

to become members of the Federal Reserve System; to the Committee on Banking and Currency.

48. Also, petition of the Wilshire District Democratic Headquarters Club, of Los Angeles, Calif., requesting Congress to grant the President authority to act in the present emergency; to the Committee on Ways and Means.

49. Also, petition of the Socialist of Tompkins County, N.Y., requesting Congress to take immediate steps toward the socialization of the entire banking system; to the Committee on Banking and Currency.

50. Also, petition of the Society of Mayflower Descendants in the District of Columbia, opposing the recognition of the Union of Soviet Socialist Republics by the Government of the United States; to the Committee on Foreign Affairs.

51. Also, petition of the Council of Brockton, Mass., memorializing Congress to authorize a special series of postage stamps commemorating the one hundred and fiftieth anniversary of the naturalization as an American citizen of Brig. Gen. Thaddeus Kosciuszko; to the Committee on the Post Office and Post Roads.

52. Also, memorial to the Council of West Warwick, R.I., memorializing Congress to enact House Joint Resolution 191; to the Committee on the Post Office and Post Roads.

## SENATE

TUESDAY, MARCH 14, 1933

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

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

Mr. LEWIS. Mr. President, I suggest the absence of a quorum and ask a roll call.

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. HEBERT. I desire to announce that the Senator from Nebraska [Mr. NORRIS] and the Senator from Wyoming [Mr. CAREY] are absent attending the funeral of the late Senator Howell, of Nebraska.

I also desire to announce that the junior Senator from Minnesota [Mr. SCHALL] and the junior Senator from New Mexico [Mr. CUTTING] are necessarily absent.

Mr. REED. I wish to announce that my colleague the junior Senator from Pennsylvania [Mr. DAVIS] is detained from the Senate by illness. I ask that this announcement may stand for the day.

Mr. LEWIS. Mr. President, may I have in the RECORD recorded the fact that the absence of the Senator from Colorado [Mr. COSTIGAN], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Illinois [Mr. DIETERICH] is caused by illness in their families? The absence of the Senator from Wyoming [Mr. KENDRICK] and the Senator from Montana [Mr. WHEELER] is because of attendance upon the rites of our dead Members who have now been taken to their burial.

Mr. WALSH. I wish to announce the absence of my colleague the junior Senator from Massachusetts [Mr. COOLIDGE] on account of a death in his family.

Mr. OVERTON. I desire to announce that the Senator from Louisiana [Mr. LONG] is necessarily detained from the Senate by illness. I will let this announcement stand for the day.

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

### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, returned to the Senate, in compliance with its request, the joint resolution (H.J.Res. 75) to provide for certain expenses incident to the first session of the Seventy-third Congress.

### EMPLOYEES AND SALARIES OF FARMERS' SEED AND CROP PRODUCTION LOAN OFFICES (S.DOC. NO. 4)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, submitting, in accordance with the terms of section 3 of the Senate Resolution 358 (72d Cong., 2d sess.), certain information relative to the number of employees and aggregate salaries paid in the Farmers' Seed Loan Office and the Crop Production Loan Office, which was ordered to lie on the table and to be printed.

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

The VICE PRESIDENT laid before the Senate a resolution adopted by the General Assembly of the State of Rhode Island, expressing sympathy upon the death of the late Senator Walsh, of Montana, which was ordered to be printed in the RECORD, as follows:

STATE OF RHODE ISLAND,  
IN GENERAL ASSEMBLY,  
January Session, A.D. 1933.

Resolution of the general assembly expressing genuine sympathy upon the tragic death of Senator Thomas J. Walsh (passed Mar. 8, 1933)

Whereas this general assembly has been deeply shocked to learn of the tragedy of the sudden death of Senator Thomas J. Walsh, named as the next Attorney General in the Cabinet of President Franklin D. Roosevelt; and

Whereas the Hon. Thomas J. Walsh, a fearless and powerful figure among American leaders, has won universal respect for strength of character and indomitable courage in championing the rights of the people: Now, therefore, be it

Resolved, That this general assembly, in admiration for his sterling patriotism and his unselfish devotion to public service, now joins in expressing that genuine sympathy which this abrupt termination of his valuable career calls forth, and directs the secretary of state to transmit to the widow of the late Senator Thomas J. Walsh a duly certified copy of this resolution as a true expression of the feeling of this legislative assembly.

STATE OF RHODE ISLAND,  
OFFICE OF THE SECRETARY OF STATE,  
Providence, March 9, 1933.

I hereby certify the foregoing to be a true copy of the original (S. 79) resolution of the general assembly expressing genuine sympathy upon the tragic death of Senator Thomas J. Walsh, passed by the general assembly on the 8th day of March A.D. 1933, by a unanimous rising vote.

In testimony whereof I have hereunto set my hand and affixed the seal of the State of Rhode Island this 9th day of March, in the year 1933.

[SEAL]

LOUIS W. CAPPELLI,  
Secretary of State.

### PETITIONS AND MEMORIALS

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

UNITED STATES OF AMERICA,

State of Montana, ss:

I, Sam. W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "Senate Joint Memorial No. 14, a memorial to the Congress of the United States, requesting the enactment of legislation reducing the rate of interest required to be paid on loans made by the Reconstruction Finance Corporation in aid of industries," enacted by the twenty-third session of the Legislative Assembly of the State of Montana, and approved by J. E. Erickson, Governor of said State, on the 6th day of March 1933.

In testimony whereof, I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 9th day of March A.D. 1933.

[SEAL]

SAM. W. MITCHELL, Secretary of State.

## Senate Joint Memorial 14

A memorial to the Congress of the United States, requesting the enactment of legislation reducing the rate of interest required to be paid on loans made by the Reconstruction Finance Corporation in aid of industries

To the Honorable Senate and House of Representatives of the United States in Congress assembled:

Your memorialists, the members of the Twenty-third Legislative Assembly of the State of Montana, the House and Senate concurring, respectfully represent:

Whereas for the purpose of aiding and assisting those engaged in various industries, Congress has created the Reconstruction Finance Corporation, and has authorized, empowered, and directed such Corporation to make loans to those engaged in various industries and pursuits; and

Whereas the funds being used by such Reconstruction Finance Corporation are being borrowed by the United States Government at low rates of interest; and

Whereas in making loans to those engaged in many industries and pursuits, the Reconstruction Finance Corporation is charging and requiring to be paid on such loans interest as high as 6½ percent per annum, which rates of interest are as high, and in many instances higher, than those engaged in such industries and pursuits have heretofore been compelled to pay when borrowing from banks and private investors engaged in the business of making similar loans; and

Whereas the sole purpose of the making of such loans by the Reconstruction Finance Corporation is to aid and assist those engaged in such industries and pursuits, and without any intention of making any profit thereon for the United States Government: Now, therefore, be it

*Resolved*, That it is the prayer of your memorialists, the Twenty-third Legislative Assembly of the State of Montana, that the Congress of the United States should enact such legislation, or take such action, as may be necessary to reduce the rate of interest required to be paid on loans made by the Reconstruction Finance Corporation to those engaged in industries and pursuits to such a rate as will be sufficient to pay the interest which the United States Government is required to pay on the funds borrowed by it for the purpose of making such loans and the bare cost of making and handling such loans, the rate of interest, in any event, not to exceed 4 percent per annum; be it further

*Resolved*, That a copy of the memorial, duly authenticated, be sent by the secretary of state to the Senate and House of Representatives of the United States, and to each of the Senators and Representatives in Congress from the State of Montana.

F. H. COONEY,  
President of the Senate.  
D. A. DELLWO,  
Speaker of the House.

Approved March 6, 1933.

J. E. ERICKSON, Governor.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Oregon, which was referred to the Committee on Foreign Relations:

## House Joint Memorial 5

Whereas Congress is now considering the question of ratifying the suggested treaty between the United States and Canada respecting improvement of the St. Lawrence River, which project when completed would reduce freight rates on all commodities moving from the Northwest by rail to Atlantic ports: Now, therefore, be it

*Resolved by the House of Representatives of the State of Oregon (the Senate jointly concurring therein)*, That we affirm our faith in the merits of the St. Lawrence waterway from the Great Lakes to the Atlantic Ocean, but insist upon the modification of the St. Lawrence treaty now pending before the United States Senate in such a way as to provide for continuation of a sufficient amount of existing diversion of water from Lake Michigan to insure a commercially navigable waterway from the Lakes to the Gulf in conformity with projects heretofore adopted by Congress; and be it further

*Resolved*, That the secretary of state be, and he hereby is, authorized and directed to forward one copy of this memorial to the President of the United States, and to the Congress of the United States, and to each member of the Oregon delegation in Congress.

Adopted by the house February 17, 1933.

E. W. SNELL,  
Speaker of the House.

Concurred in by the senate March 6, 1933.

FRED E. KIDDLE,  
President of the Senate.

Endorsed: House Joint Memorial No. 5 (introduced by Mr. Lewis).

W. F. DRAGER, Chief Clerk.

Filed March 7, 1933.

HAL E. HOSS, Secretary of State.  
STATE OF OREGON,  
OFFICE OF THE SECRETARY OF STATE.

I, Hal E. Hoss, secretary of state of the State of Oregon and custodian of the seal of said State, do hereby certify that I have carefully compared the annexed copy of House Joint Memorial

No. 5 with the original thereof filed in the office of the secretary of state March 7, 1933, and that the same is a full, true, and correct transcript therefrom and of the whole thereof, together with all endorsements thereon.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the State of Oregon.

Done at the capitol at Salem, Oreg., this 9th day of March A.D. 1933.

[SEAL]

HAL E. HOSS,  
Secretary of State.

The VICE PRESIDENT also laid before the Senate a petition of sundry citizens of Albuquerque and vicinity, in the State of New Mexico, praying for the prompt passage of legislation to refinance farm mortgages at 4 percent interest, to inflate the currency, and to reduce freight and tariff rates on agricultural products, which was referred to the Committee on Banking and Currency.

Mr. BRATTON presented the following resolution of the House of Representatives of the Legislature of New Mexico, which was referred to the Committee on the Judiciary:

House Resolution 19 (introduced by Carl F. Whittaker, chairman house committee military affairs and soldiers' legislation)

A resolution requesting a complete and thorough investigation of alleged improper disclosures of confidential information by an officer or officers in the employ of the district office of the United States Veterans' Administration, Albuquerque, N.Mex.

*Be it resolved by the Legislature of the State of New Mexico:*

Whereas on February 20, 1931, Edgar U. Snyder was drawn for jury service during the March, 1931, term of the district court, Bernalillo County, N.Mex., and served as a juror in several criminal cases, and on March 31, 1931, was selected as a juror by both counsel for plaintiff and defendant in case now recorded as case No. 7030, *The State v. C. W. Eskildson*, the defendant being a Federal prohibition officer accused of murder; and

Whereas on April 4, 1931, the jury of which Edgar U. Snyder was a member found the defendant guilty of murder; and

Whereas on April 13, 1931, defense counsel petitioned the court for a new trial, basing his plea to a large extent on and by the submission of two affidavits, dated April 13, 1931, furnished by Dr. B. J. Weigel, a Veterans' Administration physician, and W. F. Cheek, Veterans' Administration attorney, employees in the Albuquerque office, Veterans' Administration, Albuquerque, N.Mex.; and

Whereas it appears that even prior to the date of these affidavits information was furnished to the United States district attorney, Mr. Hugh B. Woodward, and his assistant, that the juror in this case was a World War veteran rated 80 percent mentally disabled; and

Whereas on April 14, 1931, an Albuquerque newspaper, the Albuquerque Journal, carried an article regarding the new motion as set forth in the petition for a new trial, wherein the United States district attorney alleged this veteran and juror to be insane and incompetent; and

Whereas on April 16, 1931, the court overruled the motion for a new trial and refused to admit testimony of a Veterans' Administration physician, ruling that the information was privileged and confidential, and therefore not admissible; the court then proceeded to instruct the press not to publish the juror's name, and sentence was passed upon the defendant. But despite admonition of the court, and due to the sensational disclosures, the name of this veteran and juror soon became public property, the result of which has resulted in widespread knowledge of this veteran's service-connected disability, which, aside from the distasteful publicity, has been detrimental to the veteran's physical and mental well-being; and

Whereas Dr. Carl O. Reed, the then medical officer in charge of this district, upon being questioned by the veteran to ascertain why he (Dr. Carl O. Reed) permitted this information to be taken from his file in direct violation of the provisions of section 30, World War Veterans' Act of June 7, 1924, as amended, and sections 5588 to 5594, regulations and procedure of the Veterans' Administration, Dr. Reed replied in part as follows: That he had refused the request and had ordered that the file be not taken to the district court, nor any disclosures of the veteran's disability be made until the file had been subpoenaed by the court and the approval of the Director of the United States Veterans' Bureau be obtained, and Dr. Reed further stated that he was not aware until the morning of April 16, 1931 (2 days after the article's appearing in the Albuquerque Journal), that any affidavits concerning the veteran's condition had been furnished by any employee or officer of the Veterans' Administration, and that, in his opinion, the furnishing of this information was a direct violation of section 30, World War Veterans' Act; and Veterans' Bureau regulations and procedure; and

Whereas this alleged and unlawful procedure has reflected unfavorably upon the person of the veteran, resulting in that he is now unable to secure gainful employment, placing him at a disadvantage and reflecting undue hardships upon himself; and

Whereas it can be conclusively proven that the regional attorney and possibly others gave out confidential information from a veterans' file, without first inquiring as to the reason, proving that he did not make any effort before giving out this information to ascertain whether it could under the circumstances be properly

furnished, and it is the opinion of many World War veterans in this district that the information may have been supplied to embarrass a veteran who was merely serving as a juror in a case pending in a State court, or, further, that the information may have been volunteered by an officer of one department of government to assist or gain favor with an officer of another department of government, and without due regard to the rights of the veteran: Now, therefore, be it

*Resolved*, That the house of representatives, eleventh State legislature, do now go on record as respectfully requesting and petitioning the Honorable SAM G. BRATTON, the Honorable BRONSON M. CUTTING, and the Honorable DENNIS CHAVEZ, our State representatives in the National Congress, together with the Honorable Frank T. Hines, National Administrator of Veterans' Affairs, and the United States Department of Justice for an immediate and thorough investigation of the cause set forth in this resolution; and be it further

*Resolved*, That this resolution be spread upon the journal of the house of representatives, and that a properly engrossed copy thereof be transmitted to the Honorable SAM G. BRATTON, the Honorable BRONSON M. CUTTING, the Honorable DENNIS CHAVEZ, the Honorable Frank T. Hines, and the United States Department of Justice.

ALBAN WHITE,  
*Speaker of the House of Representatives.*

Attest:

GEO. W. ARMLJO,  
*Chief Clerk of the House of Representatives.*

Approved by me this 1st day of March 1933.

ARTHUR SELIGMAN,  
*Governor of New Mexico.*

Mr. BRATTON also presented the following joint memorial of the Legislature of the State of New Mexico, which was referred to the Committee on Finance:

Senate Joint Memorial 11 (presented by Senator Lee Brown Atwood)

A joint memorial memorializing Congress to cause to be levied an import duty on undressed skins of fur-bearing animals

Whereas many of the people of New Mexico and of other States are engaged in the business of selling the undressed skins of fur-bearing animals in domestic markets; and

Whereas this business has suffered to a large extent in recent years from foreign competition: Now, therefore, be it

*Resolved by the Legislature of the State of New Mexico*, That the eleventh legislature does hereby memorialize the Congress of the United States to cause to be levied an import duty on the importation of undressed skins of fur-bearing animals sufficient to protect the citizens of the United States from foreign competition; and be it further

*Resolved*, That copies of this memorial be forwarded by the clerk of the senate to the Representative and Senators in Congress from New Mexico.

