants", insert a comma and the following: "when appropriations for them are provided for by Congress."

Mr. BLANTON. Mr. Chairman, this is a most important amendment, one that every wet can vote for in the interest of good, sound administration.

With respect to every bureau in the District of Columbia that is a part of the District, before they can appoint a single employee or fix the salary of a single employee the Congress must first approve it. They cannot appoint employees and they cannot fix their salaries until this Congress says so.

Is not that a wise provision? But this bill permits appointments and salaries wholly uncontrolled by Congress. This amendment merely seeks to keep this power in Congress. If you pass this bill as it is, without my amendment, the commissioners can employ new employees and they can pay them as big salaries as they want to without limit, and you will have to appropriate for them according to their will and desire unless you put in this limitation. All my amendment does is to say that cannot be done until Congress furnishes and approves of the program. They must send to the Committee on Appropriations the information of how many employees they want and the amount of their salaries and let the Congress pass on it. Is not that a wise provision? Do you want to pass a bill without restrictions that will give the commissioners authority to appoint employees and fix any salary they please?

Congress passed the Reconstruction Finance Corporation bill without any restrictions, and they are paying officials down there as high as $16,000 a year, when you are now receiving only $8,500. You have to do your work for $8,500, and they are paying men not as able as you are a salary of $16,000 a year.

Mr. GOSS. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. GOSS. The gentleman does not want to be unfair to the House?

Mr. BLANTON. I do not.

Mr. GOSS. We have just adopted a limit of $25,000 by the amendment by the gentleman from Missouri. We adopted that a few minutes ago. This would delay the issuance of licenses until the Appropriations Committee met, and the Lord knows when that will be—it may not be until next year.

Mr. BLANTON. The Committee on Appropriations is in session now; it has been passing on deficiencies, and it brings in a bill whenever it is necessary to do so. You have on that committee 35 Members of the House, a fair cross section of the Representatives of the country, and I am willing to say that two thirds of them are wet. The gentleman need not be afraid of them.

These Commissioners could appoint men at a salary of $12,500 a year. Do you want to do that?

Mr. GOSS. The gentleman knows that they would not do that.

Mr. BLANTON. How does the gentleman know they would not? They could do it. I voted against the Reconstruction Finance Corporation bill because, among other good reasons, they had no restrictions on the employees and the salaries. We tried to get restrictions in the bill, but we could not do it; and now they are paying, as I said, salaries as high as $16,000 per annum. Why not fix the number of these employees and their salaries before you pass this bill? I am asking you to keep the control of these purse strings in your own hands and not put it into the hands of the District Commissioners. [Applause.]

Mr. BLACK. Mr. Chairman, the Tarver amendment was the last ditch in point of place in the fight of the drys, and this is the last ditch in point of time in the fight of the drys. The only purpose of this amendment is to delay the operation of the bill, which is in the usual form, providing for the appointment of inspectors to carry out that work. The Committee on Appropriations has nothing to

do with the policy in the District of Columbia. We must trust the discretion of the Commissioners. They are not going to overstep the mark and appoint somebody who ought not to be appointed, or at some exorbitant salary. The gentleman is just putting the cart before the horse.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 42, noes 107.

So the amendment was rejected.

The Clerk read as follows:

SEC. 3. It shall be lawful for any brewer or manufacturer to brew within the District of Columbia and sell to licensees any beverage or beverages authorized to be manufactured or brewed by the laws of the United States of America.

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. SMITH of Virginia: Page 2, line 12, after the word "any", insert the words "duly licensed."

Mr. SMITH of Virginia. Mr. Chairman, this section of the bill provides for brewing in the District of Columbia. The bill, as at present framed, requires no local license for brewers. They will pay their national license, but they will pay the District of Columbia nothing whatever for the privilege of brewing. I have on the Clerk's desk two amendments on that paragraph. One is that which has just been read, requiring them to get a license, and the other is at the end of the paragraph providing that each brewer shall pay a license fee of $1,000 per annum. I submit the amendments, because I believe, if the brewing industry is to be carried on in the District of Columbia, that they should pay a local license, too, just as they will doubtless be required to pay a local license in every State in the Union. I see no reason why there should be a discrimination in favor of brewers of the District of Columbia. For that reason I offer the amendment, with the hope that it will be adopted.

Mr. BLACK. Mr. Chairman, I understand that these amendments of the gentleman from Virginia are acceptable to the committee.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. Yes.

Mr. O'CONNOR. I hope the gentleman has provided for a fee of $1,000 for each brewery.

Mr. SMITH of Virginia. That amendment has not yet been read.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was agreed to.

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. SMITH of Virginia: Page 2, line 16, after the word "America," insert: "All applicants for license as brewers shall pay to the District of Columbia a license fee of $1,000 per annum before such license shall issue."

Mr. SMITH of Virginia. Mr. Chairman, I ask unanimous consent to change that amendment by inserting the words "for each brewery" after the words "per annum."

The CHAIRMAN. Without objection, the Clerk will report the modified amendment.

The Clerk read as follows:

Modified amendment: Insert after the word "annum" the words "for each brewery" so that it will read: "All applicants for license as brewers shall pay to the District of Columbia a license fee of $1,000 per annum for each brewery before such license shall issue."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was agreed to.

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. SMITH of Virginia: Page 2, after line 16, insert a new paragraph, as follows:

"It shall be unlawful for any licensee to sell or serve any of the beverages permitted to be licensed under this act to any minor, or to permit the same to be sold or served on his premises."

Mr. BLACK. Mr. Chairman, I reserve the point of order on that.

Mr. SMITH of Virginia. Mr. Chairman, I prepared that language with a series of amendments, and offer it at the point at which I intend to offer it. I have been informed that the committee is going to offer a similar amendment. Therefore, Mr. Chairman, I ask unanimous consent to withdraw the amendment at this point, as the committee will offer an amendment covering the situation.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.

The Clerk read as follows:

SEC. 4. Any person, firm, corporation, or association desiring a license for the sale of beverages under this act shall file with the Commissioners of the District of Columbia an application therefor in such form as the commissioners may prescribe. The application shall designate the kind of license desired. Before the license is issued the commissioners shall satisfy themselves of the moral character and financial responsibility of the applicant, appropriateness of the location where such licensed business is to be conducted, taking into consideration the number of such licenses already issued, and generally as to the applicant's fitness for the trust to be reposed. Before any license is issued under this act the commissioners shall determine the whole number of licenses to be issued within the District. Each license shall designate the place of business of the licensee. Each application for a license shall contain:

First. The name and residence of the applicant and how long he has resided within the District of Columbia.

Second. The particular place for which a license is desired designating the same by street and number if practicable; if not, by such other apt description as definitely locates it.

Third. The name of the owner of the premises upon which the business licensed is to be carried on.

Fourth. A statement that the applicant is a citizen of the United States and not less than 21 years of age, and that such applicant has never been convicted of a felony, or been adjudged guilty of violating the laws governing the sale of intoxicating liquors or for the prevention of gambling in the District of Columbia.

Fifth. This application must be verified by the affidavit of the petitioner made before a notary public or other person duly authorized by law to administer oaths. If any false statement is made in any part of said application the applicant or applicants shall be deemed guilty of perjury and upon conviction thereof the license shall be revoked and the applicant subjected to the penalties provided by law for that crime.

Sixth. That the applicant is not the owner of or licensee named in any license then in force.

Seventh. That he intends to carry on the business authorized by the license for himself and not as an agent of any other person and that if licensed he will carry on such for himself and not as the agent for any other person.

Eighth. That the applicant intends to superintend in person the management of the business licensed and that if so licensed he will superintend in person the management of the business.

With the following committee amendments:

Page 3, line 19, after the word "felony," strike out the rest of the paragraph.

The CHAIRMAN. The question is on the committee amendment.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. O'CONNOR. Mr. Chairman, I offer the following substitute for the committee amendment.

The CHAIRMAN. The gentleman from New York offers a substitute amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR as a substitute for the committee amendment: Page 3, line 19, after the word "felony," instead of the committee amendment strike out the words stricken through and insert the words "including any felony under the provisions of the National Prohibition Act."

Mr. O'CONNOR. Mr. Chairman, my amendment may be superfluous, because if we stop at the word "felony", it would include any felony under the National Prohibition Act, but to clarify the situation that was called to our attention by the gentleman from Texas [Mr. BLANTON] this morning, my amendment makes it clear that any person who has been convicted of any felony, including any felony under the

National Prohibition Act, shall not be granted a license. I offer the amendment.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the substitute offered by the gentleman from New York.

I am afraid the gentleman from New York [Mr. O'CONNOR] has capitulated. I understood him to say that he was in favor of the language of this bill, which the committee now proposes to strike out, just as it was first written when introduced, which would prevent licenses from being granted to persons convicted of violating the prohibition laws or the gambling laws.

Mr. O'CONNOR. Pardon me. I did not say that.

Mr. BLANTON. Well, I meant the gentleman was against the granting of any license to any man who had been convicted under the prohibition laws, whether of a felony or not.

Mr. O'CONNOR. I did not say that.

Mr. BLANTON. Then I misunderstood the gentleman. I understood him to say that shortly after this debate began and that was the reason I wanted to compliment him. This is the way the bill reads as first introduced, and which language the committee and the gentleman from New York [Mr. O'CONNOR] now seek to strike out, to wit:

> Who has never been convicted of a felony, or been adjudged guilty of violating the laws governing the sale of intoxicating liquors or for the prevention of gambling in the District of Columbia.

That is the way the bill was first introduced, providing that such an offender could not secure a license, but now the committee is seeking itself to strike out that language so that a man who has been convicted one time or many times of violating the prohibition law, or who could have been a racketeer or a bootlegger or an Al Capone, just so long as he was not convicted of a felony could be granted a license.

Mr. FITZPATRICK. Will the gentleman yield for a question?

Mr. BLANTON. Certainly.

Mr. FITZPATRICK. Several times on the appropriation bills with reference to the enforcement of prohibition we offered amendments providing that men who had committed any kind of a felony could not be employed or put on the rolls of the Prohibition Enforcement Bureau. How did the gentleman vote on those amendments?

Mr. BLANTON. I have never voted to employ any criminal. I asked Colonel Woodcock not to employ such men and not to keep them on his force. I commended Colonel Woodcock when he refused to reinstate two Texans whom he had discharged for drunkenness and improper conduct.

Mr. FITZPATRICK. How did the gentleman vote on that amendment? We only got 61 votes on the amendment.

Mr. BLANTON. I voted with my friend. The gentleman will find me voting to put only first-class men in all Government positions.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BLANTON. I only have a few minutes. I regret that I cannot yield further at this time.

I wish to remind you that in the past there have been palatial gambling houses here in the District of Columbia with thousands of dollars on the table; dice tables, roulette wheels, faro games, poker games, every kind of gambling you can think of, robbing hundreds of Government employees. They have been convicted time after time. But such an offense is a misdemeanor and not a felony. If you strike this provision out of this bill, as the committee asks you to do, the proprietor of such places can get a license to sell beer, even though he may have been convicted a dozen different times.

Mr. MAY. Will the gentleman yield?

Mr. BLANTON. In just a minute. I would gladly yield to my friend but I want to use my own time. All of my time will be gone in a minute.

Do you want to license that kind of man? You will do it if you strike out this provision.

Now, in our lives many of us here have played poker [laughter], but we played with honest men. We did not even have to cut the cards [laughter], but when you play poker or faro or roulette or dice in these dens you are playing against stacked cards and loaded dice and fixed roulette wheels, and they have been robbing some Government clerks and other good citizens for years and years. If you strike out this provision and vote for the committee amendment, you are permitting every one of those gambling-house proprietors to be licensed to sell beer. Do you want to do that? If you do, vote for the committee amendment. If you do not, leave the language as it is, and put some decency in this wet bill.

Mr. MAY. Will the gentleman yield?

Mr. BLANTON. I yield to my friend from Kentucky.

Mr. MAY. If the gentleman wishes to prevent the repeal of the eighteenth amendment, as he does, he should leave it as it is.

Mr. BLANTON. My friend is correct. Beer joints run by former law violators will help us drys keep you wets from repealing the eighteenth amendment. I want to see this great National Capital preserved as a safe place of beauty for the people of the United States to come and visit. It is their Capital. We have provided for them one of the finest tourist camps in the world in Washington, on the Potomac. It does not cost people much to come here to see their Capital and see their institutions, and I want it to be a safe and decent city. I want it to be perfectly safe for men and women and little children. That is why I want you to vote down this committee amendment and not permit licenses to be granted to bootleggers and crooks and professional gamblers who have been convicted of violations of the prohibition laws or who have carried on dishonest gambling houses in the District of Columbia.

The CHAIRMAN (Mr. LOZIER). The time of the gentleman from Texas [Mr. BLANTON] has expired.

Mr. BLACK. Mr. Chairman, the committee is agreeable to the O'Connor amendment. It represents a compromise between two different schools of thought on this question. Some people want everybody to be licensed to sell beer, and others, like the gentleman from Texas [Mr. BLANTON], who plays poker but does not recognize the "new deal", wants nobody to sell. All good legislation is brought about by compromise. The gentleman from New York [Mr. O'CONNOR] is the great compromiser on this question. The committee is willing to accept his amendment.

Mr. STALKER. Mr. Chairman, I ask unanimous consent that the amendment may again be read for information.

There being no objection, the amendment was again reported by the Clerk.

Mr. SMITH of Virginia. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SMITH of Virginia. If this amendment prevails, does the language of that paragraph stay in the bill or does it go out under the committee amendment? In other words, is this a substitute?

Mr. BLANTON. The other language goes out of the bill if this amendment is adopted, so that you would be able to license a gambling-house owner.

Mr. SMITH of Virginia. Under the amendment offered by the gentleman from New York the present language stays in the bill, does it not?

Mr. BLACK. No; no. Mr. Chairman, I ask unanimous consent that the Clerk may read the bill as it would read if the O'Connor amendment is adopted.

The CHAIRMAN. Without objection, the Clerk will read the paragraph as it would be amended by the O'Connor amendment.

There was no objection.

The Clerk again read the paragraph with the O'Connor amendment.

Mr. WHITTINGTON. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, it occurs to me that the substitute proposed by the gentleman from New York would add nothing to the bill, because a felony is a felony whether it be under the national prohibition act or any other act; and it does strike me that people who have operated gambling dens and people who have been convicted under the national prohi-

bition act should be prohibited from securing licenses to sell beer. The thing to do is to vote down the substitute.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. O'CONNOR. Of course, if any of these gentlemen who have been operating these gambling dens we hear of have been convicted of a felony, they can not get a license under the first provision of this section.

Mr. WHITTINGTON. I repeat my argument, answering the gentleman's statement, that the gentleman's substitute would be meaningless. A felony is a felony whether it be under the prohibition act or any other act.

Mr. O'CONNOR. Had the gentleman listened to my first remarks, he would recall that I admitted it was superfluous.

Mr. WHITTINGTON. If it is superfluous, then we ought not to have it in the bill. The thing to do is to vote down the substitute, vote down the committee amendment, and thus leave the language of the bill as it was originally drawn, denying licenses to those convicted of liquor and gambling violations.

Mr. BLACK. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. BLACK. The committee amended the bill by striking out the language in reference to violations of the National Prohibition Act, but left in the bill felonies as disqualifying a man to receive a license. Then a doubt was cast as to whether or not the word "felony" extended to felonies under the National Prohibition Act, and in order to clarify the situation the gentleman from New York [Mr. O'CONNOR] offered the amendment.

Mr. WHITTINGTON. In answer to the gentleman I may say that a felony is a felony. I have high regard for the gentleman's opinions and views, but he is wrong in this matter, and I hope this substitute will be voted down and that the language as originally carried in the bill will be retained. With all deference, his explanation does not explain. I remind the gentleman that convictions cover not merely beer but all intoxicating liquors. The rule is to punish, not reward, those who violate the laws.

Mississippi does not permit common gamblers or drunkards to serve on juries.

The qualification is reasonable and in the interest of law and order. The substitute is merely an excuse to eliminate the qualification. The friends of the bill are in effect legalizing the bootlegger.

Mr. STALKER. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, I believe the bill should remain as written, that not only should the substitute amendment be voted down but the committee amendment as well.

If these amendments prevail, the Commissioners of the District of Columbia will be authorized to license the bootleggers of the District of Columbia. The fact they have been violators of the National Prohibition Act proves they have no respect for the law. If it is the intention of Congress to elevate this business, why not exclude the bootleggers? I believe both these amendments should be voted down.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from New York [Mr. O'CONNOR].

The substitute amendment was rejected.

The CHAIRMAN. The question is on the committee amendment.

Mr. WHITTINGTON. Mr. Chairman, I ask that the committee amendment be again reported so we shall understand it.

The CHAIRMAN. Without objection, the Clerk will again report the committee amendment.

There was no objection.

The Clerk again read the committee amendment.

Mr. BLACK. Mr. Chairman, I wish to be heard on this amendment.

Mr. Chairman, the reason for the committee amendment is that the committee believed that men who have been engaged in this illicit traffic in a minor capacity should not be forced to stay outside the pale of the law, inasmuch as Congress itself has come within the pale of common sense and of decent morals. We believe that men who served, as I say, in these lower capacities did not offend seriously against the Government and should not be deprived of making a living legally in the same capacities they have been making a living illegally while it was a violation of law. It seemed only fair, it seemed only just, and it seems to be in the interest of proper administration of this law. If this law means anything, it means to prevent so many violations of law, and I do not believe that Congress now, after 12 years, having said it has been all wrong on this question as far as beer is concerned, believes that the men who themselves said Congress was all wrong for 12 years and that they would operate anyway should be barred.

It is going to force a great number of men into illicit traffic in liquor. It is going to keep them outside the pale of the law, decent, self-respecting men who by economic stress were forced to go ahead and sell as bartenders beer in violation of the law; and I think it is a crying shame that Members of the House, once having admitted that Congress has been wrong on this question, should not allow these men to go ahead decently and legally and sell. As a matter of fact, the United States Government itself is to a certain extent in the beer business, for the Government is assuming the right to take taxes from beer. If the Government has the right to do this, why is not the Government willing to let these fellows go ahead?

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. BLACK. I yield.

Mr. MAY. I am in sympathy with the conclusions reached by the gentleman, but I think it is a mistake to fix it so the Commissioners can license a man who has been convicted by a court of competent jurisdiction.

Mr. BLACK. Another element entering into the situation is the moral character of the man. This has got to be considered. The commissioners have the power to consider it. They are given some discretion. But it would seem that the mere ipso-facto conviction of a misdemeanor should not bar a man from earning a livelihood in this way, if he is of generally good moral character.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. BLACK. Certainly.

Mr. BLANTON. If we vote for this committee amendment and strike this language out, is it not a fact that a bootlegger can be licensed?

Mr. BLACK. A bootlegger could be licensed, provided——

Mr. BLANTON. Is it not a fact that a gambling-house proprietor could also be licensed?

