

By Mr. SPENCE: A bill (H.R. 3060) to authorize the presentation of the Medal of Honor to John C. Reynolds; to the Committee on Military Affairs.

By Mr. STALKER: A bill (H.R. 3061) granting an increase of pension to Jane L. Morrill; to the Committee on Invalid Pensions.

Also, a bill (H.R. 3062) granting a pension to Oscar B. St. John; to the Committee on Pensions.

By Mr. STOKES: A bill (H.R. 3063) for the relief of Edna Broome; to the Committee on Claims.

By Mr. STRONG of Pennsylvania: A bill (H.R. 3064) for the relief of Grant William Moore; to the Committee on Naval Affairs.

Also, a bill (H.R. 3065) for the relief of Harry R. Jones; to the Committee on Military Affairs.

By Mr. SUTPHIN: A bill (H.R. 3066) for the relief of William J. Ryan, chaplain, United States Army; to the Committee on Claims.

By Mr. TAYLOR of Colorado: A bill (H.R. 3067) for the relief of Harry Brawner; to the Committee on Military Affairs.

Also, a bill (H.R. 3068) granting an increase of pension to Douglas B. Jenkins; to the Committee on Pensions.

Also, a bill (H.R. 3069) granting a pension to George Williams; to the Committee on Pensions.

Also, a bill (H.R. 3070) for the relief of A. H. Sphar; to the Committee on Claims.

By Mr. WARREN: A bill (H.R. 3071) to authorize a survey from Pamlico Sound to Mill Creek, N.C.; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 3072) for the relief of Seth B. Simmons; to the Committee on Military Affairs.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

25. By Mr. CULKIN: Petition of the Chamber of Commerce of Alexandria Bay, N.Y., urging the ratification of the treaty providing for the development of the Great Lakes-St. Lawrence waterway; to the Committee on Interstate and Foreign Commerce.

26. Also, memorial of the Common Council of the City of Watertown, N.Y., urging the proper commemoration of the naturalization of Thaddeus Kosciuszko, and his appointment as a brigadier general; to the Committee on the Post Office and Post Roads.

27. Also, petition of Edna Wiltse and 26 other citizens of Oswego, N.Y., urging the adoption of the so-called "stop-alien-representation amendment"; to the Committee on the Judiciary.

28. By Mr. LAMBERTSON: Resolution of the Arthur N. Weir Post, No. 7, of the American Legion, of Horton, Kans., urging the maintenance of the benefits already awarded to the ex-service men of the World War and the expression that disability benefits, whether incurred in actual battle or training camps, should be made to bear no more than their just share of such economy; to the Committee on Appropriations.

## SENATE

SATURDAY, MARCH 11, 1933

(Legislative day of Thursday, Mar. 9, 1933)

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

JESSE H. METCALF, a Senator from the State of Rhode Island, appeared in his seat today.

#### PRESIDENT ROOSEVELT'S SUPPORT OF EX-SERVICE MEN

Mr. ASHURST. Mr. President, the number of telegrams, regarding the national emergency, I have received within the past 2 days is so great that no conceivable office force at my command could make reply, although it is my rule to reply to every letter or telegram I receive. In order that

the senders of the telegrams may not deem me discourteous in failing to reply—for it is impossible to reply to all—I now read to the Senate a copy of a telegram I am sending to a few inquirers; and I ask all the senders of telegrams who receive the CONGRESSIONAL RECORD to treat this as a reply.

WASHINGTON, D. C., March 11, 1933.

Telegram received. President Roosevelt is the friend of the veterans of our various wars and he will deal justly and fairly with all the ex-service men. A crisis of tremendous proportions and with terrible results has been reached in our national destiny and all citizens must now make sacrifices for the country's welfare. I know that the ex-service men whose valor and courage saved our country will follow President Roosevelt who is our leader, for we must and should grant him full power and authority to act without restriction as the emergency arises. President Roosevelt is probably the best friend of ex-service men ever in the White House. He has suffered and knows how to sympathize with suffering. Please assure veterans and all others to trust him and follow his leadership for he needs your cooperation and help now. Please publish this telegram. Regards.

Senator ASHURST.

#### SPECIAL COMMITTEE TO INVESTIGATE AIR AND OCEAN MAIL CONTRACTS

The VICE PRESIDENT. In accordance with Senate Resolution 349, Seventy-second Congress, second session, creating a special committee of the Senate to investigate air mail and ocean mail contracts, the Chair appoints the following committee: Mr. BLACK, Mr. KING, Mr. McCARRAN, Mr. AUSTIN, and Mr. WHITE.

#### FUNCTIONS OF FEDERAL HOME LOAN BANK BOARD (S.DOC. NO. 3)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Home Loan Bank Board, transmitting, pursuant to Senate Resolution 351 (72d Cong., 2d sess.), a report relative to the functions and cost thereof of the Federal Home Loan Bank Board, which, with the accompanying statements, was ordered to lie on the table and to be printed.

#### RESOLUTION OF CONDOLENCE ON DEATH OF SENATOR WALSH OF MONTANA

Mr. THOMAS of Oklahoma. Mr. President, the Legislature of Oklahoma has passed a resolution of condolence upon the death of the late Senator Thomas J. Walsh, of Montana. I ask unanimous consent that a copy of the resolution be spread upon the pages of the RECORD and noted in the Senate Journal. I send to the desk the original thereof.

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

The resolution is as follows:

House Concurrent Resolution No. 20 (By Graham, Anglin, Mrs. Davis, King (Creek), Batson, Boyer, Logsdon, Sullivan, and Coe, of the house; Fidler, Rutherford, Ray, Dixon, Stewart, MacDonald, Morrison, Curnutt, Cummons, Whitaker, and Nichols, of the senate)

A resolution of condolence over the death of Senator Thomas J. Walsh, of Montana

God, in His infinite wisdom, has this day seen fit to call to Him, Senator Thomas J. Walsh, of Montana, and one of the Nation's outstanding citizens. During his years of public service, Senator Walsh rendered invaluable service both to the citizens of the country and the Democratic Party.

He was recently appointed Attorney General in the Cabinet of President-elect Franklin D. Roosevelt, and in our opinion the next President will find it difficult to replace this great lawyer and citizen, whose outstanding ability, unimpeachable integrity, and Christian qualities were known throughout the world.

The Nation mourns its loss. The State of Oklahoma bows its head in sorrow.

Now, therefore, be it

Resolved by the House of Representatives of the Oklahoma Legislature (the senate concurring therein), That we express our appreciation of the loss to the Nation, the Democratic Party, and to the State; be it further

Resolved, That we extend our heartfelt sympathy to his widow in her bereavement, and that a copy of these resolutions be enrolled upon parchment and delivered to her. Also, that a copy be sent to Oklahoma's delegation in the United States Senate for presentation to that body.

Adopted by the house of representatives the 2d day of March 1933.

R. P. FITZGERALD,

Speaker pro tempore of the House of Representatives.

Adopted by the senate the 2d day of March 1933.

ROBERT BURNS,  
President of the Senate.

## CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. BLACK. I desire to announce that the Senators from Illinois [Mr. LEWIS and Mr. DIETERICH] are absent from the Senate attending the funeral of the late Mayor Cermak, of Chicago.

I also wish to announce that the Senator from Wyoming [Mr. KENDRICK] and the Senator from Montana [Mr. WHEELER] are necessarily absent attending the funeral of the late Senator Walsh of Montana.

I also desire to announce that the Senator from West Virginia [Mr. NEELY] is necessarily detained from the Senate.

Mr. HEBERT. I wish to announce the necessary absence of the junior Senator from Pennsylvania [Mr. DAVIS] on account of illness.

I also desire to announce the necessary absence of the senior Senator from Pennsylvania [Mr. REED], the Senator from New Mexico [Mr. CUTTING], the Senator from North Dakota [Mr. FRAZIER], the Senator from West Virginia [Mr. HATFIELD], the senior Senator from Minnesota [Mr. SHIPSTEAD], and the junior Senator from Minnesota [Mr. SCHALL].

The VICE PRESIDENT. Eighty Senators having answered to their names, a quorum is present.

## THE JOURNAL

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the Journal for the calendar days of Thursday and Friday, March 9 and 10, 1933, be approved.

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

## WORLD WAR VETERANS' COMPENSATION

Mr. ROBINSON of Indiana. Mr. President, I have just received a letter from Charles L. Edgerton, chairman of the legislative committee, Morgan McDermott Post, No. 7, American Legion, Tucson, Ariz., with which is inclosed a clipping from the Southwest Veteran, the official organ of the American Legion in Arizona. I desire to read a brief portion of the article:

"I resigned from the National Economy League more than a month ago and General Pershing's resignation, I understand, becomes effective on March 4", was the statement made to the editor of the Southwest Veteran by Gen. James G. Harbord, Chief of Staff of the American Expeditionary Forces and president of the Radio Corporation of America, in an interview Tuesday.

Then I read further from the same article as follows:

"When the Economy League was formulated", the general said, "Archie Roosevelt asked me to be the president of the organization, explaining the purpose of the league. \* \* \* I consented to join, but not to be an officer. Archie asked me to preside at the first meeting held at New York with 26 States represented. I called the meeting to order and asked for nominations for a temporary chairman. After this was done I left the meeting to fill another engagement I had. From that day to this I have had nothing to do with the league. I notice that my name has been used quite often by the opponents of the league and it became very embarrassing to me as a retired Army officer. I resigned a month ago."

Asked whether he thought the league would be successful in their program to cut veterans' benefits: "I do not think that the league will succeed in the program of cutting veterans' benefits."

When it was first organized I thought their purpose was to investigate and recommend cuts in other branches of government. However, I find that they seem to have centered on the veterans. I do not think that Congress has any intention of touching the veterans. Our country has always taken care of its soldiers and I know it will continue to do so."

## MESSAGES FROM THE PRESIDENT

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

## REGULATION OF BANKING OPERATIONS

Mr. ROBINSON of Indiana. Mr. President, I desire to read a telegram which I have just received from banking institutions representing practically all the banks in one county of Indiana. The telegram reads:

ANDERSON, IND., March 10, 1933.

Senator ARTHUR ROBINSON,

United States Senate:

We believe the assets back of the smallest bank are assets back of our Government and should be eligible for same currency privileges as those of the largest banks. We further believe the Federal Reserve System should belong to all banks alike and request that opening be postponed until equal privileges are accorded both State and National banks regardless of size, location, or class of assets. We wish to enter a protest against today's publicity, both by air and press, as misleading and unfair to most banks and the public. Financial future of this locality depends upon your support in this crisis.

CITIZENS BANKING Co.

ANDERSON BANKING Co.

ALEXANDRIA BANKING Co.

COMMERCIAL BANK & TRUST Co. (FRANKTON BANK).

ELWOOD STATE BANK.

FIRST NATIONAL BANK OF ELWOOD.

SUMMITTOWN BANK & TRUST Co.

STATE BANK OF LAPEL.

PENDLETON BANKING Co.

I merely want to suggest in passing, Mr. President, that this is only one of the results of hastening through legislation before it can be properly considered, and I trust that in the future no efforts will be made to rush through the Congress of the United States any legislation that is only half-baked and with reference to which the Congress is entirely ignorant.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I yield to the Senator.

Mr. LONG. I do not want to interrupt the Senator, but if he has concluded I should like to be recognized in my own right.

Mr. ROBINSON of Indiana. I have concluded.

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

Mr. LONG. Mr. President, in connection with the remarks of the Senator from Indiana, I send a telegram to the desk and ask that it may be slowly and audibly read by the clerk so that Senators may understand its purport. It is representative of a large number of telegrams which I am receiving in common with other Senators.

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

The Chief Clerk read as follows:

ARDMORE, OKLA., March 10, 1933.

Senator HUEY LONG:

Opening banks on percentage or by selection will finish wrecking the whole system. Have Treasury issue scrip on safety paper same denomination as currency, distribute through Federal Reserve to all banks, allow checks on all accounts up to 75 percent paid with scrip. Accounts less than \$5 to be paid in full. Hold 25 percent in all banks to insure solvency. Deposits must be guaranteed. What is a good bank now?

THE AMERICAN BANK & TRUST Co. OF ARDMORE.

Mr. LONG. Mr. President, I am not going to abuse the privilege given by having the clerk read further telegrams. I have in my hand a telegram from Los Angeles, Calif., which goes on to show practically the same status; and I have received a number of similar telegrams from New York. I have in my hand a copy of today's New York Times containing a report with reference to a legislative resolution of the General Assembly of the State of New York adopted



unanimously, which I send to the desk. While I will not ask to have the clerk read it, I will ask that it may be printed in the RECORD at the conclusion of my remarks.

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

(The article referred to will be found at the conclusion of Mr. LONG's speech.)

Mr. LONG. Mr. President, this article is headed "Legislature Asks Aid for State Banks," and I read, in connection with my remarks, just a word or two from the news report in the New York Times. It says:

Seeking to protect the interests and provide relief for the depositors in the State banks that are not members of the Federal Reserve System, Governor Lehman sent to Washington last night copies of a resolution adopted by the legislature in Albany, asking for changes in the emergency banking laws.

The resolution covers virtually the same ground as did the amendment to the banking laws which Senator HUEY LONG, of Louisiana, offered, and which was rejected by the Senate.

Mr. President, I am sorry that what I shall say may appear to the minds of some to be somewhat out of line with the general rule of caution that we ought to observe. We were told on Thursday afternoon that the banks were going to open on Friday morning, and thereupon the legislation was passed. The banks have not opened yet, Mr. President; they are not going to open today; and no one knows how many and when any of them are going to open. I wish to say, Mr. President, that we are about to commit one of the greatest crimes of our history, resulting in calamity; we are about to spread the terror and fire of destruction all over this country the day we undertake to open the preferred and selected list of banks.

I had hoped that some proposal was going to be forthcoming today having for its purpose the saving of the State banks. I had hoped—I had more than hoped, I had almost been given to understand, Mr. President—that there was a great probability that the Congress this morning, or very soon, would be afforded the opportunity of considering legislation along the lines of the amendment I offered on Thursday, and even going a little bit farther than that, to insure that State banks and their depositors would be protected.

Mr. ROBINSON of Indiana. Mr. President—

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. LONG. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. Mr. President, I merely want to observe, not interrupting the Senator very long, that I think he is exactly right in the position he takes. Furthermore, what he says simply adds emphasis to the fact that the legislation enacted here a day or two ago should have been more thoroughly considered. I was happy to support the amendment of the Senator from Louisiana, but it had no fair consideration on this floor, and, consequently, the bill was all the weaker, because it failed to include that amendment. I hope something may be done along the lines the Senator suggested by the amendment he offered the other day.

Mr. LONG. I had hoped up until 10:30 o'clock this morning that such an amendment in some form, with additional needed provisions, might again be before the Senate, and I was astounded to learn, according to reliable information received by me, Mr. President, that the sources that were supposed to be most responsible for the legislation which we whipped through here on Thursday have been heard to say that they favored the kind of legislation that I undertook to put in that bill on last Thursday.

Mr. President, they could not open the banks on Friday, because they did not dare to try to open them on Friday; they could not open them today, because they did not dare to try to open them today; and if they open them on Monday it will be the blackest day that the United States Government ever experienced, unless something additional shall be done before it is undertaken to put into effect the hasty, half-baked legislation that was shot through the Congress on last Thursday.

I am sorry the Senator from Virginia [Mr. GLASS] has left the Chamber. I am not responsible for him leaving. He was here when I started, and I have got something to say which I have a right to say and which needs to be said here. I have read the books of the distinguished Senator from Virginia, in which he gives himself credit for having been chiefly responsible for the enactment of all the legislation regarding the Federal Reserve System, and I admit that he is.

I am further informed, from my study of the records and from the admissions of my distinguished colleague from Virginia, that no amendment has been adopted to the Federal Reserve Act since it was enacted, through his ingenuity to a large extent, which did not have either the indorsement or evidence of the handiwork of the Senator from Virginia. Therefore, he is a financial scholar far beyond what could be expected of anyone else; yea, he is a financial scholar, with merit coming to him for the authorship and for the operation of the Federal Reserve System of this country that is beyond the acclaim that can be accorded to any other man, because, since the days of Columbus, there has been only one occasion when all the banks of the United States were closed at one time. [Laughter.] With all the wreckage of the Civil War and our foreign wars, there has been only one man, according to his autobiography and according to the financial obituary of the United States, who can claim to know the financial structure of this country, and that is the Senator from Virginia, witnessed by the fact that as a fitting and dramatic climax to a glorious accomplishment the sun rose on every bank in America closed on the same day.