A. W. HOCKENHULL,  
*President of the Senate.*

Mr. BRATTON also presented the following joint memorial of the Legislature of the State of New Mexico, which was referred to the Committee on Public Lands and Surveys:

Senate Joint Memorial 10 (introduced by Senators P. B. Hendricks, T. E. Julien, C. F. Vogel, and T. E. Mears)

A joint memorial to the Congress of the United States memorializing Congress to immediately enact such legislation as will insure the immediate transfer of all public lands owned by the United States of America to the State in which such lands may be situated, the title in the States to be in fee simple, and which includes the transfer of all minerals lying in, upon, and under such lands

Whereas many millions of acres of land owned by the United States of America lie within the boundary of this and other States of the United States; and

Whereas such lands can be more profitably administered by the various States within whose boundary such lands lie; and

Whereas it is only equitable and just that the United States of America should relinquish to the various States all of its title in such lands: Now, therefore, be it

*Resolved*, That the Legislature of the State of New Mexico urge upon the Congress of the United States the early enactment of legislation which will transfer the title in fee simple, including minerals, of all lands of the United States of America to the various States in which such land is situated; be it further

*Resolved*, That a copy of this memorial be forwarded to the United States Senators and to the Congressman from New Mexico.

A. W. HOCKENHULL,  
*President of the Senate.*

#### REPORT OF THE BANKING AND CURRENCY COMMITTEE

Mr. BULKLEY, from the Committee on Banking and Currency, to which was referred the bill (S. 334) 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, reported it with amendments and submitted a report (No. 2) thereon.

#### BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. METCALF:

A bill (S. 359) for the relief of Anna Ventrone; to the Committee on Claims.

A bill (S. 360) granting a pension to Viola May Snow;

A bill (S. 361) granting an increase of pension to Carrie M. Field; and

A bill (S. 362) granting an increase of pension to Sarah J. Jaegar (with accompanying papers); to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 363) granting a pension to George W. Criss; and

A bill (S. 364) granting a pension to Columbus R. Fulks; to the Committee on Pensions.

By Mr. WALCOTT:

A bill (S. 365) for the relief of Archibald MacDonald; to the Committee on Claims.

A bill (S. 366) for the refund of income and profits taxes erroneously collected; to the Committee on Finance.

A bill (S. 367) for the relief of Hugh Flaherty; to the Committee on Naval Affairs.

A bill (S. 368) granting a pension to Emma J. Hayward;

A bill (S. 369) granting a pension to Ida D. Fletcher;

A bill (S. 370) granting a pension to Cora L. H. Duntz;

A bill (S. 371) granting a pension to Elmira D. Briggs; and

A bill (S. 372) granting a pension to Julia Schultz; to the Committee on Pensions.

By Mr. BULKLEY:

A bill (S. 373) for the relief of Charles W. Dworack;

A bill (S. 374) for the relief of Primo Tiburzio;

A bill (S. 375) to reimburse the estate of Mary Agnes Roden;

A bill (S. 376) for the relief of Beatrice I. Manges;

A bill (S. 377) for the relief of the Fred G. Clark Co.;

A bill (S. 378) for the relief of the Upson-Walton Co.; and

A bill (S. 379) for the relief of Frederick G. Barker; to the Committee on Claims.

A bill (S. 380) for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature; to the Committee on Foreign Relations.

A bill (S. 381) to correct the military record of Samson Davis; to the Committee on Military Affairs.

A bill (S. 382) for the relief of Junius A. Bandy; and

A bill (S. 383) to correct the military record of Frank A. Post; to the Committee on Naval Affairs.

A bill (S. 384) granting a pension to Edward Brennenstuhel;

A bill (S. 385) granting a pension to Mary Ida Cox;

A bill (S. 386) granting a pension to Richard R. Denton;

A bill (S. 387) granting a pension to Fannie S. Greene;

A bill (S. 388) granting a pension to Florella Roe;

A bill (S. 389) granting a pension to Chester Shartzler;

A bill (S. 390) granting a pension to Mary C. Smith;

A bill (S. 391) granting a pension to Hazel A. Snyder and minor children;

A bill (S. 392) granting an increase of pension to Mary C. Brant;

A bill (S. 393) granting an increase of pension to Letha C. Durflinger;

A bill (S. 394) granting an increase of pension to Polly Fuller;

A bill (S. 395) granting an increase of pension to Rachel Heizeman;

A bill (S. 396) granting an increase of pension to Alice V. Keeler;

A bill (S. 397) granting an increase of pension to Margaret Jane Loar;

A bill (S. 398) granting an increase of pension to Lucy Montgomery;

A bill (S. 399) granting an increase of pension to Georgette M. Perkins;

A bill (S. 400) granting an increase of pension to Anna Robinson;

A bill (S. 401) granting an increase of pension to Amelia Shultz; and

A bill (S. 402) granting an increase of pension to Melise Wise; to the Committee on Pensions.

By Mr. FLETCHER:

A bill (S. 403) to amend 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 municipalities and other political subdivisions; to the Committee on the Judiciary.

By Mr. WALSH:

A bill (S. 404) for the relief of William H. Ames;

A bill (S. 405) for the relief of Capt. Asa G. Ayer;

A bill (S. 406) for the relief of Warren J. Clear;

A bill (S. 407) for the relief of Willie B. Cleverly;

A bill (S. 408) for the relief of John J. Corcoran;

A bill (S. 409) for the relief of Edmund Glover Evans;

A bill (S. 410) for the relief of T. Perry Higgins;

A bill (S. 411) for the relief of the International Manufacturers' Sale Co. of America, Inc.;

A bill (S. 412) for the relief of Edwin C. Jenney, receiver of the First National Bank of Newton, Mass.;

A bill (S. 413) for the relief of Edith N. Lindquist;

A bill (S. 414) for the relief of Dean Scott;

A bill (S. 415) for the relief of Tom Small; and

A bill (S. 416) for the relief of Julia E. Smith; to the Committee on Claims.

A bill (S. 417) for the relief of Marino Ambrogio;

A bill (S. 418) for the relief of William H. Connors;

A bill (S. 419) for the relief of William H. Fleming;

A bill (S. 420) for the relief of Arthur B. Giroux;

A bill (S. 421) for the relief of Joseph Gorman;

A bill (S. 422) for the relief of Albert A. Marquardt;

A bill (S. 423) for the relief of Michael J. Moran;

A bill (S. 424) for the relief of Hector H. Perry;

A bill (S. 425) for the relief of William Thibeault; and

A bill (S. 426) for the relief of Robert H. Wilder; to the Committee on Military Affairs.

A bill (S. 427) for the relief of Edgar Joseph Casey;

A bill (S. 428) to place William H. Clinton on the retired list of the Navy;

A bill (S. 429) for the relief of Dominick Edward Maggio;

A bill (S. 430) for the relief of Leo James McCoy;

A bill (S. 431) for the relief of John Thomas Simpkin;

A bill (S. 432) for the relief of Albert Lawrence Sliney; and

A bill (S. 433) directing the retirement of acting assistant surgeons of the United States Navy at the age of 64 years; to the Committee on Naval Affairs.

A bill (S. 434) for the relief of Edmund L. Moore; to the Committee on Patents.

A bill (S. 435) for the relief of George E. Kenson;

A bill (S. 436) granting a pension to Elizabeth Rose Clark;

A bill (S. 437) granting a pension to Mary C. Daly;

A bill (S. 438) granting a pension to Beatrice E. Duke;

A bill (S. 439) granting a pension to Susie Fiedler;

A bill (S. 440) granting a pension to Emma J. Moore;

A bill (S. 441) granting a pension to Mary Roode;

A bill (S. 442) granting a pension to Mary J. Winslow;

A bill (S. 443) granting an increase of pension to Mary A. Ainslie (with accompanying papers);

A bill (S. 444) granting an increase of pension to Emma F. Burrell;

A bill (S. 445) granting an increase of pension to Cynthia J. A. Grant;

A bill (S. 446) granting an increase of pension to Herbert W. Leach;

A bill (S. 447) granting an increase of pension to Rose Toward; and

A bill (S. 448) granting an increase of pension to Lucy J. Whipple; to the Committee on Pensions.

By Mr. HATFIELD:

A bill (S. 449) 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, with respect to preferred stock issued by banks; to the Committee on Banking and Currency.

By Mr. CAPPER:

A bill (S. 450) to empower the health officer of the District of Columbia to authorize the opening of graves, and the disinterment and reinterment of dead bodies, in cases where death has been caused by certain contagious diseases; to the Committee on the District of Columbia.

By Mr. WALCOTT:

A joint resolution (S.J.Res. 19) to authorize the issuance of a special series of stamps commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen of Brig. Gen. Thaddeus Kosciusko; to the Committee on Post Offices and Post Roads.

By Mr. WALSH:

A joint resolution (S.J.Res. 20) authorizing the issuance of a special postage stamp in honor of Brig. Gen. Thaddeus Kosciusko; to the Committee on Post Offices and Post Roads.

#### FUNERAL EXPENSES OF THE LATE SENATOR HOWELL

Mr. McNARY. Mr. President, in the necessary absence of the Senator from Nebraska [Mr. NORRIS] I submit a resolution for appropriate reference.

The resolution (S.Res. 26) was read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of Hon. Robert B. Howell, late a Senator from the State of Nebraska, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

#### HEARINGS BEFORE THE COMMITTEE ON IRRIGATION AND RECLAMATION

Mr. BRATTON submitted the following resolution (S.Res. 27), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Committee on Irrigation and Reclamation, or any subcommittee thereof, is authorized during the Seventy-third Congress to send for persons, book, 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.

#### REDUCTION OF EXPENDITURES—AMENDMENT

Mr. WALSH. I submit an amendment intended to be proposed by me to the bill (H.R. 2820) to maintain the credit of the United States Government and ask that it may lie on the table and be printed. I also present a brief statement explanatory of the amendment, which I ask to have printed in the RECORD.

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

On page 6, line 16, before the comma following the word "Corps", to insert "during the World War".

On page 6, line 25, to strike out all after the word "duty" through "1918," in line 1 of page 7, and insert in lieu thereof the following: "during such service: *Provided*, That such person entered active service between April 6, 1917, and November 11, 1918."

The statement submitted by Mr. WALSH was ordered to be printed in the RECORD, and it is as follows:

#### STATEMENT

The bill before the Senate, House bill 2820, provides that all emergency officers of the World War who are receiving the benefits of the Emergency Officers' Retirement Act because of injuries or disease directly traceable to service shall continue to receive existing benefit. There is no discretion given the President to change or alter their benefits. The act itself reduces these benefits 10 percent.

The act limits the benefits of these officers to injuries or disease incurred in line of duty between April 6, 1917, and November 11, 1918. Under this act officers who were injured directly while in line of duty after November 11, 1918—for example, an aviator

who fell from his plane on November 12 or an officer who was seriously injured in cleaning up an ammunition dump—would be absolutely deprived from receiving emergency officers' retired pay.

My amendment would give the same rights to officers directly injured or diseased in line of duty before being discharged on or before July 2, 1921, whichever is the latest date, provided, of course, that they enlisted before November 11, 1918.

This amendment seeks to correct an injustice that even the President under these extensive powers cannot correct.

#### MESSAGE FROM THE HOUSE—AMENDMENT TO THE VOLSTEAD ACT

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 3341) to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes, in which it requested the concurrence of the Senate.

The bill (H.R. 3341) to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes, was read twice by its title.

Mr. HARRISON. Mr. President, I ask that the bill be referred to the Committee on Finance.

The PRESIDENT pro tempore. The Senator from Mississippi requests that House bill 3341 be referred to the Committee on Finance. Is there objection? The Chair hears none, and it is so ordered.

#### THE NATIONAL CITY BANK

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the Nation of March 8, 1933, entitled "The National City Bank Scandal."

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

The article is as follows:

#### THE NATIONAL CITY BANK SCANDAL

For many years these columns have recorded the wrongdoings of corporation managers, captains of industry, and bank officials, but never a more outrageous abuse of positions of trust or more flagrant misconduct of men in high fiduciary positions than have been laid bare by the testimony of officials of the National City Bank of New York before the Senate Banking Committee. These are strong words; they cannot be too strong. For brazen disregard of the rights of the lawful owners of the bank, of the depositors, and of the public generally, nothing exceeds the confession of Messrs. Mitchell, Rentschler, and Baker. More than that, they have displayed an indecent callousness in the treatment of the lesser employees of their own institution which, with their other performances, marks them as men set apart from their fellows as betrayers of their trust not merely as bankers but as human beings.

We refer, of course, to the loan in 1929 to themselves by the officers of this bank, the second largest in the world, of the sum of \$2,400,000 to enable them to carry their commitments for the purchase of stock of the bank when the stock-market crash had jeopardized their personal finances. This loan was made without interest to some 100 of the leading officers of the bank and the affiliated National City Co., and only in a few cases did these officials offer adequate collateral. Only 5 percent of it has been repaid.

The utterly reprehensible character of this transaction is thrown into clearer light when one adds the deadly fact that these same officers then proceeded to sell out hundreds of the customers of the bank when the collateral advanced to cover their commitments in the stock became inadequate. Moreover, the clerks of the bank, who had been urged, and in some cases really driven, to purchasing the bank stock at 200 or 220, lest they lose the favor of their superior officers, were given and have been given no aid whatsoever by the bank in carrying the shares they bought on the installment plan. On these, thousands of them are paying today, with the result that their very existence and those of their families are being jeopardized by these continuing payments for a stock now worth less than \$30 a share—payments which they dare not suspend lest they lose all their savings. No moratorium for them! No loans to help them carry on! Indeed, it was admitted that their only way of getting out of these payments was to give up their jobs. They are just clerks, and the National City Bank has plainly existed not for them or their interest or for anybody else except the insiders.

The head and front of this offending is Charles E. Mitchell, whose resignation, promptly offered, was promptly accepted by the directors. It now appears that the privilege of having him act as chairman of the bank and of the affiliated National City Co. cost the bank in bonuses about \$3,500,000 for the years 1927, 1928, and 1929, in addition to his annual salary of \$25,000. In other words, he drew a salary of nearly \$1,200,000 a year—the President of the United States receives \$75,000 a year for conducting the affairs of the great American Nation.

As we have said before in the case of President Grace, of the Bethlehem Steel Co., no man on earth is worth any such salary and to no man should it be paid. But more interesting things came out about Mr. Mitchell. In 1929 he sold to a member of

his family 18,000 shares of his National City Bank stock at a loss of nearly \$2,800,000, which enabled him to avoid paying any income tax whatsoever in the next year. It is this transaction which led Senator WHEELER to remark on the floor of the Senate that if it was right to send Al Capone to Atlanta jail for an income-tax fraud, "some of these crooked bank presidents" should have the same dose administered to them. But Mr. Mitchell's sale of this stock is probably not illegal in a criminal sense. The income-tax authorities have the power, however, to reopen this tax return and to invalidate the sale. It was not a genuine one in open market, since an arrangement existed to buy back the stock at the same price after the requisite period. "That sale was just a sale of convenience to reduce your income tax?" asked Senator Brookhart. "Yes," replied Mr. Mitchell. "It was a sale frankly for that purpose."

But this does not end the tale of shamelessness. It was brought out that the City Bank, finding itself in 1927 with about \$31,000,000 of worthless Cuban sugar paper on its hands, proceeded to get rid of it in this way: It increased its stock by an issue of \$25,000,000, which it sold for \$50,000,000. Of the latter sum \$25,000,000 went to the National City Co., which then purchased the stock of a newly formed General Sugar Corporation, and this dummy corporation bought the bad paper for the same amount from the National City Bank—only to lose most of the millions involved in that paper. This was high finance, indeed, with the purchasers of the bank stock holding the bag.

The value of the stock of every stockholder was lowered by that transaction without their knowledge. Finally there is one more revealing transaction to record. During the 1929 boom market the National City Co. sold its City Bank stock short. To quote Mr. Pecora, the counsel for the Senate Banking Committee: "In other words, the company sold shares of bank stock it didn't own or have on hand." More than that, in order to deliver the stock it had sold when there was none in its possession, it borrowed no less than 15,000 shares from our dear old friend, Charles Mitchell, chairman of the bank and company. In other words, it was gambling in its own stock with the aid of its head. Was there ever a worse record of conscienceless manipulation of a great banking institution? The resignations of Messrs. Mitchell and Baker should be followed by those of Mr. Rentschler and all the other officials and directors who had guilty knowledge of or profited by these transactions.