Mr. BLACK. I refuse to yield any further. I yielded for 1 speech and 1 question but not for 2 speeches.

It is a fact that a bootlegger could be licensed provided the commissioners are satisfied he is a man of good moral character.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. BLACK. Yes.

Mr. FITZPATRICK. Is it not a fact that after the repeal bill was passed, several States freed their prisoners convicted under State prohibition laws?

Mr. BLACK. Yes.

Mr. DINGELL. Will the gentleman yield?

Mr. BLACK. Yes.

Mr. DINGELL. I should like to ask this question, because I think this would solve the problem: Would not an amendment to substitute a period for the comma solve the entire situation?

Mr. BLACK. We have tried to solve it in this way.

Mr. O'CONNOR. Mr. Chairman, I want to make it clear to the gentleman, and I have been trying to make it clear to him, that I am almost with him, but the gentleman does not seem to appreciate it.

Mr. BLANTON. I wish the gentleman were altogether with me. [Laughter.]

Mr. O'CONNOR. I may be some day if they start violating this law.

Under the Jones Act or the so-called "5 and 10 law", with the passage of which the gentleman from Texas and the gentleman from New York [Mr. STALKER], the coauthor of the bill, had so much to do, the mere sale of a pint of liquor was a felony. My idea was not to forever prevent the granting of a license to a man who was found guilty solely of being in possession of a little flask of whisky. The sale was made a felony under the Jones law. Under my amendment it is made perfectly clear that a man cannot get a license if he only sold a pint and for such sale was only fined $25. Most of the people throughout the country may think I am a little harsh, but I believe this matter could be clarified if, instead of my amendment, you put in the words, after the word "felony", under the laws of any State or the laws of the United States", so that you would exempt from this harsh proscription the man who was convicted merely of possession or some minor offense under the prohibition law.

I believe it is unfair to do otherwise. He may have taken a plea of guilty with respect to possession to save his employer or to save somebody else, or he may have done it to get rid of the matter. We have what is known as "bargain day" in the United States courts when anybody charged with any violation of the law may come in and the simplest and the cheapest and the most expeditious way is to plead guilty and pay a $10 fine or no fine and get a suspended sentence. The district attorneys have encouraged this procedure. These pleas very often are not correct. Many of the offenders could, probably, prove their innocence if they wanted to take the time and incur the expense of an attorney and wait for their cases to be heard.

I believe if you will just bar the felons and make it clear that it is not only felons under State law, but felons under the laws of the United States, you will meet the purpose that most of us here want to achieve.

Mr. WHITTINGTON. Mr. Chairman, I rise in opposition to the committee amendment.

This paragraph of the section goes to the character of the licensee and provides, among other things, that he must be not less than 25 years of age and must not have been convicted of a felony.

The committee amendment, Mr. Chairman, in my judgment, is wrong. It would strike from the bill as introduced the language—

or had been adjudged guilty of violating the laws governing the sale of intoxicating liquors.

The sale of intoxicating liquors, even with the passage of the beer bill, is still prohibited if they are spirituous liquors.

If this provision of the bill is stricken out or if the committee amendment is adopted, a person may have been convicted of violating the national prohibition laws and still be eligible to be licensed. It does strike me that if we are to have beer legislation in the District, the legislation should be orderly; those in the conduct of the business should be men of good standing and should not be men who have been convicted, under the laws of the United States or of any State, either of a felony or of a misdemeanor with respect to national prohibition or gambling laws.

The gentleman from New York [Mr. O'CONNOR] has suggested an amendment. He said that if a man had been convicted of a felony in violating the laws of the United States or the laws of a State where the sale of liquor or a violation of the liquor law was a felony, he should be debarred. The pending provision goes to a violation of the laws of the United States or the laws enacted by Congress with respect to the District of Columbia. Whatever may be said about beer legislation, whether we be for it or against it, surely Congress can do nothing less than provide for the orderly administration of the law. The law passed for the sale of beer in the District of Columbia will likely be followed by many States. It should provide for the best possible control and regulation.

Congress certainly should provide that those who sell beer shall be men of good reputation, not men who have violated the law, not men who have sold spirituous liquors, not men who have conducted or may have been found guilty of conducting gambling institutions.

I am opposed to the committee amendment, and I trust that the provision as originally introduced may be retained.

Mr. MAY. Will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. MAY. If a man walks up to the counter to buy beer in the District of Columbia and sees a former bootlegger waiting on him, will not that have a bad effect on the public mind?

Mr. WHITTINGTON. No question about it, in all the States and cities before the eighteenth amendment applicants for licenses were carefully examined and their reputation gone into. Are you going to take off the bridle here and let down the bars and allow the applications of men who violated the law?

Mr. FITZPATRICK. I want to say to the gentleman that we tried to eliminate these men from the pay roll in the enforcement act, and we could only get 61 votes in favor of it, and the gentleman was one who voted against it.

Mr. WHITTINGTON. I have always favored debarring those convicted of violating the law. At the same time I have stood for law observance. The remedy is to change but not to repudiate or encourage if not invite violation of the law. Let me say that under this language all violators who have been convicted of misdemeanors or felonies will be debarred. Every man engaged in the administration of the law ought to be a man of good repute.

Mr. BLANTON. Will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. BLANTON. When this same bill was favorably reported by this committee in the last Congress it contained this language, which prevented a bootlegger from getting a license. What has caused the gentleman from Maryland and others to change their attitude so quickly?

Mr. WHITTINGTON. Regardless of his change, the gentleman was right then and wrong now.

Under the leave to extend, I call attention to the fact that the provision under consideration prescribes the qualifications of the applicant. He must be a citizen of the United States. License cannot be granted to a foreigner. The applicant must be 21 years of age. He must never have been convicted of a felony. As introduced, the bill further provided that the applicant must never have "been adjudged guilty of violating the laws governing the sale of intoxicating liquors or for the prevention of gambling in the District of Columbia." The committee amendment strikes out the qualifications just mentioned.

I am not discussing the question of whether beer should or should not be sold in the District of Columbia. Personally, I believe that Congress is without authority to provide for the sale of the beer prescribed in this act, which is 3.2 percent by weight or 4 percent by volume. Such beer in pre-Volstead days was the ordinary beer. It was then regarded as intoxicating in fact, if drunk to excess. Such beer, in my opinion, is still intoxicating. It is not within the limits of the Constitution. The Democratic platform favored an immediate modification of the Volstead Act to legalize the manufacture and sale of beer and other beverages of such alcoholic content as is permissible under the Constitution. I stand on the platform. I will vote for a modification in accordance with the platform. I cannot vote for a modification in violation of both the platform and the Constitution. The Constitution prohibits the sale of liquors intoxicating in fact. Beer, 3.2 percent by weight or 4 percent by volume, by the great weight of authority and by the adjudications in practically all the States, has been held to be intoxicating in fact. I want to be liberal, but I must comply with the Constitution. I will go so far as to give beer the benefit of any doubt as to alcoholic content—2.75 would be the limit.

While I cannot vote for the beer bill, because I believe it to be in violation of the Constitution, nevertheless I want to perfect it. If beer is to be sold, the sale must be

regulated and controlled. It should be sold by applicants of good reputation and not by violators of the law.

Before the eighteenth amendment all States and municipalities provided restrictions for applicants. If liquor is to be controlled, the applicants must be scrutinized. Those who have violated the laws governing the sale of liquors or for the prevention of gambling should not be licensed.

As I have stated, some States made violations of the liquor laws felonies. In other States violations were misdemeanors. The bill as introduced would make all violators of the laws, whether felonies or misdemeanors, ineligible for a license.

The advocates of beer say that there must be no return of the saloon. The saloon and gambling went hand in hand. The bill provides that those adjudged guilty of violating the laws for prevention of gambling are disqualified. The committee amendment would likewise remove this restriction.

I recognize that the advocates of beer are in the majority. I stand for the orderly processes of the law. There must be regulation and control of the sale of intoxicating liquors. While the sale of beer is authorized on the theory that it is nonintoxicating, the pending bill treats it as intoxicating. Its sale is regulated and controlled. The very fact that such regulations are provided for and that the beer is treated as intoxicating liquors were treated in pre-Volstead days is ample proof that the beer is intoxicating in fact and thus in violation of the Constitution of the United States. Nevertheless, while the law remains in force there should be reasonable regulation and control. The best way to provide for control is not to reward bootleggers and gamblers by granting them licenses.

The argument that former bootleggers will sell again in violation of law unless they are permitted to be applicants is utterly unsound. It is really unthinkable. Congress may legalize beer. The eighteenth amendment may be repealed, but the progress of society will not be advanced by recognizing or rewarding violators of the law. I therefore trust that the committee amendment will be rejected.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I hope the committee amendment will prevail, because if you do not support the committee amendment the very men you inveigh against will be back in the business, but in an illegal way. Rather encourage them to "go straight" and sell properly. Furthermore, these very men have been doing something which you by this act today declare is innocent. By the passage of the repeal of the eighteenth amendment to be presented to the people, bootleggers by your judgment have been doing innocent acts, and why should the bar sinister be continued on them?

The gentleman from Texas has been doing everything in his power to keep the criminal element in the bootlegger business. He has been the first to come here at all times to keep in the enforcement service murderers, crooks, thieves, and criminals of all classes.

Mr. BLANTON. I deny that. I have done no such thing. I have been insisting that all murderers, crooks, thieves, and criminals be sent to the penitentiary. It is from the gentleman himself they have received protection and encouragement.

Mr. CELLER. It does not lie in his mouth today to say what he has said with reference to this subject. He has by his stubborn insistence in keeping nefarious persons in the service done much to discredit prohibition.

Governor Rolph, of California—and I hope others will follow his move—has freed from the jails all who have been convicted of selling liquor, because those violators have done nothing involving moral turpitude. How can there be anything immoral in what they have done? The buyer has never been guilty as is the seller. The gentleman from Texas [Mr. BLANTON] would be the last, as would be the senior Senator from his State, to declare that the man who bought the liquor would be equally guilty with the man who sold it. Yet the buyer is not one whit less or more guilty than the seller. Therefore, as to what these men have been doing, you have put the imprint of innocence on them. Why should you continue to hold them guilty?

Mr. BLANTON. The gentleman from New York has made an incorrect statement both as to my own attitude and as to that of the senior Senator from Texas [Mr. SHEPPARD]. Both of us have stood for just the contrary. The gentleman from New York must be unfamiliar with my House Joint Resolution No. 6, introduced by me on March 9, 1933, now pending before the Committee on the Judiciary, an identical copy of which I had pending in the last Congress.

Mr. CELLER. If they are innocent, they should be free to ply this lawful trade, the trade that you now make lawful. Furthermore, you would be putting an additional penalty upon them which you have no right to do. These innocent men have gone to jail and have suffered. They should not have gone to jail. Men like the gentleman from Texas put them there. The sin is on their heads. Now you say in addition that they shall not make a living, that they shall continue in punishment. That is a grievous wrong, and I do indeed hope the gentlemen will stand by the committee.

Mr. BLANTON. The bootlegger put himself there. His own voluntary acts brought his punishment upon him. And I thank God that no bootlegger has ever received any encouragement from the gentleman from Texas. I am in no way responsible for his downfall.

Mr. PALMISANO. Mr. Chairman, I call attention to the fact that there are three amendments on the Clerk's desk which will require an applicant to make application under oath, and the commissioners have all the authority that you can put into their hands to keep out criminals and bootleggers of the undesirable class. Some little fellow, who may have worked for somebody else, through misfortune may have violated the law once, and then has quit the business. And if you do not agree with the committee, you will prevent such a man from obtaining a license under this law.

Mr. WHITTINGTON. If that theory is true, why put restrictions at all as to age, or as to the commission of a felony, or running a gambling institution?

Mr. PALMISANO. I did not put any age in this.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The question was taken; and on a division (demanded by Mr. STALKER) there were—ayes 129, noes 88.

So the committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 14, insert, after the word "business", "*Provided*, That in case the applicant be a corporation, firm, or association with more than one place of business, the name of a person or persons who shall be in actual charge of each location of the licensed business shall be designated, and the person or persons so designated shall have all the qualifications of an individual applicant."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Amendment offered by the committee: Page 2, line 20, after the word "therefor", insert the words "under oath."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 2, line 20, after the word "form", insert the following: "and containing such information."

Mr. BLACK. Mr. Chairman, I think we should hear something about that amendment.

Mr. PALMISANO. Mr. Chairman, the applicant must state under oath and in such form containing such information as the Commissioners may desire.

Mr. BLACK. I rather think that amendment is not in conformity with the scheme of the bill. That amendment should have been adopted in case the committee had decided to adopt another amendment, but I think at present it would be very disturbing in the construction of the bill. I think the gentleman has offered it through a mistake. It is not in conformity with the scheme of the bill now. If we had adopted another amendment suggested by the authorities of the District, then this would be a proper amendment. I think it is not necessary under the present scheme of the bill.

Mr. PALMISANO. Of course, the oath is the main thing that we want in the bill. I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Without objection, the amendment will be withdrawn.

There was no objection.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 3, line 1, after the word "consideration", insert a comma and the words "among other things."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. BLACK. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLACK: Page 4, strike out all of lines 5 and 6.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New York.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment. Under this amendment, if you strike out these two lines, a licensee then could have many other beer saloons or joints or parlors or cafes, and so forth, scattered all over Washington. I understood from the committee that they were not in favor of any brewery or other monopoly. Why strike this out? Why not leave the language in?

Mr. BLACK. The reason for striking it out is a simple one. Let us say there is a corporation which owns more than one hotel. Are you going to give them a license for just one hotel and not for the other?

Mr. BLANTON. If they designedly acquire and own 50 so-called "hotels" or "cafes" in Washington, merely to monopolize the beer business, do you want to permit that? They ought not to have the right to monopolize any business, beer or otherwise, in Washington.

Mr. BLACK. But the Committee of the Whole has already adopted an amendment providing for licenses being issued to the ownership of more than one place.

Mr. BLANTON. I cannot yield further. Now, I will tell you what will happen. The great Standard Oil Co. of New Jersey—and I trade with them sometimes—operates the biggest service station in the world down here on Constitution Avenue. It is a wonderful service station, but that is not the only one it has here. It has them scattered all over this city. It has run out competition. It has bought up places and run off the little retail operator. It has stations from one side of Washington to the other. That is what you will provide for under this amendment. Whenever you strike out this language you will permit these big corporations to come in and monopolize the beer business in Washington. They will run out the little fellows, and they will put their chain beer joints from one side of the District to the other. They have plenty of money. They can buy lots and they can build attractive little joints. The gentleman from New York [Mr. BLACK] comes from a place where monopolies thrive. He does not realize the viciousness of this problem.

Mr. PARKER of Georgia. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. PARKER of Georgia. Will the gentleman ask the chairman of the committee if he proposes to strike out 7 and 8? If he does strike out the provisions of paragraph 6, they render the others ineffective.

Mr. BLANTON. Well, this bill when introduced was carefully written by my good friend from Maryland, Mr. PALMISANO, and his assistants in the last Congress. He had some opposition to it in his committee. He overrode all opposition. He reported his bill out in the last Congress. It came here just as he wanted it. It then contained these lines 5 and 6 that are now in paragraph 6. Why does he now want to strike them out? What has come about in so short a time that he now wants to give this protection to monopolies? I think this is one amendment, especially, that ought to be voted down.

Mr. BLACK. Mr. Chairman, after the House adopted the proviso to paragraph 8 there was nothing left to do except strike out paragraph 6, because the proviso permitted the agents of corporations to operate more than one place. If we have paragraph 6 left in the bill, then 7 does not mean anything. If we have 7 in, then 6 does not mean anything. The Committee of the Whole acted on paragraph 7, which was quite natural. Now, it has happened this way: The committee, in reporting the bill, authorized two members of the committee to revise the language of this bill so that there would be no inconsistencies, but, due to the haste and excitement of the public in the District of Columbia to see a beer bill reported, the men in charge reported the bill without making proper revision. In consequence we have met with this situation.

On the material effect of this: There is more than one hotel in the ownership of one management in the city of Washington. There are drug stores scattered all over the city under one management. I have fought the chain stores. I have fought mergers as hard as anybody on the floor of this House. I am against monopolies here and in New York, but I do not believe you will have any successful attack on mergers by such a collateral attack as this. We have to visualize Washington as it is. There are chain stores all over the city and there is more than one hotel under one management.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. O'CONNOR. My first impression was similar to the impression of the gentleman from Texas [Mr. BLANTON]. This morning I spoke against monopolies, but I realize the difficulties which confront the gentleman. If there are two hotels in the same management, they should be licensed. I suggest to the gentleman that the Commissioners have the power to issue licenses. They should know, however, whether or not a man is the owner of another license. That statement might well be included in the application, and leave it to the Commissioners whether or not they will permit the establishment of a monopoly, which none of us wants.

Mr. BLACK. I accept the suggestion of the gentleman. I ask unanimous consent, Mr. Chairman, to withdraw my amendment, and I will offer an amendment to take its place.

The CHAIRMAN. Without objection, the amendment offered by the gentleman from New York [Mr. BLACK] will be withdrawn.

There was no objection.

Mr. BLACK. I offer an amendment, as follows, Mr. Chairman: On page 4, line 5, after the word "is", add the words "or is", so that it will read "applicant is or is not the owner."

The Clerk read as follows:

Amendment by Mr. BLACK: On page 4, line 5, after the word "is", insert the words "or is."

The amendment was agreed to.

Mr. SMITH of Virginia. Mr. Chairman, I have a series of amendments to this section, if the committee has finished. I offer the first one.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: On page 3, in line 5, after the word "District", strike out the period, insert a comma and the following: "which number may be increased or diminished at any time in the discretion of the Commissioners."

Mr. BLACK. Mr. Chairman, rather than consume any more time considering the matter, the committee has decided to accept the amendment.

The amendment was agreed to.

Mr. SMITH of Virginia. I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: On page 3, in line 7, after the word "license", insert the following: "shall contain the answer of the applicant under oath to such questions as the Commissioners may propound and in addition."

Mr. BLACK. Mr. Chairman, the committee accepts the amendment.

The amendment was agreed to.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: On page 3, in line 25, after the word "is", insert the word "knowingly."

Mr. BLACK. The committee accepts the amendment.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: On page 4, line 8, after the word "license", insert the words "in person and."

Mr. BLACK. Mr. Chairman, I think we should hear from the gentleman from Virginia on this amendment.

Mr. SMITH of Virginia. Mr. Chairman, I wish to be heard on this amendment.

Mr. Chairman, the language on page 4, beginning with line 7, as amended by the amendment just offered, would read as follows:

That the applicant intends to carry on the business authorized by the license in person and for himself.

In other words, I am inserting the words "in person" merely for the purpose of tightening up this law a little.