Now, gentlemen of the Senate, are we because of pride, because of the desire for harmony, to let this Saturday and this Sunday and this Monday go by and have the people of America witness the greatest financial calamity that has ever been faced on God's living globe, for no reason under the living sun except for some pride of authorship? I would not say this except for the fact that I have been given reliable information, or information which I believe to be reliable, that persons supposed to be back of this legislation have said that there should have been incorporated in the legislation referred to a means of protecting the 15,000 banks that will have to close.

#### EXHIBIT A

[From the New York Times, Mar. 11, 1933]

LEGISLATURE ASKS AID FOR STATE BANKS—UNANIMOUSLY PASSES LEHMAN'S PETITION TO WASHINGTON FOR CHANGE IN NEW LAW—SEES RECONSTRUCTION FINANCE CORPORATION LOANS BARRED—PRESENT PROCEDURE, POSSIBLY ONLY TO FEDERAL RESERVE MEMBERS, PROTESTED

Seeking to protect the interests and provide relief for the depositors in the State banks that are not members of the Federal Reserve System, Governor Lehman sent to Washington last night copies of a resolution adopted by the legislature in Albany asking for changes in the emergency banking laws.

The resolution, which specifically seeks changes in titles III and IV of the national legislation, was drafted at Governor Lehman's home during the day and sent to Albany. It was passed unanimously by the senate and assembly early last night. Copies of it then were sent to President Roosevelt, Secretary of the Treasury Woodin, and Members of both Houses of Congress. Former Justice Samuel Rosenman, legal adviser to Mr. Roosevelt when he was Governor, assisted in the preparation of the resolution.

The resolution covers virtually the same ground as did the amendment to the banking laws which Senator HUEY LONG, of Louisiana, offered and which was rejected by the Senate.

#### LAW CURBS STATE BANKS

Under the emergency banking laws as enacted in Washington, banks may issue nonassessable preferred stock for sale to the Reconstruction Finance Corporation to provide funds for the emergency. However, this provision will afford no relief to New York State banks, since they cannot, under the constitution of the State, issue nonassessable stock of any nature.

The resolution suggests that this provision of title III of the national laws be changed to make it possible for the State banks to sell to the Reconstruction Corporation debentures or other form of securities based upon bank property, but always subordinate to the claims of the depositors.

This should be done, the resolution sets forth, "to correct any discrimination by authorizing the Reconstruction Finance Corporation to make to worthy State banks loans which shall be subordinated to deposit liability, or which by some other method shall



preserve to the Reconstruction Corporation the same character of lien as would be provided by the issue of nonassessable preferred stock."

#### IMMEDIATE RELIEF SOUGHT

The changes which the resolution seeks in title IV of the national laws were designed to afford immediate relief to State banks. Under the terms of the national legislation members of the Federal Reserve System have rediscount privileges on notes, drafts, bankers' acceptances, and other forms of bank paper.

However, for State banks that are not members this phase of business may be carried on solely through their correspondent banks that are members of the Reserve System. In this way many banks are placed virtually at the mercy of other banks without having direct recourse to the Federal Reserve.

Also, under the emergency national laws members of the Federal Reserve banks may obtain currency from the Federal Reserve up to 90 per cent of notes secured by collateral placed with the central system. State banks that are not members would be unable to obtain any of this currency under the bill as it stands.

It was in order to rectify this condition that Governor Lehman's resolution asked the President and Congress to "make available similar facilities to sound and worthy nonmember State banking institutions so that they may be permitted to reopen coincidentally with sound national banks and member banks."

#### TEXT OF THE RESOLUTION

The text of the resolution follows:

"Whereas under the act to provide relief in the existing national emergency in banking, and for other purposes, enacted by Congress on March 9, 1933, section 304 of title III provides for the purchase of or loans against nonassessable preferred stock of National banks and State banks and trust companies by the Reconstruction Finance Corporation; and

"Whereas section 7 of article VIII of the Constitution of the State of New York prohibits the issuance of any nonassessable bank stock; and

"Whereas therefore the nonavailability of the facilities of said title III to sound and worthy State institutions may have the effect of working great hardship and discrimination against these State banking institutions; and

"Whereas title IV of the above-described act is not applicable to sound and worthy nonmember State institutions: Now, therefore, be it

"Resolved (if the assembly concurs), That the President and the Congress and the Secretary of the Treasury of the United States be urged to take action to clarify these provisions of title III so as to correct any discrimination by authorizing the Reconstruction Finance Corporation to make to worthy State banks loans which shall be subordinated to deposit liability, or which by some other method shall preserve to the Reconstruction Finance Corporation the same character of lien as would be provided by the issue of nonassessable preferred stock; and be it further

"Resolved, That the President and the Congress and the Secretary of the Treasury of the United States make available facilities similar to those referred to in title IV of the above-described act to sound and worthy nonmember State banking institutions, so that they may be permitted to reopen coincidentally with sound national banks and member banks; and be it further

"Resolved, That a copy of this resolution be telegraphed forthwith by the clerk of the senate to the President and to the Clerks of the respective Houses of the Congress and to the Secretary of the Treasury of the United States."

#### NO OTHER RELIEF POSSIBLE

Governor Lehman indicated last night in making the resolution public that he had no alternative program. Thus the possible date of reopening for some State banks, and perhaps many, was put up to Washington to decide, for without the issuance of scrip in communities, banks that were in need of cash and were not members of the Federal Reserve System would be without relief.

The number of banks in New York State that are not members of the Federal Reserve was not estimated by the Governor. It was indicated, however, that the total might be about 200.

It was pointed out that it is not possible to change New York State laws to conform with the Federal laws. Section 7 of article 8 of the State constitution provides that "the stockholders of every corporation and joint-stock association for banking purposes shall be responsible to the amount of their respective share or shares of stock in any such corporation or association for all its debts and liabilities of every kind." Being a constitutional provision it could be changed only by constitutional amendment, which would take at least 2 years.

With regard to other problems affecting State banks in connection with the national legislation it was said that no State legislation would afford any direct relief.

#### ACTION AT ALBANY RUSHED

The resolution was dictated by telephone from Governor Lehman's home at 820 Park Avenue to Albany early last evening. The legislature had been held ready all day for possible legislation requested by the governor, and when the resolution was placed in form no attempt was made in the senate to explain it. It was merely read and adopted by unanimous vote.

In the assembly, after the resolution had been read, Speaker McGinnies explained briefly that "this resolution memorializes Congress to take action in some way so that State banks may re-

ceive the same relief as national banks under the legislation passed Thursday by Congress."

Governor Lehman was notified by telephone as soon as the resolution had been adopted, both houses acting upon it concurrently, and he immediately dispatched copies of it to Washington. His hope was that relief would be afforded quickly enough to permit sound State banks to reopen at the same time that Federal Reserve member banks opened.

Mr. FLETCHER. Mr. President, I send to the desk a telegram which has come to me from Lima, Ohio, signed by the chairman of Group No. 2, Bankers' Association of Ohio, and ask to have it printed in the Record. It bears on the subject of the guaranty of bank deposits and is only a sample of numerous other letters and telegrams I am receiving on that subject.

The VICE PRESIDENT. Without objection, the telegram will be printed in the Record.

The telegram referred to is as follows:

LIMA, OHIO, March 10, 1933.

Chairman SENATE BANKING COMMITTEE,

Washington, D.C.:

At special meeting Lima, Ohio, tonight of executive committee of Group 2, Ohio Bankers' Association, representing 110 State and national banks of western Ohio following resolution was adopted: "Resolved, That Group No. 2, of the Ohio Bankers' Association, consisting of the State and National banks of 11 counties in western Ohio in convention assembled this 10th day of March, 1933, does hereby favor and, therefore, urge the Congress of the United States to immediately enact such laws as will guarantee the present and future deposits of the State and national banks of the United States of America, believing that nothing less than such guaranty will prevent public disaster."

FRED C. SPITTLE,

Chairman Group 2, Ohio Bankers' Association,  
Bellefontaine, Ohio.

Mr. FLETCHER. Mr. President, I merely wish to say, in connection with some observations which have been made, that it is easy enough to find fault about speed and haste and all that sort of thing, but now is a time when the people of the country call for cooperation not only here but throughout the land. All banks, including State banks and other banks, ought to manifest a spirit of cooperation, and that is the thing we have got to have. We need not find fault here about one thing or another involving mere matters of detail that do not go to the real situation. Let us try to cooperate here and elsewhere.

Mr. CAPPER. Mr. President—

Mr. LONG. Mr. President, I hope the Senator from Florida will allow me to make an observation or to put what I have to say in the form of a question.

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

Mr. FLETCHER. I am through.

Mr. LONG. Mr. President, the Senator—

The VICE PRESIDENT. The Senator from Kansas [Mr. CAPPER] addressed the Chair some time ago and the Chair recognizes that Senator.

Mr. CAPPER. Mr. President, I have a telegram—

Mr. LONG. Will the Senator yield to me for just a moment in connection with what has been said?

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Louisiana?

Mr. CAPPER. I yield.

Mr. LONG. I wish to say to the Senator from Florida that I favor the guaranty of bank deposits and I favor cooperation. I do not, however, favor the kind of cooperation which leaves 15,000 State banks closed; and, since the Senator from Florida very justly invokes cooperation from the State banks, I wish that we would not condemn them to death but would give them a chance to cooperate.

Mr. CAPPER. Mr. President, I have a telegram here from the Kansas Bankers' Association, which includes in its membership practically all the banks of the State, both National and State. The telegram, with which I am in full sympathy, reads:

TOPEKA, KANS., March 11, 1933.

Senator ARTHUR CAPPER,

United States Senate, Washington, D.C.:

Many medium and small Kansas banks, especially State-chartered institutions, fearsome of result to them if selected list of limited number large national banks approved for reopening.



Prefer present ban continued sufficiently to permit all classes of banks reopening, with all depositors equally protected; also objections postal savings facilities continued.

KANSAS BANKERS' ASSOCIATION.

I have received similar appeals from the governor of the State and from others, and I hope that they will have serious consideration by those in charge of the program. I want to see the State banks fully protected.

Mr. FESS subsequently said: Mr. President, when the Senator from Florida asked to have inserted in the RECORD a telegram from Lima, Ohio, I tried to get the floor to state that I have received not only the same telegram but numerous telegrams from various bankers and bankers' associations throughout the State, making the same sort of an appeal that is made in this telegram. It appears that a great number of people in Ohio, as well as other places, have come to the conclusion that nothing will restore confidence except a bank guaranty law.

I have tried to explain to the people back home the difficulty of our entering upon that sort of legislation, at this stage of the matter at least. I desire to make this statement so that my folks back home will realize that I have paid some attention to their communications, but I do not see any opportunity at this stage to do what they want.

Mr. ROBINSON of Arkansas. Mr. President, it is natural that there should still exist confusion, uncertainty, and anxiety respecting the banking situation. My purpose is to take such action as will justify a revival of confidence.

No matter what action this Congress might take, unless its decision be supported by the cooperation and good will of the banking managements of the country and of the public, the state of confusion and fear which we are seeking to remedy will be in large measure perpetuated and continued.

Now, there is complaint that the Congress acted hastily in the presence of an emergency. Now, there is complaint that revision of the banking laws of the United States was not effected in the emergency bill which we passed the other day.

For many months there had been before the Senate, and for some time after its passage by the Senate before the House of Representatives, a bill known as the "Glass banking bill", which had for its object some of the purposes which it is now complained have not been accomplished. We found here influences and forces directed against the passage of that measure which are now appealing for the enactment, as emergency measures, of many of the provisions which they resisted with all the power that they possessed.

We read the other day in the press that some of the banks which had resisted to the death, secretly and by the use of influences that are to be condemned in any decent assembly, their separation from their affiliates, and the discontinuance of the use of depositors' funds for speculative purposes, now, when the opportunity has passed for a time, come and ask the Congress, in an emergency measure, to reform the banking laws of the country and to incorporate the very provisions which they condemned and resisted.

We did what we thought was right, and we did what was right, in passing the emergency banking bill. It would have imposed an impossible burden on the Chief Executive to have required him to exercise his discretion in covering, in a blanket order or otherwise, the State banks into the Federal Reserve System. If the President had exercised such discretion in a way that would have been effective for the encouragement of the State banks, it would have meant the complete wrecking of the Federal Reserve System, and everyone familiar with the subject knows that that is true.

This bill that we passed as an emergency measure extended liberal consideration to State banks. It is true that there has been a delay in the opening of banks; but when the smoke clears away, and when the tumult and the shouting have died, I think it will be found that wise precautions have been taken; that every possible assistance has been rendered, under the terms of the bill and within the fair discretion of the officers intrusted with authority, to encourage and assist the State banks.

It is easy to make criticism, and by making ill-considered criticism one might retard the very progress which he thinks he is facilitating.

Everyone turns to the Federal Government. I have had messages from State banking commissioners urging me to cooperate with the movement to require the Federal Government immediately to take over every State bank in existence and to liquidate its assets. I do not know where such a proposition originated. It would seem that anyone would realize that the Federal Government has no such authority. It would seem that every citizen would know that the Federal Government cannot pay everybody's debts and at the same time relieve from oppressive taxation and maintain its own credit. There is a limit to what the Federal Government can do.

The State banks have had the option for years to enter the Federal Reserve System on fair, generous conditions. Many of them have exercised that option. Others having failed to do so, we were asked here, without any consideration by a committee, substantially without consideration by the Senate, to permit the President to cover them all into the Federal Reserve System; and I say it imposes a physical impossibility. The amendment of the Senator from Louisiana as first proposed gave the President the power to cover all States into the Federal Reserve System without their authority or consent. The amendment as finally amended required their consent.

If you think, Senators, that this law needs amendment, do not try to prevent the effectiveness of the statute already passed. For God's sake, give the Government authorities all the opportunity they can have to go forward in the administration of the law in the most effective manner possible. Present your amendments, let them be studied, considered, and reported and I have no doubt the Congress will take fair action concerning them.

Mr. BORAH. Mr. President—

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

Mr. ROBINSON of Arkansas. I yield to the Senator from Idaho.

Mr. BORAH. I seek information in order that I may intelligently reply to the authorities of my State. I have a telegram in which it is said:

Secretary of Treasury sent Finance Commissioner Defendorf wire today in which he said that all banks are prohibited under President's proclamation from conducting any banking business except as specifically authorized by Secretary.

That is plain enough.

That member banks will be reopened under his rule and orders, but owing to lack of his information about State banks, that the President will by decree authorize appropriate State authorities in each State to open for normal business, or, in their judgment and under terms of proclamation, they may permit State banks to reopen under restrictions. Then he advises that in so acting, the State authorities will consider the general policy of Treasury to end that only sound banks be reopened.

What I desire to know is: First, is it the policy of the administration under this law to permit and require the State banks to open only and alone after the proclamation has been issued by the National Government; and, secondly, does the National Government propose to exercise any authority with reference to the manner or conditions under which the State banks shall open, or shall that be left entirely to the State commissioners and State authorities?

Mr. ROBINSON of Arkansas. Mr. President, I do not feel that I can answer the Senator's inquiries with absolute authority. It is my opinion that the State banking commissioners or supervisors, whatever they may be termed, will have authority to reopen the State banks, and that the conditions under which they will be reopened will be determined by the State statutes and by the orders of the local banking commissioners, subject no doubt to fair cooperation, coordination, and consultation with the national authorities. It would seem that would be the logical way. I assume the Senator can obtain the information he desires by communicating directly with the Secretary of the Treasury.



Mr. BORAH. Mr. President, I desire to ask one further question.

Mr. ROBINSON of Arkansas. Very well.