It goes without saying that the Congress of the United States will fall in its duty if, first, it does not find out what the national bank examiners were doing during these years in permitting these things to come to pass; and, secondly, if it does not immediately pass remedial legislation to make impossible the repetition of such scandals, the mere revelation of which has gravely affected an already serious banking situation. How can people have confidence in any bank when such things are disclosed? And why, indeed, should they?

We have no doubt that Messrs. Mitchell, Rentschler, and Baker are members of all the hereditary patriotic societies and are anti-socialist and anticommunist. All the 87,000 communist voters who cast their ballots for Mr. Foster at the last election could not in years possibly do as much injury to our institutions and to the capitalist society to which these banking gentlemen are so devoted as they have done by their misconduct as revealed under oath on the witness stand.

#### THE CITY BANK AND THE PRESS

What has been the attitude of our great and variegated metropolitan newspapers toward the National City Bank exposure? Recall the snappy way these defenders of the common weal day by day execrated in their editorial columns the tin-box artists of Tammany Hall as their malfesance was bared by Mr. Seabury.

On Tuesday, February 21, before the Senate Banking Committee, Mr. Pecora brought out that Charles E. Mitchell had paid no income tax in 1929 by making a "sale" to a relative and recording a \$2,800,000 loss and, with his fellow officers, had floated \$50,000,000 worth of additional National City capital stock to take care of worthless Cuban sugar liabilities.

Not a line of editorial comment appeared on Wednesday, February 22, in any New York morning or evening paper.

On Wednesday, February 22, Mr. Pecora brought out that the National City officers had lent themselves \$2,400,000 to protect their margin gambling, appropriating this money without security, charging themselves no interest, and subsequently writing most of these loans down or off, at the same time that they sold out their customers and compelled their clerks to continue payments on stock which these lesser fry had bought.

The New York morning and evening newspapers of Thursday, February 23, were as silent as a bank vault on a holiday.

On Thursday, February 23, came the revelation that National City officials had sold their own bank stock short.

And short of editorial comment on Mr. Mitchell, Mr. Rentschler, Mr. Baker, and the National City Bank were the Friday New York morning and evening papers.

On Saturday morning, February 25, appeared the first editorial mention of this ageing scandal in—of all papers—the tabloid News. Its editorial conclusion, however, was chiefly that "we" were all largely to blame: "We were all trying to get rich without work; we were gambling to get rich by buying stocks on 10 percent margin"; and the News urged banking reform because "we may all go cuckoo again."

Emboldened by the morning tabloid's audacious stand, Cyrus H. K. Curtis' New York Evening Post on Saturday afternoon leaped into the fray editorially. Bravely it denounced—the Senate! "The Senate, at this session, has done nothing to restore public confi-

dence . . . and has chosen the worst of all possible times to throw further doubt upon banks through the explorations of its Banking and Currency Committee." The Post felt, however, that the Senate's "revelations . . . cannot be ignored," and that, alas, "they break the faith of the people in their financial leaders," and that the revelations "will lead, inevitably, to one more attempt to legislate a new honesty into the banking business." It then declares: "Legislation cannot do this"; but paradoxically prophesies that "the Glass bill will be the result." With the News, the Post feels sure that "like many of the rest of us, some of our bankers were mad enough to do then what they wouldn't dream of doing now."

Sunday's and Monday's New York Times and Herald Tribune continued mute. That brave champion of the underdog, William Randolph Hearst, while printing on his American editorial page a series of five articles on banking reform in general, appeared stricken with aphasia as far as the National City and its officials were concerned.

But surely the fearless and progressive Scripps-Howard World-Telegram had something to say! When, indeed, was that gallant palladium of our purses silent on corruption? On Wednesday, February 22, it had an editorial on Tammany Boldness. On Thursday it attacked Furniture Grafting in the city administration. On Friday it denounced Fixers in the Municipal Court. On Saturday it roundly spanked S. Howard Cohen of the board of elections. On Monday, February 27, it came out editorially against Multiple Job Holding. The reader's eye, on this day also, would gravitate to an editorial headed Bar the Speculators. But they were not the speculators of 55 Wall Street; they were only those of the Wallabout Market, Brooklyn. There was also an editorial on Bank Action. But that was merely a comment on the signing of the Couzens' national banking law.

To sum up, in 5 days the New York Times, the Herald Tribune, the American, the Evening Journal, the Sun, and the World-Telegram—all those great molders of public opinion—have had no opinion on the largest bank scandal under their noses since the failure of the Bank of United States. It all recalls that ancient music-hall quip: "If you steal \$25, you're a thief. If you steal \$250,000, you're an embezzler. If you steal \$2,500,000, you're a financier."

#### REDUCTION OF EXPENDITURES

The Senate resumed the consideration of the bill (H.R. 2820) to maintain the credit of the United States Government.

Mr. BLACK. Mr. President, I desire to ask if the bill is now open to amendment?

The VICE PRESIDENT. Committee amendments are first to be considered.

Mr. BLACK. I did not understand that any committee amendments were offered. I should like to send to the desk an amendment.

The VICE PRESIDENT. The Senator from Mississippi [Mr. HARRISON], however, can give the information. The Chair was advised yesterday, or at least heard the statement made, that there are a number of committee amendments.

Mr. BLACK. I simply desire to send an amendment to the desk and have it considered as the pending amendment until the Senator from Mississippi is ready to offer his committee amendments.

Mr. HARRISON. I ask unanimous consent that committee amendments may be considered first.

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

Mr. DALE. Mr. President, the Senators from Vermont have had a great many telegrams from all sections of the State respecting the bill under consideration, in which opinions have been expressed both for and against the bill. We do not ask to cumber the RECORD with the telegrams, but we do request that there may be read from the desk a telegram received this morning from the clerk of the House of Representatives of the Legislature of Vermont, which is now in session.

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

The Chief Clerk read as follows:

MONTPELIER, Vt., March 13, 1933.

HON. PORTER H. DALE,  
United States Senator, Senate Office Building,  
Washington, D.C.:

Resolved by the house of representatives:

Whereas on March 10, 1933, the President of the United States addressed a message to the Congress and fully and frankly stated therein the vital necessity of drastic governmental economy in order that the credit of the Federal Government be unimpaired; and

Whereas a bill entitled "A bill to maintain the credit of the United States Government" has been introduced into the Con-

gress, has passed the House of Representatives, and is now pending in the United States Senate; and

Whereas the members of the House of Representatives of the State of Vermont believe that it is the duty of every patriotic citizen in this time of national crisis to support the President of the United States in his earnest and timely efforts to preserve the national credit and to compel a substantial reduction in unwarranted and unnecessary governmental expenditures: Therefore be it

Resolved, That the House of Representatives of the State of Vermont hereby request the United States Senators from Vermont, Hon. PORTER H. DALE and Hon. WARREN R. AUSTIN, as the agents and servants not only of the people of Vermont but also of the people of the United States, to do all in their power to support the President in his efforts to balance the Budget and to maintain the credit of the Nation; be it further

Resolved, That the clerk of the house of representatives be instructed to telegraph a copy of this resolution to Hon. PORTER H. DALE and Hon. WARREN R. AUSTIN and to forward a copy of this resolution to the President of the United States.

HOWARD E. ARMSTRONG,

Clerk of the House of Representatives.

Mr. FESS. Mr. President, the telegram from the Legislature of the State of Vermont which has just been read expresses, to some extent at least, my convictions and refers to a situation in the existence of which lies the explanation for the vote I shall cast on the pending bill. I want my position not to be misunderstood, and I desire to make it plain that in giving my support to this emergency proposal I do so with much reluctance. That reluctance is not because of the origination of the measure by any particular political party or by the particular head of a certain party. My reluctance would be just as great had the proposal been initiated by a party of a different political complexion from the one that is now in control of our Government. A vote in favor of the measure, which appears to me to be necessary, carries with it considerable possibilities, for if the policy now suggested should become a rule of procedure in the Senate and in the House of Representatives its seriousness would not be within our power to express.

I know how dangerous it is to make any innovation in our long-continued policy with respect to the fundamental principles of our governmental institutions, and I shall very hesitantly vote for a deviation from our well-established practice.

The greatest book that has yet been written by a foreigner on the American Government was the famous classic, the American Commonwealth, by James Bryce, former British Ambassador to the United States. In the first volume of that work he points out the fact that it had been held all along by historians, including such men as Macaulay and others of high rank, that practically every virtue embedded in the American system of government was borrowed from the British House of Commons.

It is to the statement that in the main, speaking from a parliamentary standpoint, what we have worked into our institutions was largely borrowed from the British House of Commons that Mr. Bryce takes exception. He points out that there is one distinctive feature of the American system that sharply differentiates it from any other government in history, and that is the maintenance of three separate, independent departments of government, interdependent in their organization but wholly independent in the exercise of their functions. Under our system the legislative department never takes dictation from the Supreme Court nor from the President; the President never is under the domination of either; and the Supreme Court, in all its history, has been wholly independent in the exercise of its freedom of function from both the other departments of our Government. That is as it should be from my point of view. Mr. Bryce states that that interdependence and at the same time the independence in the functions of the three coordinate departments of the Government constitute the one outstanding, distinctive feature that marks the American system as being different from any other system of government recorded in history. Mr. Bryce goes on to state that where all power—legislative, executive, and judicial—is in one man, there is a despotism, and where all power is in the legislature, as is largely true in Great Britain, there is more of democracy, a government of the people, than we have in our own country.

So, Mr. President, when I vote to give certain legislative authority to the President I realize that I am voting for a very pronounced innovation in our system.

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

Mr. FESS. I yield.

Mr. REED. It occurs to me that it is not a much greater innovation than that which we inaugurated in creating the Interstate Commerce Commission. When the Interstate Commerce Commission fixes a rate, subject to the very general rule of reasonableness which we have laid down, it is exercising a delegated legislative power, and what is now proposed is somewhat analogous to that.

Mr. FESS. Mr. President, in that case we simply delegated to an independent agency, which is not coordinate with the legislative, executive, and judicial departments of governments and which is not in the organic make-up of our Government, authority to perform certain functions that otherwise would be exercised by the Congress, such as rate-making, regulation of the issuance of securities by transportation companies, and so on. I think that a small body, such as the Interstate Commerce Commission, is much better adapted to do that kind of work than is the Congress of the United States, and that illustration of itself, according to my way of thinking, does not relieve my fear of going as far as we are going by the pending bill.

Mr. BORAH. Mr. President—

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

Mr. FESS. I yield.

Mr. BORAH. May I call the attention of the Senator to the fact that the rate-making power was not originally a legislative power at all? It was a judicial power.

Mr. FESS. The rate-making power grew out of private rights involving contracts made by the owners of the transportation systems with the public that used the transportation facilities, and, of course, it includes the power of making rates and of interpreting regulations and enforcing the same. That, however, does not impinge upon the question I am now discussing.

Mr. President, I have reluctantly come to the conclusion that, while we want zealously to hold and maintain the three coordinate departments of our Government, and must do it at all hazards except when an emergency arises that would seem to justify a change I should vote for the pending measure, but I do not want anyone to take my vote on the measure as indicating a loss of appreciation on my part of the value of the institutions under which we now live. I want to maintain the three departments of government absolutely independent, if it is possible so to do.

Soon after President Harding was inaugurated, a time when we had just come out of the Great War, the Government was operating on a scale of very great expenditures and much extravagance such as always grow out of war. We felt—and that feeling was shared on both sides of the political aisle—that we must inaugurate a campaign of retrenchment. So a program was announced—a 4-point program. The first feature of that program was to establish a budget system. Legislation providing for such a system was opposed in some quarters, upon the same ground that there is opposition to the pending legislation, namely, that it proposed to give too much authority to the Executive and to take away certain rights that belonged to the legislative department. The Budget System, however, was established and is now in operation.

The second feature of that program was that in all appropriations there should be a retrenchment, a "cutting to the bone." That portion of the program was followed.

Still another feature of that program was that no new legislation should be launched that would involve any great appropriation unless such legislation were emergent in character. That part of the program was carried out.

The fourth feature contemplated a reorganization of the executive departments in the interest of both economy and efficiency.

Mr. President, every Senator is quite familiar with our experience in connection with the effort to bring about the

adoption of the fourth feature of that program. The first three went through without much difficulty; and as to the fourth a commission was appointed, representing the Senate and the House of Representatives and the Executive. For three years that commission labored and finally submitted a report, its recommendations being embodied in the form of a bill introduced in this body by the then Senator from Utah, Mr. Smoot. That bill never was even considered by a committee and, of course, was never brought before the body for a final vote. The reason why it was not was the intense opposition that developed to all the recommendations that had been made by the commission. That opposition came, I would not say, from the Executive, but from the executive departments, for the Executive himself was very strongly in favor of it. The executive departments, however, had sufficient influence to prevent consideration of the proposal. There was one officer then connected with the executive organization, namely, the Secretary of Commerce, who gave cordial support to that proposal, but he was the only member of the Cabinet who did give it any substantial support; and when that Secretary of Commerce became the President of the United States and the proposal again was made that we retrench in behalf of the needs of the Budget, there was a movement inaugurated both in the Senate and in the House of Representatives looking to the delegation to the President, who was of all men in public life the best fitted and most sympathetic with the idea of a reorganization of the departments, of the authority to effectuate such reorganization and ensuing economies. I am not going to enter upon any unnecessary criticism of the conduct of Democratic Members of this body or of the other House.

The truth about the matter is that the proposal, which had been introduced in the form of a bill, was supported by some on the other side of the aisle, but every Member of the Senate is quite aware that we could not get any general sympathetic consideration for such a proposal.

Mr. President, for 20 years I have watched the efforts to reduce the expenditures of the Federal Government, and I recognize the impossibility of bringing about any substantial reduction by the action of this and the other body. That is too obvious even to make comment necessary. The Congress cannot abolish a useless Army post or a naval station. If anywhere within the limits of the United States there is any kind of a governmental establishment or agency which has ceased to be of use, and an effort is made to abolish it on the floor of the Senate, that effort will not succeed. There is no use for me to elaborate on that theme; it is a truism, and everybody must concede it. If we are going to have any economies, I can see no way of assuring those economies except in the method we urged during the four years of the last administration, which I have urged over and over from my place in the Senate, and which is now being proposed by this administration. I admit, Mr. President, that this proposal goes further than I wanted to go.

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

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

Mr. FESS. I yield.

Mr. ROBINSON of Indiana. If matters are so bad as the Senator suggests, and the Congress is so thoroughly incapable and lacks capacity to such a degree as he suggests, then why not abolish Congress?

Mr. FESS. Mr. President, I confess with considerable humiliation that, however bad matters are in the way of cutting expenses, we are not going to cut them materially when we bring them up to be discussed here in the Senate; and I need no stronger evidence of that than the argument of the Senator from Indiana on yesterday. It matters not how obviously right a thing is, or how imperative the necessity for it is; far from having unanimity in this body, we will not even get a majority to do what is the obviously right thing to do.

I know that it is an easy thing and a very popular thing to say, "Why not abolish Congress?" Unfortunately, there

are thousands of people who think it would be a good thing to abolish Congress. I do not think it would be a wise thing. That is not because I am a Member of it; but I do not believe it would be a good thing. At the same time, I must admit and make the humiliating confession that if we depend upon the vote of this body to retrench, we are not going to retrench; and nobody knows that better than the Members who sit here within the sound of my voice at the present time.

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

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

Mr. FESS. I do.

Mr. VANDENBERG. If a majority of the Senate can bind itself by caucus to support the pending bill, may I ask the Senator why it cannot equally succeed in binding itself by caucus to support the direct application of legislative remedies?