I am rather apprehensive of what may happen unless there is a very strict personal supervision of these places by the person who is supposed to operate them, that is, the licensee—if the licensee does not personally operate it but leaves it to the superintendence of someone else.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. WADSWORTH. Would not the gentleman's amendment completely nullify the perfecting amendment offered by the gentleman from New York [Mr. BLACK] in lines 5 and 6 on the same page? Would it not have the result of preventing the management of two hotels, for instance, securing a license to sell in both at the same time?

Mr. SMITH of Virginia. That may be true. I merely offer the amendment for what it is worth. I believe this provision should be more stringent. It is my personal opinion that one person ought not to have more than one license, and that he should give his personal supervision to the business.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was rejected.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: On page 4, line 11, strike out the word "superintend" and insert in lieu thereof the word "conduct", and on page 4, line 13, strike out the word "superintend" and insert the word "conduct."

Mr. BLACK. Mr. Chairman, the committee has the same objection to this that was made by the gentleman from New York to the last amendment. The committee does not care to accept this amendment. It is not in harmony with the rest of the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was rejected.

The Clerk read as follows:

SEC. 5. Licenses issued under authority of this act shall be of two kinds: (a) "On sale" licenses, which shall permit the licensee to sell beverages for consumption on the premises only; and (b) "off sale" licenses, which shall permit the licensee to sell beverages in original packages for consumption off the premises only.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: On page 4, line 25, after section 5, insert the following new section, to wit:

"SEC. 5 (a). It shall be unlawful to give or sell any of the above beverages on Sunday or to persons under 18 years of age. Any person violating this provision shall be subject to a fine not exceeding $100 or be imprisoned not to exceed 6 months."

Mr. GOSS. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. GOSS. Mr. Chairman, I make the point of order the amendment is not germane to the bill or to the section.

Mr. BLANTON. If the Chair is in doubt about it, I should like to be heard. The amendment is germane to both the bill and the section.

The CHAIRMAN. The Chair would like to hear from the gentleman from Connecticut on the point of order.

Mr. GOSS. Mr. Chairman, rule XVI states that two subjects are not necessarily germane because they are related. There are many places in the rules and precedents where the statement is made that if by either committee amendment or amendments from the floor new matter is injected into the matter under consideration, it would not be in order, under the rule of germaneness, just because the two matters are related.

The bill states:

SEC. 5. Licenses issued under authority of this act shall be of two kinds: (a) "On sale" licenses, which shall permit the licensee to sell beverages for consumption on the premises only; and (b) "off sale" licenses, which shall permit the licensee to sell beverages in original packages for consumption off the premises only.

From the standpoint of germaneness this section has nothing to do with the age of the applicant, the purchaser, or with the Sunday situation. The amendment is a blue law, as it were. Furthermore, the beer is not intoxicating anyway. Coca-Cola is sold in drug stores. If these are nonintoxicating beverages, why differentiate against them?

Mr. BLANTON. Mr. Chairman, section 5 provides for licenses as to both retail and wholesale handling of this liquor. It provides for licenses to sell this liquor to be drunk on the premises or to be taken away to be drunk elsewhere. Any matter that pertains to how it shall be sold, when it shall be sold, or to whom it shall be sold is germane to the bill and is a proper limitation under the bill.

Mr. O'CONNOR. Mr. Chairman, I should like to be heard on the point of order.

The CHAIRMAN. The Chair recognizes the gentleman from New York.

Mr. O'CONNOR. This amendment is not germane to this particular section. The chairman of the committee proposes to introduce a similar amendment when we come to the matter of violations.

The CHAIRMAN. This particular section deals with the kinds of licenses and imposes no restrictions whatever.

The particular amendment that is offered deals with dates and also with age limits in the form of restriction.

The amendment would be germane to a later section in the bill and, of course, could be offered at that point, but it seems to be not germane to this particular section.

Mr. BLANTON. Did the Chair note that I offered it as a new paragraph?

The CHAIRMAN. The Chair so understands, but it must be germane to the part of the bill to which it is offered. It is germane to a later section of the bill, and the gentleman may offer it at that point.

The Clerk read as follows:

SEC. 6. All applicants for "on sale" licenses shall pay to the District of Columbia a license fee of $100 per annum, the same

to be paid before the license is issued. "Off sale" license fees shall be $25 per annum payable in like manner. Each kind of license shall be good for 1 year from its date unless sooner revoked by the Commissioners of the District of Columbia.

With the following committee amendment:

Line 4, page 5, strike out "$25" and insert in lieu thereof "$50."

The committee amendment was agreed to.

Mr. O'CONNOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 5, in line 2, strike out "$100" and insert in lieu thereof "$250."

Mr. O'CONNOR. Mr. Chairman, I do not believe there was ever such a small license fee in connection with the sale of any similar beverage anywhere. As I said early in the day I think $100 is ridiculously low and that it should be at least $250 for this license where they sell the beverages on the premises.

Mr. PALMISANO. Mr. Chairman, the gentleman from New York does not take into consideration that besides a $100 license fee they will have to pay $1 for each barrel of beer sold under this bill. If you were to strike out the tax of $1 a barrel, then it would be all right to raise this to $250, but you are charging the licensee under this bill a dollar for every barrel of beer he sells and if he sells a barrel a day, in addition to the $100 which he has to pay for his license, he will pay $312 more, assuming you do not permit the sale of beer on Sunday.

Mr. STALKER. Will the gentleman yield?

Mr. PALMISANO. Yes.

Mr. STALKER. Did the gentleman read in today's paper where the brewers propose to charge 10 cents a glass for this beer in the District?

Mr. PALMISANO. I am glad the gentleman from New York has brought up that question. There will be no 5-cent glass of beer under this bill unless you go into the sections where rents are cheap.

I stated before when I offered an amendment to the original bill in the Seventy-second Congress that the tax is entirely too high. The Federal Government is taxing this beer $5 a barrel when the truth is that from 1862 until 1914 the tax was never more than $1 a barrel. Today you are taxing it $5 a barrel and besides this you are taxing the people of the District an additional $1 a barrel, which will mean $6 a barrel.

Mr. CELLER. Will the gentleman yield?

Mr. PALMISANO. I yield.

Mr. CELLER. I have been in consultation with a number of the brewers and they tell me the average price per barrel of beer of 31 gallons will be $12. If you superimpose on $12 a $5 general tax and the $1 tax which you have in this bill, you have a total of $18. Furthermore, all that the retailer could get out of a 31-gallon barrel of beer, dishing it out in 8-ounce glasses, would be from $20 to $21, allowing for a wastage of 10 percent. So all you would allow for the retailer would be the difference between $20 or $21 and $18 or $19, and if you add to this a license tax of $250 you would make it still more nearly prohibitive. So the license must be reasonable, otherwise it will avail nothing for purposes of profit.

Mr. PALMISANO. Mr. Chairman, I cannot understand the gentleman from New York [Mr. O'CONNOR]. I stated before when he offered an amendment to the original beer bill providing for a tax of $7.50 a barrel that if the amendment were to prevail, as far as Maryland was concerned we would not want any beer, because you would take it away from the very class of people we are endeavoring to give this beer, and that is the workingman. [Applause.]

You cannot sell an 8-ounce glass of beer of the best quality under the present law for 5 cents. Before the war a 16-ounce glass of beer obtained, but during these hard times you are going to say to the man who is unable to obtain any employment that the beer that he could buy before the war for 5 cents he will now have to pay 10 cents.

[Here the gavel fell.]

Mr. KNUTSON. Mr. Chairman, I ask unanimous consent that the gentleman may have 3 additional minutes. I would like to ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KNUTSON. Will the gentleman yield?

Mr. PALMISANO. Yes.

Mr. KNUTSON. What is the use of passing this legislation if the retail price of beer is going to be so high that the ordinary man cannot afford to buy, and what revenue will be derived from its sale?

Mr. PALMISANO. I make the statement that all your predictions about $125,000,000 or $200,000,000 of revenue to be obtained under the beer law will be wrong and you will not get $75,000,000, because you are putting it beyond the reach of the workingman. It will not be consumed, and if it is not consumed, you will not get the revenue. [Applause.]

Mr. O'CONNOR. Will the gentleman yield?

Mr. PALMISANO. Yes.

Mr. O'CONNOR. The gentleman can never accuse me of not being anxious to get beer for the consumer. I stood on this floor when they had up the beer bill and someone took me to task for saying that the brewers were going to profiteer and that they would charge $25 for the first barrel that came out of the brewery. The truth is now coming out. My colleague from New York today tells us that the brewers say they have got to get $12 for a barrel of beer.

Before prohibition they never got over $5 for any barrel of beer they produced. They appeared before our committee and told us that they could put out beer with a $7.50 tax at $13.50. Now they start out at $12, with a $5 tax.

Mr. PALMISANO. I want to say to the gentleman that I stated before the Ways and Means Committee that the price of beer would be between $11 and $12 per barrel; my prediction was based on what they charged before prohibition—five and a half to six dollars a barrel; the tax was then $1 a barrel. It is a fair presumption that with a $5 tax, they would charge $11 to $12. According to the committee's report, the brewers claim that they would charge $6.38 over and above the tax; it would make it come to about $11.38.

Mr. KNUTSON. With reference to the point raised by the gentleman from New York [Mr. O'CONNOR] will not that be regulated by the law of supply and demand?

Mr. PALMISANO. Unquestionably.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. O'CONNOR].

The question was taken, and the amendment was rejected.

Mrs. NORTON. Mr. Chairman, I move to strike out the last word. When we started on this bill I had no idea there could be so much talk on beer. I thought we had exhausted every argument with reference to that subject. [Laughter.] I find that we are now in the position of wasting a lot of time on nonessentials.

In view of the information I have just received that if we can finish the bill this afternoon, say, by 4.30 o'clock, the hard-working Members of the House will have a little vacation until next Monday morning, I sincerely hope you will assist by taking no unnecessary time. I am sure you are as anxious as I am to get away for a much needed rest. I hope the Members of the House will cooperate in the consideration of these amendments. I do not want to shut off any necessary debate on the bill, but I ask you to be as quick as you can in deciding what you want and what is necessary, so that the bill may be completed by half past 4. [Applause.]

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 5, line 2, strike out the figures "$100" and insert in lieu thereof the figures "$200."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The question was taken, and the amendment was rejected.

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment:

The Clerk read as follows:

Page 5, line 5, after the word "good," strike out the words "for 1 year from its date" and insert "to the end of the fiscal year in which granted."

Mr. SMITH of Virginia. Mr. Chairman, under the law as drawn it provides that these licenses shall be issued from time to time during the year. They will thus be expiring at all times during the year. Therefore, there will be more machinery to be operated and a great deal more trouble about renewing a license, one today and another tomorrow. The purpose of this amendment is to provide that when first granted they shall expire with the fiscal year, and then all licenses will be granted at the end of each fiscal year, all at the same time, and the whole matter will be disposed of at one time, all expiring at one time.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. Yes.

Mr. GOSS. I want to find out if the gentleman prorates the fee for this license on the partial year. The amendment does not say so. So in reality, if the amendment be adopted, it would really increase the fee.

Mr. SMITH of Virginia. I have an amendment, in line 2, page 5, after the word "fee," to add "at the rate of." I do not know whether the Clerk has read that or not.

Mr. KNUTSON. Mr. Chairman, let us have the amendment read again.

The CHAIRMAN. As the Chair understands, the gentleman from Virginia asks unanimous consent to modify his amendment. Is there objection?

Mr. PARKER of Georgia. Mr. Chairman, I object.

The CHAIRMAN. Without objection, the Clerk will again report the amendment offered by the gentleman from Virginia.

There was no objection and the Clerk again reported the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The question was taken; and on a division (demanded by Mr. KVALE) there were—ayes 36, noes 69.

So the amendment was rejected.

Mr. VINSON of Kentucky. Mr. Chairman, I move to strike out the last word and ask unanimous consent to revise and extend my remarks in the RECORD on H.R. 2820, the veterans' legislation, including certain excerpts from a speech made by me on May 3, 1932, on the same subject.

The CHAIRMAN. Is there objection?

Mr. LEHLBACH. Is such a request proper in the Committee of the Whole?

The CHAIRMAN. The gentleman has made some statements on it heretofore. Is there objection?

There was no objection.

Mr. VINSON of Kentucky. Mr. Chairman, ladies and gentlemen of the committee, I take this opportunity for expressing my views upon H.R. 2820, the bill which vested the President with power to rewrite the veterans' laws and which carried a reduction in salary of Federal employees. I have bided my time so that I might discuss the matter calmly and without heat. I impugn the motives of no one who supported said measure. In my 7 years' service here I have cast many votes which at the time did not meet the approval of all. This is the first time I have ever explained a vote after it was cast. If I had not spoken on the subject during its consideration, and given my reasons therefor, I have permitted time to answer my critics. In this instance, however, my vote upon this measure has been misunderstood, even to the point that disloyalty to the President of the United States was charged in the Courier-Journal and Times, published outside of my district. In short words, such charge is a malicious, willful, damnable lie.

At the time the vote was cast and now there is no man in this Congress that will stand by our great President longer or suffer more for him than will I. Others seem to think that my motives were political; they are simply measuring my corn in their half bushel. The easy vote was "aye", and lay all responsibility in the future administration of veterans' legislation upon the shoulders of our President. I know it took more courage for me to follow my judgment and my conscience in that vote than to have said "aye" and hide behind the President of the United States.

Last year an effort was made to wipe off all veterans' legislation without any opportunity given veterans and their representatives to be heard. I opposed that measure and made a speech on the floor which I will hereinafter insert. It should be said that the substitute provision for this summary legislation saw the appointment of a joint committee with authority to investigate all veterans' legislation and to make recommendations for a national policy. This committee as yet has not reported, even though they spent months in the study of this great subject.

I have supported and I will support our President in all emergency legislation. The soldiery of our wars will gladly do likewise, but it was apparent to me that this was not emergency legislation in the sense that it needed action on that particular day, without hearings and without opportunity to amend the bill. First, that part referring to Federal employees provided for a definite cut for a definite period. For veterans it was the power in the Executive to rewrite all veterans' legislation as permanent law. In other words, as affecting Federal employees the cut was 15 percent for a limited period. For the veterans the cut was 100 percent in many instances, and permanent at that. I cannot justify the attitude of the Congress in the name of economy in cutting their own salary and other Federal employees 15 percent—which is, in the case of Senators and Congressmen, an additional cut of only 5 percent over the cut now in effect—and seeing groups of veterans cut 50 percent and 100 percent.

Another reason I did not consider it an emergency measure—one necessary for passage without hearings or opportunity for amendment—the saving was to balance the Budget for the fiscal year 1934, which begins July 1 of this year. The Senate took 3 days and 2 night sessions for consideration, after hearings before regular committee.

I want to set forth the conditions as they existed on Saturday, March 11, when I voted against this particular measure. Boiled down, there were four reasons for my opposing the measure at that time:

First. The consideration of the bill: (a) No hearings before the committee; (b) no explanation of the bill in the report of the committee; (c) no detailed information on the floor concerning the effect of the bill; (d) lack of time to make personal investigation; (e) no opportunity given to amend it.

Second. It was not such temporary emergency legislation as would justify support without proper consideration.

Third. It was contrary to my oft-expressed views and pledges.

Fourth. It is unconstitutional, in my opinion, in that it vests legislative authority in the Executive.

THE CONSIDERATION OF THE BILL

Upon Friday, March 10, the President's message was conveyed to the House.

That afternoon a resolution for the appointment of a special committee to handle this measure was passed. At the conclusion of the business of the day, five gentlemen were appointed upon this committee. Sometime Friday the bill was introduced. It could not have been referred to the special committee until after its appointment. The regular routine would have been to have submitted this bill to the veterans committee for its report. Never have I seen the procedure that was followed in the consideration of this measure. Never have I heard of such a course being pursued. A copy of the bill was not available to Members until about 10 o'clock Saturday morning, at which time a Democratic caucus was called. The committee held no hearings on the bill. The report which ordinarily sets up in detail the facts and the provisions of the bill failed utterly in that respect. The report contained 8½ pages. Seven and one-

half pages were merely a copy of the bill itself; the one page of the report gave no explanation of its contents.

The caucus was called to bind Democratic Members to support the bill. During its proceedings, Congressman BROWNING, of Tennessee, a very able and distinguished member of the Judiciary Committee, introduced an amendment to restrict the cuts in veterans' pay to a limit of 25 percent. His motion was adopted by some 40 or 50 majority. Thereupon a roll call in the caucus was had upon the resolution to bind the Democrats to support the bill and said amendment. The press accounts do not carry correctly the facts in respect of this vote. More than two thirds of the Democratic membership on a roll-call vote supported the resolution binding the caucus to support the bill with the Browning amendment. I voted "aye" both in the standing vote and the roll call in the caucus, but before the result was announced binding the caucus to support the bill with the Browning amendment, some 14 Members changed their votes from "aye" to "no." The final announcement did not show that two thirds had voted to bind the caucus. There were 178 Democrats to bind the caucus with the Browning amendment, and 108 against it.

A member of the Kentucky delegation, JOHN YOUNG BROWN, who so viciously attacks the gentlemen who did not vote as he did on final passage of the bill, actually voted to bind the caucus to support the bill with the Browning amendment on the roll-call vote. I understand that he was one who later changed his vote. I wonder if there was any disloyalty in his mind at the time he said "aye", or whether he was voting in accordance with his intellect and conscience. I take the liberty of saying that our leaders in the present Congress on the roll call just referred to, voted to bind the Democrats to support the bill with the Browning amendment—one at least changed his vote. No one would, for a moment, say that these great leaders of Democracy were in the least degree disloyal to the President of the United States when they first voted in the manner they did. Every member of the Kentucky delegation voted to bind the bill with said amendment. BROWN alone changed his vote. There was no thought of disloyalty in their minds and there was no thought of disloyalty in my mind.

Upon adjournment of the caucus the House immediately convened. The bill was immediately taken up for consideration. One hour's debate on the side was agreed upon. Two gentlemen favoring the bill governed the time. Only those whom they selected could speak in opposition to the bill. I never saw that before in my experience here. Nobody explained the bill in detail, or attempted to explain it. The CONGRESSIONAL RECORD for that date will bear me witness. No real showing was made that it was emergency legislation. The employees' cut was temporary—for the emergency; the veterans cut, permanent. The Budget that it would balance begins July 1, 1933, and ends July 1, 1934. At the conclusion of this meager consideration, Mr. BROWNING desired to offer the amendment adopted in caucus for the 25 percent cut of all veterans' pay. He was not permitted to offer his amendment for a vote upon it. Such were the conditions under which this vote was taken.