Mr. BORAH. Of course, I assume that the State authorities will seek to cooperate with the National Government. What I desire to know is whether there is a contention to the effect that the National Government will or can require anything more than cooperation such as the State may voluntarily give. That is to say, the real authority in the State rests with the State commissioner or other State authorities, as I understand it. It simply depends on what cooperation they are willing to give in the matter.

Mr. ROBINSON of Arkansas. That is my understanding.

Mr. ADAMS. Mr. President, may I in part answer the inquiry by reading a portion of Secretary Woodin's proclamation?

Mr. ROBINSON of Arkansas. I yield to the Senator.

Mr. ADAMS. The statement from Secretary Woodin published in the morning paper contains this heading, which the Senator from Idaho, I think, will find an answer to his inquiry. It is headed "Orders to the States":

The following instructions by Mr. Woodin to State banking superintendents were made public.

This follows:

All banks of the country are now prohibited, under the proclamation of March 9 of the President, from conducting any banking business, except as specifically authorized by rule, regulation, or license of the Secretary of the Treasury issued under that proclamation.

Mr. LONG. Mr. President, the Senator from Arkansas has just stated that the National Government has no jurisdiction over State banks. I would like to have him state how the proclamation of the Secretary of the Treasury keeps the State banks closed.

Mr. ROBINSON of Arkansas. The order, I understand, was issued under a war-time measure. I believe it was entitled "Trading with the Enemy Act", and it has never been repealed.

There are many legal questions which could be raised as to whether that act is applicable during a time of peace, and as to what provisions of it might be applicable, but in order to cure that defect, insofar as it was practicable to do so, in the bill which we passed day before yesterday we ratified, as far as the legislative authority had power to control the subject, the actions taken by the President.

Now I wish to say just one more word. Nearly all of the telegrams we are receiving have relation to the insistence upon a form of bank guaranty. I have not the slightest doubt that the people of the country are very much in sympathy with that idea, and that they believe that if the Federal Government would guarantee the deposits in all the banks, conditions would be very greatly improved, and that prosperity would be promoted.

I have given limited study to the subject of bank guaranties. In every State where such a policy has ever been tried, it has proven a failure, according to the information I have. It was tried out in Nebraska a few years ago and resulted disastrously. I have heard that it was tried out in Oklahoma with the same result. There are Senators present who are better informed on the subject than I can claim to be.

If the Federal Government started in to guarantee bank deposits, the first question which would have to be determined would be this: In what banks will the deposits be guaranteed? Will the Government guarantee all deposits? If it guarantees all deposits, it immediately assumes a loss of billions and billions of dollars, as we all know, and, as a result of such action, the Federal Government would be threatened with bankruptcy and ruin immediately upon the enactment of the statute. If it limited its guaranty to the solvent banks, it would be doing very little that would be helpful to the public, and it would be taking the risk of incurring great liabilities in the future. But, paramount to all that, it would be leaving undone the things which those who are now urging an emergency bank guaranty law are insisting upon.

Oh, yes; the big banks resisted here and throughout the country the provision in the Glass bill for a liquidating corporation, to the funds of which they were expected to contribute something; they opposed any guaranty of deposits; but now they have changed their minds, and they are asking Congress to guarantee their deposits. I leave Senators to draw their own conclusions.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. BYRNES. If the Federal Government did guarantee the deposits of all the banks, what would be the effect on the Liberty bonds now outstanding?

Mr. ROBINSON of Arkansas. Mr. President, I thought I answered that question when I said that it would mean the immediate ruin of the Government's credit. The bonds of the United States now in existence would, of course, be depreciated in value and price. The extent of the depreciation cannot be anticipated. But the Government would not be able to refund the short-term notes which will be maturing within a few days. Everyone knows that. The Government would never sell another Government bond at par, so long as it had guaranteed the obligations of institutions of questionable solvency.

If you want to wreck your Government, if you wish to pull the last pillar from the temple and bring the ruins down upon your own heads, then enter upon a provision guaranteeing bank deposits in State institutions. You would not have to wait until a black sunrise on tomorrow to see the result. You would witness it at once.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. GLASS. In answer to the question asked by the Senator from South Carolina, may I remind the Senator from Arkansas that the former President of the United States who retired on the 4th of March last, in response to an inquiry of that nature, gave it as his considered opinion that immediately, over night, the depreciation of outstanding Federal bonds would be at least 50 per cent, that they would not sell for 50 cents on the dollar.

Mr. ROBINSON of Arkansas. The statement of the Senator from Virginia is correct.

Mr. GLASS. I would ask the Senator, further, this question: Does he discover any reason why the American people should be taxed to guarantee the debts of banks, any more than they should be taxed to guarantee the debts of other institutions, including the merchants, the industries, and the mills of the country?

Mr. ROBINSON of Arkansas. Certainly not; and the very people who are now insisting upon the United States' guaranteeing bank deposits, both State and national, would be the first to turn in resentment on us for such action unless it made the guaranty more general.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. FLETCHER. It is not my idea that these proposals are confined to placing on the Government the responsibility and obligation of guaranteeing these deposits. There are various proposals, some to require the banks themselves to protect depositors, by providing for funds which may be raised from contributions by the banks, contributions by the depositors, and contributions by borrowers.

Mr. ROBINSON of Arkansas. That is kindred to the provision in the Glass bill to which I referred a few moments ago, and which met with the resistance of the very forces which are now seeking to commit the Government to a guaranty policy.

Mr. FLETCHER. That is the kind of guaranty which I have in mind. I do not mean to suggest that the Government should go into the guaranty business at all.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. GLASS. If the Senator from Florida and other Senators will examine their telegrams, they will find that 95 per cent of those who are insisting upon a guaranty are insisting upon Government guaranty; and, as the distinguished



Senator from Arkansas has said, when we proposed to levy an inconsequential assessment of one fourth of 1 percent upon the banks of this country to insure a prompt return of their money to depositors in closed banks, they came here with an organized monopoly to protest against that inconsequential assessment, an assessment which involved, in the last analysis, only one eighth of 1 percent.

Mr. BORAH. Mr. President, may I ask the Senator who it was who opposed that particular provision? The opposition did not come from the people generally throughout the country, did it?

Mr. GLASS. It came from the bankers.

Mr. BORAH. Exactly.

Mr. GLASS. Upon whom we were proposing to levy the assessment.

Mr. BORAH. I am not surprised that it came from them.

Mr. GLASS. They organized a lobby against it, and if the Senator will examine the hearings before the Committee on Banking and Currency, he will note that every banker who appeared there protested against that inconsequential assessment upon the banks.

Mr. BORAH. I would expect that.

Mr. McKELLAR. Mr. President—

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

Mr. ROBINSON of Arkansas. I yield.

Mr. McKELLAR. Like all other Senators, today, and yesterday, and for the last several days, I have received a great many telegrams from my State in reference to the guaranty of bank deposits. I have asked these bankers this question in a telegram:

Would banks be willing, in the event of guaranty of deposits, to pay as much as one fourth of 1 percent of their interest on loans, and charge their customers an additional one fourth of a percent on a general-guaranty fund?

Would they, in addition, be willing to pay 1 percent on savings deposits and one fourth of a percent on daily average balances of deposits in order to maintain a general-guaranty bank fund?

It seems to me that if any guaranty at all is to be made, it should be made by the banks themselves.

Mr. ROBINSON of Arkansas. Mr. President, while the Senator is telling us of the inquiries he has made to the banks, it would be interesting to have knowledge of their replies.

Mr. McKELLAR. I have sent this telegram only in the last few moments; and when the replies come, I shall submit the replies, or some of them, to the Senate.

Mr. ROBINSON of Arkansas. The Senator from Virginia was right when he said that if we correctly interpret the language of most of the telegrams which are coming in, we will find that they mean a guaranty by the Federal Government, and nothing else. Every telegram I have had on the subject, without a single exception, insofar as I can recall, has asked me to pledge the credit of the United States to the payment of the debts of banks, many of which are insolvent.

Mr. President, I have sympathy with the depositors in these institutions, and I should like to be of assistance and service to them; but while we are yielding to such entreaties and demands, let us not forget that at this time it is important to maintain the integrity and the credit of the Government of the United States, and if we pursue a course which further threatens or endangers national credit, we shall do far more harm than we should do by refusing to legislate in an ill-considered manner for the guaranty of bank debts—which it is known the Government will have to pay, in part, at least, if such guaranty shall be made.

I recognize that there is no legislation, whatever may be proposed, that will immediately or quickly lift the clouds and let the sunshine through on all our people and their labors. But there is a fair and a necessary limit to the extent to which we should pledge the credit of the Federal Government, and in guarding that we are doing our duty, even though we fail to respond to the propaganda that is directed in almost resistless force and volume toward reckless action.

Mr. President, I have consumed much more time than I intended. I hope we will permit the authorities under the new statute to do everything that is possible to be done to ameliorate the situation. I trust that we will not ourselves by anything we say or do here hamper or unnecessarily burden them in their efforts, for God knows the task is so great and the difficulties which they must overcome are so numerous that they require our heartiest cooperation and support.

Mr. President, I yield the floor for the present, although it is my purpose to move an executive session with the object of having some nominations referred.

Mr. VANDENBERG. Mr. President, I hope that motion may be withheld for the present.

Mr. ROBINSON of Arkansas. Oh, yes; I withhold it, of course.

Mr. VANDENBERG. Mr. President, it is not pertinent at the moment to indulge in attention to any phase of guaranteeing or insuring bank deposits, because the Congress and the administration have decided to proceed for the time being in a different banking direction. But it seems to me it would be very unfortunate if the subject were to be left where the able Senator from Arkansas has left it, because I should dislike to have the country mistakenly believe that at no point in a program for guaranteed or insured bank deposits is there any reliable, dependable, sound, sane formula.

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

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

Mr. VANDENBERG. I yield.

Mr. ROBINSON of Arkansas. I thought it was made clear during my remarks that I supported the provision in the Glass bill which provides for a liquidating corporation and for a fund which is in the nature of a guaranty for deposits. I feel that the expense of any guaranty arrangement ought in large part to be borne by the banks rather than imposed entirely on the Federal Government.

Mr. VANDENBERG. Mr. President, the provision in the Glass bill for liquidating corporations was a provision to deal with banks after they are closed. I favored it as a means to expedite liquidating dividends to unfortunate depositors. But it was a proposition in no sense analogous to the subject now under discussion. It was a proposition to close the barn door after the horse is stolen. There is no reason in the world why a more affirmative process can not lock the barn first, and it is to that proposition I wish to address myself. It is totally different from the liquidation proposal in the Glass bill. I want to save depositors so far as possible from any need to be liquidated. I want them to know in advance that their money is safe.

I think the Senator from Arkansas would readily concede that I always attempt to dedicate myself in this body to sound finance and to the integrity of the Treasury quite as faithfully as he does. I think he will concede that I have already amply demonstrated my purpose to cooperate with the new administration upon every possible front. But, Mr. President, sound finance is not automatically at war with a proper program of deposit insurance, and cooperation does not require an abdication of judgment. Neither does cooperation nor a plea in the name of patriotism require Senators to yield up their convictions when those convictions are solidly based upon reason and not upon mere political or partisan indigestion.

I propose to submit very briefly that there is a point at which it is not only perfectly safe, but at which it would be utterly wise to put the insurance of the Federal Government behind a certain type of bank-deposit credits in the United States, not only for the sake of depositors but also for the sake of perpetuated American institutions.

I concede at the outset that every State effort to guarantee bank deposits has been a total, abject failure and that the depositors in the banks which were relying upon the guaranties have been the chief victims of those failures.



Mr. ROBINSON of Arkansas. Mr. President—

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

Mr. VANDENBERG. I yield.

Mr. ROBINSON of Arkansas. The Senator has stated that he conceives of a Federal guaranty as to certain types of depositors. I wonder if it is his intention to elaborate that thought and tell us what types of depositors should be included and which should be excluded?

Mr. VANDENBERG. It is, if the Senator from Michigan may be permitted to continue.

Mr. President, let me repeat, so there may be continuity in my statement, that I frankly concede that State guaranties of all bank deposits have been an abject failure. Secondly, let me completely agree with the Senator from Arkansas that if we were now to attempt to insert a general Federal guaranty under all the deposits in all the banks of the United States as of the present-day face value of their shattered assets, it would mean that we would be charging all the shrinkage in those values to the Treasury of the United States. That to me is quite as impossible and impractical as the Senator has indicated. But that does not close the contemplation by any means. On the contrary, it is only a warning that we must avoid these known infirmities. It should not discourage all further pursuit of the subject. It should merely advise us to take advantage of these lessons.

Mr. President, we have passed a bill under the terms of which the Comptroller of the Currency and the Secretary of the Treasury by their own ipse dixit are about to decide what banks of the United States are solvent and what banks are not solvent, with the possible result that there may be numberless, needless bank tragedies up and down the country at the ultimate expense of the depositors themselves. At least that may be the result if solvency and liquidity are to be taken to mean the same thing and if today's broken and subnormal values are to be the ruthless yardstick. I hope the new authority will not be used in this fashion. I am sure it will not be intentionally so used. But I submit that it would have been infinitely safer and wiser and more automatically effectual to have proceeded in the following fashion, which includes Federal insurance for bank deposits. I do not mean to be threshing old straw. I do not mean to be idly critical. I take my share of responsibility for what has been done. I would not discuss this alternative which might have been, except as it is the best way to demonstrate my view respecting deposit insurance. We may yet find it advisable to proceed in some of these directions as a supplement to the program already ordained, although I fervently hope and pray that this program may completely succeed, and I shall continue to cooperate to this end.

But I submit that if in the present emergency we ordered the bank assets of every bank in the United States to be divided, liquid assets upon this side and nonliquid assets upon that side, we would take the first essential and logical step. Then if we ordered negotiable certificates of participation issued to depositors against the nonliquid assets, those negotiable certificates to be redeemable at par in payment of any debt at the bank of issue, those certificates to be supported until they were retired at par by all the earnings of the banking institution even if it took a decade until the depositor had been returned, if possible, every dollar that was representative of his money in those nonliquid assets—if we set up these participation certificates upon the one side against the nonliquid assets, we would provide the most orderly possible way to salvage the maximum value of those assets in behalf of the depositors. At the same time we would give them the relative use of their deposits through the use of participation certificates. Of course, the double liability of stockholders would continue without dilution. So much for the nonliquid side of the question. Now we come to the particular phase of the subject under immediate inquiry.

As to the liquid side of the bank, into which liquid values have been placed worth 100 cents on the dollar, we should

have the same kind of banks that the Senator from Arkansas proposes to open next Monday under the law which we enacted 2 nights ago, and which he believes the people should trust. If the people shall trust them, so should the Government of the United States. Suppose the Federal Government were to insure those liquid assets upon the live side of that bank and then suppose we were to insure all the new business that comes into that bank through its liquid side. I submit, to begin with, that we would have ended forever the chance for runs in connection with the situation in which the country finds itself. The restoration of confidence would cease to be a speculation. It would be an axiom.

I submit we would have given the depositor on both liquid and nonliquid sides of the bank the maximum use of his savings, which is what he wants and which in many, many instances he is not going to get under the regime under which we are about to proceed if it keeps large numbers of banks dark. I submit we would have automatically stabilized the banking situation. I submit that we would have provided a formula under which the savings of the Nation, instead of being often threatened with a sale at auction under the pressure of today's vicissitudes, would have had a chance to be salvaged with maximum opportunity to save the savings of the people of the United States. Nor would this have been a strain upon the public credit, as I shall presently show. I am talking of an emergency 100 per cent insurance upon liquid assets and new business for a period of 1 year until confidence has justifiably recovered normalcy. I am talking of an insurance paid for by the banks themselves.

Now let us see whether insurance of this character need be a burden upon the public credit. I am talking about Federal deposit insurance, which would be reimbursed out of a fee assessed against the deposits themselves, and which would ask the Government for the temporary use of its credit only until such time as the premiums shall amortize any present expenditures temporarily involved. There is not a depositor in the country who would not be happy today to pay any reasonable fee in return for safety.