Mr. FESS. Mr. President, my friend from Michigan would have the answer immediately if he would attempt to call a Republican caucus and bind the Members on this side of the Chamber on that question. As to what our friends on the other side are able to do, I have no right to speak; but let me say to my friend from Michigan, since he has brought the subject to our attention, that ever since I have been in either House of Congress I have realized that there is no possibility of effective party government unless we do have some method by which the majority can be committed to some sort of a program. The one outstanding, definite, promising result of the last election was that the Democratic majority is so large that the Democrats have no alibi; they do not need to depend upon anyone from this side of the Chamber in order to put through their measures. That is the precise situation that ought always to obtain in a legislative body where responsible party government is supposed to be in operation; for as long as the majority has the responsibility before the public, and yet is denied the power to register that responsibility in final decision, that responsibility is nullified and party government and responsibility are impossible.

I congratulate not only the Democratic Party but the country that the Democratic Party today has sufficient majority that it need not make any coalition with anybody in order to put over its program. The people can thus fix responsibility. If the members of that party see fit to go into caucus and make effective that majority, that is their business. After all, it is the sound way to proceed in responsible party government, and it puts them in this position: The party in power can say what ought to be done. The party out of power is in position to say, "We will hold you responsible for what is done." If we reach a place where we can affirm on one hand and deny on the other, and put the issue squarely to the people, then the people have an opportunity to make party responsibility a real entity; and that is what I think the American people want today, and I am convinced that it is the only effective way that popular government can exist, by making its will known and controlling.

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

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

Mr. FESS. I yield.

Mr. VANDENBERG. I should like to submit to the Senator this further inquiry:

The Senator has now defined the process by which the majority of the Senate will proceed on this bill. He is indicating for himself, as I understand, that he proposes to march with that majority, reluctantly, because he knows of no other way in which to meet the pending emergency. The question I desire to submit to the Senator is, Why the emergency will not be met on legislative responsibility, in response to our own oaths, if we vote for title II, which raises no question of a doubtful nature, and then accept the substitute submitted by the Senator from Iowa [Mr. Dickinson]? Why does the Senator close his eyes to the possi-

bility of meeting the emergency in that fashion, by direct vote of Senators acting upon their own responsibility?

Mr. FESS. Mr. President, I will ask the Senator from Michigan to read his own speeches, delivered in this body right from this seat here, all during the last session, when he indicted the other side of the Chamber because they would not do what we asked to have done, which they now propose to do. I was in favor of giving this authority to President Hoover. I am now in favor of giving it to President Roosevelt for the same reason that I was in favor of giving it to President Hoover, and I leave our Democratic friends to deal with the consistency of voting against giving it to President Hoover and now voting to give it to President Roosevelt. I believed it was the only thing that could be done, as the Senator from Michigan openly and many times stated from this floor. I still believe in it; and my vote now will be in accordance with my vote at the last session, when, with the Senator from Michigan, I was trying to get the Congress to give this authority to the President.

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

Mr. FESS. I yield.

Mr. VANDENBERG. Never in all of the exhortations that I ever addressed to this subject did I propose to give a President of the United States the type of authority which is involved in this grant. I believed then—and I believe now—in a maximum exercise of unfettered administrative authority over administrative departments. I repeat today that I will untie the hands of President Roosevelt to the utmost limit in respect to his administrative departments; but I respectfully submit to the Senator that when he now proposes to tear up 12 years of statutes by Executive fiat it is a totally different proposition.

Mr. BARKLEY. Mr. President—

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

Mr. FESS. In just a moment.

There is something in what the Senator from Michigan has stated about giving to the President authority which I understand him to infer to be legislative. I share his fear in that regard. In fact, during the last session we never went to the extent of saying to the President that he might modify or repeal or amend laws. It is a question just how far this authority goes in that direction. I have been not a little disturbed about what General Hines stated when he said:

Within those limits—

Meaning the limits of \$6 and \$275 per month—

Within those limits the bill gives the President authority to grant benefits and to amend existing Veterans' Bureau laws.

That feature goes further than we ever proposed to go in the last session.

Mr. VANDENBERG. And further than we can go under the Constitution.

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

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

Mr. FESS. I do.

Mr. BORAH. While the Senator is speaking of party responsibility, party solidarity, and so forth, he ought to bear in mind that this bill would not be here if it were not for Republican votes.

Mr. FESS. I have not taken a poll.

Mr. BORAH. I am not speaking of the Senate. The Senator knows that the bill would not have passed the House without Republican votes.

Mr. FESS. I think that is true.

Mr. President, I do not want to be diverted from the current that I was trying to pursue. I think it is necessary for us to give the President authority to do what we have shown we cannot do in this body. As I have stated, that is a humiliating confession. I am reluctant to take this course also because I know how power feeds upon itself; and when we once take down the bars, there is always very great danger that when they are put up again the bars

would be likely to be put up temporarily, and would be taken down the second time much more easily than the first.

All of us have watched that procedure here on the floor of the Senate in legislation. When we do what seems to be an innovation, and are forced to do it because of an emergency, the danger is that while the emergency will pass, the law will remain, and what was temporary will become permanent.

Mr. President, by giving the President authority of this kind we may be opening the way for people to say, "Since we are giving the President authority in this particular respect, we ought to give it in every respect." I have noticed in the recent recommendation on the part of certain representatives of agriculture that there is a proposal to give to a Cabinet member carte blanche authority to fix prices, to indicate what current price levels should take. If we are opening the way to pursue such fatuous courses as these, I should feel very much constrained to say, "I shall have to vote against everything of this sort"; and yet I cannot believe that an emergency, in which level-headed men in this body agree that a certain course of conduct must be pursued, opens the way for every hare-brained authority to push his views as to how we are to cure this economic evil and that economic evil. I know the invitation of it; but certainly we cannot be held responsible and be deterred from a proper course by such demands.

Mr. DICKINSON. Mr. President—

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

Mr. FESS. I yield to the Senator.

Mr. DICKINSON. When it is proposed to grant dictatorial powers in the reorganization of Government bureaus, to grant dictatorial powers in regard to the banking interests of this country, to grant dictatorial powers to fix the pensions that are to be paid all World War veterans and other veterans, to grant the President power to adjust the compensation of Federal employees within the limit of 15 percent, and when it is suggested that such powers should be granted on waste lands, and payment of rents, and processing of farm products, and marketing of farm products, does not the Senator think we are traveling a road that comes to the very end that the Senator has suggested?

Mr. FESS. Mr. President, I fear that there will be any number of people who will seize upon what we do here today as a reason for doing many other things which the Senator from Iowa and I would not think of doing. There will be plenty of such suggestions. The thing I fear is that in a state of public mind existing during a period when evidences of the emergency are all about us, there might be a yielding on things which are fundamental. For example, this is what I have in mind: It is very popular just now all through the country to demand that the President be given what we used to call the "big stick", and any symptom of the exercise of Executive authority over either body of Congress is popular. There is no body which has so few friends in the country as the Congress, as there is no one that has so many friends as the executive branch of the Government. It is the open season for attacking Congress. People do not attack the President, as a rule, because he is an individual, a personality; but when an attack is made on Congress it is impersonal, it does not hit any particular person. The people strike, but the attack is at the collective body—it does not hit any particular individual.

I recognize that in a state of public mind where it is popular in the country for attacks to be made on Congress, for them to be asked to abdicate and delegate authority to the President—it makes it dangerously easy to do that.

Mr. DICKINSON. Mr. President, may I suggest that we did meet the crisis following the Civil War, we did meet the panic of 1873, we did meet the panic of 1887, we did meet the panic of 1893, we did meet the panic of 1897, and I do not believe anyone suggested, during any of that time, that we abdicate our legislative rights to executive dictatorship.

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

Mr. FESS. In a moment. I do not know of any case where there was any responsible suggestion that we should abdicate. I yield to the Senator from Alabama.

Mr. BLACK. The Senator does not think, does he, that the fixing of salaries is peculiarly a legislative function, according to our system of government?

Mr. FESS. Yes; I think that when salaries are fixed by legislative act and we authorize the Executive to amend the act, it is a matter we ought to attend to, if we could do it here, and the only reason why I am voting to give the power to the President is that we will not do it.

Mr. BLACK. I may suggest to the Senator that, in so far as the fixing of salaries is concerned, he will find in a study of the cases that that is a function which might be exercised either by the legislative or the executive, but, as a matter of fact, it is a function which has practically always been exercised by the executive. It is one of those classes of governmental functions that can be assigned either to the executive or to the legislative branch.

Mr. FESS. I recognize that. There is a very sharp distinction between administrative functions and policy-determining functions. The Congress, of course, is vested with the policy-determining function of the Government and the executive with the administrative. When it comes to determining what policy shall be written into law, the Congress wants to have the say as a coordinate branch of the Government. I make a sharp distinction between policy-determining and administrative functions, and the matter of fixing salaries is more administrative than it is policy-determining. I recognize that fact. But the Senator from Alabama will share with me the fear that when we take a step which is an innovation from what we always have followed, it is more or less dangerous, and such a step ought to be taken with a clear understanding that it is not to be a permanent change. In other words, if it were possible, this proposed act should not be indeterminate in time. There ought to be some limit on it.

Mr. BLACK. Mr. President, will the Senator yield for an observation on that point?

Mr. FESS. I yield.

Mr. BLACK. I share fully with the Senator any antagonism he may have to transferring to the Executive any function which is peculiarly legislative. Particularly would that be true in connection with the raising of taxes. But I call the Senator's attention to the fact that when the Reconstruction Finance Corporation Act was passed, there was no question, so far as I know, that we were transferring a legislative function to that body; but they were permitted authority to fix salaries. The same may be true with reference to various bureaus and activities. I am frank to say to the Senator that if the transfer proposed here were a transfer of something peculiarly a legislative function, a quite different question would be presented.

I have listened to the Senator with a great deal of interest, except when I was called out for a moment, and I share with him a great many of the views he has expressed. But I did not want to have anyone in the Senate at this time left with the impression that when the Executive is given the right to fix salaries, we are transferring to him that which, by custom or by constitutional law, is considered as a purely legislative function.

Mr. FESS. Mr. President, I hope there is not anything in the proposal which would mean the abdication to the President of the United States of legislative power reposing in this body. That I do not want to see done.

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

Mr. FESS. I yield.

Mr. DALE. If the Senator will read a certain section of the pending measure, he will see that this proposed act would not only result in an abdication of the power to fix salaries, but it would also transfer not only legislative but judicial power. In section 5 it is provided that—

All decisions rendered by the Administrator of Veterans' Affairs under the provisions of this title, or the regulations issued pursuant thereto, shall be final and conclusive on all questions of

law and fact, and no other official or court of the United States shall have jurisdiction to review by mandamus or otherwise any such decision.

Mr. FESS. Mr. President, the Senator from Vermont will recall that I called attention to that section of the measure, and if that section is read in connection with section 8, which would permit the Administrator to delegate authority to make decisions, it will be found to have in it some very objectionable features. I asked one of the members of the Committee on Finance whether it was necessary to keep in the measure section 5 and section 8, suggesting that if they were not necessary they ought to come out because they are quite offensive. It looks as though we are taking away a right which ought to belong to every citizen; and unless those two sections are essential to the effectiveness of the administration of the measure, it seems to me they should not be included.

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

Mr. FESS. I yield.

Mr. BLACK. I may call the Senator's attention to the fact that there is a big difference in the power granted in section 5, because it relates to pensions and bounties. If the attempt had been made to provide that when a man had a claim which was a contractual claim, or based on something of that kind, no opportunity should be given to follow the regular course of judicial proceedings, then it would have been a transgression, perhaps, upon that theory, of constitutional law. If we go farther, to the question of insurance, where a contractual right has been established, and attempt there to deprive any citizen of his right to a day in court, quite a different question arises. But I do not believe it can be successfully established that, insofar as a pension or bounty is concerned, vesting a bureau with the peculiar authority to pass upon the merits of such claims necessarily would trespass on the rights of courts, because that particular class of claim, such as a pension claim, cannot be taken to a court. I think there is a big distinction there.

Mr. FESS. Does the Senator think that section 5 is essential and should be retained in the measure?

Mr. BLACK. I may state to the Senator that I know personally of very few instances in which attempts have been made to establish pension rights in the courts. Frequently there are cases where we are compelled to confer upon governmental establishments the final right to pass upon some kind of a claim. Of course, since Congress has the right to grant pensions collectively, through a bureau, it also reserves to itself the right to grant those bounties through separate legislative enactments, and to that extent it does not surrender its right at all, because it can still pass another law on that question. I am frank to state to the Senator that I think there is a very great difference when we come to the question of a right growing out of a contract of insurance, and that is provided for in section 17; and it is my intention, as soon as the opportunity presents itself, to offer an amendment covering that particular provision of the bill.

Mr. FESS. I hope the Senator will at the same time question, with me, how far we ought to amend the measure, if it is an emergency measure, and if there is no great delay, although there are some features of it which it seems to me ought to be modified. Section 5 is one, section 8 is another, and there are one or two others which seem to me rather drastic. In other words, I do not want a citizen to feel that he is being discriminated against, and I do not want rights which belong to the ordinary citizen taken away from him. That is offensive to me. I do not want Congress to write a law of that kind.

Mr. BLACK. Mr. President, if the Senator will yield, I may say that I share that view in its entirety. I share it in connection with any claim which should be recognized in a court of justice. If the Government issues an insurance policy, which is a contract, then I think every citizen should have a right to go either into the Court of Claims or some other court in order to establish his rights under the contract. But I do not think, for myself, that a transfer to the

President of the right to fix salaries is a transfer of a legislative function, or that a transfer to the President of the right to deal with the matter of pensions is the transfer of a legislative function.

As the Senator stated, Congress legislates along general lines. Congress can, for instance, make an appropriation of an aggregate sum and transfer to some bureau or some other governmental agency the right to determine how much of that sum shall be used in certain ways. That is exactly what is proposed as the major object and purpose of this bill. Insofar as the major object and purpose is concerned, I cannot see that it transfers any peculiar legislative functions, although it does change for the time being the assignment of certain functions to the Executive which have heretofore been exercised by the Legislature.

Mr. FESS. Mr. President, I am very much obliged to the Senator. Now, I would like to have the attention of my friend the Senator from Iowa [Mr. DICKINSON], who is very much concerned about the tendency of this legislation, and I have a good deal of sympathy with his concern.

The Senator spoke of the necessity of balancing the Budget. I dislike to use that phrase. I would rather say, keeping our outgo within the limit of the income, if possible.

I regard that as absolutely essential. I do not believe we are going to get out of this gloom, this economic breakdown, unless we are able to keep our outgo somewhere near our income.

I stated here some days ago in discussion on the currency question that as long as we have no certainty as to our procedure or policy under the new administration there is little hope of recovery. I am glad to note that the President has been quite specific in what he is recommending, and, in a sense, is gradually dissipating the uncertainty which naturally was in the minds of the American people as to his new deal until he had spoken officially. That will go a tremendous way toward recovery. Even though what might be offered may not be the best thing, yet the mere fact that uncertainty is eliminated and certainty is substituted will have a wholesome effect. Thus far the President has moved in that direction.

But we must be able to see that our outgo is not so much greater than our income that the credit of the Government is broken down. More than that, unless we can give some assurance that we are not going to impose some new and very hurtful exorbitant taxation that is bound to come, such taxation being capable of absorbing all proper profits of business, there will be no business men to take the risk. I think the biggest thing confronting us at this moment is our ability to make our outgo tally with our income. It is that point which I want to discuss.

Mr. McCARRAN. Mr. President—

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

Mr. FESS. I yield.

Mr. McCARRAN. The Senator from Ohio now having listened to the discourse of the Senator from Alabama [Mr. BLACK], will he kindly differentiate if he can between the force and effect of section 5 with regard to pension claims and its force and effect with regard to claims under contract or otherwise?