When it got to the Senate, the bill was referred to the regular committee. They held hearings and debated the measure for 3 days and in 2 night sessions. Full opportunity to offer amendments was given. At one time Senator PAT HARRISON, chairman of the Finance Committee and spokesman for the administration (certainly representing the President), offered some 29 committee amendments which were agreed to without a single protest. Certainly, these amendments must have embodied the viewpoint of our President; evidently they cured injustices and discriminations that he desired to be cured. All told there were 44 amendments to the House bill adopted in the Senate, which facts show the haste in which the bill was considered in the House.

SENATE AMENDMENTS

I will discuss some of them, showing their nature and effect.

Amendment no. 4 reads:

Provided, That nothing contained in this title shall deny a pension to a Spanish-American War veteran past the age of 62 years entitled to a pension under existing law, but the President may reduce the rate of pension as he may deem proper.

This would insure the granting of a pension to a Spanish-American War veteran who has pased 62 years and entitled to a pension under existing laws. This proviso prevents his being cut off the pension rolls, but permits the President to reduce the rate as he sees proper.

Amendment no. 7 provides that veterans of any war suffering with tuberculosis or nervous ailments shall have hospital treatment.

Amendments no. 10 and no. 11 took care of some 100 cases where the injury was sustained during the World War service, even though it occurred subsequent to November 11, 1918. The bill which I opposed required that such disabilities must have occurred in service prior to such date.

Amendment no. 19 adds this language:

Or on any judgment heretofore rendered in a court of competent jurisdiction in any suit on a contract of yearly renewable term insurance, or which may hereafter be rendered in any such suit now pending.

This provision prevents the dismissal of any suit now pending in the Federal court upon war-risk insurance where there is a plea of total permanent disability. Further, it compels payment of any judgment rendered upon such policies heretofore. In other words, the bill which I opposed prevented the payment of a judgment rendered in Federal court of the United States upon such policy and would have finally dismissed all suits now pending in said court. The Government insurance policies carry a total permanent disability clause. The soldier paid for this insurance during the World War, and many of them since discharge. I have such a policy and I know the conditions which it contains. It cost me $6.60 a month while I was in the service; and when I converted it into an ordinary life policy, it now costs me $175.20 a year. This is very little less than an ordinary life policy with a regular insurance company taken at the same time. Were a person to suggest invalidating a contract in an ordinary life policy, constitutional guaranty against the impairment of contract would bar the way. I feel certain that such constitutional guaranty should be successfully invoked in this instance.

My friends, this is a civil contract, for which the insured has paid his full consideration; it is a binding obligation upon the Federal Government to pay the face of the policy in accordance with its terms when the insured becomes totally and permanently disabled. It certainly is proper for the insured, or the representative of the insured, to file application with the Government and have determination by the Veterans' Administration; but to me it is unthinkable that if some board find this fact against the insured or his representative, which finding is approved by the Director of Veterans' Administration, that such insured or representative of said insured shall not have opportunity in a proper judicial proceeding to establish the fact that such total and permanent disability existed. The bill which I opposed precludes forever any judicial determination of such fact and made final and conclusive the action of the agent of the Government who had decided the case in its favor. What would any fair-minded man say if the Federal Congress were to pass a law making final and conclusive the decision of a life-insurance company that an application for benefits under the total permanent disability clause in his policy of insurance was final, conclusive, and not reviewable in the courts? Exactly such condition existed in the bill which I opposed last Saturday.

Amendment no. 20 reads as follows:

Provided further, That, subject to such regulations as the President may prescribe, allowances may be granted for burial and funeral expenses and transportation of the bodies (including preparation of the bodies) of deceased veterans of any war to the places of burial thereof in a sum not to exceed $107 in any one case.

Can anyone complain of leaving this provision of law in effect?

Amendment no. 21 reads as follows:

The provisions of this title shall not apply to compensation or pension (except as to rates, time of entry into active service, and special statutory allowances) being paid to veterans disabled, or dependents of veterans who died, as the result of disease or injury directly connected with active military or naval service (without benefit of statutory or regulatory presumption of service connection) pursuant to the provisions of the laws in effect on the date of enactment of this act. The term "compensation or pension" as used in this paragraph shall not be construed to include emergency officers' retired pay referred to in section 10 of this title.

This amendment prevents the removal from the compensation rolls of all veterans whose disabilities are actually traceable to direct service. It gives discretion to readjust rates but precludes any such veteran from being deprived of compensation for service-connected disabilities.

Amendment no. 25 reads as follows:

SEC. 19. The regulations issued by the President under this title which are in effect at the expiration of 2 years after the date of enactment of this act shall continue in effect without further change or modification until the Congress by law shall otherwise provide.

This amendment is self-explanatory.

The foregoing amendments came back to the House on Thursday, March 16, and were agreed to by the House. I voted for the amendments. They liberalize the House bill very materially.

The Clark amendment: A distinguished son of a distinguished Democrat offered an amendment in the Senate to cut 25 percent all veterans' pay, whether disability allowance or compensation. It was rejected by a vote of 28 to 45, with 21 Senators not voting. This amendment would have cut $206,000,000 from the veterans' pay, which, with $120,000,000 from employees, makes a total saving of $326,000,000. It was strictly in conformity with the platform. The gentleman who introduced this was Senator BENNETT CLARK, son of that well-beloved Democratic leader, Hon. Champ Clark, of Missouri.

So it is apparent that the President was perfectly agreeable to the 44 amendments adopted by the Senate.

The press in commenting upon the votes favoring the Senate amendments left the impression that such a vote was a change in position for those who opposed the original bill. That is wholly inaccurate. The vote was on the Senate amendments. These amendments had removed several hardships and injustices. The Speaker, upon several occasions, stated definitely that this vote was on the adoption of the Senate amendments. My vote favoring the Senate amendments was in nowise indicative of any change in attitude originally expressed on the House bill.

IT WAS NOT SUCH TEMPORARY EMERGENCY LEGISLATION AS WOULD JUSTIFY SUPPORT WITHOUT PROPER CONSIDERATION

At the time of the vicious attack in the Courier-Journal last Monday, the bill through the press, had been considered solely as an economy measure—a Budget-balancing proposal. But Budget balancing was not necessary to be done in the manner we have set forth. I realized at the time I cast my vote that money would be saved the Federal Treasury by the passage of this bill. But I realized that this bill went farther than Budget-balancing purpose—it was pension reform legislation—a complete rewriting of all veterans legislation on the statute books. There can be no question that it is the repeal of veterans' legislation with the authority in the Executive to rewrite the law subject to the limitations set forth in this measure. No limitation was placed on it by the House—none was permitted. The Senate put 44 amendments in it.

I repeat there can be no question as to this fact. I say this on no less authority than the Courier-Journal itself. In its editorial column of Friday, March 17, it says:

To call this act merely an "economy measure" obscures its real merit and robs President Roosevelt of credit for a much more magnificent achievement. It could not have passed but for the dire strait of public finances. It doubtless will drastically cut the National Budget, but it in essence is pension reform.

The Courier-Journal knew this fact existed at the time it wrote its dastardly character-assassination editorial. But knowing it, the editorial was pitched upon a failure to respond to Budget balancing. My friends, I know something about Budget balancing for the Federal Government. I am on the committee that will respond to the call of the President if there is a new tax bill. I knew that this legislation for war casualties was not presented solely as an "economy measure." It had the economy features, but with it was the pension-reform legislation of which the Courier-Journal now speaks. Can anyone say that pension-reform legislation was so urgent in nature as to justify the manner and form of its presentation and consideration to the House? Such high authority makes it unnecessary to discuss further the fact that it was not emergency legislation, such that would justify its passage with so hasty consideration.

Likewise, the same editorial is pitiful in its discussion of the constitutional phase of the subject. It is also high authority for the lack of constitutionality. It admits that the power to legislate upon this subject was taken away from Congress. However, the views as to constitutionality are personal, and I intend no criticism of our President relating to his view on this point.

IT WAS CONTRARY TO MY OFT-EXPRESSED VIEWS AND PLEDGES

My stand toward the veterans is well known in my congressional district. After each session of Congress—save the last one, when we immediately went into this special session—I have taken pains to inform the district of my activities and votes upon all major legislation. In public speech I have stood upon my record, and they have been splendid in their attitude toward me.

In the State-wide primary and general election I voiced my record relative to soldier legislation. There has been no effort on my part to dodge any issue in conjunction with soldiers' legislation. I wrote the minority report of 10 members of the Ways and Means Committee and opened debate for the payment of the bonus with currency issued under the Owen plan. This was a currency-expansion bill which received very severe criticism from many of my friends and all my political enemies, including the Courier-Journal and Times. When I came to Washington in November, I was asked by a Courier-Journal correspondent what I considered the most important legislation with which to start off the session. I replied, "Controlled expansion of currency." These unfriendly newspapers rode me for such thought. I had spent weeks listening to the money experts, and mine was a conscientious conclusion. Today currency expansion, all of which is sound money, is the hope and salvation of saving our banking institutions and the Nation. I verily believe that if the bonus bill had passed with the issuance of $2,400,000,000 of currency under the control feature set up in the Owen amendment, it would have prevented our present condition, which all now admit comes from a shortage of currency. The controlled currency under the bonus bill might be likened to preventive medicine—like an inoculation against typhoid fever. We failed to perform the inoculation, and now the effects of the dread disease is upon us. In my humble judgment, the bonus money, leaving aside the soldiers' benefit, would have been the greatest blessing of our trying hours. If anyone cares to look up my speech on this subject, they will find that I said as much.

Last year in the consideration of the so-called "economy bill" I supported the committee on the pay cut which would have provided the greatest saving. In addition thereto I voted for the McReynolds amendment, which provided a cut of 20 percent for salaries of Members of Congress. That cut would have made the Members of Congress suffer the largest salary reduction. In addition thereto I voted for a reduction of mileage 25 percent, stationary allowance 33⅓ percent. Many folks do not know that Congressmen voted these cuts for the present fiscal year. Our salary cut now is 10 percent. I voted for the reorganization in the executive departments; I voted for a single department of national defense, said to effect a saving of between fifty and one hundred million dollars per year; I supported such measure in 1926, when I was serving upon the Military Affairs Committee; I have supported every carefully con-

sidered economy measure presented. I refused to see veterans' legislation rewritten in that bill without hearings and without proper consideration.

SPEECH ON VETERANS' LEGISLATION, MAY 3, 1932

With your permission, I include extracts from my remarks upon that subject at that time:

Mr. VINSON of Kentucky. Mr. Chairman, in addressing my remarks to veterans' legislation in the bill I would say that I do it without heat and without feeling toward the members of the committee who have presented this amendment. Theirs has been a very arduous task, and I have been glad to follow them in every effort to save money for the Treasury up to this point.

There are many reasons why I cannot subscribe to their advocacy of title IX, which deals with veterans' legislation. It is an admitted fact that the consideration of this veterans' legislation was an ex-parte proceeding. The members of the committee called in the Director of the Veterans' Administration, Gen. Frank T. Hines, and what happened in their collaboration with him does not appear in any printed hearing. My information upon these points was procured from the gentleman from Arizona [Mr. Douglas]. If I wanted to be harsh, I might say that these proceedings were in the nature of star-chamber session.

Certainly veterans' legislation, or legislation of any character, ought not to be brought to the House under such circumstances. It is an American principle that a party in interest should have his day in court. The veterans did not have theirs in this proceeding. There was no opportunity to question even General Hines with reference to the meaning of certain well-chosen language affecting the veteran group.

Incidentally, I was informed that several of the most important sections under this title had been rejected by the committee in calmer moments, but being brought up near midnight in the last session of the committee, when, perhaps, they were tired and worn to a "frazzle", they were written into the bill.

The gentleman from Wisconsin [Mr. Schafer] referred to the provision of this title as being a "half-baked proposition." Mr. Chairman, that notion, in my judgment, is far from accurate. I have had several years of close scrutiny of veterans' legislation, their construction and interpretation by the Veterans' Bureau and the Veterans' Administration. And I say to you that the choice of language used in the title is that which is best calculated to put into effect the theories and the purposes of General Hines and the administration with reference to veterans' legislation. There are numbers of clauses and phrases contained in this title which have been interpreted and construed only as the Veterans' Administration and the Comptroller General can construe. The language used is legislatively technical. It has meanings all its own.

Might I remind the gentlemen and leaders of this body that World War veterans' legislation has been under construction in Congress for a period of more than 13 years. The structure has been erected under the protests and veto of gentlemen who opposed it every step of the way. Now, in one stroke, they would destroy the structure.

I am inclined to the notion that the gentlemen who have opposed disabilities that are connected with the service within the presumptive period are endeavoring to change the congressional policy in respect of such disabilities. It is well known that General Hines opposed the arrested-tubercular amendment, and anyone who has had contact with the Bureau in the administration of the tubercular act knows that there are hundreds of cases—probably running into the thousands—of veterans who have been adjudged by the Bureau to be afflicted with active tuberculosis in years gone by who now, under regulations of today, are said never to have had active tuberculosis in the meaning of the law.

I have no apology to make for my defense of the presumptive diseases. Congress recognized that it was impossible for one to know when the tubercular bacilli touched the body of the veteran. No living man could tell when the strain of the war days caused something to snap in the nervous and mental system of the veteran that made the veteran mentally unwell. The NP cases—the neuropsychiatric cases—are progressive in their development.

It would be impossible in thousands of cases, tubercular in nature, and thousands of cases with nervous systems disturbed and mentality impaired, to trace that disability to service prior to the discharge of the soldier. And yet all of us who come in contact with cases of this kind know that they are just as much war casualties as men who suffer a patent physical disability.

It is a pleasure for me to support the Bulwinkle amendment, which strikes title 9 and then substitutes the section calling for a joint committee to make investigations of the operation of the laws and regulations relating to all veterans, with a view toward determining a national policy with respect to them. I trust that this motion of the distinguished veteran from North Carolina [Mr. BULWINKLE] will prevail.

I cannot believe that this House will place their approval upon legislation such as is contained in title 9—legislation that comes with good intention upon the part of many gentlemen of this committee, but proposed legislation, nevertheless, that has not been considered in accordance with the rules and procedure of this great parliamentary body. This is permanent legislation, changing the repeated announced policy of Congress without opportunity of any veteran or any organization of veterans or any Member of this body other than members of the special committee to inquire into the meanings of the splendidly chiseled phrases contained therein and its effect upon the disabled soldiery of the World War.

As stated in those remarks, I was supporting the Bulwinkle amendment which struck out title 9 and inserted as a substitute thereof authority for a joint committee of the House and Senate to make a complete investigation of laws and regulations relating to all veterans with a view of determining a national policy with respect to them. The amendment carried, the committee was appointed, and they have been at work at least 8 months. I understood that they were to report March 3, 1933; that they had certain recommendations for veterans' legislation, which would have produced savings of many millions of dollars, but such recommendations never came to light. Now, without such report and without any hearing whatsoever, we see the complete repeal of all veterans' legislation, with the power in the President to write the new laws and regulations for all veterans subsequent to Civil War, which, in my opinion, is a legislative function.

During the campaign I answered questionnaires in regard to veterans' cuts. The Cincinnati Enquirer asked me this question:

Will you favor investigation of the $1,000,000,000 veterans' expenditures with a view to cutting off benefits of nonservice disability?

I answered:

I voted for an investigation of the veterans' expenditures in the last Congress. The Veterans' Administration informs me that the total disbursements for disability allowance for the past fiscal year were $75,457,519. I do not favor the elimination of nonservice-connected disabilities, because there are thousands of them who really have service-connected disabilities which are not allowed by technical regulations of the Administration.

I secured these figures relating to disability allowance for the past fiscal year from Mr. Breining, the Assistant Director, himself. It is all bunk that the disability-allowance appropriations cost $400,000,000.

I have had extensive experience in handling veterans' claims. I feel certain, beyond question, that there are thousands of so-called "non-service-connected disabilities" which, in point of fact, are actually service-connected.

This bill as it passed the House provided that once adjudicated it was final and conclusive for all time and it could never be opened up.

The opponents of veterans' legislation have at all times maintained their loyalty toward injuries sustained as the result of service. They have made their fight against non-service-connected disabilities and hospitalization therefor. Tens of thousands of non-service-connected cases have been taken off the rolls since the new schedule of disability rating has been set up in the Veterans' Administration since about July last. These men are going off the rolls without examination because of the new percentage of disability used. However, it required the Walsh amendment no. 21, supra, to be added to the bill to meet the possibility of service-connected cases being taken from the roll, and it required Senate amendment no. 7 to permit the hospitalization of tubercular and mental cases along with other permanent disabilities, whether service-connected or not.

So, bound by hundreds and hundreds of statements, made orally and in writing, by specific pledge in answer to questionnaires in the press and on the stump during the campaign, I, under the rules of our party, was excused from supporting this measure in its presented form. I believe in keeping my word; I believe in keeping faith. I submit my neighbors as witnesses as to whether I have done so in private life. There is no less obligation so to do in public life. Bound by platform pledge, I gave public utterance both in the primary and general election that I would support the amendment submitting the repeal of the eighteenth amendment, and would support the modification of the Volstead law. Despite previous personal views, I have responded in full accord with the platform obligations. I will give such expression to every platform promise.

IT IS UNCONSTITUTIONAL, IN MY OPINION, IN THAT IT VESTS LEGISLATIVE AUTHORITY IN THE EXECUTIVE

It is a sad day in our national life when the foundation rock of our national structure is forgotten by its people, even in the hysteria of crisis. The Constitution is the anchor that holds our flag aloft, and keeps our liberties and our Government at even keel. Many people do not distinguish between statute and Constitution. In the rush and hard press of these days, I will not be one to undermine or destroy, knowingly, a single root of the national tree. The Constitution is the base roots of this towering growth. Not only should it be nurtured, but all attacks upon it should be met with courage and understanding.

It was Andrew Jackson who said:

> The Congress, the Executive, and the Court must each for itself be guided by its own opinion of the Constitution. Each public officer who takes an oath to support the Constitution swears that he will support it as he understands it and not as understood by others. It is as much the duty of the House of Representatives, of the Senate, and of the President to decide upon the constitutionality of any bill or resolution which may be presented to them for passage or approval, as it is of the supreme judges when it may be brought before them for judicial decision.

It is a commonplace statement that our Government has three coordinate branches—executive, legislative, and judicial. It is unconstitutional for any branch to usurp the functions of any other branch. Our distinguished leader, Franklin D. Roosevelt, President of the United States, is in thorough accord with that statement. He does not and will not ask of the Congress of the United States any power not properly vested in the Executive of our country. He did not ask for legislative power in his message conveyed to the Congress on Friday, March 10, 1933. In part, this message reads:

> The last Congress enacted legislation relating to the reorganization and elimination of executive agencies, but the economies thus to be effected are small when viewed in the light of the great deficit for the next fiscal year. They will not meet the pressing needs of our credit situation. Provision for additional saving is essential, and, therefore, I am asking Congress today for new legislation laying down broad principles for the granting of pensions and other veteran benefits and giving to the Executive the authority to prescribe the administrative details. We are unanimous in upholding the duty of the Government to care for those who suffer in its defense and for their widows and orphans.