Can this be done on an actuarially sound basis? Let us see. I have thus far discussed a 100 percent insurance for 1 year on liquid assets and new business, factors obviously involving but a minimum of risk. Thereafter I would turn time deposits, which are essentially the savings of the people, into actual contract deposits, and then as a permanent rule I would insure 75 per cent of these time deposits. Thus the banker is left responsible for his demand deposits and the depositor is left on 25 per cent notice to choose his bank wisely. These factors remove practically all of the infirmities which have caused the failure of previous State-guaranty plans. Let us see what would happen if so amazingly low an annual premium as one eighth of 1 percent per annum were charged for this insurance.

The best experience of which I know—the best criterion for our critical guidance—is the experience of the member banks in the Federal Reserve System during 17½ years of its existence from 1914 down to June, 1932, which includes 2 years of the heaviest bank mortality. I beg of Senators to understand that I do not claim any finality for these figures. I simply illustrate. In the final analysis I should myself require that actuarial experts vindicate any such tables of experience. Furthermore, I recognize that there is larger mortality outside of the Federal Reserve System than there is inside it; and I recognize that in many aspects our present problems defy the consultation of precedents. Nevertheless, here is a significant balance sheet which bears directly upon the problem which I am submitting to the Senate.

If during those 17½ years the Government's insurance fund had taxed the deposits of those banks one eighth of 1 percent per annum, and if one quarter of the net earnings of the Federal Reserve System had been added to the insurance fund, as would be wholly appropriate, the fund at the end of the 17½ years would have been two and one half times sufficient to pay all of the fund's net losses—every



penny of them—for that long span of time. As a matter of fact, the losses actually would have been much less, because there would have been no excuse whatever for the mass hysteria which often precipitates needless bank runs and often needlessly closes perfectly sound banks.

In other words, we would not only have had an absolutely solvent governmental operation but we would have had an operation which would have made the banking system of this country just as solidly safe in respect to security and integrity of deposits as are the banking systems of Canada, England, and other continental countries which are held up to us as models. I submit that such a program can not be summarily dismissed as unsound. Indeed, it may be true that the Government runs much less credit risk in this fashion than by waiting for a calamity and then pouring its prodigal resources into the breach.

No, Mr. President, it is possible to put a Federal insurance under the type of American banking which the American people are entitled to have. The savings of the Nation, along with its insurance policies, are utterly the most sacred trust with which we have to deal; and if there is one thing more than another that threatens the social system today, it is the failure of the American system to hold those savings inviolate.

Therefore when we contemplate a program which will save the savings of the Nation, not at the expense of the Federal Treasury at all, not with any net burden upon the public credit whatever, but with a self-liquidating insurance which may be just as actuarially sound as any other insurance that was ever written, I submit it is a program which demands earnest consideration rather than a summary rejection as though it were a heresy. I have had the experience before, Mr. President, of submitting banking ideas which were greeted with original derision, only to be subsequently embraced as orthodox when the necessity for them became imperative. I expect to have the experience again. I expect to have it in respect to deposit insurance for the savings of the American people. I have spoken unexpectedly and without preparation today. I shall be glad to extend the discussion in detail upon another and more appropriate occasion.

Mr. ROBINSON of Arkansas. Mr. President—

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

Mr. VANDENBERG. I yield.

Mr. ROBINSON of Arkansas. To what class of banks would the Senator extend the form of insurance he now proposes?

Mr. VANDENBERG. In this emergency I would extend it to the liquid side of every bank in the United States.

Mr. ROBINSON of Arkansas. State and national?

Mr. VANDENBERG. Yes.

Mr. ROBINSON of Arkansas. That would make necessary, of course, government or Federal Government inspection and supervision of banks?

Mr. VANDENBERG. To which I have no objection whatever; and the more of it there is, the better.

Mr. ROBINSON of Arkansas. That would result practically in the abolition of all State banks and forcing them under national-bank charters.

Mr. VANDENBERG. We have to choose the lesser of two evils in this day, but I am not sure that those State banks are not on the way out under the regime we have set up.

Mr. ROBINSON of Arkansas. That was the idea I sought to develop. The Senator proposes to assist the State banks by abolishing them or by forcing them to become national banks. That may be the way out, as the Senator said.

Mr. VANDENBERG. Mr. President, I decline to permit that paraphrase to stand. It is not a fair paraphrase, and nobody knows it any better than the Senator from Arkansas himself.

Mr. ROBINSON of Arkansas. Mr. President, the Senator does not mean to say that I intended deliberately to misrepresent him?

Mr. VANDENBERG. No.

Mr. ROBINSON of Arkansas. Will the Senator pardon me further? I think it is a fair inference from the statement made. May I review what the Senator said?

The Senator stated that he proposes to extend this guaranty to every bank in the country. Then I asked him the question if that did not imply the Federal supervision and examination of all banks. He said that it did. Then I drew the inference that that certainly meant the forcing of all banks under Federal charter or under Federal control.

Mr. VANDENBERG. And I reply that inspection and supervision do not mean dependence and abrogation of the State system.

Mr. ROBINSON of Arkansas. Mr. President, I want to warn the Senator that he should not use the language that he used a moment ago. The conclusion that he draws may be supported in his own argument, but I do not believe it is supported in the judgment of his colleagues. Once we give the Federal Government both supervision and inspection of a State bank, it is very near to being a national bank.

Mr. VANDENBERG. Mr. President, that is the precise status of every State bank today which is in the Federal Reserve System.

Mr. VANDENBERG subsequently said: Mr. President, in the observations I was recently making I submitted a theory and formula of action which I had previously put in the form of a bill which I had hoped to have an opportunity to submit to the Senate before it passed summarily the legislation two nights ago. It is no use now to refer it to the committee, but, as an illumination of what I was trying to say, I ask unanimous consent that the bill may be printed in the Record at the conclusion of my previous remarks.

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

The bill referred to is as follows:

A bill to provide for the segregation of banking assets and for the insurance by the Government of the United States of certain banking deposits

*Be it enacted, etc., That—*

SECTION 1. In a manner prescribed by the Comptroller of the Currency, with the approval of the Secretary of the Treasury, any national banking association may segregate its assets into categories of liquid assets and nonliquid assets for the purposes set forth in this act. Liquid assets shall include all cash items and/or United States Government bonds and/or commercial paper eligible for discount at the Federal Reserve bank and/or such other assets as may be readily negotiable at the value assigned to them on the books of the banking association.

SEC. 2. Each deposit of the banking association shall be divided in the proportion established by the foregoing categories. Each depositor accordingly shall be assigned a liquid and a nonliquid deposit. The liquid deposit shall be evidenced in usual banking forms and shall be available to the depositor under ordinary banking regulations and practice.

SEC. 3. Each depositor shall receive participation certificates of a total par value equal to said depositor's pro rata share of the nonliquid assets, such certificates to be issued upon the following conditions and upon any additional conditions prescribed by the Comptroller of the Currency:

(a) The certificates shall be issued in various convenient denominations. Each certificate shall be due and payable, in whole or in part, or renewable, in whole or in part, at the end of 1 year from date of issue, and at the end of each succeeding year until paid in full: *Provided*, That the face value of each certificate shall be reduced at each maturity by the pro rata amount available from the trust sinking fund hereinafter provided, and new certificates shall be substituted accordingly.

(b) The certificates shall be in negotiable form but may be left with the banking association for safe-keeping, at the option of the depositor. If left for safe-keeping, the certificates shall be segregated to the trust account of the depositor and shall be entirely at his disposition and under his control.

(c) The certificates shall draw 2 percent cumulative interest per annum, payable upon presentation at maturity.

(d) The certificates may be tendered to the banking association for payment of any sums owing to the association and which may have been classified as nonliquid.

(e) All nonliquid assets shall be held and administered as a trust for the benefit of all holders of certificates alike. The annual proceeds of this administration shall pay (1) the cost of said administration, subject to the approval of the Comptroller of the Currency, but in no event more than the proportion of the total cost of operating the banking association represented by the ratio between liquid and nonliquid assets; (2) the cost of 2 percent annual interest on the certificates; (3) the annual reduction in the face value of the certificates at maturity, such reduction being the annual balance remaining in the administration of the trust after the payment of the two preceding costs.



Sec. 4. No dividends shall be paid by any banking association while any participation certificates are outstanding, and all net earnings of the association from liquid assets, otherwise available for dividends, shall be closed annually into the trust fund defined in subsection (e) of section 2.

Sec. 5. That portion of the deposits of any banking association against which liquid assets have been allocated, and all new deposits made thereafter shall be insured by the Government of the United States at 100 percent of their face value for 1 year from the date of this act. For this purpose an insurance fund shall be created and managed by the Federal Reserve Board, which shall have full authority to make all necessary regulations pertaining thereto. There is hereby appropriated \$250,000,000 from the Treasury of the United States for said insurance fund, or such portion as may be from time to time required. Each banking association qualifying within the terms of this act shall pay into the insurance fund on August 1, 1933, an annual premium of 1 percent of the total amount of its average insured deposits for the preceding 3 months. During the period of 1 year from the date of this act no banking association shall pay more than 2 percent per annum to any depositor with an insured deposit. The insurance shall attach to each insured deposit and shall be paid by the insurance fund within 30 days after the banking association may be closed by action of the comptroller.

Sec. 6. After the expiration of 1 year from the date of this act the insurance fund shall continue to operate as defined in section 5 with the following exceptions:

(a) It shall apply only to 75 percent of time deposits; and time deposits are defined as deposits which are under contract to remain, without waiver, for a period of 6 months, and which receive interest at the rate of not to exceed 2 percent per annum.

(b) The annual premium to be paid on August 1 of each succeeding year shall be one eighth of 1 percent.

Sec. 7. The insurance fund shall acquire all rights of insured depositors in the liquidation of any banking association until it has been reimbursed in full.

Sec. 8. The Secretary of the Treasury is authorized, upon application of the Federal Reserve Board, to pledge the faith and credit of the Government of the United States to bonds or other evidences of debt necessary to provide any temporary funds required by the insurance fund to meet its obligations, such advances to be subsequently reimbursed from said fund.

Sec. 9. Any State bank shall be admitted to the provisions of sections 5, 6, 7, and 8, when, in the judgment of the Federal Reserve Board, the State has provided by law for an allocation of assets as between liquid and nonliquid assets as generally defined in sections 1, 2, 3, and 4. In the absence of such law any State bank may become a national banking association, for the purposes of this act and under its terms, pursuant to conditions prescribed by the Comptroller of the Currency.

Sec. 10. The interest on postal-savings deposits hereafter shall be at the rate of 2 percent per annum, and no new postal-savings deposits shall be accepted after May 1, 1933, at a post office in any city or village in which a banking association or bank is operating under the terms of this act.

Mr. LONG. Mr. President, the Senator from Arkansas and the Senator from Michigan should not be disagreeing with one another. Their minds are one, and their hearts have only one beat. Under the regime that is proposed by the Senator from Arkansas the banks are all going to stay closed; under what the Senator from Michigan proposes, they are all closed now and will be again closed if they should reopen. That is the only difference between the two Senators. [Laughter.]

Mr. ROBINSON of Arkansas. Mr. President, that may be an amusing statement to the Senator from Louisiana, and I presume he means it humorously, but it is a harmful statement.

Mr. LONG. No.

Mr. ROBINSON of Arkansas. But there is not a word of truth in it.

Mr. LONG. The Senator may express his own opinion.

Mr. VANDENBERG. I want to join in acknowledging the sense of humor of the Senator from Louisiana, but I deny his accuracy.

Mr. LONG. That may be the opinion of the Senator from Michigan, and that may be the opinion of the Senator from Arkansas—and I give them credit for their opinions—

Mr. ROBINSON of Arkansas. What I stated is a fact.

Mr. LONG. I stated it as an opinion and not a fact; but what has been done has put the shoulder of the Government around such preferred banks as the Federal Government is willing to allow to reopen or to take into the Federal Reserve System, and that means that all that are outside the breastworks will never again see the light of day. Perhaps the Senator from Michigan and the Senator from

Arkansas do not know that to be a fact, but a week's time will prove it.

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

Mr. LONG. Yes; I yield to the Senator from Michigan.

Mr. VANDENBERG. I join with the Senator in his view of the probable effect of the legislation already passed; but he evidently failed to hear me say that the formula to which I addressed myself would apply equally to every bank in the United States.

Mr. LONG. Then, the Senator is getting nearer the kingdom.

Mr. VANDENBERG. The Senator from Michigan has arrived in the kingdom.

Mr. LONG. All right. Then I have only to convince the Senator from Arkansas that I am right.

Mr. HARRISON. Mr. President—

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. I yield for a question.

Mr. HARRISON. I thought the Senator was through.

Mr. LONG. No; I am not half through; I am just fixing to start. [Laughter in the galleries.]

The VICE PRESIDENT. The occupants of the galleries must observe the rules of the Senate and not express themselves in any way concerning the proceedings of the Senate. The Chair will repeat what he said the other day, that the Senate is glad to have the visitors in the galleries as the guests of the Senate, but it is respectfully asked that they observe the rules of the Senate.

Mr. LONG. Mr. President, I wish to make some answer to what the Senator from Arkansas has said, because I think we are really together in what we believe will happen.

If on the coming Monday we open the banks that are selected—those which are supposed to be solvent—that will mean that those that are not opened on that day have practically been the same as condemned as insolvent, unsound banks, and they might as well never try to open, and they never will open. If the Senator from Arkansas does not know that, he only has a few days' time left before he will know it. I know that the banks that are not included in the Federal Reserve System and that are not permitted to open under the special order of the Treasury Department will never open again—99 percent of them, at least—unless they open up on the day that other banks are allowed to reopen under the proclamation of the President.

There has been a great deal by way of confessed judgment entered here against a bank deposit guaranty law; it has been said that it will break down the Treasury of the United States Government, and some Senators believe that to be so. The European countries owe us \$20,000,000,000. It would not take the United States, Mr. President, at the outside, more than ten or twelve billion dollars, regardless of what kind of a catastrophe might ensue in this country, to guarantee bank deposits to the United States. It is contended that this \$12,000,000,000 will put the Government in a place where it can never walk another step; and yet today European countries which owe us \$20,000,000,000 have practically thrown up the white flag and said that they are not going to pay the \$20,000,000,000, but nobody has said that that has sunk the ship of state or ruined the financial condition of the United States.

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

Mr. LONG. I yield to the Senator for a question.

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

Mr. LONG. Yes, sir; I yield to the Senator.

Mr. FLETCHER. Mr. President, the question is: Are we not rather premature in the discussion today of a bank-deposit guaranty measure? I will say to the Senator that at the last session there were 4 or 5 bills introduced on that subject and referred to the Committee on Banking and Currency, and those bills have been under consideration there, but on account of the short time left of the session it was impossible to get a controverted subject such as that considered by the Senate. At this session other bills have



been introduced looking to the same object. I have introduced a bill similar to one that I introduced last May and have had it referred to the Committee on Banking and Currency. Though it may not be perfect, it will be developed at the hearings. The committee will hold hearings on this subject very soon, and I hope we can exhaust it in the hearings before the committee. Then we will be in a position to discuss the question.

The same objection I had to the Senator's amendment the other day I have to the other proposal. I should like to see a proposition like that referred to the Federal Reserve Board and to the Treasury Department and see what effect it would have. I should like to obtain their judgment about it. I should like to have that kind of subject considered by the committee. I was afraid to deal with it instantly on the floor. The Senator may be entirely right about it, and yet I feel that such matters ought to proceed by reference to the committee, and then have the committee hold hearings, and give such consideration as they see fit to the question, before we are prepared to deal with it.

Mr. LONG. I wish to say to the Senator that the Senate committee has had such bad advice on subjects of this kind and has uniformly followed such vicious precedents—and proven to be vicious—that I think we have got almost immediately to settle it one way or the other here. The great trouble is that you are going out on Monday to open up the banks. You were going out yesterday, but you could not go yesterday and could not go today, and, we will say, tomorrow you are going out to open up the banks. When you open up 10 percent of the banks—I have had some experience with matters of this kind; I have opened up a few of them—and leave 90 percent of them closed, you never will again be able to breathe the breath of life into the 90 percent, and the chances are that they will burst the ones that you do open in the middle of the broken back. That is what you are about to do. That is what the wiseheads of the Senate are about to do. They are about to go out, without thinking of one single other thing, and open up about 10 percent of the banks, and leave 90 percent of them closed, and try to maintain a banking system for the country with 90 percent of the banks closed, and the Death Angel hovering over them on the morning the sunrise is supposed to have come. That is what this means.