Mr. FESS. Mr. President, I think that differentiation would be a discrimination without a difference, really. The one would be as serious to the claimant as the other, and it is the rights of the claimant about which we are talking.

Mr. FLETCHER. Mr. President, may I interrupt the Senator just at that point?

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

Mr. FESS. Certainly.

Mr. FLETCHER. The Senator recognizes that there is no right under the Constitution and laws vested in the citizen to sue the Government.

Mr. FESS. That is true. That must be cared for through the Court of Claims.

Mr. FLETCHER. The citizen has no right to sue the Government. If the Government can say to the citizen,

"You may not bring any suit against me at all by reason of any claim or contract or anything that you assert", then cannot the Government limit and restrict the claimant in the matter of the adjustment of a claim that he may set up and say to him, "You cannot have access to the court; we are going to determine this matter without giving you access to the courts of the country because you have no constitutional or legal right to resort to the court without our consent, and we do not consent that you shall do that; we are going to adjust your claim without allowing you to do that."?

Mr. FESS. The Senator will share with me the feeling that where we are operating on a great class of citizens and certain losses are coming to them, when we write in the same law what appears to be a denial to them of the right to go to the court in regular form of appeal, we do something that may be rather offensive to everybody. Unless it can be fully explained to the individual that it is not a denial of a right, it is apt to be considered very offensive.

Mr. FLETCHER. I agree with the Senator in that respect. I merely wanted to direct his thought to the other suggestion as a possible justification for the particular provision.

Mr. FESS. I thank the Senator.

Mr. President, I want to say just a word to my Republican friends who are very much distressed over the fact that some of us are going to vote for the pending measure.

The proposals in this economy bill are entirely in the direction of those proposed by President Hoover in his Budget message of last December. An examination of the proposal shows that they have adopted President Hoover's recommendation in the Budget recommendation to increase the cut in the pay of Federal employees from 8½ percent, which is effective under the furlough plan, to an effective 15 percent.

The problem is approached in a slightly different manner, but the effect is exactly the same.

A further provision of the bill would result in a cut of veterans' allowances by about \$250,000,000 a year, as compared with the recommendation of President Hoover in his Budget message of about \$130,000,000. This gives an increase of about \$120,000,000 over President Hoover's proposals.

The third direction of economies proposed is in the consolidation of bureaus, so long urged by President Hoover, and the economies here could not exceed \$50,000,000 per annum, and even this only gradually, to be realized over a term of years.

In any event, the only proposal in this bill increasing the economy proposed by President Hoover is the one in reference to veterans, in the amount of \$120,000,000.

It is desirable that we examine at this time how far this contributes to balancing the Budget, as that was the primary question so effectively brought out in President Roosevelt's message to Congress, in which he followed President Hoover in his emphatic statement that Government credit, therefore, the credit of the entire country, depends upon a balanced Budget.

The Budget presented by President Hoover on December 5 called for appropriations of \$4,195,000,000, which included the permanent appropriations and the statutory redemption of the debt; or, if given in the usual form of deducting the postal revenue in order to show the outlay from the Treasury (estimated at \$627,293,000), the total appropriation expressed in that usual form would be \$3,568,000,000.

The estimated revenue for the next fiscal year was given in the Budget of December 5 as \$2,950,000,000, but this included the foreign debt and certain items which President Hoover, in a recent message to Congress, pointed out would not be fully realized, and that the income without the provision of more revenue would not be likely to exceed \$2,650,000,000. But in President Hoover's Budget, without the new revenue which he recommended, the deficit was \$918,000,000. Under President Roosevelt's new economy bill,

the expenses would be reduced \$120,000,000 further, so that the deficit, after accepting these economy proposals, is still \$798,000,000, or practically \$800,000,000, including the statutory retirement of the debt.

President Roosevelt assures us the Budget must be and will be balanced. It is obvious that the economies proposed by President Roosevelt do not balance the Budget by a very great distance, nor will it be balanced by the reimposition of the gasoline tax, or even the imposition of the beer tax; the two of which together would not, upon the report of the committees of last session, amount to more than \$280,000,000. Therefore, we are still short \$518,000,000 of balancing the Budget.

The American people should know this. The situation should not be obscured. We must front the facts. I am sure the Republican Members will await and support the new administration in a revenue bill which will balance the Budget.

If the Democratic Members are unable to accept the revenue measure proposed by President Hoover, we would be indeed glad to consider any measures which they bring in, but there must be a measure brought in or the Budget will not be balanced. If the Budget is not positively balanced, there will not be a restoration of confidence.

I do not wish to add any note of discord; but the country will not ignore the fact that the opposition of the Democratic Party to the economy program presented by President Hoover, which fortunately has now been confirmed by President Roosevelt, and the opposition of the Democratic Party to the imposition of new revenue, thereby breaking down the balancing of the Budget for the last session, contributed materially to the breakdown of public confidence, which brought about this panic. We, as responsible men, must see to it that this confidence is restored even if we must face increased revenue from that direction. I earnestly press upon our Democratic colleagues that they should bring in an adequate revenue bill.

Mr. DICKINSON. Mr. President—

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

Mr. FESS. I yield.

Mr. DICKINSON. Throughout the entire discussion there is somewhat of a reflection on the ability of Congress to perform its proper function of reducing expenditures. Chairman BYRNS, now the majority leader in the House, placed a statement in the RECORD a short time ago in which he showed that the total appropriations for the fiscal year ending June 30, 1932, were \$5,026,098,000, while for the fiscal year ending June 30, 1933, they were \$3,886,192,000, a reduction of \$1,139,906,000 effected by Congress and not by anybody having an executive authority or dictatorship over our finances.

Mr. FESS. I am very familiar with that fact. Soon after we inaugurated the Budget system, we were criticized all over the country for our extravagance. The Budget system was introduced in order to avoid it. The Senator will recall that while he and I were Members of the other body, the Congress enacted a law penalizing the head of any department if he created a deficit; that is, if he spent more money than was appropriated for his department, it would be under penalty of law. We had to do that in order to prevent the expenditure of more money even after we had made the appropriation. I am very familiar with that procedure.

But I called the attention of the country, at one time when the Congress was being criticized because we were making extravagant expenditures, that when the Budget estimate came to us we cut to the amount of \$60,000,000 below what the Budget had recommended. That was the action of the House of Representatives. It is true we can pick out piecemeal here and there cases where Congress has done that, as the Senator from Idaho [Mr. BORAH] called attention some time ago. That is true, but the Senator knows that when it comes to a program and schedule of expenses and we undertake to reduce what ought to be re-

duced, we simply cannot do it. When I speak of that I mean certain adjustments in some establishments, and I am not referring to anything in this bill, although I think the changes should be made that we are proposing here; but when we undertake to disestablish something that has been established, we simply cannot do it in this body or the other.

Mr. LEWIS. Mr. President—

Mr. FESS. If the Senator will permit me for a moment, I want especially to get the ear of the Republican member of the Economy Committee, who has been working upon this subject, to indicate to him that we are following very largely the recommendation of the former President, and that even when we have done all that this bill proposes to do, the expenditures of the Government will then be more than \$500,000,000 greater than its income. That is the problem before us. Now I yield to my friend from Illinois.

Mr. LEWIS. Mr. President, I take the liberty of asking a question of the Senator from Ohio, who is now presenting the subject matter of the discussion with great lucidity and the weight of much thought. Conscious as I am, from his explanation and description borne in upon me, that there would still be some balance not provided for, the figures presented by the Senator from Ohio, I dare say, being much more accurate than those of my calculation, I ask the Senator, Has he had time to consider and does he now give thought whether a beer tax such as has been proposed and, as is understood, is now under consideration would in its quantity meet the deficit to which he now calls attention as being still unprovided for?

Mr. FESS. No. According to the hearings, there are two sources from which we have been anticipating income. One is a continuation of the gasoline tax, and the other is revenue to be derived from the so-called beer bill, which, it is said, is going to become a law, although I cannot give it my support. It is estimated that the two measures will produce not more than \$280,000,000, which is about one third of the deficit. Including that additional revenue, there will still be about \$518,000,000 which, according to my figures, will have to be made up in some way.

I always appreciate the reaction of the Senator from Illinois, and I say to him that I feel we must resort to some additional form of taxation. I do not believe there is any way out of our present difficulties unless we balance the Budget, which will not be done, as I have pointed out, by this legislation. I do not think we will ever restore confidence unless we do balance the Budget; and I think if in restoring confidence there is required legislation imposing additional taxes, my concern is that we take care that such taxes must not be of a character that will dry up the sources of revenue rather than adding to them. That is the danger. What we need to do now is to stimulate business; and if any system of taxation would retard business instead of stimulating it, it should not be considered. We want to do what it is our obvious duty to do. The only reason I am taking the time of the Senate at this juncture is to indicate my view that when we shall have passed this bill, we will not be out of the woods; we will still have before us the problem of balancing the Budget, for without doing that we are not going to restore business, and without restoring business we can not have the employment of labor, which must be assured if prosperity is to return.

Mr. LEWIS. Mr. President, in this connection I ask the able Senator from Ohio is there not a way to balance the Budget? Assuming the Senator from Ohio to be correct in that the balancing of the Budget is essential, could not the Budget be balanced without new taxes being laid upon the citizen to make up the deficiency by eliminating unessential departments, thus reducing the expenditures of the Government and making it unnecessary to increase the taxes?

Mr. FESS. Mr. President, the difficulty about that is that there are \$720,000,000 of interest on the public debt, which we can not strike off; that is not possible; and if we reduce the compensation of veterans by the amount it is supposed to be reduced by this bill, we will still have to appropriate

something like \$600,000,000 for them, with which nobody wants to interfere.

Mr. LEWIS. Such is the estimate of the Senator?

Mr. FESS. Yes. I think we could retard the process of paying off the public debt, and instead of setting aside \$400,000,000 in a sinking fund to apply to the public debt under the law, we could suspend that sinking-fund requirement for the period of the crisis. It is in the mind of a good many people that that might be done without danger, but it is not regarded as a sound principle of government. There is an element of danger when we fail to apply the funds annually collected for the gradual reduction of the public debt.

Does not the Senator agree with me that the large appropriations for the Army and Navy are rather essential at this stage of international affairs?

Mr. LEWIS. I would answer that any appropriation necessary to maintain the Army and the Navy in such a condition that they can defend this country against what may be anticipated, in view of the general attitude of antagonism in the public mind throughout the world to this Nation, should be made. Nothing ought to be done to cut down the Army and the Navy beyond the point where they can maintain an adequate defense of this Nation.

Mr. FESS. That is precisely my view.

Mr. LEWIS. But I ask the Senator, Would he not approve the thought as to the vast amount of interest that is due upon the Liberty bonds at this time, and which will be paid, for instance, tomorrow or the following day, that the citizens who hold these vast millions, we may say billions, be asked to forego for a while the full payment of their debt, while every individual citizen is being forced to forego the obligations due him? Would it not meet the situation if the Government should ask an extension of that debt and its continuance of it, paying some portion now and leaving the remaining portion to be paid at some future time?

Mr. FESS. I would be afraid, Mr. President, to launch out into that field, and I doubt whether the present administration would be willing to adopt a plan involving the suspension of the payment of interest on the public debt. What would be the effect upon the credit of the Government if we should proceed upon that basis? How would we proceed to refinance the Government's obligations?

Mr. LEWIS. My premise is upon the basis that the creditor himself should accept, in view of the condition of his Government, a partial payment, leaving the remaining payment due to be made at a later and future date. Does the Senator think that would be feasible?

Mr. FESS. I fear not, Mr. President. I would be afraid of the suggestion that \$720,000,000 which are due should not be paid the people who loaned the Government money in its time of need and that that payment should be suspended either by mutual agreement or by force of law.

Mr. LEWIS. But I call the attention of the Senator from Ohio to the fact that England called upon her people who held bonds to make such a sacrifice, and by agreement and arrangement forced them to accept one half and in some instances to wipe out completely the obligations for the present, calling upon them to follow that course as a duty to preserve their country; and that action was taken. Would not the Senator give his approval to such a proposal?

Mr. FESS. I do not think, Mr. President, I could give my approval to any suggestion that would, in my judgment, break down the credit of the Government, because if we did that there would be nothing left us save to all go down together.

Mr. LEWIS. Well, may we justify, may I ask the Senator, taking away from the soldier a portion of his contract debt and breaking down the credit of the Government as to him, and yet not ask the same thing of the bondholder likewise who draws his money from taxes? Would it not be a parallel instance?

Mr. FESS. The Senator from Illinois is, in a degree, answering the question that I was going to ask in my concluding remarks.

Mr. LEWIS. I shall be glad to hear the Senator.

Mr. FESS. In closing my remarks I was going to ask what are we going to do to meet the emergency which will still exist after we shall have passed this particular bill?

Mr. LEWIS. Let me not further interrupt the Senator at this moment, then. I shall hear him with great pleasure.

Mr. FESS. I was going to make this suggestion: If our friends on the other side of the aisle, who are now in control, were to recall the fact and accept the revenue measure proposed by former President Hoover, it would include a form of modified sales tax. I am wondering whether they will not ultimately realize that we cannot hope to secure the needed income in the form of taxes from the sources we should like to tax but which, the more they are taxed the quicker they dry up. It is a very sensitive problem, with one's judgment inclining in one direction and his feelings running the other way.

I am sure that we are going to face an emergency in balancing the Budget so that additional taxation will be required. I know that our Democratic friends do not want to admit that to be so; I wish it were not so; but I am morally certain that it is; and my concern is, if we shall face new taxation, then what form of taxation are we going to inaugurate? The administration should inform the country of its purposes, both as to time and character, of this issue. Will it be such that will not dry up the sources of revenue instead of increasing the taxes made to the Government? That is the problem that is confronting this administration; and while I do not want to twit Members of the Senate on the other side—far from it—I do want to call attention to the fact that we are not yet out of the woods when we have passed this particular bill.

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

Mr. FESS. I yield.

Mr. HARRISON. The Senator, though, I believe, has stated that this bill will be a great step toward arriving at an equalization of the receipts of the Government with its expenditures. We cannot get a very good idea as to just how much taxes, if any, should be imposed until we shall have passed this proposed legislation, giving to the President these very broad powers. If he can effect the saving that he has indicated in his message will be realized, we can arrive almost at a balanced Budget by the passage of this measure, provided it comes up to expectations, together with the passage of a beer bill within the next 2 or 3 days from which we hope to get at least \$150,000,000 plus, and the continuation for another year of the gasoline tax which will give us some \$137,000,000. In other words, we might not have to face the proposition of the imposition of increased income and surtaxes or a sales tax if we can obtain what we hope for through this legislation and the other two measures.

Mr. FESS. Mr. President, the suggestion of the chairman of the Committee on Finance is along the lines I have been discussing. The Senator will find that when we take into consideration all those items we still are facing a situation that cannot be met except by additional taxation. I regret that that conviction is compulsive, and I feel certain that we will face such an eventuality.

Mr. President, I leave off where I began. I am going to vote for this measure with reluctance; I shall vote for it because I think it is the only way open to us at the present time to cut the expenses of the Government. I shall vote for it with a full realization that there is danger. I do not mean danger in giving the power to President Roosevelt; I would not have hesitated to give it to President Hoover, and I do not hesitate to give it to President Roosevelt. I think, however, it is a dangerous move when we consider it in all its implications; but we must meet this problem, and I know of no better way than this. While it will not solve the problem, it will help solve it, and I shall be willing to assist in meeting the additional problems when they shall arise.

Mr. CAPPER. Mr. President, I am going through with President Roosevelt on this program to meet this emergency.

He has asked for certain powers to deal with the emergency. He offers to take the responsibility. I am going to vote to give him that responsibility. To refuse to do so at this time, in my judgment, would be unpatriotic. This is no time for petty politics. A united country and prompt approval by Congress of the President's program will restore confidence and bring prosperity to the Nation. The people want action, and action now.