In this message the President sought to secure "authority to prescribe the administrative details."

In addition thereto the bill conferred, in my opinion, many legislative powers.

I thoroughly realize that when one speaks of constitutional objection many listeners close their ears. But, my friends, our present national condition is due to a slow, gradual, steady increase of the surrender of legislative power to the Executive. For eight sessions of Congress I have maintained that Congress should not abdicate its power of legislation.

The setting up of bureaus and commissions with the consequent added cost to the Federal Government of hundreds of millions of dollars, is due to added Executive functions. When Mr. Hoover came into the Presidency we saw the greatest centralization of wealth in our history, and, likewise, the strongest centralization of power in the history of our Government. The economic structure toppled over and lies prostrate at our feet. I will give the man of the hour, our President, in whom I have implicit faith and confidence, the power he seeks for emergency legislation. But when it is a permanent proposition it is fundamentally necessary to consider well such measures before such legislation should be enacted.

I fully realize that the Congress of the United States, both House and Senate, is the butt of jokes and ridicule. There is little doubt in my mind but that 90 percent of our people, misinformed as to our acts and purposes, would petition in this hour the utter destruction of the legislative branch of Government. My friends, those same people, within a short period of time, would be ready to shed their blood to regain power in themselves to write the laws under which they would live.

Not a word editorially about votes for resubmission of the eighteenth amendment, beer bill, national bank bill, State bank bill, farm bill, all emergency legislation and platform pledges.

MR. BINGHAM AND THE COURIER-JOURNAL-TIMES

I do not object to criticism as to my judgment on votes, but I do resent any inference that I, by my vote, seek to wreck our new administration or that I am in the slightest degree disloyal to our leader, Franklin D. Roosevelt. I am 1,000 percent for him. I will be found at his side supporting his arm when my critics will have changed their attitude toward him. For eight sessions I have served in this House. You have honored me definitely and distinctively. Membership upon your greatest committee has been accorded me twice at the hands of my Democratic colleagues, such honor having only been obtained by five other Kentuckians in the entire period of our Government—that is, David Trimble, James B. Beck, John G. Carlisle, W. C. P. Breckinridge, and Alexander B. Montgomery. I cherish the hope that such recognition came to me because of my honest purpose and energetic effort to serve my party and my country. But never a word from the editorial pen in commendation of the slightest act saw its way to his printed page.

But criticism from Robert Worth Bingham, owner of the Courier-Journal and Times, is not criticism from a Democrat. It is criticism from an independent. Repeatedly, so there can be no doubt as to his status, he boasts that his powerful papers owe allegiance neither to the Democratic nor Republican Party. It is putting it mildly to say that he has never shown loyalty to a Democratic governor in Kentucky since he first purchased said newspaper either before or after his election. His bombardments of Democratic governors and Democratic officers have been constant and cruel. I again say that any implication or statement heretofore or hereafter made of me, by him or his papers, that I am not a whole-hearted, loyal supporter of our President, Franklin D. Roosevelt, is a malicious untruth. Senators of the United States voted and passed 44 amendments to this bill. Senators of the United States, Democrats and Republicans alike, opposed the bill in its final form and voted against its passage. No character assassination of them has appeared upon the pages of his newspapers. The fact that his name appeared before them, being nominated for the Ambassadorship to England, probably closed his mouth in attacks upon them. The character assassin with powerful weapons may continue his onslaughts, but I have no worry but that my constituents will charge my vote on Saturday, March 11, to be the conscientious expression of the attitude they knew me to have, and that I voted without the slightest degree of hostility or disloyalty to the President of the United States.

ECONOMY EFFORTS

Answering the questionnaire in the Cincinnati Enquirer in the preelection campaign, which sought my views upon a 25 percent reduction in governmental expenditures, I said:

> Yes; as a matter of fact, the past session of Congress saw a reduction of $334,000,000 plus below the estimates submitted by the President. I led the fight for the reduction in taxes of $243,000,000. Two hundred million was the amount finally agreed upon by the committee upon which I served, the Ways and Means Committee, which was adopted by the House and the Senate. The saving in the past session is 20 percent of the tax base President Hoover said could be cut. However, I know without question that the figures you suggest can be reached. I will gladly lend my effort in doing this job.

It was my motion before the Ways and Means Committee that saw a cut of $200,000,000 in the tax bill last year. If the estimates of the Treasury had been substantially accurate, there would have been a saving of $200,000,000 to the American taxpayer.

In December 1931 I was one of the three members on the Ways and Means Committee who signed a minority report against the moratorium—against the first step toward the cancelation of the European war debt. I was criticized then by the metropolitan press of my State. I made an hour's speech on the floor. I warned the Congress and the

country of the effort behind the moratorium. Congress adopted the so-called "Ragon amendment" declaring the policy of Congress would be against any reduction or cancelation of this foreign debt. My friends, that was the greatest economy measure that has ever been considered by any Congress, to assist in preventing the unloading of an $11,000,000,000 burden from those who received the benefits to the shoulders of the heavily laden American people.

The international bankers sought in the moratorium to prefer private debts toward national debts, and it is the same banking crowd who have stood in their own light and brought our Nation to the edge of the abyss that now are supporting the National Economy League in their fight against veterans.

Please do not misunderstand me. I am willing for veterans' compensation and veterans' allowances to be cut, and as an emergency measure to be materially cut.

The Clark amendment would have cut $206,000,000 from the pay of veterans. The employees' cut is about $120,000,000. The Clark amendment would still leave to the nonservice disabled World War veterans $9 per month, which might relieve the direct relief money from the Federal Treasury to that extent. Taking off the rolls the so-called "nonservice cases" for the World War does not mean a saving in the amount they received. I venture the assertion that more than one half of it will be paid back to them from funds secured through the Reconstruction Finance Corporation.

CONCLUSION

I thank you for the opportunity of presenting my views. I have endeavored to do it without temper and in no wise attacking the motives of those with whom I do not agree. I believe in the God of our creation. I believe that He moves in particular manner and way "His wonders to perform." In every hour of American crisis a leader has appeared upon the scene capable of coping, with masterful hand and mind, with what seemed insurmountable obstacles. Washington, with many Valley Forges, heads the list. Andrew Jackson put into effect the teachings of Jefferson, even though the moneybags would bar his way. Democracy became a living, vital force under his courageous leadership. Lincoln, oft misunderstood yet ever human in his greatness, bore the attack of both friend and foe with a noble humility that marks his immortality. His was a sickening task—to wage the war of the brothers that our Union be preserved.

Fifty years passed, and the world is presented with another immortal leader of men. We who are close to him are not the proper ones to appraise his position in the Valhalla of the immortal. In my mind, his name will never be unheralded and unsung. He rose to the heights of masterful leadership, and the works of Woodrow Wilson affecting national and world history will ever be pointed out. The pages of history are turned, and America in chorus called for leadership. In no period of time did it need it more. Franklin D. Roosevelt answers the call. With business prostrate, and hope almost destroyed, the clarion call of his voice, "To arms!" the simple, clear-cut analysis of complex problems, his honest purpose, firm convictions, and clear-headed notions as to affirmative action has, like a magic wand, breathed hope and life into the prostrate Nation. No man in this Congress will support his efforts more in this national crisis than will I. I will follow him as far as my ideas of honorable service will permit. This great leader of men can and will ask no more of me.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 7. "On sale" licenses shall be granted only to be bona-fide restaurants, incorporated clubs, and/or hotels. "On sale" licensees may serve beverages to bona-fide guests only, to be consumed at regular public tables, or, in case of hotels, may be served in guests' rooms. It shall be the duty of the Commissioners to have frequent inspections made of premises of "on sale" licensees, and if it is found that any such licensee is violating any of the provisions of this act or the regulations of the Commissioners promulgated hereunder or is failing to observe in good faith the purposes of the act, such license may be revoked after the licensee is given an opportunity to be heard in his defense.

With the following committee amendments:

Page 5, line 10, beginning with the word "to", strike out down to the word "public", in line 11, and insert in lieu thereof the following: "to be consumed at."

The amendment was agreed to.

The Clerk read as follows:

Page 5, line 12, after the word "served", insert the word "also."

The amendment was agreed to.

The Clerk read as follows:

Page 5, line 14, strike out the words "on sale."

The amendment was agreed to.

Mr. O'CONNOR. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 5, line 9, after the word "clubs", insert "with annual dues of at least $15, payable in one sum or in installments of at least $15."

Mr. O'CONNOR. Mr. Chairman, I hope the attitude of the House is not to vote down amendments without consideration, just because Members are in a hurry to get away. I am in a hurry to get away. I offer this amendment seriously. It provides for the sale in "incorporated clubs." What I do not want to see is the springing up all over the District of these clubs where you go through the slot-pierced door and pay a nominal fee of 25 cents or 50 cents, or even $1 per membership in a club, and get all the beer you want and maybe something else. I had offered here the same provision that we had in what was known as the O'Connor-Hull beer bill, in respect to incorporated clubs, where the annual dues shall be at least $15, paid in one sum, or where, if the dues are more than that, they shall be paid in installments of at least $15 each, so that, if anybody wants to go through the mechanics of forming one of these "phoney" clubs, he would have to get at least $15 annually from everyone who wanted to join. That will stop these "speak-easy clubs."

Mr. CELLER. I sympathize with the gentleman's purpose, but does he not think if we load this bill down with amendments of that character we might do something which is tantamount to saying to the Supreme Court that beer is intoxicating?

Mr. O'CONNOR. Oh, we insist on clubs getting licenses that have nothing to do with selling liquor. That is no admission at all.

Mr. PALMISANO. Mr. Chairman, I hope the Members will vote against this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. O'CONNOR].

The question was taken; and on a division (demanded by Mr. PALMISANO) there were ayes 79 and noes 49.

So the amendment was agreed to.

Mr. SMITH of Virginia. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: On page 5, line 17, after the comma following the word "act", insert the following: "or is permitting such place to be used for unlawful, disorderly, or immoral purposes."

Mr. BLACK. Mr. Chairman, the committee accepts the amendment.

The amendment was agreed to.

Mr. McLEOD. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. McLEOD: On page 5, line 11, after the word "tables", insert the following: "or on trays at automobiles of patrons parked at bona fide restaurants where parking facilities on the premises are provided."

Mr. McLEOD. Mr. Chairman, I just want to make a brief statement. This bill is not only a bill to legalize beer but it is a revenue-raising measure. It is contended there are something over 15,000 people per day who lunch at these lots where they serve barbecue lunches. It has therefore been requested of me to offer this as an amendment. It is

said that several thousand dollars per month will be added to the revenue of the District of Columbia by the enactment of this amendment.

Mr. BLACK. Mr. Chairman, I rise in opposition to the amendment. This is a dangerous proposition as far as the ultimate goal of repeal is concerned. It provides that cars parked at licensed premises may be served with beer on trays attached to their cars. The committee has no real objection to the case of barbecue stands where they have parking space on the premises, but we do object to serving along the curbs of the city of Washington, because we know what the "drys" can do with a situation like that, and for the sake of a few people who want to make a few more dollars by serving at the curb, the "wets" of the House ought to be against this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. McLEOD].

The amendment was rejected.

Mr. CELLER. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. CELLER: On page 5, line 8, after the abbreviation and figure "Sec. 7," strike out the remainder of line 8, all of lines 9, 10, and 11, and up to and including the word "rooms" in line 12.

Mr. CELLER. Mr. Chairman, I offer this amendment so that I may ask a question of a member of the committee as to why they limited the sale of the nonintoxicating beverage to places like restaurants, clubs, or hotels, presumably with meals only?

Mr. BLACK. That is in conformity with the general thesis of the "on-sale" and "off-sale" licenss. That is all. The wets have promised that they would not tolerate the saloon. We are trying to find a way to stop it. I will admit it is hard.

Mr. CELLER. Suppose somebody goes into a drug store where this beverage might be sold.

Mr. BLACK. The drug store has the option of election. It can take an "on-sale" or an "off-sale" license, but it cannot have both.

Mr. CELLER. In other words, a place like a drug store would not be deemed a restaurant?

Mr. BLACK. No.

Mr. CELLER. Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. GOSS. Mr. Chairman, I move to strike out the last word to call the attention of the House to the wording of lines 12 to 19, inclusive. As I read that language it shall be the duty of the commissioners to make frequent inspections on the premises, and so forth; and then if he has failed to observe in good faith the purposes of the act, such license may be revoked, after the licensee is given an opportunity to be heard in his defense.

I want to submit to the House that under the language of this section, if the commissioners wanted to be arbitrary, they could revoke a man's license without any further hearing whatsoever. All he would have to do would be to make his defense and every license could be revoked in the District of Columbia if we had commissioners who were arbitrary.

I wanted to ask the gentleman if it is not the intention to really give these licensees fair treatment and give them a fair hearing before the proper officers of the court or otherwise, and not be subject to arbitrary commissioners.

Mr. O'CONNOR. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. O'CONNOR. If the words "for good cause" were added, does the gentleman think that would cure his objection?

Mr. GOSS. Yes.

Mr. BLACK. The committee will be glad to accept that amendment.

Mr. GOSS. Mr. Chairman, I offer that amendment, then, in line 18, after the word "revoke," to insert the words "for good and sufficient cause."

The Clerk read as follows:

Amendment offered by Mr. Goss: On page 5, in line 18, after the word "revoke," insert "for good and sufficient cause."

Mr. BLANTON. To be determined by whom?

Mr. GOSS. By the commissioners or the court.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut.

The amendment was agreed to.

The Clerk read as follows:

SEC. 8. There shall be levied and collected from each licensee by the District of Columbia on all beverages sold with said District as authorized by this act a tax of $1.20 for every barrel containing not more than 31 gallons, and a like rate for any other quantity or fractional part. Said tax shall be paid on or before the 15th day of each month for beverages sold to or purchased by the licensee during the preceding calendar month.

With the following committee amendments:

Page 5, line 22, strike out the word "with" and insert in lieu thereof the word "within."

Page 5, line 23, strike out "$1.20" and insert in lieu thereof "$1."

Page 6, line 1, strike out the words "to or purchased."

The committee amendments were agreed to.

The Clerk read as follows:

SEC. 9. No person, firm, association, or corporation shall sell or offer for sale by retail within the District of Columbia any beverage without having first obtained a license so to do. No brewer, wholesaler, or distributor shall sell or deliver any beverage within the District of Columbia to any person other than a licensee.

Mr. BLANTON. Mr. Chairman, may I ask the gentlewoman from New Jersey if she intends to offer an amendment at this point?

Mrs. NORTON. No. I intend to offer my amendment at the proper time. I explained to the gentleman that it was my intention to offer this amendment.

Mr. BLANTON. I offer an amendment to section 9.

Mrs. NORTON. I may say to the gentleman from Texas that the amendment I spoke of refers to page 8, line 10.

Mr. BLANTON. Mr. Chairman, I offer this amendment at this point. I think this is a proper place.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 6, line 6, after the word "do", add the following: "It shall be unlawful to give or sell any of the above beverages to persons under 18 years of age. Any person violating this provision shall be guilty of a misdemeanor and upon conviction therefor shall be subject to a fine not exceeding $100 or be imprisoned not to exceed 6 months, or both such fine and imprisonment."

Mr. CELLER. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. CELLER. The amendment of the gentleman from Texas is not in order in that it is not germane to section 9. Section 9 refers primarily to licenses to be given to those within the District of Columbia and licenses to be given to those outside the District of Columbia bringing the beverage into the District.

The amendment is not germane to this particular section. It may be germane to the bill at some other point, but certainly not at this point.

Mr. BLANTON. This refers to the very subject matter of the section.

The CHAIRMAN. The Chair is prepared to rule. This particular section authorizes licenses to retailers and to dealers. The amendment offers a restriction and is clearly in order. The Chair overrules the point of order.

Mr. BLANTON. Mr. Chairman, all this amendment does is to raise the age limit of the Borah amendment from 16 years to 18 years. This is the Borah amendment rewritten with the age limit raised to 18 years. I understood from our good friend the gentlewoman from New Jersey that she was willing to raise the age limit to 18 years. This is the proper point in the bill to offer this amendment. It is not germane anywhere else. I sought to have her introduce it. I would

rather have her introduce it; and if she will, I shall go along with her. I would rather for her to introduce it, if she will.

Mrs. NORTON. The gentleman is very kind, but I have never sought to introduce anything in this House because of any foolish pride of authorship. I told the gentleman I would introduce an amendment at the proper time. However, I am perfectly willing that the gentleman, since he is so anxious to introduce this amendment, should have the honor of so doing.

Mr. BLANTON. All I am concerned about is to have this amendment adopted.

Mr. PALMISANO. I suggest to the lady that she take half of it, the half dealing with minors, and give the gentleman from Texas the other half.

Mr. BLANTON. I insist on a provision put in this bill to prevent sales being made to minors under 18 years of age.

Mrs. NORTON. I may say to the gentleman from Texas that I hope I am a good sport and, therefore, shall give him the whole thing.

Mr. BLANTON. I shall not discuss this amendment. All of you know what it means. It is just a question of whether you are willing to sell beer to children or not.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

Mrs. NORTON. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk again read the amendment.

Mr. CELLER. Mr. Chairman, may I be informed whether the words are "give or sell"?

Mr. BLANTON. Yes; "give or sell."

Mr. PALMISANO. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. PALMISANO to the amendment offered by Mr. BLANTON: In the third line of the amendment, strike out the words "give or."

Mr. PALMISANO. Mr. Chairman, without these words stricken from the amendment, it would be a violation of the law for a father to give his son or daughter a glass of beer in his home, in a restaurant, or a hotel.

The CHAIRMAN. The question is on the amendment of the gentleman from Maryland to the amendment offered by the gentleman from Texas [Mr. BLANTON].

The amendment to the amendment was agreed to.

Mr. LEHLBACH. Mr. Chairman, I offer an amendment to the amendment of the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. LEHLBACH to the amendment offered by Mr. BLANTON: In the third line of the amendment, after the word "sell", insert "at any licensed place", so that the amendment will read: "It shall be unlawful to sell at any licensed place any of the above beverages."

Mr. BLANTON. I have no objection to the amendment, Mr. Chairman.

The amendment to the Blanton amendment was agreed to.

Mr. SMITH of Virginia. Mr. Chairman, I offer a substitute for the pending amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia as a substitute for the amendment offered by Mr. BLANTON: "It shall be unlawful for any licensee to sell or serve any of the beverages permitted to be licensed under this act to any minor under 18 years of age or to permit the same to be so sold or served on his premises."

Mr. BLANTON. Mr. Chairman, I call the attention of my friend to the fact that he has provided no penalty in his amendment.

Mr. SMITH of Virginia. There is a penalty clause in the bill which provides that any violation of this law shall be punished by a heavier penalty than the gentleman has provided in his amendment.