The Senator from Florida [Mr. FLETCHER] and I do not substantially disagree, but there are those, Mr. President, who have had control of banking legislation in the United States for the last 20 years. Mr. Eugene Meyer, Chairman of the Federal Reserve Board, Mr. Ogden L. Mills, the former Secretary of the United States Treasury, and men of his type, are today as influential as they were before the election of November 8 last, when it comes to have their advice accepted in—I am sorry to say—some of our own councils; there is not any difference; the same men who sat and conferred about the kind of financial policy that was going to govern this country—Mr. Parker Gilbert, of J. P. Morgan & Co.; Eugene Meyer, the chairman of the Federal Reserve, and Mr. Ogden L. Mills, together with the distinguished Senator from Virginia [Mr. GLASS]—have every one had their finger in the pie during the last 20 years. There has not been any difference in what they advocated then and what they are advocating now, and they are doing now just what they have done for the last 12 years.

That is what is happening in America today. Why, Mr. President, when a prophet comes up and tries his experiment, and it fails, he steps aside and lets somebody else have a chance. When a man comes up and undertakes to cure a patient who is sick and dying, and it seems that he has failed time after time, and the patient develops various and sundry other complications, they call in someone else to help restore the patient to life. Here in the United States the Federal Reserve System has been dominated and controlled, and the financial structure of America has been dominated, controlled, and negotiated through a certain little clique, and it has brought this country to wreck and to ruin; and now we have the same set here giving us orders to close 90 percent of the banks in the United States and

open up 10 percent, and we are still following that kind of prophet.

That is what you are doing. Why send the matter to a committee? We ought to have brought this thing out in the open a long time ago. That is the trouble now.

Had I been the President of the United States—and I guess it is a good thing that I never was—I never would have sent for Eugene Meyer, the chairman of the Federal Reserve Board. He has been here, the carcass hovering over the lives and fortunes of these people, for many, many years. He has been the raven that has said to the American people, "Nevermore!" He is here today. His philosophy today is embraced not only in the bill which we have passed, unless we amend it, but it was embraced in the Glass bill, to which the Senator from Arkansas refers.

What was the Glass bill? I suppose the Senator means to say that the Glass bill might have been held up by some of the time some of us took in discussing it. I do not think we discussed it half long enough, but it did take several days thoroughly to discuss the Glass bill. I was in favor of some of the provisions of the Glass bill. I want the Senator from Arkansas to remember that I distinctly favored divorcing the affiliates from the commercial banks, and said so on the floor of the Senate time after time. There never was any disagreement at any time between me and my colleagues who favor that provision of the bill; but the Glass bill proposed to close up all that were not in a chain-bank system by its effect though, not by its terms. The effect of the Glass bill in branch banking would have been that and nothing else.

Now we are told by the Senator from Arkansas that it would be an impossible burden to take the 14,000 State banks into the Federal Reserve System. Why? Why? That is not my information. I understand, on fairly good authority, that the departments of the United States Government did not think they would have any trouble in looking over 14,000 State banks. I do not mean that it would not be a good deal of work; but I was informed, and I am willing to give the Senator from Arkansas, in confidence, the benefit of telling him who my informant was, and I think he will think it was direct enough, that they would not have opposed bringing them in; on the contrary, that they probably would have desired that the State banks be brought into this act. I wish to say that I think my information is just as reliable as any information that has been expressed on this floor; but it was the attitude of certain financial "master minds" who have been so prominent in financial legislation in the past 20 years, and therefore so prominent in closing banks during the past 20 years, that kept the State banks from being covered in this bill. I am told that the department would not have had any objection at all to their inclusion, and I do not hear that statement challenged.

Now you are going to open some banks. The Senator from Arkansas has rendered a very well justified tirade against the big banks of the United States. That is another time that the Senator from Arkansas and myself agree. Everything that he says against the way the big banks of this country have manipulated the legislation and the financial affairs of this country is justified; but which are you going to open? You are going to open up the big banks that the Senator from Arkansas says have been guilty of such malpractices that they ought to be condemned throughout the length and breadth of the country! And yet this bill proposes to open them up and to leave the little banks closed. You are opening up the big banks who have filled this country with German marks, and Argentine bonds, and Brazilian bonds. They have been responsible for breaking the little banks of this country. The little banks of this country could not have existed if they had not been willing to follow the dictates of the big banks in Wall Street; and yet, as a result of it, they have been depleted in their resources and in their assets, and you have seen them filched and imposed upon through the leading financial masters of this country; and now you are going to close the little banks that the people have had that have been guilty of no such practices as are charged against the big financial masters that are con-



demned by the Senator from Arkansas, and you are going to leave the big financial masters open today, and hang them above the people as a carrion for the future to close whatever other places of business the people are ever able to develop.

I do not understand some of this logic.

I wish to say, Mr. President, that I am trying to convince someone, somehow, of the necessity of not allowing this bank proclamation to be lifted without taking care of the banks of the States as well as these other banks. I am trying to do it in time. I am trying to tell you now, from bitter experiences I have had, that you do not dare go out here in the United States on Monday and announce that you are going to leave 15,000 banks closed, and try to open up 4,000 banks. You do not dare go out here and say that you are going to leave 15,000 banks closed, but that you are going to try to open up 4,000 banks, because you will not only break the country by leaving the 15,000 banks closed, but the chances are mightily in favor of your breaking at the same time the 4,000 banks that you try to reopen.

The Senator from Virginia [Mr. GLASS] makes the point that the Government ought not to be in the guaranty; but the Senator from Virginia has forgotten that he stood on the floor of the Senate in the last session of Congress and tried to give \$125,000,000 of the public's money out of the Treasury of the United States to this liquidating corporation. He was in favor of that gift or that contribution at the time. It was so amended by the late Senator from Montana, Mr. Walsh, that the Government might draw certain earnings from it, I believe; but the Senator from Virginia was in favor of a contribution of \$125,000,000.

Mr. President, I realize that very likely nothing is going to be done. I realize that the death mask has already been put on the small financial institutions of this country. We are awaiting the day of execution. You have condemned us to death in order that there might be a survival of the select. Mark my words: You have condemned 15,000 banks to close in order that you can keep 5,000 banks open. Mark my words: The 5,000 banks cannot stay open any more than the 15,000 banks can stay open. Mark my words: If you think you are going to prefer one of these banks and enable it to stay open and compel another one of these banks to stay closed, the calamity, the terror, and the destruction that you are going to cause will so far outweigh anything good that you are even trying to do that within less than 10 days' time the mistakes of the Senate and of the Congress will be known throughout the length and breadth of this land. They are already known everywhere except here. The only place in America that has not recognized the disastrous move that has been made is right in the Capitol itself. Outside of the Capitol itself, there is not one tenth of 1 per cent of the population of America that does not know we are setting out upon a disastrous program, closing down 15,000 of only 19,000 banks; and I was told today by man after man heading some of these selected 4,000 banks that are to stay open—I was told by many of the men who are in charge of these supposed-to-be-select banks—that if this thing should go through without protecting the State banks, there was no chance under the living sun for them to stay open as long as 3 days' time.

That is what I have been told. One banker from the State of Tennessee came to my room this morning and brought another gentleman with him—I will not call his name—and here is what he said:

Everybody except Congress realizes that this thing is going to be destructive of everybody. Everybody recognizes it except Congress. Now—

He said—

here is what is going to happen:

I have a bank. I am going to open it. All of the little correspondents are going to be closed. It is going to mean—

He said—

that when I undertake to open that bank, with every bank all around me to be closed, I will not only not be able to accommodate the community but there will be no way on earth for me to stop

the panic and fright of those people; and unless I have in the bank every dollar that I have on deposit, I do not even dare to open; and if I do open, I will be nothing but a liquidating concern.

So we are going to close. We are going to close. We want you to know just what you are doing to us. We want you to know that we know it, and we want you to have all the warning on earth. We are going to close. That is what you have already done. We will have to stay closed. You will hang the crepe on the bonds of the States, because without having State banks in operation they will never be able to finance and pay the maturities and interest on the State bonds. You will close the State banks; you will paralyze the State; you will ruin the State credit, and then they will close you, and then you will ruin the national credit.

Remember what I am telling you. I do not know how Liberty bonds are marked up today, but I will tell you how they will be marked up in the future.

Remember this: You have at last decided to inflate the currency. We asked you to inflate the currency to save all the banks, and you said it was an unsound thing to inflate the currency to save the entire banking structure; and no amount of argument nor pressure nor even filibustering could get the Congress of the United States to consent to inflate the currency. The Senator from Oklahoma [Mr. THOMAS] stood here day after day, arguing with the Senator from Virginia [Mr. GLASS], undertaking to convince him and the Senate that we had to inflate the currency; and down and down and down went the commodity prices day after day, until corn was selling in the field for as little as one half cent a bushel! Then, all of a sudden, when every bank had been closed, when they had had their way, when the voices of the Senator from Oklahoma [Mr. THOMAS] and the Senator from Montana [Mr. WHEELER] had rung through this Chamber and through this country, never heeded and never heard—no inflation, no silver, nothing could be done until they had closed every bank in the country—then they come back and say that THOMAS of Oklahoma was right, that we needed the inflation all the time, but that they could not let 19,000 banks subsist on it; they would let us have inflation to keep the 5,000 masters of finance alive, because they have squeezed out everybody else in the country, and nobody is going to be allowed to live except them.

Food could not be had for the people, but it can be had for the financial barons. The land had become barren of a means of exchange to live upon, and when they had killed their neighbors, and their brothers, and starved their children to death, broke their banks, depopulated their houses, wrecked their firesides, then they came and said, "Oh, yes, inflation is necessary, not to save the people of the United States, but to save us, who have been guilty of the destruction from which this country is now suffering."

That is the equity of what we are about to do. Yes; you are going to close us down. Yes; you have already closed us down, and have been doing it long before this year. Our President says that for 3 years we have been on the way to bankruptcy. We have been on the way to bankruptcy longer than 3 years. We have been on the way to bankruptcy ever since we began to allow the financial mastery of this country gradually to get into the hands of a little clique that has held it right up until they would send us to the grave.

Mr. President, there never has been any such example ever known of patience and tolerance of people as that of the American people during the last 16 years, as they have allowed the banks to play the funeral march, under the same chaplains and under the same marching squad that have financially and in all other material respects buried the prosperity of the people of the United States. In one grave they have been buried together. In one decree they have been condemned to an eternal financial wreckage.

In 1 month we have been told that there could be no medium of exchange allowed under the United States Government, because, they said, if we inflate, it will destroy the credit of the United States Government. But today,



when they have closed down all the banks, they come back and say, "No; it will not ruin the credit of the United States Government to inflate, but you must inflate for the financial masters and not for the people." They have come back, Mr. President, and they have said, "We have decided to inflate." Abel and Cain have become the same man. Ephraim is joined to his idols; let him alone. They have come back and said, "We have to inflate, but we are going to inflate and keep open the big masters who have wrecked and destroyed the communities and the banks and have ruined the hopes for the present time of the people of the United States living in the country. We are going to save the big masters, who have compelled it, and condemn to an eternal damnation, to hell and destruction every man who was outside this clique that brought this wreckage onto the people of the United States."

Go on and do it. You are the ones who have done it. You think differently. That is your opinion. I think as I have said; that is my judgment; and it will be vindicated here in time too short to accommodate me. That is up to you. We have done everything we could do. You can blame this condition on whomsoever you want to, but you cannot blame it on the little crowd that filibustered against the financial control of this country. You cannot blame it on the Thomases of Oklahoma, on the Wheelers of Montana, on the Longs of Louisiana, and others fighting with us. You cannot blame it on us, because belatedly and after the old horse is dead you have come back here and said that it needed the fodder we tried to give it. You cannot blame the consequences upon anybody except yourselves, because you have come back and said, "Oh, what you have prescribed is necessary for the life of the country, but we are not going to let any part of the country have it except a few financial masters that we have seen fit to prefer."

Four thousand banks to open and 15,000 to stay closed! That is what you have recommended. That is the situation we are to meet. No one can convince you otherwise.

"There are none so blind as those who have eyes and see not, none so deaf as those having ears and hear not." You have looked at us and we could not make you see; you have listened to us and we could not make you hear; and now, after you have come down to the proposition of closing every bank in the United States, having your own way, you now insist that you are the apostles to lead the children of Israel out of the wilderness; that, having gotten the people into their graves, you are the ones to bring them out of their graves. Now you sit in the seats of the mighty and insist that in no other way are you going to lead the flock out.

We have to take it. We cannot help ourselves. We have done everything we could. We have tried to get out of the reach of these blind guides, and have fought as hard as we could with the blind masters, but, blind as they are, we can not escape them. We have tried to prevent your going out and closing down the resources and the financial facilities of credit of 75 percent of the people of the United States, but you have argued as you argued against the inflation of the currency, which you now say must be had. You now stand here and raise the same old cry that sounds good to you, that it is going to mean a crippling of the credit of the country.

The crippling of the credit of the country! Mr. President, if the Government will take these State banks into the Federal Reserve System, it will not mean any crippling of the country. If you will inflate, bringing up commodity prices, allowing these banks to participate in the inflation, to exchange their farm mortgages and their farm loans and the surplus securities that have been required of them by the Reconstruction Finance Corporation, if you will allow them to use those things as a basis of inflation in order that they may acquire currency, you will not lose enough money on a guaranty of bank deposits, when you have thus restored prosperity, even to figure on. The interest will be more than the cost to the Government; and if you do that, you will not lose as much as you did on Europe.

It is said this is war time. Let us fight another war on a financial basis. How much did the last war cost? It cost

us about \$25,000,000,000, did it not? You had a "daggered sight" better spend that much money to fight another war against depression than to let this country go to where you are sending it now. The bank deposits amount to but \$44,000,000,000, and at least \$12,000,000,000 of that is duplication. The total bank deposits today, eliminating duplications, will not amount to more than \$32,000,000,000. If you were to be called upon to protect them up to 33 1/3 percent, you would be out but \$10,000,000,000; and everybody knows that is an exaggerated figure.

In other words, we can win the war of depression for the men and the women and the children of American for one-third what it costs us to win the war with Germany in 1918. Yet you are allowing the people of America to go to the "demnition bowwows" of hell because you are unwilling to risk one third as much as you were willing to risk to whip the Imperial German Government, when the fight was 3,000 miles away.

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

Mr. LONG. I yield.

Mr. ROBINSON of Indiana. It might be interesting to the Senator to know that the World War cost \$36,000,000,000 in cash, in round figures, out of the United States Treasury, or from the pocketbooks of the American people. Four and a half billion dollars of that amount went to the "cannon fodder"—the soldiers, sailors, and marines. All the rest of that vast sum, practically in its entirety, went to the profiteers, big business, organized wealth, and the very people whom the Senator now is condemning.

Mr. LONG. I must express my thanks to the Senator for those figures. Then we spent \$36,000,000,000 on the war we fought for the sake of the democracy which we have now—and God let us keep it a while longer—the war we fought for democracy, to make the whole world democratic; we were already getting democratic ourselves, and we needed about 10 more years to have the wealth concentrated in the hands of a few people. But the war we fought to put the balance of the world in this fix cost \$36,000,000,000, so the Senator from Indiana says, and I thank the Senator and other Senators. I know very little about calculations. I have had little opportunity to learn, and my colleagues understand that. Thirty-six billion dollars was spent in order that we might keep this country in a war 3,000 miles away from our own shores. Thirty-six billion dollars has been spent, and gone into smoke, in order that we could cross the Atlantic Ocean and keep despair 3,000 miles away.

Yet today we are told that the national credit will be ruined if we undertake to finance \$10,000,000,000 to save the little man on the farm, the laboring man, the little poor man, and every man in this country today who has a little bank account, and not only will such people be benefited if we guarantee bank deposits but we will make money available, by credit, through the little banks throughout the length and breadth of this country to people who cannot now borrow a thin dime at one of those banks.