In a crisis, immediate decisions are demanded. Immediate decisions and prompt action are necessary. Last November, immediately after the election, I wrote Mr. Roosevelt that I would give him my support for every sound measure he asked. When he asks the powers given him by this measure on the ground that an emergency faces the country, he is entitled to my support. He has it.

I will say frankly that I do not approve all the provisions in this bill and would not support this measure under normal conditions. I would not favor granting the extraordinary powers to the President under normal conditions. The power granted him in dealing with veterans of all wars except the Civil War is so broad that he could suspend all payments to veterans; but I hope that this power will be used in the interest of the veterans themselves, as well as in the public interest. At a critical time like this the Executive must be trusted completely or not at all on a question like this one. And I am going to give President Roosevelt my vote of confidence in his sense of justice and fair dealing.

I assume that President Roosevelt is the friend of the veterans. They themselves declared their confidence in him at the late election, and I hope that confidence was not misplaced.

But my support of this measure goes beyond my belief that broad powers to the President are necessary. I am supporting this measure as a friend of the disabled service men, as a friend of the Federal employees, above all, I am supporting it in the interest of all the people of this Nation.

It is plainly evident that the Nation cannot afford, under present conditions, the total payments of nearly a billion dollars a year to veterans. The Nation, through President Roosevelt, will give Government aid through pensions, allowances, and compensation where it is most deserved and most needed. If a discrimination is not made between the most deserving and most needy and those less in need and less entitled to payments, then all will have to suffer. It is my honest belief that the reductions proposed will result in saving benefits for many veterans who otherwise would lose out entirely within a few years, perhaps within a few months.

Mr. President, it is heartbreaking to see salaries and wages cut. I know that salary reductions bring misery and suffering. But they have been necessary in all lines of business and industry. Farmers, laborers, clerks, merchants, manufacturers—all have seen their incomes either diminish or vanish in the last few years; and the maximum of 15 percent proposed for Federal employees is not nearly as drastic as the rest of the country has taken. The taxpayers cannot afford to pay the wage scale that has prevailed.

Mr. President, this Government is spending \$3,000,000 a day more than it is collecting in revenue. Continuation of this will inevitably bankrupt the Government. That means national bankruptcy. If we should continue expending Government funds through borrowing at this rate, the time would come when the Government could not pay veterans' compensation nor Federal employees' salaries at all.

So I believe I am casting a vote in the real, best interest of the service man, the real, best interest of the veterans, as well as in the best interest of the people of the country as a whole.

Summing up the situation, I want to say this:

First. I am supporting this drastic grant of power because President Roosevelt is entitled to such power if he is to accomplish the preservation of the Nation.

Second. I am supporting it because it is absolutely necessary to preserve the integrity of the Government and the welfare of the people of the United States.

Third. I am supporting it because, taking a broad view of the situation, it is in the best interest of every deserving and needy veteran.

Fourth. I am supporting it because I believe it is in the best interest of the Federal employee and is a matter of justice and fairness to the people who have to pay the salaries of the Federal employees. I hope the bill will get unanimous support in the Senate, as I believe it should get unanimous support from the entire country.

Mr. President, these are critical days—the gravest in more than half a century. The only way out of this crisis, the only way to win this war with depression, as I see it, is to have a united country expressing itself through the leadership of the man who recently became our President. I did not support him for that high position, but I recognize him now as my President, as the President of all the people.

In times like these, or in any time, it is a monstrous folly to put any obstacle in the way of the progress or the welfare of 122,000,000 people for partisan or personal advantage. I feel that it is every American's duty to stand with the President on any genuine program for national welfare and the country's good.

I care not who, or which party, gets the credit if the country will be benefited. That is good politics, good sense, good Americanism.

I am not greatly disturbed if the legislative branch of our Government gives up something of its powers in order to accelerate action during a present emergency. A vital and fast-acting leadership, with extraordinary powers, is decidedly necessary under our present circumstances. Confidence is the demand of the hour. It is no time to haggle over emergency measures. The Nation wants action, not words. Just so long as the President goes along the right and proper road his hands should be upheld.

For that reason I favor granting the President the power he thinks is necessary to restore the national welfare. I believe the people of this country still have faith in their Government. I believe they have faith in their President and will stand by him in this great emergency. With a united country, with the people unitedly loyally behind their President and their Government, nothing can stop us from winning this war.

Mr. HASTINGS. Mr. President, since the copies of this bill were furnished to the Members of the Senate I have given most careful and conscientious consideration to each and every section of it.

I think it is not surprising that Members of the Senate should be shocked at the request of the President that he be given any such powers as are given him under this bill. I have with much hesitancy made up my mind to vote for it. It may be difficult for me to explain my vote in view of the criticism that I propose to make in connection with it. I shall review briefly, and by no means fully, previous legislation with respect to the payment of pensions.

The first session of the Congress, in 1789, made Federal acknowledgment of a governmental obligation to men disabled in the Revolutionary War. At that time it merely took over the obligations that had been assumed by the individual States, and the first appropriation was \$96,000. A recent authority upon this subject calls attention to the fact that the early enactment made no appropriation for determining and allowing new pension claims to veterans who had not formerly been allowed a pension by one of the several States. A later provision of Congress required a Government agency to determine the merits of new claims asked to be included on the pension list. I read from *Soldiers of the D.A.V.*, by De Witt Law, beginning on page 58:

The trend of the time was to fear the placing of too much power in the President's hand, and the prestige of placing pensioners on the pay roll might place the Chief Executive's office in a position to destroy the principles of democracy. The placing of pensioners on the pay roll was a power concerning which Congress might well be cautious, and while the President was authorized to pay benefits awarded by Congress, the duty of determining persons to be named on the pension list was a responsibility which in the first instance was delegated to the courts of the United States. By special legislation the courts were authorized to make

their recommendations to the Secretary of War, who in turn would make recommendations on the claim to Congress, and finally Congress would pass upon the recommendations of the court and Secretary, and determine whether or not the D.A.V. was entitled to be named on the pension roll.

Page 61:

Congressional supervision in the allowance of pension favors was an early nineteenth-century policy. The judicial authority of the courts to pass upon disabled American veterans' claims and render a decision to become effective upon the approval of Congress left the Chief Executive with but little to say in awarding pensions to wounded war veterans. This favor of granting pensions was finally determined by the representatives of the people, who through congressional consideration of each claim authorized the payments of pensions found by the court to be the equivalent of the injury received.

Payments of pensions were based on one-half pay of the officers and full pay of those who had served in the war as enlisted men.

Page 64:

Further reciprocation in assuming the moral obligation of caring for men or families of men killed or injured in military service found renewed expression in the awarding of pensions to persons and families of persons injured or killed in the campaign on the Wabash. The soldiers of the Wabash were not soldiers of the United States, but were in the service of the State militia. Yet their success in subduing an Indian uprising was a matter of national concern. In recognition of this service Congress in 1812 provided as follows:

"That the officers, according to the rank assigned them by Governor Harrison, and which they held on the 7th day of November, 1811, the noncommissioned officers and soldiers of the volunteers and militia, and the legal representatives of those who were killed or died of their wounds, composing the army that served in the late campaign on the Wabash against hostile Indians, shall receive the same compensation which is allowed by law to the militia of the United States when called into the actual service of the United States."

The above appears to have been the first instance in which Congress authorized the pensioning of men engaged in purely a State enterprise.

Page 68:

Throughout the early history of the United States the Government had from time to time made special provisions for the support of widows and children of men killed or dying of wounds traceable to military service, and in making provisions for the veterans of the War of 1812 Congress again recognized the families of those killed in the service of the Nation. By legislation of 1817 Congress, in specifying an equalized basis of pay for families of men killed in military service, provided that the widows and children of the deceased noncommissioned soldier should receive \$48 a year and no more.

Following the War of 1812 the awarding of general pension benefits continued under close congressional supervision. By statute of 1792 the courts were authorized to take testimony on the merits of claims and forward the evidence and findings to the Secretary of War for his approval. Legislation of that date authorized the Secretary of War upon his approval to place the D. A. V. on the pension roll, or in the event of his disapproval to report the case to Congress for further consideration. In 1793 Congress altered this procedure so as to require the Secretary of War to submit all claims to Congress for final consideration, and by later legislation authorized the court, or a commissioner appointed by the court, only to take the pension applicants' testimony and forward the same to Congress without court recommendation on the merits of the claim. Under this latter procedure, as again authorized in 1813, the disposition made of disabled veterans' claims depended entirely upon the special consideration received through the mercy of Congress.

Mr. McNARY. Mr. President—

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

Mr. HASTINGS. I yield.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

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

Adams	Brown	Dickinson	Hastings
Ashurst	Bulkley	Dill	Hatfield
Austin	Bulow	Duffy	Hayden
Bachman	Byrd	Fess	Hebert
Bailey	Byrnes	Fletcher	Johnson
Bankhead	Capper	Frazier	Kean
Barbour	Caraway	George	Keyes
Barkley	Clark	Glass	La Follette
Black	Connally	Goldsborough	Lewis
Bone	Copeland	Gore	Logan
Borah	Couzens	Hale	Loneragan
Bratton	Daie	Harrison	McAdoo

McCarran	Overton	Sheppard	Vandenberg
McGill	Patterson	Shipstead	Van Nuys
McKellar	Pittman	Smith	Wagner
McNary	Pope	Steiner	Walcott
Metcalf	Reed	Stephens	Walsh
Murphy	Reynolds	Thomas, Utah	White
Neely	Robinson, Ark.	Townsend	
Norbeck	Robinson, Ind.	Trammell	
Nye	Russell	Tydings	

Mr. WALSH. I wish to announce the absence of my colleague the junior Senator from Massachusetts [Mr. Coolidge] on account of a death in his family.

The PRESIDENT pro tempore. Eighty-one Senators having answered to their names, a quorum is present.

Mr. HASTINGS. Mr. President, I read further from the volume to which I have heretofore referred:

The 1819 law of Congress appears to have in part terminated the Government requirement of special congressional approval of all D. A. V. claims.

However, this law was ambiguous, and while those claiming under the statute of 1808 were expressly included among the disabled persons whom the Secretary of War was permitted to place on the pension roll without congressional approval, no reference was made to those claiming under the law of 1813. This omission would appear to have left uncertainty in the requirement of future congressional approval of those claiming pensions for injuries sustained in the War of 1812, but these claims may also have been authorized to be paid in conformity with legislation of Congress providing:

"That all persons entitled to pensions in conformity with the provisions of the act, entitled 'An act to provide for persons disabled by known wounds during the Revolutionary War,' passed April 18, 1806, and also the fourth section of an act, entitled 'An act concerning invalid pensioners,' passed the 25th of April, 1808, may be placed on the pension list by the Secretary of War, without reporting the same to Congress."

At the opening of the nineteenth century the citizens and States were fearful of placing too much authority in the President's office. The distrust gradually abated and more confidence was then placed in the belief that the Chief Executive would conduct himself in accordance with the ideals of democracy and constitutional government. Whether or not Congress had formerly failed to authorize the President to pass upon pension claims for reasons of political distrust cannot be determined, but the distrust of the Chief Executive's office is known to have abated closely in trend with the enactment of legislation authorizing officials appointed by the President to decide the merits of the claims of those asking to be placed on the Government pension roll.

Early in the history of American pension policies the disabled veterans were first to be considered, but by 1840 the annual appropriation to care for all living disabled American veterans only slightly exceeded \$200,000, while the appropriation set aside to care for all pensioners, for whom a special fund was created, varied from two to three millions of dollars a year. This sum did not include the full-time pay pensions allowed the veterans who had served in the Revolutionary War. For many years a large portion of the Government's appropriation was set aside to relieve the distress of Revolutionary War veterans who, more than 40 years after the war had terminated, required assistance in such numbers that those establishing their claims called for an annual appropriation sufficient to distribute the authorized pay among an army of more than 10,000 men.

Mr. President, the records show that in 1827 the annual appropriations for veterans was approximately \$1,500,000, while the annual expenditure was about 10 times that sum.

In 1840 the annual appropriations for veterans were in the neighborhood of \$3,000,000, and the annual expenditure was \$24,000,000. It thus appears that in the early decades of the Nation something like 10 percent of the annual cost of the Government was paid out for pensions of one kind or another.

Directly from 1840 to 1914, a period of 74 years, we find the annual appropriations to be \$735,000,000, and the amount paid out annually for pensions of one kind or another to amount to \$178,000,000, or a little more than 24 percent.

I have not any doubt that some time during those years the amount paid out for pensions amounted to more than 25 percent of the expenditures of the Federal Government.

I have hastily reviewed this history relating to pensions for the purpose of comparing them with the present situation.

The present cost to the Federal Government for pensions and other payments to the soldiers amounts to approximately 25 percent of the Federal expenditures. This has

been pointed out as being a shocking thing and one which must be curbed in some fashion by the Congress of the United States.

It will be observed that this Government has recognized its moral obligation to take care of the disabled soldier and his dependents. This has been the American policy since the beginning of the Government. I am not one of those who believe that this Government is unable, even during this distressing time, to care for such disabled soldier and his dependents as we have done in the past.

I do not care to boast of the fact that in nearly every contest in the Senate since I have been a Member of this body I have been found always against the demand of the veteran. I have strongly resented the threat of the veterans' lobby or any other minority group that has done so much to distress and make ineffective the action of Congress. I have in the Senate and out of it warned the veterans that their insistence upon more liberal legislation by the Congress would ultimately turn the sentiment of the country against their organization as a whole and there would be great danger of injustice being done them. I am very much afraid that we have reached that very point today.

The great danger of a democracy is that those in control of the government will become panic-stricken when the public as a whole becomes greatly excited. Under our form of government the Senate of the United States is the only place of unlimited debate, where a minority has full opportunity to express its views, and where legislation can be delayed until the public excitement abates.

I do not fear that this Government will not be able to meet its obligations, and I know of no greater obligation resting upon it than to take care of the disabled soldier and his dependents. It is the very confidence upon which we rely as a defense. The fact that he has had an appreciative Government that would see to it that his family was not left in distress has made the courageous soldier in the past willing to lay down his life upon the battlefield. I want to do nothing that will rob any soldier of this assurance in the future.

I want it to be definitely understood that my fear of the step that is about to be taken on this bill is not based in any way upon the individual whose responsibility it will be to make the regulations required in the act. I have no reason to believe that the President of the United States is not as sympathetic with the idea that I have expressed of taking care of the disabled veteran as any other single individual whom I could name in the United States; but I am wondering whether, under our form of government, any such responsibility should be given to the most wise and the most loyal American among us.

I think it is not too much to say that most of the persons who are frantically telegraphing the United States Senators urging them to pass this bill have in the past expressed no fear of the liberal attitude of the Congress with respect to pensions. I think if the same sort of pressure had been brought upon Congress when some of these measures, which are undoubtedly unwise, were adopted, they might have saved themselves, the country, and the Congress from its present embarrassment. The truth is that in prosperous times the people generally pay little or no attention to the obligations which Congress is imposing upon them, finding contentment in the belief that they are prosperous and the country is prosperous, and it makes little or no difference how much money the Congress expends.

I do not think the President of the United States ought to be placed in the position of doing a possible injustice to the veterans of the Nation, on the one hand, or recommending to the Congress a sufficient tax to meet the necessary appropriations on the other hand. In other words, suppose it were true that it was necessary to impose a general sales tax upon the people of the Nation in order that an injustice might not be done the veterans. Would the Chief Executive give way to the great pressure that will be brought against his recommending a sales tax, or would he give way to the lesser number of people involved in the matter of pensions?

Certainly it must be apparent to everyone that the very purpose of our system of government, the very purpose of providing for a Congress, was that it should pass upon all questions of expenditures as well as the question of how the money is to be raised to meet such expenditures. But the answer is made to this argument that it is impossible to have the Congress function and do what ought to be done. I am not yet willing to admit this inability of the Congress of the United States, and I should think the dominating party of both Houses of Congress would be ashamed to admit it, if admit it they must.