Mr. BLANTON. Mr. Chairman, I have no objection to the substitute, and I am willing to accept it.

The question was taken; and on a division (demanded by Mr. SMITH of Virginia) there were—ayes 37, noes 76.

So the substitute amendment was rejected.

Mr. WADSWORTH. Mr. Chairman, may I call the attention of the gentleman in charge of the bill to lines 6, 7, and 8, on page 6, which read—

No brewer, wholesaler, or distributor shall sell or deliver any beverage within the District of Columbia to any person other than a licensee.

The effect of this language would be to prohibit a resident of the District of Columbia sending outside this jurisdiction to have a case of beer delivered to his residence, he not being a licensee, and I was going to offer an amendment which I think would cure this.

Mr. BLACK. The committee had in mind not curing it. The committee had this thought in mind. We wanted to spread the blessings of the prosperity caused by this bill to as many as possible, and we thought that if the wholesaler could come in direct contact with the consumer through the mails or in other ways, some other people would not get the benefit of this legislation. We want the consumer to go to his store and buy this beer if he wants to drink it at home or go to his store and drink it at the store if he does not want to consume it at home; but we do not want the brewer to be delivering it direct to the homes.

I may say to the gentleman that there is a division of sentiment on this question, and only this morning I was asked to offer an amendment to permit delivery from the wholesaler to the consumer, and I said I could not agree to do it and that I did not have the advice of the committee on the question.

Mr. WADSWORTH. I doubt the advisability of putting restrictions on the consumers. It seems to me we are going pretty far when we say a man shall not purchase a legal article except in a certain way for consumption in his own home.

Mr. BLACK. In view of the patient toleration of the consumer in the last 12 years I rather think the consumer will not object very keenly if all he has to do is walk around the corner to order this beer.

Mr. WADSWORTH. I was hopeful the consumer would have the long end of this.

Mr. BLACK. I am sure we all realize the economics of the situation of this liberal movement. We want the economics to provide for a distribution of the profits, so far as possible, and we do not want any concentration of the profits as a result of this liberal movement in the hands of the brewers.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BLANTON], as amended.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 77, noes 78.

Mr. BLANTON. Mr. Chairman, I ask for tellers.

Mrs. NORTON. Mr. Chairman, there seems to be a lot of confusion in the minds of a great many Members as to just what they are voting on. May we have the amendment read?

Mr. BLANTON. It is the amendment that the chairman accepted.

The CHAIRMAN. Without objection, the Clerk will again report the amendment, as amended.

The Clerk again read the Blanton amendment as amended.

Mr. BLANTON. Mr. Chairman, I should like permission to propound an inquiry of the gentlewoman from New Jersey. We should like to know whether or not the amendment meets with the approval of the committee.

Mrs. NORTON. I may say to the gentleman that I had a very similar amendment which met with the approval of the committee. We did not consider the amendment offered by the gentleman from Texas [Mr. BLANTON]. My amendment was considered by the committee and accepted, and I intended to offer it when we came to the appropriate place in the bill.

Mr. BANKHEAD. Does the committee oppose the amendment of the gentleman from Texas at this stage?

Mrs. NORTON. I would say not. It is my personal desire, and I believe the desire of the committee, to pass as good a bill as humanly possible. So far as I am concerned, pride of authorship of this amendment I would consider a petty consideration, and since the gentleman from Texas is evidently anxious to offer the amendment I shall withhold mine and accept his.

The CHAIRMAN. In view of the confusion, the Chair will again take the vote on the division demanded by the gentleman from Texas [Mr. BLANTON].

The question was taken; and there were—ayes 115, noes 78.

So the amendment was agreed to.

Mr. WADSWORTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WADSWORTH: Page 6, line 7, after the word "deliver," insert the words "for resale."

Mr. WADSWORTH. As I endeavored to indicate a little while ago, the purpose of my amendment is to permit a resident of the District of Columbia to purchase from an agency, other than an agency in the District of Columbia, a licensee. He may purchase under my amendment from a brewery outside the District, and have a case of beer sent to his house. I do not believe it quite fair to compel the consumer of these beverages to secure their supply solely from a licensee within the District.

Mr. BLACK. Mr. Chairman, the difficulty with the gentleman's amendment is that it does not fit into the rest of the bill. We have provided for licenses within the District of Columbia. Here are brewers outside the District of Columbia allowed to ship beer to the consumer here. We are legislating for the District of Columbia, and it does not do the District any good, and it does not add to the revenue of the District. It does not add to the control that the District authorities will have over the licensing and sale of beer. I do not think we should accept the amendment.

Mr. PALMISANO. Mr. Chairman, I offer a substitute.

The Clerk read as follows:

Page 6, line 8, strike out the period and insert in lieu thereof a comma and the following, "except under the off-sale license procured under this act."

Mr. PALMISANO. This was an amendment, Mr. Chairman, prepared, but was not offered at the time until the gentleman from New York called attention to it, and it seemed to the Members that the brewers ought to be able to furnish the residents of the District at their homes with bottled beer. Under this amendment it will be necessary for the brewer to obtain a license, and he will be compelled to pay a dollar a barrel extra for selling beer to the consumer. I trust that the substitute will be adopted, which will give more revenue and at the same time will not have the disadvantages of the amendment of the gentleman from New York.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Maryland for the amendment of the gentleman from New York.

The question was taken, and the substitute was rejected.

The CHAIRMAN. The question now is on the amendment of the gentleman from New York.

The question was taken; and on a division (demanded by Mr. BLACK) there were 63 ayes and 79 noes.

So the amendment was rejected.

Mr. GOSS. Mr. Chairman, I move to strike out the last word for the purpose of clearing up the meaning of the words "any beverage" in line 5 of page 6. Does that mean any beverage defined by this bill or any other beverage?

Mr. BLACK. It means any beverage defined by this bill.

Mr. CELLER. Mr. Chairman, I rise in opposition to the pro forma amendment. I shall ask for a separate vote upon the Blanton amendment upon the final passage of this bill for this reason: Putting that amendment in this bill is merely inserting a danger flag to the Supreme Court, because if this beverage is harmless and it is innocent, why preclude the sale of it to minors? I say to the gentlemen who are sympathetically inclined to this bill that that amendment should not be in this bill, and I venture the assertion that the fact that it is included in the bill will give the Supreme Court an opportunity to declare this particular bill in violation of the eighteenth amendment, as embracing intoxicating liquor.

The pro-forma amendment was withdrawn, and the Clerk read as follows:

SEC. 12. No brewer, manufacturer, wholesaler, or distributor shall have any direct or indirect financial interest in the business of any licensee.

Mr. WATSON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WATSON: Page 6, line 23, after the word "indirect," insert the word "controlling."

Mr. BLACK. Mr. Chairman, we have just had an instance of the amendment offered by the gentleman from New York [Mr. WADSWORTH] as to what may happen if the liberals of this House are not on guard. I have been fighting in the well of this House since I have been here to liberalize these laws. In the past 2 or 3 years other people have come along and have taken hold in the fight, but Major LaGuardia and I stood here day in and day out fighting for a liberalizing of these laws, and I do not intend that that fight shall now be resolved into a fight for the brewers. The brewers want to hog the whole situation by these suggested amendments. One of the things that brought about prohibition was the heavy hand of the brewer on the retailer, and we have to see to it that they are not allowed to resume their oppressive control over the retailer. We have to keep the brewers' hands off the retailers as far as possible. This is a very dangerous amendment which the gentleman from Pennsylvania is offering, and I ask all men who are interested in this question, purely from the liberal philosophy presented by the situation, to vote it down, and to vote down each and every attempt that comes from the liquor interests to control this situation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

The Clerk read as follows:

SEC. 14. The Commissioners of the District of Columbia are hereby authorized to promulgate rules and regulations, not inconsistent with law, for the issuance of licenses, and for the operation of all businesses by licensees. Said regulations may be modified from time to time as the commissioners may deem desirable.

With the following committee amendment:

Page 7, line 11, after the word "licensees", insert "in respect to the sale of beverages under this act."

The committee amendment was agreed to.

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: Page 7, line 10, after the word "issuance", insert the words "and revocation."

The amendment was rejected.

The Clerk read as follows:

SEC. 15. Any person who shall violate any of the provisions of this act shall, upon conviction by a court of competent jurisdiction, be punished by a fine not exceeding $1,000 or imprisonment in jail for one year, or both fine and imprisonment, in the discretion of the court, and in case of a licensee his license shall be revoked for a period of 1 year. If any licensee shall willfully violate the regulations duly issued and promulgated by the Commissioners of the District of Columbia, the commissioners may, after proper hearing, revoke the license for the period of 1 year. In case any licensee is convicted of the violation of the terms of this act the court shall immediately declare his license revoked and notify the commissioners accordingly. Any licensee who shall sell or permit the sale of any alcoholic beverages not authorized under the terms of this act on his premises or in connection with his business or otherwise shall, upon conviction, forfeit his license and shall in addition thereto be fined $1,000 or imprisoned for 1 year, or both fine and imprisonment, in the discretion of the court.

With the following committee amendment:

Page 8, line 4, after the word "act," insert the words "or otherwise permitted by law."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 7, line 21, after the word "violate," insert the following "the provisions of this act or."

The amendment was agreed to.

Mr. O'CONNOR. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. O'CONNOR: Page 7, line 20, after the word "revoked," strike out the rest of the sentence and insert "and no license shall thereafter be granted to such person, and no license shall be granted for a period of six months to any person to make or sell beverages on the premises where such violation occurred."

Mr. O'CONNOR. Mr. Chairman, as the bill is drawn, if there is a violation of the provisions of the bill, the license is revoked for only one year. My amendment revokes the license forever. If anybody is not satisfied with selling this beer in compliance with the law and violates the law, my amendment revokes the license for all time; and it does something also which we have contended for for years, having the license run to the place. If there is a violation of the law, the amendment provides that no license shall be issued to that place for six months.

If we are going to preserve the progress we have made in the repeal of the eighteenth amendment we must see that the conduct of this business is strictly carried out.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. O'CONNOR].

The amendment was agreed to.

Mr. WHITLEY. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. WHITLEY: Page 8, line 4, after the word "act," strike out "or" and insert "and," and insert the word "unless"; page 8, line 4, after the word "act," strike out the word "or" and insert "unless."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. WHITLEY].

The amendment was agreed to.

Mrs. NORTON. Mr. Chairman, I offer an amendment, which has been sent to the desk.

The Clerk read as follows:

Amendment offered by Mrs. NORTON: Page 7, line 18, after the word "or," insert the words "not exceeding."

The CHAIRMAN. The question is on the amendment offered by the lady from New Jersey.

The amendment was agreed to.

Mr. BROWN of Kentucky. Mr. Chairman, I move that on page 8, line 9, we strike out the word "court," the last word of the paragraph.

It must be apparent that I do not care anything about that word, and you do not. The purpose for wanting some time on this occasion is to call attention to page 3, line 18. I wish you would turn back to that page, and at the end of my remarks I have a request that I want to make of you as Members of this House.

Line 18 on page 3 reads as follows:

Such applicant has never been convicted of a felony.

And, as one Member of Congress, I do not want to go on record as saying to the people of this country that whenever any individual has paid the full penalty of the law I want to preclude that individual from the privilege of making an honest living. You will be saying that nevermore can any individual take part in this occupation if he has been convicted of a felony, it does not make any difference what it is. I want my protest to go in this RECORD as against that particular section of the bill. I am going to ask you at the end of my remarks to grant me unanimous consent to offer an amendment to strike out that particular language and insert in lieu thereof "is a person of good moral character." There is not one thing in this bill about good moral character, except that the applicant has never been convicted of a felony. There are crooks in this country who have not been convicted of a felony, and that is all right.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. WEIDEMAN. Has the gentleman read line 23 on page 2?

Mr. BROWN of Kentucky. Yes; but I want those words "never convicted of a felony" stricken out of this bill. The other day we voted here to seat a Member of this House who has been convicted of a felony. I was for it. He can be a Member of the United States Congress, but he can not shove a glass of beer across the counter.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BROWN of Kentucky. Yes.

Mr. O'CONNOR. I do not know whether the gentleman was here this morning——

Mr. BROWN of Kentucky. I have been here all day.

Mr. O'CONNOR. We discussed this for 45 minutes.

Mr. BROWN of Kentucky. I grant you, and I voted for the committee amendment, the part that is stricken out, and I was for that, but, being a new Member of the House, I intended to offer this amendment, but I did not discover the proper place to offer it until it was too late. I have no way of getting it in except by this means.

Mr. WEIDEMAN. Line 23 reads that before a license is issued the commissioners shall satisfy themselves of the moral character and financial responsibility.

Mr. BROWN of Kentucky. I am not arguing that particular part.

Mr. WEIDEMAN. But that answers the question the gentleman asked before.

Mr. BROWN of Kentucky. I do not want that part to remain in the bill, which provides that a man can be the governor of a State or a Member of the Congress but he can not shove a glass of beer across the counter. I would like to have an opportunity to offer that amendment. I ask unanimous consent, Mr. Chairman, to return to that portion of the bill and to offer an amendment to strike out that portion of it.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky [Mr. BROWN]?

Mrs. NORTON. Mr. Chairman, I object.

Mr. O'CONNOR. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 8, line 9, after the period, insert "The commissioners shall revoke the license of any person who knowingly employs in the sale or distribution of such beverages any person who has been convicted of a felony."

Mr. O'CONNOR. Mr. Chairman, I did not know the gentleman from Kentucky [Mr. BROWN] was going to raise this question while my amendment was at the desk. There is a provision in this bill that no license shall be issued to a man who has been convicted of a felony. The amendment I have offered prevents the racketeer getting back into this business. It provides that the license shall be revoked if on the premises where this beverage is sold, a felon is employed knowingly.

We had it in the beer bill. We do not want racketeers hanging around these places as bartenders or employees.

Mr. BOILEAU. Does the gentleman want to preclude from an honest job just because he once was convicted of a felony a man who has lived a good moral life 10 or 15 years since his punishment?

Mr. O'CONNOR. No; I do not take that position, as a lawyer, and no one more than myself has defended their right to employment, but there are plenty of other occupations. Restrictions are thrown around the conduct of this business. Such people should be engaged in some other business rather than this one which may invite them to return to the days of old and corrupt the young or the decent people of America. If a felon can not secure a license, he should not be employed on the premises where this liquor is sold.

Mr. RAGON. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. RAGON. I was not present during the early part of the discussion on this bill. Has there been an amendment offered striking this out?

Mr. O'CONNOR. No. Everybody agreed a felon should not receive a license.

Mr. RAGON. I am rather disposed to believe the gentleman from Kentucky [Mr. BROWN] is correct in his statement.

Mr. O'CONNOR. Theoretically, yes; but the class of people he refers to should not be in this particular business.

Mr. RAGON. If it were desired to prohibit a license to a man convicted of the felony of illicit sale of liquor, that is all right, but it does not occur to me as being right to base it indiscriminately upon any kind of a felony.

Mr. O'CONNOR. It covers all felonies.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mrs. NORTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. NORTON: Page 8, line 8, after the word "for," insert the words "not exceeding."

The amendment was agreed to.

The Clerk read as follows:

SEC. 16. The act of Congress approved March 3, 1917, entitled "An act to prohibit the manufacture and sale of alcoholic liquors in the District of Columbia, and for other purposes," with the exception of sections 11 and 20 thereof, is hereby repealed.

Mr. PALMISANO. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. PALMISANO: Page 8, strike out lines 10 to 14, both inclusive, and insert in lieu thereof the following:

"SEC. 16. The act of Congress approved March 3, 1917, entitled 'An act to prohibit the manufacture and sale of alcoholic liquors in the District of Columbia, and for other purposes,' with the exception of sections 11 and 20 thereof, is hereby repealed: *Provided, however,* That the term 'alcoholic liquor' used in such section 11 of such act shall not be construed to include beverages authorized by this act to be brewed, manufactured, and sold."

Mr. GOSS. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. GOSS. I make the point of order that the amendment is not germane to this particular section, because this section simply repeals certain sections of the act of March 3, 1917, with two exceptions, and the gentleman's amendment goes far beyond that.

I would again call attention to the precedents holding that just because two subjects are related they are not necessarily germane.

Mr. PALMISANO. Mr. Chairman, the gentleman from Connecticut does not realize the effect of the amendment. Section 11 of the Sheppard Act seems to prohibit the very thing sought to be done by this bill, which is to permit drinking in public or in a public place.

Mr. GOSS. Mr. Chairman, I will reserve my point of order, instead of making it at this time.

Mr. PALMISANO. If section 11 is permitted to remain without this amendment, the sale of liquor will then be prohibited. This amendment makes an exception of the beverages mentioned in this bill.

Mr. GOSS. I did not understand the situation, Mr. Chairman. I withdraw the point of order.

Mr. BLANTON. Mr. Chairman, I reserve a point of order; in fact, Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BLANTON. Mr. Chairman, I make the point of order that the proviso and the amendment are not germane to the bill or any part of it because the public act sought to be repealed is an act relating not to nonintoxicating liquor but to whisky, champagne, and wine of maximum alcoholic percentages and all kinds of intoxicating liquors, and it has no place in this bill, and certainly is not germane to it.

The CHAIRMAN. The Chair is ready to rule. The amendment follows the identical language of the bill down to the proviso. The proviso simply states that section 11 of the act of March 3, 1917, shall not be construed to conflict in any way with the pending bill.

The Chair is of the opinion that the amendment is clearly germane and overrules the point of order.

The question is on the committee amendment offered by the gentleman from Maryland.

The committee amendment was agreed to.

Mr. SMITH of Virginia. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Virginia: Page 8, line 10, strike out the paragraph and in lieu thereof insert the following——

The CHAIRMAN. The Chair may state that the committee amendment having been adopted as a complete substitute for the paragraph, no further amendment to the committee amendment would be in order.

Mr. SMITH of Virginia. Mr. Chairman, I offer an amendment to the committee amendment as offered, striking out the paragraph and substituting other language.

The CHAIRMAN. An amendment has already been adopted striking out the section.

The Clerk read as follows:

Committee amendment: Page 8, line 15, insert the following: "SEC. 17. This act shall take effect 15 days after its enactment."

Mr. PALMISANO. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Page 8, line 15, strike out all after the word "effect" and insert in lieu thereof the following: "April 7, 1933."

The amendment to the committee amendment was agreed to.

The committee amendment, as amended, was agreed to.

The CHAIRMAN. There being no further amendments, under the rule, the committee rises.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. JONES, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H.R. 3342) to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes, pursuant to House Resolution 71, he reported the same back to the House with sundry amendments adopted by the Committee of the Whole House on the state of the Union.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. CELLER. Mr. Speaker, I demand a separate vote on the Blanton amendment to section 9, dealing with sale to minors.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en bloc.

The amendments were agreed to.

The SPEAKER. The Clerk will report the Blanton amendment.