Mr. President, if the war in 1918 cost \$36,000,000,000, and it did not destroy the credit of the country, can we not risk \$10,000,000,000 to save the financial solvency of the United States today? It is ridiculous, absurd, except upon one basis, and that is that human life and human blood and human misery at home will receive less consideration at the hands of the Congress than the chance to get into a war 3,000 miles away.

Talk about breaking down the country. Thirty-two billion dollars is the amount of all the bank deposits, excluding duplications, according to estimates I have received, and if we lost 50 cents on the dollar—and we would not lose one tenth of that—we would not be out more than \$16,000,000,000.

Mr. President, what is it worth? In a financial sense this country is worth \$350,000,000,000, and you are going today to reduce the value of this country to around \$100,000,000,000 or \$125,000,000,000, if you do not reduce it to nothing, for the simple reason that you are not willing to keep these banks open in this country today.



Mr. President, I want to tell you, it will be found that the people think a great deal differently about this thing from the way some believe them to be thinking. When gentlemen arise here and say that the depositors of the first national bank can get their money, but that the depositors of the other bank, and the other bank, and the other bank cannot get their money, they are going to find that it will arouse the temper of these people to the height that we have been undertaking to keep it from going during all these months.

You do not need to think you are helping the banks. I do not give a "tinker's rap" for the bankers' institutions. That is not what I am arguing for. I am arguing for the little people from one end of this country to the other whose every dime is tied up in those little banks.

The Senator from Arkansas, who has a breadth of statesmanship which I hope some day to attain—and I will feel complimented when I do—says this, and I hope he will listen to me, because I am undertaking to convince him more than anybody else in the Senate. If the Senator from Arkansas were to come over with us, we would save this situation. That is all we need to save it, because he would have the logic and the convincing manner of showing the errors of others' way, I am sure.

The Senator says this: What more reason is there for the Government guaranteeing bank deposits than guaranteeing the obligations of a store? What more reason? I am surprised the Senator does not know any more reasons. What more reason? You have not hung up the sign of the United States Government, or of the sovereign States, over the mercantile establishments. They have not been fiscal depositaries and fiscal agencies of the Government and of the States and of the municipalities and parishes and counties as banks have been. But when you go into a bank, what do you see? There you see a sign, "Member of the Federal Reserve System," perhaps. Or there you see a sign, "National bank, under supervision of the United States." Or there you see a sign, "Under the supervision of the sovereign State of Arkansas," or of Louisiana, New York, or Georgia.

There, under sanction of the law, is an institution that is supposed to be examined and supervised by the State and by the United States. There is an institution marketing bonds of the Government, acting as a fiscal agent. There is an institution that has been held up to the people by authority of law and under protection of law and under supervision of law, held up as an institution for the savings of the people and for the protection of the people of the country. That is what we have done, and that is why they are in a different classification.

There is another reason. It is just as necessary that we keep the States alive as it is that we keep the United States alive. If we break down the credit of the 48 States of the American Union, then we have broken down the credit of the United States itself. If we break down the credit of the banks of the 48 States, we will have no such thing as financial integrity for the National Government.

So, with these things being said, if we go out and try to open up these preferred banks and leave 15,000 banks closed, when for considerably less than one third of the money it cost us to fight the war, at the most, we can save the financial credit of the country and restore prosperity, our error becomes a calamity.

Mr. President, I am sorry for the vote I cast on Thursday night. I voted for the bill. I did not have an opportunity to read it at all, except while the clerk was reading it at the desk.

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

Mr. LONG. I yield.

Mr. ROBINSON of Indiana. Nobody had an opportunity to read it. It was passed "sight unseen."

Mr. LONG. Oh, I got to see it when it was being read at the desk. A copy of the bill was brought in, and while

the clerk was reading it, I read it too. That is the first time I ever saw it, top-side or bottom. But even at that I ought to have had better sense than to vote for it. Anybody glancing at it ought to have had better sense than I showed on that occasion. I am sorry for that vote. I wonder if I could get unanimous consent to withdraw my vote and have it entered "nay"? I do not know what the rule is, but if I could do that, I would like to have it done.

We were told that this was the first step to make everything all right. I did not know what anybody else knew about it and I did not know what I knew about it myself. I hoped maybe something would come along to help the situation, and I wanted to help in every way to open the banks. I was willing to swallow anything to do whatever I could. I instantly saw that they should have included the State banks, and I thought it might do a little good to add them. But I am very sorry for the vote I cast. I promise the Senate I will never again be a party to anything like that. Never again will I be a party to bringing a bill in and swallowing it hook, line, and sinker as I did that day.

I want to compliment the Senators who did not vote for the bill. They showed more sense than I did. If I ever do such a thing again, I want to be bored for the hollow horn. The idea of doing something to keep 4,000 banks open and to keep 15,000 banks closed! I was hoping, just hoping. I was hoping that somehow, somewhere, perhaps, some good would come out of it. With this information that I thought was reliable, with such amendments as might be made to the act, I hoped we would save the situation. But it seems I have hoped in vain, and therefore the basis on which I cast my vote was a faulty one and I regret having voted that way.

But that is gone, and we have the consequences before us. We have done everything we could. Senators, you are going out to the most impossible situation you have ever faced in your lives. Honest as you are, you are going out to the most impossible situation you have ever found. You are going out without understanding the first lesson of human psychology if you undertake to close 15,000 banks and keep open only 4,000 banks, and expect American finance and credit to live. It is not going to be possible.

Mr. President, I felt that I ought to say this much. I felt that I ought to give this warning and make these statements. These are the views of the American people I believe. They are, rightfully or mistakenly, the views of the American people; they are the views of the little banks; they are the views of the municipalities of the United States.

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

Mr. LONG. I yield to the Senator from Mississippi.

Mr. HARRISON. I ask unanimous consent that during this calendar day I may be permitted to file from the Committee on Finance a report on Senate bill 233, and I express the hope at the same time that the Senate will take this bill up the first thing on the convening of the Senate Monday morning.

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi?

Mr. McNARY. Mr. President, I have no objection to the request of the Senator from Mississippi if it is simply to file a report, but I should object to proceeding to the consideration of the bill today. I understand from the Senator, however, that he has no intention of doing that.

Mr. HARRISON. That is very true.

Mr. McNARY. And that it is desired later to take a recess until Monday at 12 o'clock, at which time he will call up the bill.

Mr. HARRISON. Yes.

Mr. ROBINSON of Indiana and Mr. BORAH addressed the Chair.

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

Mr. LONG. I do not want to yield further unless it is for a question.

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi?



Mr. ROBINSON of Indiana. Mr. President, reserving the right to object, I should like to ask the Senator what the emergency is that causes him to find it necessary to file the report when the Senate is not in session? We granted a request for unanimous consent the other day for the introduction of a bill when the Senate was not in session. Why all this haste? Why cannot the bill follow orderly procedure; and, if the committee is not as yet ready to report, let the Committee on Finance report the bill on Monday, and then we will all have it before us?

Mr. HARRISON. I may say that the committee is ready to report; the report is now being drafted in order that the Senator and his colleagues may have an explanation of every section and every item of the bill. The purpose of the request is to enable that information to be given to Senators. It is not an unusual request which I have made, but I do not want to keep the Senate in session here merely for the purpose of waiting on the draftsmen to prepare the report. I hope the Senator will not object to the very reasonable request which I have made.

Mr. LONG. Mr. President, I demand the regular order.

Mr. ROBINSON of Indiana. Mr. President, I do not agree with the Senator from Mississippi that "it is not an unusual request," but I will not object.

The VICE PRESIDENT. The Senator from Louisiana declines to yield further. Is there objection to the request of the Senator from Mississippi?

Mr. BORAH. Mr. President, I should like to ask one question.

Mr. LONG. I yield for a question.

Mr. BORAH. May I ask the Senator from Mississippi if there have been any changes made in the bill?

Mr. HARRISON. There have been no material changes made, I will say to the Senator.

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi?

Mr. McCARRAN. Mr. President, may I ask what is the request of the Senator from Mississippi?

Mr. HARRISON. I merely ask that I may file a report during the present calendar day, even though the Senate should be in recess or should adjourn.

Mr. McCARRAN. The Senator asks unanimous consent?

Mr. HARRISON. Yes.

Mr. McCARRAN. I object.

The VICE PRESIDENT. Objection is made.

Mr. LONG. That ends that.

Mr. GEORGE. Mr. President, the Senator from Louisiana [Mr. LONG] offered an amendment on the evening when we were considering the bill. I offered amendments to that amendment which were accepted. I want to beg Senators' indulgence to say this for the RECORD: I would not under any circumstances give utterance to any thought or word that might increase the difficulties of our present unhappy condition, but I desire to say that through every influence I could exert at any point where I felt that it might be effective I attempted to do precisely what the Senator from Louisiana had in mind to accomplish by his amendment—to bring the State institutions within the purview and protection of the bill which we passed.

I realized, Mr. President, that while there was no discrimination in point of direct provision against State institutions or private banking institutions, yet our whole financial structure is so intimately bound up with those State institutions that the omission of one element of that structure from the provisions of the bill and from the benefits given by the bill would probably prove disastrous.

I hope that my fear is not well founded, but I desire at this point to say that as soon as I learned the bill was in process of formation I sought to bring within the protection of the bill, insofar as they could be so brought, the State institutions that are nonmembers of the Federal Reserve System.

Mr. ROBINSON of Indiana. Mr. President, I would like to invite the attention of the Senator from Louisiana [Mr. LONG] to this colloquy between himself and the Senator

from Virginia [Mr. GLASS], which took place last Thursday on this floor:

Mr. LONG. As I understand, the State banks, under the observation of my distinguished friend from Pennsylvania, are allowed to borrow from member banks. I should like to know about how much help they are going to get from member banks when they are closed today, and it is taking all the power of the Government to enable them to open.

Mr. GLASS. They are not going to get anything today, and they will not get anything tomorrow if this legislation is defeated here in the Senate; but if this legislation is enacted, they will have access to banks representing 64 percent of the resources of the Federal Reserve Banking System.

It had to be done by midnight, and all Members stayed here and heard the Senator from Virginia make that statement. It was assumed, of course, that a vote against the measure would make it impossible for the banks to open yesterday morning. A vote for it would permit the banks to open. They are still closed, I submit to my friend from Louisiana, and may be closed for some time to come. The legislation was rushed through as a result of statements made here by those who were at least charged with knowledge that it would permit the banks to open the next morning; otherwise anyone who voted against the measure would impede the return of prosperity and the reopening of the banks. They are still closed.

I think the Senator from Louisiana has a great deal of company in this body who would join him in destroying their votes if they could. The measure was passed without anybody's understanding it at all. I hope nothing like that will ever again be attempted.

Mr. GLASS. Mr. President, I simply want to say that when I made the statement just quoted by the Senator from Indiana it was not as explicit as I felt authorized to make. I had definite information from the Treasury that the banks would be open the following day, else I should not have made the statement. I do not relish the suggestion by the Senator from Indiana that I made a statement which I was not warranted in making.

Mr. ROBINSON of Indiana. I simply quoted from the RECORD what the Senator from Virginia said.

Mr. GLASS. Yes; but I am talking about the implication. I am getting a little tired of such implications here on the floor of the Senate.

Furthermore, I desire to state for the RECORD that that was the purpose of the Treasury and that the opening of the banks was deferred only by reason of the fact that Senators who were fearful of the results upon State banks were importunate in their representations to the Treasury and their insistence that banks should not be opened the following day in order to give State banks an opportunity to make application to come into the Federal Reserve System in order that they might be more effectively protected.

Mr. ROBINSON of Indiana. Mr. President—

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

Mr. GLASS. I yield.

Mr. ROBINSON of Indiana. If that is the case then why did we not take enough time to study the legislation and give the State banks all over the country an opportunity to be heard in the matter, so they could be here to protect their own rights or at least send representatives here to set forth what protection they required as well as the big banks?

Mr. GLASS. As a matter of fact, it was not my judgment that the proclamation should be extended a day. It is not my judgment that the Federal Government has any right whatsoever to prohibit State banks to open today if they want to open under the authority of State law. It is my judgment that the State banks may obtain adequate facilities under the act already passed, that ten or twelve thousand of them may now appeal, under the terms of that act, to their correspondent banks and get the benefit of the direct facilities authorized by the act and be assisted.

Mr. LONG. Mr. President, I wonder if I could get the Senator from Virginia [Mr. GLASS], our financial prophet in these matters, to tell me how many banks we will have open 10 days from now. I would like to get that in the RECORD if I could.



Mr. PITTMAN. Mr. President, I understand that while I was necessarily absent from the Chamber the Senator from Louisiana asserted that I had made some statement favorable to the amendment he offered to the Emergency Banking Act.

Mr. LONG. No; I did not.

Mr. PITTMAN. I wish to say, then, that I voted against the amendment of the Senator from Louisiana. I did not believe that his amendment should be offered at that time, because, as I understood it, the bill upon which we were acting had passed the House, and if we adopted any amendment the bill would have to go to conference. I had the general impression that was given here on the floor that the reason for the hasty action on the bill was to provide for the opening of the banks in the country on the following morning.

I was also informed that in the preparation of the bill at the White House there was a provision drafted intended to be inserted in the bill in the House, practically leaving it in the discretion of the President of the United States, upon the application of a State bank to become a member of the Federal Reserve System, to relieve as against the stringency of existing law and to permit temporary membership upon such conditions as he might prescribe. However, that was not incorporated in the bill in the other body and we passed on the bill in the form in which it was received by us. While such information was not received from any official or authoritative source I know of no reason to question it. I did not believe that we should amend that bill, and I am of the same impression now, because it was presented as an emergency measure that should be acted upon promptly.

I would not have desired in any circumstances to have acted upon the hasty and possibly unconstitutional amendment proposed by the Senator from Louisiana. I did not think it was in the form contemplated by the original drafters of the bill. I still see no reason why that provision reported to have been drafted at the White House, and which if so drafted was undoubtedly approved by the President, should not be submitted to both bodies for a vote.

Mr. LONG. Mr. President—

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

Mr. ROBINSON of Arkansas. I yield.

Mr. LONG. Mr. President, I wonder how much courage I can take from that apparently comforting statement the Senator from Nevada has made? I did not get my information from the Senator from Nevada, although I had made a statement similar in effect to that which the Senator from Nevada has made. I got it, however, from another authority. I did not quote any conversation or refer to any conversation the Senator from Nevada had with me. So I wonder how much comfort, Mr. President, we may take from the suggestion of the Senator from Nevada? Although the Senator from Arkansas has the floor, let me say that this is a momentous thing. The Senator from Nevada has stated that he sees no reason why such a provision as I have indicated should not be incorporated in the law; and I am wondering if I may ask the Senator from Arkansas what chance is there now of our putting it in the law? It would be a great thing for the people of this country if we could put that in the law, just as the Senator from Nevada has mentioned it, as having received the approval of the White House.

Mr. ROBINSON of Arkansas. Mr. President, replying to the inquiry of the Senator from Louisiana, let me say that the statement of the Senator from Nevada was the first information I have received of any draft made at the White House or elsewhere having relation to the subject of which the Senator from Nevada spoke. Of course, I am not able to express an opinion as to the likelihood of the enactment of the provision, never having either seen it nor heard of it before. The description of it, as I think, is hardly definite enough to enable either of us to pass upon it. But I will say that I shall be glad to make inquiry about it and then to form an opinion when I have studied the proposal as to whether it is practicable to enact it.

Mr. LONG. I am asking the Senator the question for this reason: We probably will recess this afternoon and not have an opportunity today for such a provision to be incorporated in the law. I have been familiar with conditions on occasions when some banks or several banks have opened. I do not believe there will be the slightest objection to it, and if we had an opportunity of rushing an amendment through by resolution this evening, before adjourning or taking a recess, it would be of material help in the opening of the banks.

Mr. ROBINSON of Arkansas. I do not really know to what amendment the Senator from Nevada refers nor do I believe the Senator from Louisiana does. As I have just stated, I have not seen it.

Mr. LONG. I understand what it is; I have my information from other sources; but it is practically what I offered here on the floor, though I did not know it at the time.

Mr. FESS. Mr. President, will the Senator from Arkansas yield for a question?

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

Mr. ROBINSON of Arkansas. Certainly.