Let me point out what seems to me to be the great injustice that is about to be done if this bill passes. It will be remembered that the President of the United States is given the absolute authority in disability allowances of anywhere from \$6 per month to \$275 per month and for death \$12 to \$75 per month. We have been told that this bill will save \$383,000,000. The only way in which we could get that information is from the figures furnished by General Hines, and it is generally admitted that these figures are given to the committee with the permission of the President. I want to call attention to one item in particular. It is item 8, on page 40 of the hearings:

Eliminate Spanish War pension where Government can rebut service origin, \$95,000,000.

The total appropriation for the Spanish War veteran is between \$130,000,000 and \$140,000,000, so that it will be observed, if we take the middle figure of \$135,000,000 and subtract the \$95,000,000 which it is proposed to save, we will have the Spanish-American War veteran getting \$40,000,000, or about 30 per cent of the sum now being paid to him. This saving is proposed to be made upon the ground that the Government can rebut the fact that the disability from which they are now suffering is from service origin.

The last bill relative to the Spanish-American War veteran was passed over the President's veto on June 2, 1930. There is not a single line in that bill which undertakes to make the pension depend in any way upon service origin. It only becomes necessary under that bill to show that they are suffering from mental or physical disability which incapacitates them for any form of manual labor, and so forth. This followed the policy set up by the Congress by the act of June 27, 1890, and was followed by another act in 1907. There was a very real difference between the two because at the time of the beginning of the World War this Government undertook to make provisions for the soldier entering that war that would eliminate the necessity of paying pensions. When the matter was before the committee, the committee's report on the matter stated:

The first, second, and third features provided for the maintenance of the families of the soldiers during service and for compensation in case of death, and it is believed this is effected much more satisfactorily in this bill than in the existing pension system and will not be so expensive in the long run.

Secretary McAdoo at the same time stated:

We ought not to leave the officers and enlisted men of the Army and Navy, who must fight this great war, to the uncertain chance of future legislation upon the old and discredited pension plan.

This scientific, well-balanced, equitable, and comprehensive insurance and compensation measure will be a substitute, and should be a substitute, for the pension system as applied to the present war, and ought to make impossible, as it certainly will make unnecessary, future pension legislation, with all its inequalities and favoritism.

Those who are enjoying pensions under the present system are left undisturbed; this measure does not affect them. We do not want to deprive any old soldier of any part of the recognition which his country has already given him for valorous services rendered in the past, but we do want to make certain for the future that a more equitable and just system than the old pension system shall be provided for all those who enter the military and naval service of the country in this war.

The Spanish War veterans, or most of them, must certainly be more than 60 years of age. Many of them have been drawing these pensions for years, and for the Congress now to put the President in a position where he can say that all Spanish War veterans must be eliminated from the rolls of the Government, if the Government can show that their disability is not service-connected, seems to me to be a great

injustice and one which the Congress or the President can not afford to make effective.

The act of June 2, 1930, relating to Spanish War veterans, created a new class of pensioners, namely, those who had served as much as 70 days. In addition to that it increased the pension of those who had served 90 days. The President vetoed this bill on the ground that it did not exclude persons whose disabilities arose from "vicious habits" and because it reduced the number of days from 90 to 70. In that message he called attention to the fact that under the act granting pensions to Civil War veterans, they had been compelled to show that they had served 90 days. In addition to that he insisted that the soldier applying for a pension must show the need as well as the disability.

After this bill was passed in 1930 the pensions of Spanish war veterans increased a little over \$30,000,000 annually. I hope I may be pardoned if I call attention to the fact that some of the Senators here present, who are insisting upon the passage of this legislation, as late as June 2, 1930, after the depression had been on for more than 6 months, voted to override the President's veto. In that list is the present distinguished chairman of the Finance Committee [Mr. HARRISON]; the senior Senator from Tennessee [Mr. MCKELLAR], who has struggled so valiantly during the last session of Congress for reductions in appropriations; and the senior Senator from Maryland [Mr. TYDINGS], who expressed so much fear on Monday that unless this legislation was passed the Government would not be able to meet its obligations. There were 60 casting their votes to override the President's veto and the small number of 18 supporting the President.

I want to quote some of the remarks made by Senators on that occasion relative to the bill, which had been returned by the President without his approval, and see what it is that caused this change in attitude. I quote first from the senior Senator from New York [Mr. COPELAND]:

It makes no difference what may be the cause of a permanent disability—blindness, paralysis, or insanity—we have to deal with an unfortunate member of society who must be taken care of by government. If he is destitute, as the veto message indicates he must be in order to obtain a pension, under such circumstances he must be taken care of by some division of government.

Then I quote from the senior Senator from Arizona [Mr. ASHURST], as follows:

Moreover, if the Senator will indulge me further, we are inclined to forget the historical significance of the Spanish-American War. It was the Spanish-American War that made America a world power. If Senators will let their minds go back to that period, they will remember that we were not a so-called world power until the Spanish-American War.

Furthermore, it was one of the wars into which the United States entered with altruistic views, for this Nation announced in advance that it wanted no territory; it ultimately gave Cuba the status of an independent country. I have always felt, and now feel, that the veterans of the Spanish-American War have never received that complete and true meed of justice and recognition at the hands of their opulent and grateful Government to which they are entitled.

I next quote from the senior Senator from Tennessee [Mr. MCKELLAR]:

Does not the Senator think that the Spanish-American War veterans, as a matter of fact, have been treated worse than the soldiers of any other war? They have been treated more like stepchildren than like children of the Government.

Now I quote from the senior Senator from Georgia [Mr. GEORGE]:

In the second place, the veterans of the Spanish-American War have practically reached the age when they would be entitled to pensions regardless of disability, and therefore that answers satisfactorily the President's suggestion that this vicious-habits or personal-misconduct provision should be retained in this law.

Now I quote from the senior Senator from New Mexico [Mr. BRATTON], as follows:

It is my belief, Mr. President, that this measure belatedly discharges in part a long-overdue obligation on the part of the Government to the veterans of the Spanish-American War. I think they did much to establish the Nation in the sisterhood of nations and to perpetuate its standing as a world power, and have received far too meager attention at the hands of Congress. So, I repeat that this measure belatedly discharges in part an obligation that has been overdue for a long while.

Now, as to the second objection, that of reducing the period of service from 90 days to 70 days, we have already fixed periods of

service at less than that. In the case of the Mexican War veterans the minimum period has been fixed at 60 days.

From the junior Senator from Texas [Mr. CONNALLY] I quote as follows:

Mr. President, I want to observe, in reference to what the Senator from Arizona has so well suggested, that in the case of veterans of the Spanish-American War who are disabled, they can pursue no gainful occupation, they are not able to earn a livelihood, they can not fill any useful place in the economy of these times. They are disabled. Somebody has to support them. Either a wife and children must toil to support that sort of disabled husband and father, or the poorfarm out yonder can take him, or the county government or the city government or the Red Cross must support him.

I submit that if that soldier fought for the Republic in his youth and strength, the Government of the United States in his old age and illness owes a greater obligation to support him than either the county, the city, or charitable organizations of the land.

Mr. President, so much for the views at that time. I want to pass on to another provision of the bill and to General Hines' testimony. General Hines, in his testimony before the committee, at page 36 of the hearings, stated that the non-service-connected cases number 438,000, and that the total payment will run this year about \$92,000,000. As I understand his testimony, these 438,000 persons would be eliminated and this \$92,000,000 saved. This amounts to \$210 per person per year. It must be remembered that all of these persons are at least partially disabled from one cause or another, and the chances are that most of them constitute a part of that great army of 12,500,000. In the argument in the Senate on Monday when our attention was called to the fact that the bonds of the Government were not so much in demand and that it was necessary to increase the rate of interest in order to sell them, I was reminded of the newspaper account of the President's intended proposal to put 500,000 idle men to work on reforestation and other forms of public works at a total cost to the Government of \$500,000,000, the money to be raised by selling additional bonds. When I remember that the chances are that the 438,000 disabled veterans now costing the Government \$92,000,000 a year are to lose under that bill any help from the Government, and then recall that 4 percent of the unemployed are to be put to work at a cost of \$500,000,000 to the Government, it seems to me that consistency is lacking in the administration program. If we are to adopt any form of a dole, directly or indirectly, I am not certain that we are not on safer ground in taking care of the ex-service man in the form of a small pension than by adopting the plan suggested by the newspaper reports.

If it be so urgent to give this extraordinary power to the Executive in order to save the Nation, then we ought to close every other avenue that tends to destroy it. May I also call attention to the President's message upon this subject? He states:

We must move with a direct and resolute purpose now. The Members of the Congress and I are pledged to immediate economy. I am, therefore, assuming that you and I are in complete agreement as to the urgent necessity, and my constitutional duty is to advise you as to the methods for obtaining drastic retrenchment at this time.

I am not speaking to you in general terms. I am pointing out a definite road.

The last Congress enacted legislation relating to the reorganization and elimination of executive agencies, but the economies thus to be effected are small when viewed in the light of the great deficit for the next fiscal year. They will not meet the pressing needs of our credit situation.

The President properly calls the attention of the Congress to the fact that it and he are pledged to immediate economies, and he complains that under the authority already given him to reorganize and eliminate executive agencies the economies will be but small compared with the deficit. I think at this point it is well to call attention to the Democratic platform upon this subject, and see what the promises were which were made to the country by the successful political party at the last election. That provision is as follows:

We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices,

consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 per cent in the cost of Federal Government.

I wonder if the word "extravagance" as used in this platform referred to the veterans' appropriation. If that be so, I am wondering whether any person made that clear to the veterans during the campaign? So far as I know, the President's message to the Congress is the first intimation he has given to the country that this was the extravagance referred to in the platform.

The same question might be asked with respect to the reduction of 15 percent in the salaries of the Government employees. Was this the extravagance referred to in that platform? I think it safe to say that the average person was allowed to believe that the contemplated saving could be made in the reorganization and elimination of executive agencies, but the President, in his message, finds small indeed the economies thus to be effected.

Mr. President, the one section in this act that enables some of us to support the bill is section 19 of the first title, and that section was written into the bill by the Finance Committee of the Senate. It provides that the regulations of the President which are in effect at the expiration of 2 years after the date of the approval of the act shall continue in effect until the Congress, by law, shall otherwise provide. This does at least bring the whole subject back to the Congress, where it can once more bear the burden of its own responsibility. It is true that such act of Congress, changing the regulations which the President may make under the pending bill, will be subject to his veto, but I have no particular complaint of that. It is the same principle that applies to every law.

I call attention, however, to the fact that section 19 subjects the Congress once again to the organized minority groups interested in this legislation, and this is further proof that, however much we may try to escape the responsibility which belongs to us, we shall have it once again in the short space of 2 years.

Mr. President, if the Members of the Congress believe this bill to be necessary in order that we may correct the evils that ought to be corrected and effect the economies that ought to be effected, it must be upon the theory that the Members of the Congress have not the courage to do that which they believe they ought to do. It must be upon the theory that Members of Congress can not return to their homes and face their veteran constituency. In my judgment, this bill affords them no such relief. If I understand the temper of the American veteran, he will more vigorously condemn the Member of Congress who supports this bill than he would the Member who frankly voted for the corrections which he believed ought to be made. I therefore make my decision with the full realization of the attitude of those affected by the proposed legislation.

This attitude of the majority is all the more surprising when we remember that they have a very much more effective alibi than this. I know of nothing so helpful to the weak-kneed and faint-hearted legislator than to be able to say to his loyal political supporter that he only voted for a certain measure because his political party by caucus bound him to vote for it.

I read from an item in today's press relative to the rumor of a caucus upon this subject the following language:

It was learned that some of the Senators insist on being bound, and the caucus was called at their request.

I do not know whether that be true or whether it be not true, but I should not be surprised if it were true; and I am wondering whether in this enlightened age and with our advanced thought and education the laws of this Nation can be made at the suggestion of an Executive who has a loyal party caucus in each House to support him.

With this criticism of this legislation, I appreciate that my vote in favor of it will not be particularly welcomed by those sponsoring it, and I want to say that I am supporting it solely because the administration is demanding it as an essential part of a successful program. I have endeavored

to make clear that as I understand the position of the President, notwithstanding the fact that he has an overwhelming majority of his party in the House and an overwhelming majority of his party in the Senate, his hands are tied. He is absolutely powerless, if not hopeless, unless this dictatorial power shall be given to him, and given to him promptly. It is difficult for me to understand, if he be the leader that his partisans believe him to be and if his party in the House and in the Senate has the efficient leaders that we know it to have, why he should not be able to put through any such important legislation promptly and effectively, without depriving the Congress of its power and relieving them of any of their responsibilities. But it is not for me to undertake to find the reasons that motivate his request. My loyalty to my country demands that I take him at his word and trust that his judgment in administering this law will be equal to his sense of justice. If his judgment and his sense of justice both be accurate, my prediction is that the saving will not amount to more than 50 per cent of that which he has estimated, and I am afraid that the time will not be far distant when I shall regret that I supported this bill at all; indeed, I am wondering as I am about to cast my vote whether I am influenced by patriotism or whether, after all, I am influenced by cowardice.

We are told that it takes courage to cut the appropriation for the veterans and that, if we have an Executive who is courageous enough to do the job, we should give him the full authority. I do not deny that it takes courage; but, if I were Chief Executive and asked for this authority, my request would be based upon fear and not upon courage—fear to meet the taxpayers with a demand for more money. This is to be the test of courage in the very near future, if not in the immediate present.

Mr. President, the distinguished chairman of the committee [Mr. HARRISON] congratulated the Republicans in his opening speech because they had indicated they were about to support this bill. I think I ought not to let this opportunity pass without calling attention to the attitude of the Senate with respect to another President who vacated that great office but a few days ago, and I shall do so by calling attention to remarks of Senators on the other side of this body when veterans' legislation was being discussed.

The debate on that occasion had reference to the approval of a conference report. The distinguished Senator from Pennsylvania [Mr. REED] was chairman of the conference committee, and the debate took place on July 3, 1930. I hope I will tire no one by reading portions of the RECORD, but I think we are entitled to know what was the attitude of Senators upon this subject, as short a time ago as July 3, 1930. I read from page 12387 of the CONGRESSIONAL RECORD, under the date of July 3, 1930.

The Senator from Pennsylvania [Mr. REED] submitted the conference report. I will not refer to all the amendments but only to a portion of them. The Senator from Pennsylvania said:

The next amendment of the Senate authorized a compromise of claims on insurance policies. At present there is nothing to do but to fight the case to a conclusion, because the Attorney General and the Director have no authority to compromise. It was thought that it might be fairer to the policyholder and to the Government if leave were given to the Attorney General to compromise. The conferees, however, finally came to the conclusion, with practical unanimity, that to put in such a provision would mean the institution of a great many "strike suits," cases brought with no idea of trial but with the purpose of getting a small compromise, and that in the end it would lead to increased litigation. The upshot was that the Senate conferees receded.

The next amendment was that sponsored by the Senator from New Mexico [Mr. CUTTING] striking out the words "active tuberculosis disease" as a cause for compensation, and creating a presumption of military connection—striking out those words and substituting merely the word "tuberculosis." It was brought to the attention of the conferees that probably 75 per cent of all humanity shows evidence of pulmonary tuberculosis at some time during life, and that this Senate amendment would have the effect of giving compensation to anyone who showed a lung scar which could be ascribed to tuberculosis, although it

might not have been active in any way since before the World War. The Senate receded on that amendment.

The next amendment of the Senate was one striking out a House provision under which the World War Veterans' Act in effect would benefit only those men who were enlisted before the date of the armistice. It was shown that there were a good many thousand men whose enlistment began after the armistice, who had never heard a hostile shot fired. Under the present law, if they served during the period of the war, which ended by declaration of Congress on July 2, 1921, they were considered to be veterans and got compensation. The House put in a proviso which would terminate that and would terminate the allowances to those veterans after 1 year more. The conferees discussed that for a long time, and finally the House receded, so the Senate action in striking out that proviso remains in the law, and those men will continue to get their compensation.