The Clerk read as follows:

Amendment offered by Mr. BANTON: Page 6, line 6, after the word "do," add the following: "It shall be unlawful to sell at any licensed place any of the above beverages to persons under 18 years of age. Any person violating this provision shall be guilty of a misdemeanor and upon conviction thereof shall be subject to a fine not exceeding $100 or be imprisoned not to exceed six months, or to both such fine and imprisonment."

The question was taken; and on a division (demanded by Mr. CELLER) there were—ayes 141, noes 51.

Mr. CELLER. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

So the amendment was agreed to.

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

Mr. STALKER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. The gentleman is a member of the committee and opposed to the bill?

Mr. STALKER. I am.

The Clerk read as follows:

Mr. STALKER moves to recommit to the Committee on the District of Columbia with instructions to report the same back forthwith with the following amendment: Page 3, line 19, after the

comma, insert the following: "or been adjudged guilty of violating the laws governing the sale of intoxicating liquors or for the prevention of gambling in the District of Columbia."

Mrs. NORTON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 19, noes 135.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 180, noes 53.

So the bill was passed.

On motion of Mr. PALMISANO, a motion to reconsider the vote by which the bill was passed was laid on the table.

ELECTION TO COMMITTEE

Mr. SNELL. Mr. Speaker, I offer the following resolution, to elect a member of a committee.

The Clerk read as follows:

House Resolution 73

Resolved, That ROBERT F. RICH, of Pennsylvania, be, and he is hereby, elected a member of the Committee on Printing of the House of Representatives.

The resolution was agreed to.

THE STATE BANKING BILL

Mr. BYRNS. Mr. Speaker, I was told in the Senate about 4 o'clock that they would conclude the consideration of some amendments to the banking bill relating to State banks, which the House passed the other day and sent to the Senate. I am very sure that my informant was perfectly sincere in his statement, but, of course, I know something about the uncertainty of Senate debate.

But in view of his statement that the Senate would act by 5 o'clock, and his expectation that it would be messaged over at once, the chairman of the Banking and Currency Committee is very anxious that a recess be taken for a reasonable time in order that that bill may be sent over to the House and that the House may have an opportunity to concur in the Senate amendments, which he states are entirely noncontroversial.

I am also told that it is the intention of the Senate to adjourn until Monday, and I think it is also the intention of the House to take similar action.

The chairman of the Banking and Currency Committee thinks that if we could agree to these amendments and get the bill ready for passage it would be worth something in its effect over the country.

I have agreed, therefore, to ask that the House stand in recess until such time as the Speaker may call us back in session, not later than 5.30.

Mr. BANKHEAD. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BANKHEAD. As I understand, the justification for this request is based on the supreme importance of the passage of the bill, with reference to the fact that a great number of State banks that have been suspended, and he is asking for a recess until the Senate can act.

Mr. BYRNS. The gentleman has correctly stated it. If the bill is passed and ready for signature by the presiding officers of the two bodies, it will be an assurance to the State banks and the people generally that it will become a law. It has been suggested that the recess be taken subject to the call of the Speaker, and that call not to be later than 6 o'clock.

Mr. SNELL. Has the gentleman from Tennessee asked unanimous consent that when the House adjourns tonight it adjourn until Monday?

Mr. BYRNS. I have not, but I will as soon as we reconvene.

Mr. BLANTON. Will not the gentleman make it now, so that Members may know whether they are going to adjourn until Monday or not?

ADJOURNMENT OVER

Mr. BYRNS. I am willing to do that. Mr. Speaker, I ask unanimous consent that when the House adjourns tonight it adjourn to meet on Monday next.

Mr. LUCE. Reserving the right to object, I want to ask the gentleman from Tennessee if the Senate does not complete action so that we can pass on it, that means that no action can be had until Monday.

Mr. BYRNS. Yes; I am informed that the Senate will take a recess until Monday.

Mr. LUCE. In view of the importance of the matter, I am wondering if it is prudent for the gentleman to limit the recess to 6 o'clock.

Mr. BYRNS. We can meet here at 6 o'clock, and if necessary, we can continue the recess until a later hour.

Mr. SNELL. Has the gentleman been informed that the Senate will remain in session until after the House reports this measure back to them? If we are going to wait here, we ought to be assured that they will stay in session so that it will be closed up tonight, if it is important.

Mr. BYRNS. I had in mind communicating with the majority leader of the Senate stating to him that we were in session and ask that such be done, if it is possible.

Mr. SNELL. The other day we remained in session until late in the evening and the Senate adjourned and went home.

Mr. BYRNS. And I am informed that that is their intention this evening.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee that when the House adjourns this evening it adjourn to meet on Monday next?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HAMILTON, for the rest of the week, on account of important business.

To Mr. HIGGINS, indefinitely, on account of illness in family.

To Mr. RICH (by request of Mr. DARROW), indefinitely, on account of illness.

RECESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the House stand in recess at the call of the Speaker.

The SPEAKER. Is there objection?

There was no objection.

Accordingly, at 4 o'clock and 48 minutes p. m., the House stood in recess, subject to the call of the Speaker.

AFTER THE RECESS

The recess having expired, the House was called to order at 5 o'clock and 4 minutes by the Speaker.

RESIGNATION FROM A COMMITTEE

The SPEAKER laid before the House the following communication, which was read:

The HON. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: Due to the fact that the States west of the Mississippi River received no Republican representation on the Committee on Banking and Currency and Rules, I cannot and will not accept the assignment given to me on the Committee on Post Office and Post Roads. This is in keeping with my letters to Mr. SNELL of March 9 and 13, in which I stated that I could not accept any new committee assignments unless the section from whence I come received representation on the committees controlling economic legislation. I therefore respectfully resign from the Committee on the Post Office and Post Roads.

Very truly yours,
HAROLD MCGUGIN.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed with amend-

ments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 3757. An act to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases.

LOANS TO STATE BANKS AND TRUST COMPANIES

Mr. STEAGALL. Mr. Speaker, I call up from the Speaker's table the bill (H.R. 3757) to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases, with a Senate amendment thereto, and move to concur in the Senate amendment.

The SPEAKER. The gentleman from Alabama calls up the bill H.R. 3757, with a Senate amendment thereto, which the Clerk will report.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: "That title IV of the act entitled 'An act to provide relief in the existing national emergency in banking, and for other purposes,' approved March 9, 1933, is amended by adding at the end thereof the following new section:

"'SEC. 404. During the existing emergency in banking, or until this section shall be declared no longer operative by proclamation of the President, but in no event beyond the period of 1 year from the date this section takes effect, any State bank or trust comany not a member of the Federal Reserve System may apply to the Federal Reserve bank in the district in which it is located and said Federal Reserve bank, in its discretion and after inspection and approval of the collateral and a thorough examination of the applying bank or trust company, may make direct loans to such State bank or trust company under the terms provided in section 10 (b) of the Federal Reserve Act, as amended by section 402 of this act: *Provided*, That loans may be made to any applying nonmember State bank or trust company upon eligible security. All applications for such loans shall be accompanied by the written approval of the State banking department or commission of the State from which the State bank or trust company has received its charter and a statement from the said State banking department or commission that in its judgment said State bank or trust company is in a sound condition. The notes representing such loans shall be eligible as security for circulating notes issued under the provisions of the sixth paragraph of section 18 of the Federal Reserve Act, as amended by section 401 of this act, to the same extent as notes, drafts, bills of exchange, or bankers' acceptances acquired under the provisions of the Federal Reserve Act. During the time that such bank or trust company is indebted in any way to a Federal Reserve bank it shall be required to comply in all respects to the provisions of the Federal Reserve Act applicable to member State banks and the regulations of the Federal Reserve Board issued thereunder: *Provided*, That in lieu of subscriptions to stock in the Federal Reserve bank it shall maintain the reserve balance required by section 19 of the Federal Reserve Act during the existence of such indebtedness. As used in this section and in section 304, the term "State bank or trust company" shall include a bank or trust company organized under the laws of any State, Territory, or possession of the United States, or the Canal Zone.'

"SEC. 2. (a) Section 304 of such act of March 9, 1933, is amended by adding after the first sentence thereof the following new sentences: 'Nothing in this section shall be construed to authorize the Reconstruction Finance Corporation to subscribe for preferred stock in any State bank or trust company if under the laws of the State in which said State bank or trust company is located the holders of such preferred stock are not exempt from double liability. In any case in which under the laws of the State in which it is located a State bank or trust company is not permitted to issue preferred stock exempt from double liability, or if such laws permit such issue of preferred stock only by unanimous consent of stockholders, the Reconstruction Finance Corporation is authorized, for the purposes of this section, to purchase the legally issued capital notes or debentures of such State bank or trust company, having voting rights similar to those herein provided with respect to preferred stock.'

"(b) The second sentence of said section 304 is amended to read as follows: 'The Reconstruction Finance Corporation may, with the approval of the Secretary of the Treasury, and under such rules and regulations as he may prescribe, sell in the open market the whole or any part of the preferred stock, capital notes, or debentures of any national banking association, State bank, or trust company acquired by the corporation pursuant to this section.'"

Such section 304 is further amended by adding at the end thereof the following new sentence:

"(c) As used in this section, the term 'State bank or trust company' shall include other banking corporations engaged in the business of industrial banking and under the supervision of State banking departments or of the Comptroller of the Currency."

Amend the title so as to read: "An act to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases, and for other purposes."

Mr. STEAGALL. Mr. Speaker, the effect of the action of the Senate on this bill was to adopt in toto the provisions of the House bill with three amendments. The first provides for the inclusion in the act of any Territory or possession of the United States. The second provides that the Reconstruction Finance Corporation shall not be permitted to purchase preferred stock in banks where the governing law imposes upon stockholders a double liability, but in States where statutory regulations of that sort are in effect to permit the purchase of capital notes and debentures of such banks in order to accomplish the aid to State banks contemplated in the original legislation.

The third amendment embodied in the substitute passed by the Senate authorizes the Reconstruction Finance Corporation to sell any preferred stock or debentures or obligations purchased. The other amendment is designed to include any kind of industrial bank or other banking institution not embraced in the provisions of the original bill which is under the control of State banking authorities or the Comptroller of the Currency. All of these amendments are recognized as desirable by the Banking and Currency Committee of the House. They accomplish what we regard as desirable additions to the bill passed by the House.

Mr. LOZIER. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. LOZIER. In some States, Missouri included, banks are by the constitution prohibited from issuing preferred stock, except by the unanimous consent of all of the stockholders. I understand the amendment to which the gentleman refers takes care of the Missouri situation by authorizing the acceptance by Federal Reserve banks of capital notes and debentures issued by State banks on which the Federal Reserve banks may make loans to nonmember State banks.

Mr. STEAGALL. Quite true.

Mr. LOZIER. And the amendment originally suggested by the Senate requiring these capital notes and debentures to have the voting privilege has been eliminated and is not now in the bill.

Mr. STEAGALL. That is my understanding. I will say to the gentleman in that connection that under the provisions of the original Emergency Banking Act passed on March 9, the Reconstruction Finance Corporation was authorized to purchase preferred stock not alone in national banks or member banks of the Federal Reserve System but in nonmember banks as well, or to make loans on the preferred stock of banks.

I suggest to the gentleman from Missouri and to other gentlemen who may be confronted with situations similar to that which exist in Missouri that we tried in the hurried way in which we went about amending the original Emergency Bank Act to anticipate these difficulties. We adopted an amendment authorizing loans on preferred stock, and I will say to the gentleman from Missouri that it seems to me the provision for loans provides a method by which to meet those difficulties.

Mr. CROWE. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. CROWE. I did not understand the answer with respect to States which have double liability to the stockholders.

Mr. STEAGALL. The Reconstruction Finance Corporation is not permitted to subscribe for stock in States where they have double liability.

Mr. CROWE. How will those States get their aid?

Mr. STEAGALL. They get it by selling their capital bonds and debentures in lieu of preferred stock.

Mr. LUCE. Will the gentleman yield?

Mr. STEAGALL. I will gladly yield.

Mr. LUCE. Mr. Speaker, it probably devolves upon me to say that, as best I could make out, the amendments that have been presented would be acceptable to all members of the Committee on Banking and Currency; but, at the same time, trying to keep within the rules, I would call attention to the fact that in the opening of the debate in another

branch yesterday certain gentlemen saw fit to give the House Committee on Banking and Currency a slap on the wrist. In all comity and good nature I shall refrain from commenting upon that, but would have it a matter of record that another branch saw fit to destroy the whole House bill and substitute one of its own, instead of using the normal and natural and simple course of adding an amendment.

Mr. STEAGALL. I think perhaps I should state that there were peculiar reasons for the action of the House in not amending the bill passed by the Senate and which was before this body, instead of passing the House bill. It was very desirable that we should incorporate in this legislation the provisions which were adopted by the Senate as amendments to this bill.

When the House bill was passed as an original bill and sent to the Senate, instead of having been passed as a substitute for the Senate bill, it was regarded as quite desirable that the bill should embody the provisions which have been included in the Senate substitute, but it was thought by some of us unwise to attempt to amend the bill on the floor in the short time in which it was considered desirable to pass the measure. In view of the fact that the amendments that were regarded as desirable were introduced and pending in the Senate and not included in the House bill nor in the bill passed by the Senate, it was thought best to pass the House bill and let the measure take the course which it has taken. There certainly was no thought of the slightest discourtesy toward the Senate.

Mr. BRIGGS. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BRIGGS. Irrespective of where the measure originated in all of its aspects, whether in one body or another of the Congress, does the gentleman feel that the legislation now presented for adoption is adequate to meet the situation with reference to State banks?

Mr. STEAGALL. The bill provides that State, nonmember banks, and trust companies may obtain loans through Federal Reserve banks in the same way that member banks are permitted to obtain such loans under section 402 of the original Emergency Banking Act; and State nonmember banks and trust companies have a right, upon the same basis, to apply for loans, tendering noneligible or eligible paper, which may be used by Federal Reserve banks as a basis for Federal Reserve bank notes just as may be done in the case of member banks of the Federal Reserve System. In other words, we provide that nonmember banks may have the benefits of emergency currency.

If this law is administered in accordance with the purpose of Congress and those who are responsible for its enactment, it will afford relief to thousands of State banks and trust companies not members of the Federal Reserve System that are left at great disadvantage under the provisions of the original Emergency Act, which extended the right to obtain emergency currency to member banks alone. I assume the law will be fairly and sympathetically administered. I believe it is safe to say to the country that the administration will see that it is administered in accordance with the intention of Congress. It should bring a large measure of relief to communities served by those banks.

Mr. HANCOCK of North Carolina. The chairman has ably and adequately in the last part of his remarks almost fully covered my thoughts and the points I desired to call to your attention. I desire that they be clearly understood by every Member. As I understand it, the efficacy and usefulness of this measure to nonmember State banks will depend almost entirely upon the way it is administered, and unless there is an immediate change in the attitude of those who have heretofore controlled the financial policy of the Federal Reserve System, State banks can hope for but little assistance under this act. In this hour hard and rigid rules and practices should be tempered with sympathetic judgment and plain common sense.

Mr. STEAGALL. I do not desire to indulge in criticism of anybody. The Federal Reserve System will administer this legislation through the same instrumentalities and agencies that administer the law as to member banks.

Mr. CANNON of Missouri. Mr. Speaker, will the gentleman yield for a question?

Mr. STEAGALL. I yield.

Mr. CANNON of Missouri. Would it be apropos to inquire if the committee has in contemplation a program which will afford the House an opportunity to supplement this measure with legislation providing for the guaranty of bank deposits?

Mr. STEAGALL. I am not going to make a speech on that subject, but I will say to the gentleman that he knows how deeply interested I am in legislation to establish a system for the guaranty of deposits in the banks of this country. I am not without reasonable hope that at no distant day we shall be able to accomplish very desirable results in that connection. [Applause.]

Mr. Speaker, I move that the House concur in the Senate amendment.

The motion was agreed to.

On motion of Mr. STEAGALL, a motion to reconsider the vote by which the Senate amendment was concurred in was laid on the table.

Mr. BYRNS. Mr. Speaker, I offer the following resolution and move its adoption.

The Clerk read as follows:

House Resolution 74

Resolved, That notwithstanding the adjournment of the House, the Speaker be, and he is hereby, authorized to sign the enrolled bill of the House, H.R. 3757.

The resolution was agreed to.

On motion of Mr. BYRNS, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

SALE OF BEER IN THE DISTRICT OF COLUMBIA

Mr. BLACK. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to make any necessary clerical revision in the District beer bill that was passed today.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 25 minutes p.m.) the House, under its previous order, adjourned until Monday, March 27, 1933, at 12 o'clock noon.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LLOYD: A bill (H.R. 4098) to establish a national cemetery within the Fort Lewis Military Reservation, State of Washington; to the Committee on Military Affairs.

By Mr. SHANNON: A bill (H.R. 4099) to establish a holiday to be known as "Jefferson's birthday"; to the Committee on the District of Columbia.

By Mr. SWEENEY: A bill (H.R. 4100) to permit payment of any sum under the Civil Service Retirement Act to a deceased employee or a former employee who has become incompetent where no demand has been made by an administrator, executor, or guardian; to the Committee on the Civil Service.

Also, a bill (H.R. 4101) to promote substitute clerks and carriers; to the Committee on the Post Office and Post Roads.

By Mr. PATMAN: A bill (H.R. 4102) to provide for "ounce" coins and "ounce" Treasury notes to revive world trade and commerce and to make possible the payment of debts, foreign and domestic; to the Committee on Coinage, Weights, and Measures.

Also, a bill (H.R. 4103) to provide that income war-profits and excess-profits tax returns, including refunds, credits, and abatements, shall constitute public records; to the Committee on Ways and Means.

By Mr. HUDDLESTON: A bill (H.R. 4104) to regulate the transportation of persons and property in interstate and foreign commerce by motor carriers operating on the public highways; to the Committee on Interstate and Foreign Commerce.

By Mr. FULLER: A bill (H.R. 4105) to abolish the Federal Farm Board, and for other purposes; to the Committee on Agriculture.

By Mr. KENNEY: A bill (H.R. 4106) to amend the Reconstruction Finance Corporation Act so as to provide further protection for loans made thereunder; to the Committee on Banking and Currency.

By Mr. CONDON: A bill (H.R. 4107) to repeal the tax on bank checks, drafts, and orders for the payment of money; to the Committee on Ways and Means.

By Mr. McSWAIN: A bill (H.R. 4108) to authorize the correction of military records; to the Committee on Military Affairs.

By Mr. RAMSAY: A bill (H.R. 4109) to permit the State of West Virginia to bring suit against the United States; to the Committee on the Judiciary.

By Mr. JAMES: A bill (H.R. 4110) providing for loans or advances by the Reconstruction Finance Corporation for the purpose of securing the postponement of the foreclosure of certain mortgages for a period of 2 years, and for other purposes; to the Committee on Banking and Currency.