Mr. FESS. I have had several inquiries from State banks in Ohio as to whether in order to open they would have to apply to the Federal Government as well as to the State government. I have been under the impression they would have to do so.

Mr. ROBINSON of Arkansas. I am under the impression that the matter is subject to the control of the State authorities, but an order having been issued under the Trading with the Enemy Act by the Chief Executive, in all probability the practical procedure would be for the State banking authorities to advise the Secretary of the Treasury that certain banks are ready to open, and in that event I have no doubt in the world that whatever ban was imposed by Federal authority would be lifted.

I may say further that I do not think there is any ground for questioning the good faith of anyone in connection with the passage of this legislation merely because the Treasury Department did not carry out its original purpose to open the national banks and member banks of the Federal Reserve System on the morning following the day we passed the bill. Every Senator was receiving messages from the State banks or from the State banking authorities asking that some arrangement be effected relating to the State banks; and it was that insistence principally which caused an extension of the proclamation. The banks would have opened, such as could, if it had not been for the issuance of the proclamation by the President extending the original banking holiday.

I believe it will be found, I will say to the Senator from Ohio, that the Treasury Department has acted wisely in taking a day or two to put into effect a measure which touches almost every community in the United States, and I think it probably would have had to do that in order to act prudently, wisely, and safely, no matter when we passed the bill. The passage of the bill as an emergency measure was fully justified, even though it has been found necessary and advisable since to prolong for a short time the period when the banks may be opened.

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

Mr. ROBINSON of Arkansas. I yield to the Senator from Michigan.

Mr. VANDENBERG. I want to say to the Senator that, for my part, I think it was exceedingly fortunate that time was taken beyond the immediate morning following the passage of the bill when we were supposed to have the banks opened. I only hope that enough additional time will still be taken to be sure that the opening is sufficiently safe so that it may be permanent.

Mr. ROBINSON of Arkansas. I doubt the wisdom of doing what it seems some have in mind, to reopen the banks that are hopelessly insolvent whether they are State banks or national banks and to invite new deposits unless as to the banks of doubtful solvency that are reopened there is provision, under proper authority, for the segregation and safe-



guarding of new deposits. The desired object is not accomplished, the helpful purpose is not attained by the mere reopening of an institution that cannot function, even under normal conditions, for a prolonged period.

Mr. LONG. Mr. President—

Mr. ROBINSON of Arkansas. I yield.

Mr. LONG. Would the Senator let me offer a resolution—it is rather crude; I just clipped it out of the CONGRESSIONAL RECORD and put it on a resolution form—so that we might consider it and see what we can do with it? At any rate, we may discuss it.

Mr. ROBINSON of Arkansas. I will let the resolution be presented, but I am going to move an executive session in a few moments.

Mr. LONG. I offer the resolution which I send to the desk and ask that it may be read.

The VICE PRESIDENT. Without objection, the resolution will be received and will be read by the clerk.

The Chief Clerk read the resolution (S.Res. 22), as follows:

*Resolved*, That upon such terms and conditions as the President may see fit to prescribe, either generally or for specific case or cases, any State bank may, with its consent, be declared a member of the Federal Reserve System and thereby receive all the benefits and protection of this act insofar as applicable to State banks, but under such conditions, requirements, and limitations as the President may prescribe.

Mr. ROBINSON of Arkansas. Mr. President, I shall not object to the introduction of the resolution, but I shall ask that it be referred to the Committee on Banking and Currency.

Mr. LONG. Very well.

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

#### PETITIONS AND MEMORIALS

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

Senate joint resolution memorializing Congress to adopt the Pittman proposal to accept silver on British debt

Your memorialist, the Legislature of the State of Nevada, respectfully represents that—

Whereas the proposal of the Honorable KEY PITTMAN, United States Senator from Nevada, that the United States shall accept the sum of \$100,000,000 on the war debt of Great Britain to the United States embodies the principle that coined silver is money; and

Whereas adoption of the Pittman proposal in the international transaction that he advocates would constitute recognition of silver as money by the two premier financial nations of the earth, and for that reason would go a long way toward its further and more general recognition as such, having the desirable effect of enhancing the value of silver everywhere, with the further and more desirable effect of being the forerunner of similar transactions with other debtor nations, all of which cannot be otherwise than beneficial, tending to restore monetary equilibrium and banish the world depression: Now, therefore, be it

*Resolved*, That the legislature hereby respectfully requests Congress to adopt the Pittman proposal, authorizing and directing our President-elect to accept such silver payment from Great Britain as soon after he takes office as may be expedient and possible.

*Resolved*, That the secretary of state of the State of Nevada is hereby directed to transmit copies of this memorial by air mail to the President of the United States Senate, to the Speaker of the House of Representatives, and to the Members of the Nevada congressional delegation at Washington.

MORLEY GRISWOLD,  
President of the Senate.  
V. R. MERALDO,  
Secretary of the Senate.  
FRED S. ALWARD,  
Speaker of the Assembly.  
GEORGE BRODIGAN,  
Chief Clerk of the Assembly.  
F. B. BALZAR, Governor.

The VICE PRESIDENT also laid before the Senate a telegram from the clerk of the Senate of the State of New York, embodying a concurrent resolution adopted by the Legislature of New York, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

LXXVII—13

ALBANY, N.Y., March 10, 1933.

SECRETARY OF THE UNITED STATES SENATE,

Senate Chamber, Capitol, Washington, D.C.:

I am directed by the senate and assembly to transmit to you the following concurrent resolution, which was today adopted by unanimous vote of both houses:

State of New York, in senate, Albany, March 10, 1933, by Mr. Cheney:

Whereas, under the act to provide relief in the existing national emergency in banking and for other purposes enacted by Congress on March 9, 1933, section 304 of title II, provides for the purchase of or loans against nonassessable preferred stock of national banks and State banks and trust companies by the Reconstruction Finance Corporation; and

Whereas section 7 of article VIII of the constitution of the State of New York prohibits the issuance of any nonassessable bank stock; and

Whereas, therefore, the nonavailability of the said facilities of title III to sound and worthy State institutions may have the effect of working great hardship and discrimination against these State banking institutions; and

Whereas title IV of the above-described act is not applicable to sound and worthy nonmember State institutions; now, therefore, be it

*Resolved* (if the assembly concur), That the President and the Congress and the Secretary of the Treasury of the United States be urged to take action to clarify these provisions of title III so as to correct any discrimination by authorizing the Reconstruction Finance Corporation to make to worthy State banks, loans which shall be subordinated to deposit liability, or which by some other method shall preserve to the Reconstruction Finance Corporation the same character of lien as would be provided by the issue of nonassessable preferred stock; and, be it further

*Resolved*, That the President and the Congress and the Secretary of the Treasury of the United States make available facilities similar to those referred to in title IV of the above-described act to sound and worthy nonmember State banking institutions, so that they may be permitted to reopen coincidentally with sound national banks; and be it further

*Resolved*, That a copy of this resolution be telegraphed forthwith by the clerk of the senate to the President and to the clerks of the respective Houses of the Congress and to the Secretary of the Treasury of the United States.

By order of the senate.

P. H. O'CONNELL, Clerk.

In assembly March 10, 1933, concurred in without amendment.  
By order of the assembly.

FRED W. HAMMOND, Clerk.

Respectfully submitted.

P. H. O'CONNELL,  
Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of North Dakota, favoring the passage of legislation in the present banking emergency providing for the Government's taking over and exercising the functions usually performed by the banking system in such manner as to protect the rights and serve the interest of the people, which was referred to the Committee on Banking and Currency.

(See resolution printed in full when laid before the Senate by the Vice President on the 10th instant, p. 111, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate a resolution adopted by members of the Socialist Party of America of Tompkins County, N.Y., favoring the passage of legislation socializing the banking system of the Nation, which was referred to the Committee on Banking and Currency.

He also laid before the Senate resolutions adopted by the City Council of Brockton, Mass., and the Town Council of West Warwick, R.I., favoring the passage of legislation authorizing and directing the Postmaster General to issue a special series of postage stamps of the denomination of 3 cents, commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment as brevet brigadier general of the Continental Army on October 13, 1783, of Thaddeus Kosciusko, which were referred to the Committee on Post Offices and Post Roads.

Mr. FESS presented a resolution adopted by the council of the city of Columbus, Ohio, favoring the passage of legislation authorizing and directing the Postmaster General to issue a special series of postage stamps of the denomination of 3 cents, commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment as brevet brigadier general of the Continental Army on October 13, 1783, of Thaddeus Kosciusko,



which was referred to the Committee on Post Offices and Post Roads.

Mr. COPELAND presented a resolution adopted by Richmond County Post, No. 248, Veterans of Foreign Wars, of Staten Island, N.Y., protesting against any reduction in disability compensation or allowances to war veterans and favoring the immediate cash payment of adjusted-compensation certificates, which was referred to the Committee on Finance.

He also presented the memorial of William F. Shanley, of Brooklyn, N.Y., remonstrating against the curtailment of benefits accorded to Spanish-American war veterans, which was referred to the Committee on Finance.

He also presented a petition of sundry citizens of the State of New York, praying for the enactment of legislation providing for reductions in governmental expenditures under the proposed program of the National Economy League, which was referred to the Committee on Finance.

He also presented a resolution adopted by Second Division Post, No. 860, American Legion, of New York, N.Y., protesting against any reduction of the military forces, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Clinton Chamber of Commerce, of Clinton, N.Y., protesting against the expenditure of Federal appropriations for the Great Lakes-St. Lawrence waterway, for western highway construction, Federal aid for State schools, irrigation projects, and reforestation, and for the extension of aid to cotton and wheat farmers, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by Parker F. Dunn, Auxiliary Unit 971, of Albany, N.Y., favoring the maintenance of adequate defense forces and the carrying out of the provisions of the National Defense Act, which was referred to the Committee on Appropriations.

He also presented a petition of sundry citizens of the State of New York praying for the revaluation of the gold ounce, and remonstrating against the enactment of legislation affording relief to certain groups or classes of citizens, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by Livingston County Pomona Grange, of Lima, N.Y., favoring a reduction of interest rates on farm mortgages and loans, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by the Chamber of Commerce of the Village of Alexandria Bay, N.Y., favoring the ratification of the Great Lakes-St. Lawrence Seaway treaty with Canada, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Cobleskill Chamber of Commerce, of Cobleskill, N.Y., remonstrating against the ratification of the Great Lakes-St. Lawrence Seaway treaty, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of the State of New York, praying for the enactment of legislation to permit the President to place an embargo on the exportation of arms, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Orange County (N.Y.) Pomona Grange, Patrons of Husbandry, remonstrating against the repeal of the eighteenth amendment to the Constitution and favoring the enforcement of the prohibition laws, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Agenda Club of the Union Theological Seminary, of New York City, remonstrating against the training of unemployed youths at military posts, which was referred to the Committee on Military Affairs.

He also presented a petition of Indian residents of the Tuscarora Nation of Indians, reservation situated at Lewiston, N.Y., praying for the enactment of legislation to place them and their tribal reserve under the protection of the

general laws of the State of New York, with exemption from taxation, which was referred to the Committee on Indian Affairs.

#### DISTRIBUTION OF NEW CURRENCY

Mr. GOLDSBOROUGH. Mr. President, I submit for the RECORD, and ask to have printed and lie on the table a letter from Governor Ritchie, of Maryland, transmitting a joint resolution passed by the General Assembly of Maryland urging both promptness and equality of treatment in the matter of the distribution of the proposed new currency, and so forth.

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

EXECUTIVE DEPARTMENT,  
Annapolis, Md., March 9, 1933.

HON. PHILLIPS LEE GOLDSBOROUGH,  
United States Senate, Washington, D.C.

DEAR SENATOR GOLDSBOROUGH: I beg to enclose you copy of Senate Joint Resolution No. 6, passed by the Maryland Legislature Wednesday evening, March 8, urging both promptness and equality of treatment in the matter of the distribution of the proposed new currency. This represents the unanimous action of the members of both houses.

Respectfully yours,

ALBERT C. RITCHIE, Governor.

#### Senate Joint Resolution No. 6

Joint resolution of the General Assembly of the State of Maryland concerning the present banking and currency situation

Whereas the General Assembly of Maryland is in the process of enacting legislation to establish a State corporation authorized to issue a circulating medium for the banks of Maryland based upon the sound assets of the State banks; and

Whereas the General Assembly of Maryland believes that all the sound investments of any bank should be included in its proper assets, even though such investments are not considered liquid under the requirements of the Federal Reserve System of rediscount banks: Now, therefore, be it

*Resolved*, That it is the sense of the General Assembly of Maryland that the fundamental principle of improving the sound assets of any bank as the basis of securing the issuance of additional currency or circulating medium to replace that which has disappeared from circulation through hoarding or otherwise should be applied in the issuance of any additional or emergency currency that may be made available by the Treasury and the Congress of the United States to relieve the existing national currency shortage: And be it further

*Resolved*, That the General Assembly of Maryland is of the opinion that the beneficial results that will flow from the issuance of such additional currency, or such medium of circulation, as may be authorized, will be in direct proportion to the equality of treatment that is accorded to all of the banks of Maryland, both State and National, and further that any delay in accepting such security and distributing such currency or circulating medium, or any delay in appraising such bank assets and furnishing such additional currency to State banks, will prove of great harm to any and all such banks: And be it further

*Resolved*, That a copy of this resolution be forwarded with the respect of the General Assembly of Maryland to the President of the United States, the Secretary of the Treasury, the Chairman of the Federal Reserve Board, the Acting Comptroller of the Federal Currency, and to the Maryland Members of Congress, urging their favorable consideration of the basic principle hereinabove set forth.

Approved:

ALBERT C. RITCHIE,  
Governor.

WALTER J. MITCHELL,  
President of the Senate.

T. BARTON HARRINGTON,  
Speaker of the House of Delegates.

#### REDUCTION OF EXPENDITURES—REPORT OF THE FINANCE COMMITTEE

Mr. HARRISON, from the Committee on Finance, to which was referred the bill (S. 233) to maintain the credit of the United States Government, reported it with amendments and submitted a report (No. 1) thereon.

#### BILLS INTRODUCED

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

By Mr. DILL:

A bill (S. 234) to authorize the Secretary of the Treasury to purchase silver by issuance of silver certificates and for the redemption of the same, and for other purposes; to the Committee on Banking and Currency.



A bill (S. 235) for the relief of C. H. Reynolds, assignee of the Bitu-Mass Paving Co., of Spokane, Wash.; to the Committee on Claims.

A bill (S. 236) to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash.; to the Committee on Indian Affairs.

A bill (S. 237) granting a pension to Jack B. Hamilton (with accompanying papers); and

A bill (S. 238) granting a pension to Ellen B. Rader (with accompanying papers); to the Committee on Pensions.

A bill (S. 239) for the relief of Earl A. Ross; and

A bill (S. 240) for the relief of Frank P. Ross; to the Committee on Public Lands and Surveys.

By Mr. HEBERT:

A bill (S. 241) to provide protection by registration of designs for textiles and other materials; to the Committee on Patents.

By Mr. BANKHEAD:

A bill (S. 242) to provide for the issuance of stamped money certificates, and for other purposes; to the Committee on Banking and Currency.

By Mr. FESS:

A bill (S. 243) to compensate Harriet C. Holaday; to the Committee on Foreign Relations.

A bill (S. 244) granting a pension to Lucie P. Cranston; to the Committee on Pensions.

By Mr. BARBOUR:

A bill (S. 246) for the relief of John Henry Tackett; to the Committee on Claims.

A bill (S. 247) to amend the act of May 29, 1930, relating to the retirement of employees in the classified civil service; to the Committee on Civil Service.

A bill (S. 248) for the relief of Rolando B. Moffett; to the Committee on Military Affairs.

By Mr. McNARY and Mr. STEIWER:

A bill (S. 249) to provide for the construction of works for the development of the Columbia River and minor tributaries, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. STEIWER:

A bill (S. 250) for the relief of Fred Herrick; and

A bill (S. 251) authorizing and directing the Secretary of Agriculture to investigate all phases of taxation in relation to agriculture; to the Committee on Agriculture and Forestry.

A bill (S. 252) for the relief of the American Bonding Co., of Baltimore;

A bill (S. 253) for the relief of Clatsop County, Oreg.;

A bill (S. 254) for the relief of Fred H. Cotter;

A bill (S. 255) for the relief of John Hampshire;

A bill (S. 256) for the relief of Milburn Knapp;

A bill (S. 257) for the relief of Ivan Matson;

A bill (S. 258) for the relief of Wallace E. Ordway; and

A bill (S. 259) for the relief of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. Callib, J. J. Beckham, and John Toles; to the Committee on Claims.

A bill (S. 260) authorizing a preliminary examination and survey of Chetco Cove, Oreg.; and

A bill (S. 261) to provide an examination and survey of Seaside Harbor, Oreg.; to the Committee on Commerce.

A bill (S. 262) to aid agriculture by exempting from income tax income from agricultural loans, and for other purposes; to the Committee on Finance.

A bill (S. 263) authorizing certain improvements in the Tule Lake sump area of the Klamath irrigation project; and

A bill (S. 264) to provide for the improvement of the Columbia River between Celilo Falls, Oreg., and Wallula, Wash.; to the Committee on Irrigation and Reclamation.

A bill (S. 265) for the relief of Alonzo M. Boyden;

A bill (S. 266) for the relief of John Fisher;

A bill (S. 267) for the relief of Elijah L. Gum;

A bill (S. 268) for the relief of Andrew J. McCallen;

A bill (S. 269) for the relief of Walter Malone; and

A bill (S. 270) authorizing the President to present medals, in the name of Congress, to certain survivors of the sinking of the steamship *Tuscania*; to the Committee on Military Affairs.

A bill (S. 271) granting pensions to certain persons who served in the Indian wars from 1817 to 1898;

A bill (S. 272) to amend section 3 of the act entitled "An act granting pensions to certain soldiers who served in the Indian wars from 1817 to 1898, and for other purposes," approved March 3, 1927;

A bill (S. 273) granting a pension to Mark Baldwin;

A bill (S. 274) granting a pension to Myrtle J. Buzan;

A bill (S. 275) granting a pension to Harold C. Cline;

A bill (S. 276) granting a pension to John L. Hammack;

A bill (S. 277) granting a pension to Matilda Jane Hart;

A bill (S. 278) granting an increase of pension to Blanche C. Hurd;

A bill (S. 279) granting a pension to John R. Liles;

A bill (S. 280) granting a pension to Mary Nightingale;

A bill (S. 281) granting a pension to J. B. Stanfield;

A bill (S. 282) granting a pension to Arminia Sullivan; and

A bill (S. 283) granting a pension to Christiana L. Todd; to the Committee on Pensions.

A bill (S. 284) authorizing the conveyance of certain lands to School District No. 28, Deschutes County, Oreg.; and

A bill (S. 285) to authorize the addition of certain lands to the Ochoco National Forest, Oreg.; to the Committee on Public Lands and Surveys.

By Mr. TRAMMELL:

A bill (S. 286) to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes," approved March 9, 1933, by adding a new section thereto; to the Committee on Banking and Currency.

By Mr. KING:

A bill (S. 287) to provide for review of the action of consular officers in refusing immigration visas; to the Committee on Immigration.

A bill (S. 288) to establish a Department of National Defense, and for other purposes; and

A bill (S. 289) to repeal the act entitled "An act to authorize the President to detail officers and enlisted men of the United States Army, Navy, and Marine Corps to assist the Governments of the Latin-American Republics in military and naval matters," approved May 19, 1926; to the Committee on Military Affairs.

A bill (S. 290) to provide compulsory licenses for unused patents; to the Committee on Patents.

A bill (S. 291) granting certain unreserved and unappropriated public lands to the several States; to the Committee on Public Lands and Surveys.

By Mr. CAPPER:

A bill (S. 292) for the relief of Viola Addis;

A bill (S. 293) for the relief of William Schick; and

A bill (S. 294) for the relief of Stanton & Jones; to the Committee on Claims.

A bill (S. 295) authorizing the Commissioners of the District of Columbia to grant a permit for the construction of an oil and gasoline pipe line; and

A bill (S. 296) to provide for the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia, and for the replating and development of squares containing inhabited alleys, in the interest of public health, comfort, morals, safety, and welfare, and for other purposes; to the Committee on the District of Columbia.

A bill (S. 297) for the relief of Dewey Newman; and

A bill (S. 298) to repeal section 751 of the Revenue Act of 1932; to the Committee on Finance.

A bill (S. 299) to define the intent of the antitrust laws as to certain agreements; to the Committee on Interstate Commerce.

A bill (S. 300) for the relief of John J. Delaney; to the Committee on Military Affairs.



By Mr. FLETCHER:

A bill (S. 301) providing for the guaranty of bank deposits, and for other purposes; to the Committee on Banking and Currency.

By Mr. METCALF:

A bill (S. 302) to amend section 57 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, as amended and supplemented, with respect to proof and allowance of claims by trustees for bondholders; to the Committee on the Judiciary.

By Mr. CAREY:

A bill (S. 303) for the relief of Con Murphy; to the Committee on Claims.

A bill (S. 304) granting an honorable discharge to Edward Barrett;

A bill (S. 305) for the relief of William T. J. Ryan;

A bill (S. 306) to grant an honorable discharge to Robert French Griffin;

A bill (S. 307) to grant an honorable discharge to Claris N. Corwine; and

A bill (S. 308) to authorize the award of a decoration for distinguished service to Harry H. Horton; to the Committee on Military Affairs.

A bill (S. 309) granting an honorable discharge to Willard Heath Mitchell; to the Committee on Naval Affairs.

A bill (S. 310) granting an increase of pension to Melinda Morford; and

A bill (S. 311) granting an increase of pension to Elizabeth Harrington; to the Committee on Pensions.

A bill (S. 312) validating application for entry upon public lands; and

A bill (S. 313) to amend section 5 of the act approved July 10, 1890 (28 Stat. 664), relating to the admission into the Union of the State of Wyoming; to the Committee on Public Lands and Surveys.

By Mr. ADAMS:

A bill (S. 314) to amend the act of Congress approved March 9, 1933, entitled "An act to provide relief in the existing national emergency in banking, and for other purposes"; to the Committee on Banking and Currency.

By Mr. KING:

A bill (S. 315) authorizing the Reconstruction Finance Corporation to make loans to aid in refunding or refinancing certain obligations of irrigation and drainage districts; to the Committee on Banking and Currency.

A bill (S. 316) relative to the qualifications of practitioners of law in the District of Columbia; to the Committee on the District of Columbia.

A bill (S. 317) authorizing the Reconstruction Finance Corporation to make advances to the reclamation fund; to the Committee on Irrigation and Reclamation.

A bill (S. 318) granting certain lands to the State of Utah for use and benefit of the water-storage commission of such State and for the use and benefit of the University of Utah; to the Committee on Public Lands and Surveys.

#### BANKING ACT

Mr. GLASS. Mr. President, I desire to introduce a bill which I hope may be the basis for permanent banking legislation, and ask to have it referred to the Committee on Banking and Currency.

The VICE PRESIDENT. Is there objection? The Chair hears none. The bill will be received and referred as requested.

The bill (S. 245) to provide for the safer and more effective use of the assets of Federal Reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

#### REDUCTION OF EXPENDITURES—AMENDMENTS TO SENATE BILL 233

Mr. BLACK. Mr. President, I send to the desk and ask to have read two amendments which I intend to offer at the

proper time to Senate bill 233, and I ask also that they may be printed and referred to the Committee on Finance.

The VICE PRESIDENT. Without objection, that order will be made, and the clerk will read, as requested.

The Chief Clerk read as follows:

At the proper place insert the following new section:

"After the enactment of this bill the Reconstruction Finance Corporation is directed to decline to make any loan to any institution or business enterprise unless an agreement is made that while such loan is outstanding and unpaid such institution or business enterprise will pay no salary or salary combined with bonus, in excess of the salary paid to Members of the United States Congress."

At the proper place insert the following paragraph:

"After the enactment of this law, the Postmaster General is directed to suspend payment of any air mail or ocean mail subsidies, to any individuals, companies, or corporations which singly or in combination with other individuals, companies, or corporations receiving a subsidy, pay any salary or salary combined with bonus, to any one officer, agent, or employee in excess of the salary herein provided to be paid to Members of Congress of the United States."

#### HEARINGS BEFORE THE COMMITTEE ON APPROPRIATIONS

Mr. GLASS submitted the following resolution (S.Res. 17), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Committee on Appropriations, or any subcommittee thereof, 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 100 words, to report such hearings as may be had on any subject 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 any session or recess of the Senate.

#### J. A. TIPPIT AND OTHERS

Mr. STEIWER submitted the following resolution (S.Res. 18), which was referred to the Committee on Claims:

*Resolved*, That the bill (S. 259) entitled "A bill for the relief of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles," now pending in the Senate, together with all the accompanying papers, be, and the same is hereby, referred to the Court of Claims, in pursuance of the provisions of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; and the said court shall proceed with the same in accordance with the provisions of such act and report to the Senate in accordance therewith.

#### HEARINGS BEFORE COMMITTEE ON EDUCATION AND LABOR

Mr. WALSH submitted the following resolution (S.Res. 19), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Committee on Education and Labor, or any subcommittee thereof, is hereby authorized, during the Seventy-third Congress, to send for persons, books, and papers, to administer oaths, and employ a stenographer at a cost not exceeding 25 cents per hundred words to report such hearings as may be had on any subject 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 any session or recess of the Senate.

#### DELEGALIZATION AND PROHIBITION OF WAR

Mr. KING submitted the following resolution (S.Res. 20), which was referred to the Committee on Foreign Relations:

Whereas permanent peace is essential to the happiness and welfare of the human race, and civilization would be jeopardized by another world war; and

Whereas all people earnestly desire that international conflicts shall cease and that war shall not only be renounced as an instrument of national policy but outlawed by all civilized nations; and

Whereas both political parties in their national platforms have approved our adherence to the Permanent Court of International Justice and the adoption of policies of conciliation, consultation, and conferences in case of threatened violations of treaties for the purpose of preventing war; and

Whereas the cause of world peace would be advanced and made more certain by an enactment that would be an integral part of international law: Therefore be it

*Resolved*, That the President be requested to enter into negotiations with all civilized nations for the purpose of securing the adoption of measures and enactments for the delegatization of war that will make the prohibition of war between sovereign nations a basic principle of international law, remove from the



protection and place under the condemnation of law as an international criminal any nation that, in violation of its treaty obligations, attempts to settle disputes by war, and by which any possession or gain thereafter acquired by any other than peaceful means shall be held an illegal possession subject to recovery under such measure or law so enacted.

#### INVESTIGATION OF CONDITIONS IN SOVIET RUSSIA

Mr. KING submitted the following resolution (S.Res. 21), which was referred to the Committee on Foreign Relations:

Whereas extensive propaganda has been circulated urging recognition by the United States of the Russian Soviet Government; and

Whereas early in the history of the Russian Soviet Government the United States announced a policy of nonrecognition of such Government so long as conditions then existing and policies then adhered to continued; and

Whereas this policy of nonrecognition has been steadily adhered to by this Government; and

Whereas before the Government of the United States should take any steps looking to the recognition of the Russian Soviet Government or the adoption of a different policy than that heretofore adhered to, a full and complete investigation should be made of all matters bearing upon the question of recognition: Therefore be it

*Resolved*, That the Committee on Foreign Relations, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation of economic, political, and other conditions existing in the Union of Soviet Socialist Republics, including the position of the Russian Soviet Government with respect to recognition by the United States of such Government, the attitude generally of the Russian Soviet Government toward the Government of the United States and other governments, and any other facts bearing upon the question of recognition of the Russian Soviet Government. The committee shall report its findings to the Senate at the earliest practicable date.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third and succeeding Congresses until the final report is submitted, to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses, and the production of such books, papers, and documents, to administer such oaths, and to take such testimony and make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$———, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

#### EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business; and let me say before the motion is voted upon that only a short period will be required to transact executive business this afternoon, and following that there will be an announcement which will grieve the Members of the Senate very profoundly.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The VICE PRESIDENT laid before the Senate sundry messages from the President of the United States transmitting nominations, which were referred to the appropriate committees.

(The nominations received this day appear at the end of today's Senate proceedings.)

Mr. ROBINSON of Arkansas. I move that the Senate resume legislative session.

The motion was agreed to.

#### DEATH OF SENATOR HOWELL, OF NEBRASKA

Mr. NORRIS. Mr. President, it is my sad duty to announce the death of my colleague, Hon. ROBERT B. HOWELL, who passed away just a few minutes ago at Walter Reed Hospital. I send to the desk the following resolutions.

The VICE PRESIDENT. The resolutions will be read.

The Chief Clerk read the resolutions (S.Res. 23), as follows:

*Resolved*, That the Senate has heard with profound sorrow and deep regret the announcement of the death of Hon. ROBERT B. HOWELL, late a Senator from the State of Nebraska.

*Resolved*, That a committee of 15 Senators be appointed by the Vice President to take order for superintending the funeral of the deceased Senator.

*Resolved*, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

The VICE PRESIDENT. The question is on agreeing to the resolutions submitted by the Senator from Nebraska.

The resolutions were unanimously agreed to.

Under the second resolution the Vice President appointed the Senator from Nebraska [Mr. NORRIS], the senior Senator from Iowa [Mr. DICKINSON], the junior Senator from North Dakota [Mr. NYE], the junior Senator from Michigan [Mr. VANDENBERG], the senior Senator from Indiana [Mr. ROBINSON], the senior Senator from California [Mr. JOHNSON], the junior Senator from Iowa [Mr. MURPHY], the senior Senator from Utah [Mr. KING], the junior Senator from South Dakota [Mr. BULOW], the senior Senator from Nevada [Mr. PITTMAN], the junior Senator from Florida [Mr. TRAMMELL], the senior Senator from New Jersey [Mr. KEAN], the junior Senator from Wyoming [Mr. CAREY], the senior Senator from Wisconsin [Mr. LA FOLLETTE], and the senior Senator from Minnesota [Mr. SHIPSTEAD].

Mr. NORRIS. Mr. President, as a further mark of respect to the memory of the deceased Senator, I move that the Senate do now adjourn.

The motion was unanimously agreed to; and (at 2 o'clock and 30 minutes p.m.) the Senate adjourned until Monday, March 13, 1933, at 12 o'clock meridian.

#### NOMINATIONS

*Executive nominations received by the Senate March 11 (legislative day of Mar. 9), 1933*

##### ASSISTANT POSTMASTERS GENERAL

Joseph C. O'Mahoney, of Wyoming, to be First Assistant Postmaster General;

William W. Howes, of South Dakota, to be Second Assistant Postmaster General;

Clinton B. Eilenberger, of Pennsylvania, to be Third Assistant Postmaster General; and

Silliman Evans, of Texas, to be Fourth Assistant Postmaster General.

##### ASSISTANT SECRETARY OF AGRICULTURE

Rexford Guy Tugwell, of New York, to be Assistant Secretary of Agriculture.

##### ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Norman Armour, of New Jersey, lately a Foreign Service officer of class 1 and a counselor of embassy, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Haiti.

##### MINISTER RESIDENT AND CONSUL GENERAL

Paul Knabenshue, of Ohio, a Foreign Service officer of class 3 and a consul general, to act as minister resident and consul general of the United States of America to Iraq.

##### CONSUL GENERAL

Avra M. Warren, of Maryland.

##### SECRETARIES IN THE DIPLOMATIC SERVICE

Harold Shantz, of New York.

H. Merrell Benninghoff, of New York.

Cloyce K. Huston, of Iowa.

Winthrop R. Scott, of Ohio.

H. Merle Cochran, of Arizona.

##### GOVERNOR OF THE PANAMA CANAL

Lt. Col. Julian L. Schley, Corps of Engineers, United States Army, for appointment as Governor of the Panama Canal, provided for by the Panama Canal Act, approved August 24, 1912.

##### VICE GOVERNOR OF THE PHILIPPINE ISLANDS

John H. Holliday, of Missouri, to be Vice Governor of the Philippine Islands, to which office he was originally appointed ad interim, on August 13, 1932, vice George C. Butte, resigned, and was reappointed ad interim on March 7, 1933.