By Mr. McCLINTIC: A bill (H.R. 4111) relating to the classified civil service; to the Committee on the Civil Service.

By Mr. DIES: A bill (H.R. 4112) to provide for the exclusion and expulsion of alien communists; to the Committee on Immigration and Naturalization.

By Mr. MARTIN of Massachusetts: A bill (H.R. 4113) to classify in the civil service employees in post offices of the third class; to the Committee on the Civil Service.

By Mr. DIES: A bill (H.R. 4114) to further restrict immigration into the United States; to the Committee on Immigration and Naturalization.

By Mr. SIROVICH: A bill (H.R. 4115) to provide protection by registration of designs for textiles and other materials; to the Committee on Patents.

By Mr. DUNN: A bill (H.R. 4116) relating to labor and prohibiting the employment of persons for more than 6 hours in any one day or more than 5 days in any one week, and providing penalties for violations thereof; to the Committee on Labor.

By Mr. McCLINTIC: A bill (H.R. 4117) authorizing an appropriation to reimburse the State of Oklahoma for money paid for the education of restricted Indian children in the public schools of the said State; to the Committee on Indian Affairs.

Also, a bill (H.R. 4118) to amend an act approved September 26, 1914, known as "the Federal Trade Commission Act" to the Committee on Interstate and Foreign Commerce.

Also, a bill (H.R. 4119) regulating the operation of motor trucks and busses; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H.R. 4120) authorizing the Secretary of Agriculture to make disposition of certain public funds; to the Committee on Agriculture.

Also, a bill (H.R. 4121) providing regulations governing the sale of foreign securities in the United States; to the Committee on the Judiciary.

Also, a bill (H.R. 4122) to repeal the act of July 13, 1926; to the Committee on the Public Lands.

Also, a bill (H.R. 4123) providing for a minimum marketing price for certain agriculture products; to the Committee on Agriculture.

Also, a bill (H.R. 4124) relating to retirement of certain employees of the Government; to the Committee on the Civil Service.

Also, a bill (H.R. 4125) authorizing the decommissioning of all battleships; to the Committee on Naval Affairs.

Also, a bill (H.R. 4126) to provide that the Reconstruction Finance Corporation shall make loans to farmers on the security of first mortgages, and for other purposes; to the Committee on Banking and Currency.

By Mr. GASQUE: A bill (H.R. 4127) to extend the time for the construction of a bridge across the Waccamaw River near Conway, S.C.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H.R. 4128) granting the consent of Congress to the State of South Carolina to construct, maintain, and operate a bridge across the Waccamaw River; to the Committee on Interstate and Foreign Commerce.

By Mr. DINGELL: A bill (H.R. 4129) to provide for the appointment of an additional district judge for the eastern district of Michigan; to the Committee on the Judiciary.

Also, a bill (H.R. 4130) authorizing the erection of a memorial to Brig. Gen. Casimir Pulaski at Savannah, Ga.; to the Committee on the Library.

By Mr. HOEPPEL: A bill (H.R. 4131) to amend all existing United States laws pertaining to pensions, grants, or annuities, to provide economies and establish equalities; to the Committee on Pensions.

Also, a bill (H.R. 4132) to amend the act of May 7, 1932, to provide equality in promotion, without increase in pay or allowances; to the Committee on Military Affairs.

By Mr. GASQUE: A bill (H.R. 4133) to give depositors the right to liquidate banks in certain cases; to the Committee on Banking and Currency.

By Mr. McSWAIN: A bill (H.R. 4134) 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.

Also, a bill (H.R. 4135) to authorize the acquisition of additional land for the use of Walter Reed General Hospital; to the Committee on Military Affairs.

By Mr. HOEPPEL: A bill (H.R. 4136) to authorize the Secretary of War to fix the pay grade of enlisted men of the Army and the Marine Corps retired before July 1, 1920; to the Committee on Military Affairs.

By Mr. BROWN of Michigan: Joint resolution (H.J.Res. 114) directing the President to proclaim October 11 of each year General Pulaski's Memorial Day, for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

Also, a joint resolution (H.J.Res. 115) authorizing the issuance of a special postage stamp in honor of Brig. Gen. Thaddeus Kosciusko; to the Committee on the Post Office and Post Roads.

By Mr. MALONEY of Connecticut: Joint resolution (H.J.Res. 116) authorizing the issuance of a special postage stamp in honor of Brig. Gen. Thaddeus Kosciusko; to the Committee on the Post Office and Post Roads.

By Mr. SHALLENBERGER: Joint resolution (H.J.Res. 117) to honor John Philip Sousa by designating The Stars and Stripes Forever the national march; to the Committee on the Judiciary.

By Mr. DICKSTEIN: Joint resolution (H.J.Res. 118) to provide for the return to the Philippine Islands of unemployed Filipinos resident in the continental United States, to authorize appropriations to accomplish that result, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. DIES: Joint resolution (H.J.Res. 119) further restricting immigration into the United States; to the Committee on Immigration and Naturalization.

By Mr. DINGELL: Joint resolution (H.J.Res. 120) to restrict the employment of alien commuting labor; to the Committee on Immigration and Naturalization.

By Mr. McCLINTIC: Concurrent resolution (H.Con.Res. 8) creating the Joint Committee of Congress to Investigate the Various Bureaus and Departments of the Government for the Purpose of Bringing About any Necessary Consolidations, the Abolishment of any Bureaus, and the Reduction of Operating Personnel; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of New York: A bill (H.R. 4137) for the relief of the J. N. Adam Memorial Hospital; to the Committee on Claims.

By Mr. BOYLAN: A bill (H.R. 4138) authorizing the President to present a medal of honor to Monsignor John P. Chidwick; to the Committee on Naval Affairs.

By Mr. BRIGGS: A bill (H.R. 4139) to confer the medal of honor for service in the Philippine insurrection on William O. Trafton; to the Committee on Military Affairs.

By Mr. BUCKBEE: A bill (H.R. 4140) granting an increase of pension to Sarah Alice Belrose; to the Committee on Invalid Pensions.

By Mr. BURCH: A bill (H.R. 4141) to amend the act entitled "An act for the relief of contractors and subcontractors for the post office and other buildings and work under the supervision of the Treasury Department, and for other purposes", approved August 25, 1919, as amended by act of March 6, 1920; to the Committee on Claims.

By Mr. BURNHAM: A bill (H.R. 4142) for the relief of John H. McNulty; to the Committee on Naval Affairs.

By Mr. CAVICCHIA: A bill (H.R. 4143) to confer jurisdiction on the Court of Claims to hear and determine the claim of A. C. Messler Co.; to the Committee on Claims.

By Mr. DIES: A bill (H.R. 4144) for the relief of Horace Wilberdean Jones; to the Committee on Military Affairs.

By Mr. DUNCAN of Missouri: A bill (H.R. 4145) granting a pension to Mary C. Wilkerson; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4146) granting a pension to Jane S. Murphy; to the Committee on Invalid Pensions.

By Mr. EATON: A bill (H.R. 4147) for the relief of William Sulem; to the Committee on Claims.

By Mr. EDMONDS: A bill (H.R. 4148) for the relief of the Ancona Printing Co., Inc.; to the Committee on Claims.

By Mr. HUDDLESTON: A bill (H.R. 4149) for the relief of Lafayette Hunter; to the Committee on Military Affairs.

By Mr. KNIFFIN: A bill (H.R. 4150) granting a pension to Charles F. Boroff; to the Committee on Invalid Pensions.

By Mr. KRAMER: A bill (H.R. 4151) correcting the date of enlistment of Elza Bennett in the United States Navy; to the Committee on Naval Affairs.

By Mr. LARRABEE: A bill (H.R. 4152) for the relief of Templeton Livingston; to the Committee on Military Affairs.

Also, a bill (H.R. 4153) granting a pension to John E. Mann; to the Committee on Pensions.

Also, a bill (H.R. 4154) granting a pension to Clarence E. Crane; to the Committee on Pensions.

Also, a bill (H.R. 4155) granting an increase of pension to Julia P. Kiess; to the Committee on Invalid Pensions.

By Mr. McCLINTIC: A bill (H.R. 4156) granting a pension to William M. Caplinger; to the Committee on Pensions.

Also, a bill (H.R. 4157) for the relief of Earl J. Babcock; to the Committee on Military Affairs.

Also, a bill (H.R. 4158) granting a pension to Robert E. Jones; to the Committee on Pensions.

Also, a bill (H.R. 4159) granting an increase of pension to Minerva E. Herren; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4160) granting an increase of pension to Mary E. Derrick; to the Committee on Invalid Pensions.

By Mr. McCORMACK: A bill (H.R. 4161) regulating repair work on any vessel of the United States Navy; to the Committee on Naval Affairs.

Also, a bill (H.R. 4162) for the relief of Francis Louis Nourse; to the Committee on Naval Affairs.

Also, a bill (H.R. 4163) for the relief of John P. Hurley; to the Committee on Naval Affairs.

By Mr. McKEOWN: A bill (H.R. 4164) for the relief of Stanwaity Killcrease; to the Committee on Naval Affairs.

Also, a bill (H.R. 4165) for the relief of Harvey Stump; to the Committee on Naval Affairs.

By Mr. MALONEY of Louisiana: A bill (H.R. 4166) granting a pension to Edith Chambers Feehan; to the Committee on Pensions.

By Mr. MEAD: A bill (H.R. 4167) to authorize the appointment of Capt. Byron B. Daggett, retired, to the grade of major, retired, in the United States Army; to the Committee on Military Affairs.

By Mr. PARSONS: A bill (H.R. 4168) granting a pension to Claud Stine; to the Committee on Invalid Pensions.

By Mr. PEAVEY: A bill (H.R. 4169) for the relief of John H. Lokemoen; to the Committee on Claims.

Also, a bill (H.R. 4170) for the relief of E. H. Estabrook; to the Committee on Claims.

Also, a bill (H.R. 4171) for the relief of Phillips Creamery Co., Inc.; to the Committee on Claims.

Also, a bill (H.R. 4172) for the relief of Julius A. Geske; to the Committee on Claims.

Also, a bill (H.R. 4173) for the relief of Edward M. Steffenson; to the Committee on Claims.

Also, a bill (H.R. 4174) for the relief of Roy O. Steffenson; to the Committee on Claims.

Also, a bill (H.R. 4175) for the relief of Oscar C. Olson; to the Committee on War Claims.

Also, a bill (H.R. 4176) for the relief of Harry A. Rutherford; to the Committee on Military Affairs.

Also, a bill (H.R. 4177) for the relief of D. E. Lamon; to the Committee on Claims.

Also, a bill (H.R. 4178) for the relief of Leon John Mahoney; to the Committee on Naval Affairs.

Also, a bill (H.R. 4179) for the relief of Frederic Foss; to the Committee on Military Affairs.

Also, a bill (H.R. 4180) for the relief of Guy Goodin; to the Committee on War Claims.

Also, a bill (H.R. 4181) for the relief of Henry A. Behrens; to the Committee on Military Affairs.

Also, a bill (H.R. 4182) for the relief of Alta Crofoot; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4183) granting an increase of pension to Olive Dupree; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4184) granting an increase of pension to Sarah Saint Germain; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4185) granting an increase of pension to Adeline Boldus; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4186) granting an increase of pension to Sarah A. Dearborn; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4187) granting a pension to Harvey L. Pierce; to the Committee on Pensions.

By Mr. SHANNON: A bill (H.R. 4188) for the relief of Albert P. Dunbar; to the Committee on Military Affairs.

Also, a bill (H.R. 4189) for the relief of Charles Cubberly; to the Committee on Military Affairs.

Also, a bill (H.R. 4190) for the relief of Joseph W. Zorn; to the Committee on Military Affairs.

Also, a bill (H.R. 4191) for the relief of Clara Fitzgerald; to the Committee on Claims.

Also, a bill (H.R. 4192) for the relief of John F. Carlow; to the Committee on Military Affairs.

Also, a bill (H.R. 4193) for the relief of William George O'Neal; to the Committee on Naval Affairs.

Also, a bill (H.R. 4194) for the relief of Harry W. Hall; to the Committee on Military Affairs.

Also, a bill (H.R. 4195) for the relief of Carl A. Barzen; to the Committee on Military Affairs.

Also, a bill (H.R. 4196) for the relief of Helen Marie Lewis; to the Committee on Claims.

Also, a bill (H.R. 4197) for the relief of George W. Wormington; to the Committee on Military Affairs.

Also, a bill (H.R. 4198) granting a pension to Levi Clark; to the Committee on Pensions.

Also, a bill (H.R. 4199) granting a pension to Belle Hill; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4200) granting a pension to Charles Arthur Collins; to the Committee on Pensions.

Also, a bill (H.R. 4201) granting a pension to Cloe I. B. Wiggins; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4202) granting a pension to Mary E. Harper; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4203) granting a pension to Hattie M. Warner; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4204) granting a pension to George W. Wormington; to the Committee on Pensions.

Also, a bill (H.R. 4205) granting a pension to Jesse E. Lampkin; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4206) granting a pension to Edward A. Price; to the Committee on Pensions.

Also, a bill (H.R. 4207) giving jurisdiction to the Court of Claims to hear and determine the claim of the Cherokee Fuel Co.; to the Committee on Claims.

By Mr. SMITH of West Virginia: A bill (H.R. 4208) for the relief of Benjamin Yarborough; to the Committee on Military Affairs.

By Mr. SNYDER: A bill (H.R. 4209) granting a pension to Malissa Hoover; to the Committee on Pensions.

Also, a bill (H.R. 4210) granting a pension to Josephine Rutter; to the Committee on Invalid Pensions.

By Mr. TAYLOR of South Carolina: A bill (H.R. 4211) granting a pension to Paul T. King; to the Committee on Pensions.

By Mr. TRAEGER: A bill (H.R. 4212) for the relief of Theodore H. Abel, Jr.; to the Committee on Military Affairs.

Also, a bill (H.R. 4213) for the relief of George McCourt; to the Committee on Military Affairs.

By Mr. WADSWORTH: A bill (H.R. 4214) for the relief of Charles A. Hamilton; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

165. By Mr. CONNERY: Petition of the Revere City Council, protesting against the policy of Germany in establishing an anti-Jewish program; to the Committee on Foreign Affairs.

166. By Mr. FOSS: Resolution adopted by the House of Representatives of the Commonwealth of Massachusetts, urging Congress to regulate the hours and wages of persons employed in manufacturing and industrial establishments; to the Committee on Labor.

167. By Mr. PATMAN: Petition of S. T. Snead, chairman citizenship and temperance committee, National City Christian Church, Washington, D.C., protesting against the passage of any bill to legalize beer or other beverages prohibited by the Constitution, which embodies a copy of telegram sent to President Roosevelt upon learning of his message regarding beer to the Congress; to the Committee on the District of Columbia.

168. By Mr. RUDD: Petition of Colonial Works, Brooklyn, N.Y., protesting against the manufacture of paints and varnishes in Government navy yards; to the Committee on Expenditures in the Executive Departments.

SENATE

MONDAY, MARCH 27, 1933

(Legislative day of Monday Mar. 13, 1933)

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

THOMAS D. SCHALL, a Senator from the State of Minnesota, appeared in his seat today.

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. Haltigan, one of its clerks, announced that the House had agreed to the amendments of the Senate to the bill (H.R. 3757) to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, I make the suggestion of the absence of a quorum and ask a roll call.

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Costigan	La Follette	Robinson, Ark.
Ashurst	Couzens	Lewis	Robinson, Ind.
Austin	Dickinson	Logan	Russell
Bachman	Dieterich	Lonergan	Schall
Bankhead	Dill	Long	Sheppard
Barbour	Erickson	McAdoo	Shipstead
Barkley	Fess	McCarran	Smith
Black	Fletcher	McGill	Steiwer
Bone	Frazier	McKellar	Stephens
Borah	George	McNary	Thomas, Okla.
Brown	Goldsborough	Metcalf	Thomas, Utah
Bulkley	Gore	Murphy	Townsend
Bulow	Hale	Neely	Trammell
Byrd	Harrison	Norbeck	Tydings
Byrnes	Hastings	Norris	Vandenberg
Capper	Hatfield	Nye	Van Nuys
Caraway	Hayden	Overton	Wagner
Carey	Hebert	Patterson	Walcott
Clark	Johnson	Pittman	Walsh
Connally	Kendrick	Pope	Wheeler
Coolidge	Keyes	Reed	White
Copeland	King	Reynolds	

Mr. REED. I desire to announce that my colleague the junior Senator from Pennsylvania [Mr. DAVIS] is still detained from the Senate on account of illness.

Mr. LEWIS. Permit me to announce, sir, that the senior Senator from New Mexico [Mr. BRATTON] is absent on official business, and that the senior Senator from North Carolina [Mr. BAILEY] is necessarily detained from the Senate. I ask that the announcement remain for the day.

I also desire to announce that the Senator from Wisconsin [Mr. DUFFY] is necessarily detained from the Senate by illness in his family. I will let this announcement stand for the day.

Mr. BYRD. I wish to announce that my colleague the senior Senator from Virginia [Mr. GLASS] is unavoidably detained.

Mr. HEBERT. The senior Senator from Vermont [Mr. DALE], the senior Senator from New Jersey [Mr. KEAN], and the junior Senator from New Mexico [Mr. CUTTING] are necessarily absent.

The VICE PRESIDENT. Eighty-seven Senators having answered to their names, a quorum is present.

SIGNING OF ENROLLED BILL H.R. 3757

The VICE PRESIDENT. The Chair desires to announce that, under authority of the order of the Senate agreed to on Thursday last, he signed, on the 24th instant, the enrolled bill (H.R. 3757) to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases, and for other purposes, said bill having previously been signed by the Speaker of the House of Representatives and reported by the Committee on Enrolled Bills as having been examined and found truly enrolled, and that it was delivered to the committee to be presented to the President of the United States.

MANUFACTURE AND SALE OF BEVERAGES IN THE DISTRICT OF COLUMBIA

The Chair also desires to announce that, under further authority of said order of Thursday last, he referred, on the 24th instant, to the Committee on the District of Columbia the bill (H.R. 3342) to provide revenue for the District of Columbia by the taxation of beverages, and for other purposes, passed by the House of Representatives and received by the Secretary of the Senate under authority of the said order.

RELIEF OF UNEMPLOYMENT

Mr. WALSH. Mr. President, from the Committee on Education and Labor I report back favorably, with an amendment in the nature of a substitute, the bill (S. 598) for the relief of unemployment through the performance of useful public work, and for other purposes.

Mr. ROBINSON of Arkansas. Mr. President, I ask that the bill be read, and that the Senate proceed with its consideration.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, under the rule it would require unanimous consent to grant the Senator's request?

Mr. ROBINSON of Arkansas. Yes.

Mr. McNARY. The bill has been available only since the call of the roll a few moments ago. A number of Senators