The next amendment, known as the Walsh-Connally amendment, increased the amount of disability allowance to veterans suffering from non-service-connected disability and allowed compensation to such veterans if their disability was less than 25 percent but more than 10 percent. The figures showing the effect of such a provision were laid before the Senate at the time the bill was under consideration, and I need not repeat them; but after consideration, both yesterday and this morning and after the receipt of a letter from President Hoover, which I will have put in the RECORD and read in a few moments, the conferees decided that the Senate should yield, and that was done.

Let me at this point read the President's letter, which is found at page 12389, directed to the then Senator from Indiana, Mr. Watson, and dated July 3, 1930:

MY DEAR MR. SENATOR: You request my views on the effect of the Senate amendments to the House veterans' bill.

I must say at once that these amendments again reestablish injustices and discriminations between veterans, impose unwarranted burdens on the taxpayer, and perpetuate entirely wrong principles in such legislation. There are many points of criticism in this direction.

For instance, under these amendments the average allowance to veterans whose disabilities were incurred in civil life subsequent to the war will work out very close to the same average payment as that given to veterans who actually suffered from battle and in the trenches. This is an injustice both to the men who suffered from the war and to the public. The amendments reverse the House action limiting allowances to men who are exempt from income tax. From this removal of the indication of necessity a wealthy veteran, if he becomes permanently disabled, either partially or wholly, as the result of an automobile next week, may draw a life allowance from the United States Treasury. The Senate amendments seriously affect the men who were enrolled after the armistice and who never heard a shot fired.

I want the Senate to bear in mind this remark and the remarks which were subsequently made with respect to it in the Senate—

They—

The Senate amendments—

seriously modify the clauses in respect to venereal diseases and impose a burden upon the Treasury therefor, which must be condemned from the point of view of family life.

General Hines estimates the cost the first year of this bill as passed by the Senate will be \$70,000,000, rising to about \$175,000,000 in 5 years and thereafter. This represents an increase on the House bill by about 250 percent. These are sums wholly uncalled for by the need of the situation and probably imply an increase in taxes.

There are many other objections to the Senate amendments, such as renewal of certain presumptions, but perhaps this will indicate my views. The bill as passed by the House before amended by the Senate was in itself a generous national action, based upon sound principles. Except for some minor technical points the House bill met the entire approval of the representatives of the American Legion and the Veterans of Foreign Wars. They did not ask for any more. They have shown a sense of responsibility not only to the country but to the veterans by unhesitatingly expressing their opposition to the major Senate amendments.

Then follows this remark by the Senator from Georgia [Mr. GEORGE], who was a member of the conference committee:

Mr. President, to what has been said I desire to add, as a minority member of the conference on the part of the Senate, this brief statement. The junior Senator from Massachusetts [Mr. WALSH] and myself did not sign the conference report. We did not agree to the report; we do not agree to the report. I think I may say the same with reference to the minority members representing the House.

Later on, in addressing the Senate upon the subject, the senior Senator from Georgia [Mr. GEORGE] had this to say:

Mr. President, the President of the United States in his letter today and in all of his press announcements and in his veto message has seized upon extreme cases for illustrations. He has called attention to the fact that many veterans who never smelled powder, who never left the shores of the United States, who never went to France, would receive the benefits under the bill already disapproved and even under the bill which the Senate passed and upon which this conference was asked. Yet he carries the country into an outright pension system which gives allowances to all men who enlisted or were enrolled in the service prior to November 11, 1918, whether they suffer injury in automobile accidents, are bitten by snakes while fishing in the Rappahannock or the Rapidan, even upon the Sabbath day, and thereafter suffer permanent disability this year and through the years to come.

In his veto message Mr. Hoover said it was peculiarly distressing to him to veto legislation for the benefit of the soldiers. Well he might say so. But for that war, carried on by the men now broken in mind and body, Herbert Hoover would still be unknown in his native land, but would be driving pauper labor among backward peoples to add to the dividends of British syndicates.

Inequality? Every inequality which he has condemned is in his pension system, but the system has not the virtue of being adequate. Twelve dollars a month for a man 25 per cent disabled! Forty dollars for a man permanently and totally disabled, while his comrade suffering 100 per cent disability or total disability, who did establish service connection for his disability after the Veterans' Bureau had adjudicated that it was not in point of fact service connected under the presumption in the existing law, draws \$100 per month, all because under one fiction, under one presumption raised in the law, the one was able to connect his disability with service and the other was not, but had to content himself with the meager and inadequate pension allowance made in the existing bill.

If we are to go to the pension system, the minority members of the conference believe—and earnestly believe—that we should go to the rates now given to the veterans of the Spanish-American War and that we should treat all of the soldiers alike. We have not been impressed, we are not now impressed, and the American people will not long be impressed with the argument that the veterans of the World War on the average are now only about 38 years of age, whereas the veterans of the Spanish-American War on the average are about 58 years old, and that the Spanish-American War veterans were themselves denied just recognition by the Government for some 20 or 22 years after the war ended.

Now I want to quote the distinguished President pro tempore of the Senate, the Senator from Nevada [Mr. PITTMAN], who made a speech on that occasion also, in which he said this:

I think, sir, that this bill having adopted a principle, we have provided an inadequate sum to carry out the principle. There is not a Senator here would say it is adequate, and no Senator has ever said so. It is merely a cheap, stingy gratuity to these broken and disabled soldiers in order to get annoying victims away from the door of the White House so that the annoyance will cease, and so as to save the conscience of those whose chief happiness in life is to see a surplus in the Treasury of the United States.

However, when I am assured by those who know that it is either this or nothing, I have got to humiliate myself by participating in this stingy, penurious tip.

The Senator from Massachusetts [Mr. WALSH] made a speech on the same occasion, but he touched another subject; and it is important here that I call attention to it, because it proves that at that very time the depression was distressing the people of the Nation. The Senator from Massachusetts said:

I think it perhaps appropriate that I quote to the Senate from two letters written by distinguished and conservative citizens of the country in reference to general economic conditions; and I particularly call attention to the expressions of fear for the future of our country which are given voice by these observers of social conditions. One is a letter from the mayor of Evansville, Ind., a city of something less than 100,000 inhabitants. He writes:

"I have listened to more stories of real distress than I thought could possibly exist in America. This demand has been so insistent that I have but little time to give to the serious duties of my office. \* \* \* I have callers at my home and my phone, even at home, rings almost incessantly, due to calls from men who need employment or their wives who recite their distress and needs. The whole thing is a nightmare, but I am unable to absorb scarcely any of this labor, and when I do help a man find a job, it is usually at the expense of some other fellow being thrown out of work. I have had applications from some college men, accountants, and school-teachers, who are willing to accept the lowest type of employment to earn bread and clothing for their families. \* \* \* Evansville has quite a diversity in its industries, but all branches seem to be suffering. The relief is beyond our power to supply."

Then he reads another letter from a clergyman in New York City.

Then the Senator from Massachusetts goes on to say what is going to happen:

Now, we, the representatives of these people, custodians of the institutions of America, are about to close the doors of the one avenue through which they have a right to petition, through which they have a right to seek redress, through which they have a right at least to have it said by those in high places, "We realize, we know, we understand, we sympathize, though we are powerless to help."

Mr. President, the policy of "leave it alone" or "let time adjust conditions" will not always settle political or economic unrest.

Mr. President, among the class of economic sufferers in America today are the World War veterans. No; we are not now considering relief to mere World War veterans, but we are dealing with disabled—I emphasize the word "disabled"—veterans. Among the class of distressed citizens are tens of thousands of disabled war veterans, their wives, and their dependents, many of them unemployed, many of them in the hospital, 77,000 of them said to be suffering from chronic diseases that are steadily sapping their lives and bringing them day by day nearer to the grave, with little or no income for themselves or their families or their dependents.

In thousands of other cases—and that is the background for the relief—the disabled veterans are lying on their death cots in hospitals, while their wives and children are hungry and in need. This situation led to the other proposal which was made that Congress give the wives and children of such veterans financial allowances. I thought that did not reach an equitable solution of the question, because the veteran who is fighting the battle of life at home, who can not get into a hospital, but who, by such small effort as he may make, is endeavoring to keep his family together, would get nothing for himself or for his wife or for his children.

This situation, in brief, has led to a multiplicity of appeals to try to have our Government at this crisis express practical appreciation of our gratitude to the disabled veterans.

Now, Mr. President, I desire to call attention to the speech of the senior Senator from Tennessee [Mr. McKELLAR], who might very well be called "the watchdog of the Treasury" in every administration. He starts out by saying:

Mr. President, the armistice came on November 11, 1918, and the presidential political campaign came on in 1920. I want to read what the Republican Party promised the American people, and especially the ex-service men, in 1920. Listen to this language, because I am going to compare it with what President Hoover has recently announced about it. This is what the Republican Party said in 1920:

And then he reads the platform.

The Senator continues:

I digress long enough to say—

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Delaware yield to the Senator from Idaho?

Mr. HASTINGS. I do.

Mr. BORAH. Will not the Senator read what the Republican Party said with regard to the veterans in 1920?

Mr. HASTINGS. I shall be glad to read it. This is in the RECORD, and in what the Senator from Tennessee read:

We hold in imperishable remembrance the valor and the patriotism of the soldiers and sailors of America who fought in the Great War for human liberty, and we pledge ourselves to discharge to the fullest the obligations which a grateful Nation justly should fulfill in appreciation of the services rendered by its defenders on sea and on land.

Republicans are not ungrateful. Throughout their history they have shown their gratitude toward the Nation's defenders. Liberal legislation for the care of the disabled and infirm and their dependents has ever marked Republican policy toward the soldier and sailor of all the wars in which our country has participated. The present Congress has appropriated generously for the disabled of the World War.

The amounts already applied and authorized for the fiscal year 1920-21 for this purpose reached the stupendous sum of \$1,180,571,893. This legislation is significant of the party's purpose in generously caring for the maimed and disabled men of the recent war.

Then the Senator from Tennessee continues:

I digress long enough to say, see how the Republican Party boasted at that time of more than a billion dollars spent for maimed and wounded soldiers, and then remember what President Hoover said in his letter today.

I come now to the campaign of 1924. Let us see what the Republican Party promised in its national platform of that year. It is a little weaker. It is not so strong as it was right after the war. We were getting a little closer to Mr. Hoover, who never was in the war. I do not feel that I had the right not to care for these

maimed, wounded, and sick soldiers, after not having been one of them. I should think the President would feel the same way. In 1924 this is what the Republican Party said:

"We reaffirm the admiration and gratitude which we feel for our soldiers and sailors.

"The Republican Party pledges a continuing and increasing solicitude for all those suffering any disability as a result of service to the United States in time of war. No country and no administration has ever shown a more generous disposition in the care of its disabled or more thoughtful consideration in providing a sound administration for the solution of the many problems involved in making intended benefits fully, directly, and promptly available to the veterans.

"We pledge ourselves to meet the problems of the future affecting the care of our wounded and disabled in a spirit of liberality and with that thoughtful consideration which will enable the Government to give to the individual veteran that full measure of care guaranteed by an effective administration machinery to which his patriotic services and sacrifices entitle him."

I next come to the last campaign and the last pledge of the Republican Party to the war veterans made in 1928. It is not so strong as it was a little before. It seems to be getting a little weaker, perhaps anticipating President Hoover's views. In 1928 this is what the Republican Party said:

"Our country is honored whenever it bestows relief on those who have faithfully served its flag."

The last sentence of their campaign pledge in this respect reads:

"Full and adequate relief for our disabled veterans is our aim, and we commend the action of Congress in further liberalizing the laws applicable to veterans' relief."

That is what was promised the veterans in the Republican platform of 1928. That is what Mr. Hoover promised the veterans when he asked for their votes. He stood on that platform, he accepted that platform, and was elected on that platform. I want to say in justice to the Republicans in the House and in the Senate that I believe it was their intention to carry out that platform. They intended to do it. They did do it in the Spanish-American War bill. They did do it in this bill as it first passed the Senate. They carried out their pledge, and then their President came along and talked about injustice, talked about discriminations, talked about unwarranted burdens, talked about wrong principles, and then said many other points of criticism. When he was seeking office, the Republican Party was going to do its full measure of justice by the World War veterans; but when it comes down to the actual effort to do it, when great financiers gather around him and talk about the burdens of taxation, he follows another course. Let me read what he said today. Remember that the Republican Party formerly boasted that it had given to these soldiers over a billion dollars, and listen now to what President Hoover said this morning:

"General Hines estimates the cost the first year of this bill, as passed by the Senate, will be \$70,000,000, rising to about \$175,000,000 in 5 years and thereafter."

This is what the Senator said, and I am wondering whether his attitude has changed:

Suppose it does? If the Republican Party and Mr. Hoover, as its candidate, made the pledge to do full justice to the sick, the maimed, the wounded soldiers—and all admit they did—it is his duty and it is their duty to do it. But, Mr. President, the Republicans are not performing that duty. They undertook to do it. In the Senate and in the House they intended to do the right thing. My associates on the other side of the Chamber intended to do the right thing, but when the President comes along and sends down to them a threat of veto before the bill is even passed they change their minds. They are afraid of the party lash. They are afraid to say, "We are going to vote to carry out our pledge to the veterans." They are not willing to stand up to the "lick log." These war veterans stood up for us in 1917 and 1918. Why should not we be willing to stand up for them in 1930—

This is only 1933—

when they are suffering from being maimed and sick and wounded during that Great War?

It seems to me that the Republican majority are not carrying out their pledge, and the reason they are not doing so is because the President commands them not to do it. That is the only reason. There is not any good reason which has been given here why this conference report should be agreed to.

A little further along he said:

I have heard no argument against a bill providing proper compensation for the World War veterans except that the President is against it and has sent some excuses in this letter down here, ahead of time, in order to prevent the passage of a real bill for the relief of the maimed and sick and wounded soldiers of the country.

Mr. President, I do not want the question confused. We are talking solely and alone about the soldiers who became sick during the war or who were maimed during the war or who were wounded during the war. They are entitled to relief from the Government, and they are the ones whom the President is

fighting. He is fighting them with a mighty hand; he has the greatest Government in all the world behind him; and, of course, the soldiers are at a great disadvantage. They have to take what they can get. It may be that they would rather have this than the full measure of relief to which they formerly subscribed; but they have got to take it simply because the President of the United States, who, like myself—I will put myself in the same category with him—"never heard a shot fired", says so. Those are the words which the President has used—"who never heard a shot fired"; and yet a man who himself is in that very category—he, too, is a man who has "never heard a shot fired", who never was on the firing line—is depriving by his one act, and through his influence over Republican Members of this body and the other body, sick, maimed, and wounded soldiers, who went through hades itself in defense of this country, of their just dues. The President is the last man in the United States to sneer at those "who never heard a shot fired"!

They are constantly sending letters here that if we enact soldiers' legislation, such as the legislation we passed for the Spanish-American War veterans, or originally passed for the World War veterans, the Government is going, in effect, into bankruptcy, or that we must increase taxation; but when it comes to the war profiteers, when it comes to the gamblers struck by the panic in Wall Street, the Government has plenty of money to give out to those worthies; there is no reason in the world why it should not relieve them to the extent of \$161,000,000 in one case, and, in the other, refund \$200,000,000 to the war profiteers who "never heard a shot fired", as the President says.

Then again, in answer to a question:

I do not know whether or not that would be a requirement, but I want to say that I think the President is unfair and unjust and inhuman to these sick, maimed, and wounded boys who fought for us in France in 1917 and 1918. I am astonished to think that the President of my country would take this inhuman position as to the sick, maimed, and wounded soldiers of our country. My friend says it is illiberal. It is more than that; it is inhuman that our Government should not reward those who stood up and fought for it. Yet the President, under his administration, is paying out some \$200,000,000 a year of the taxpayers' money to the war profiteers, who stayed behind in this country, who "never heard a shot fired", who never were out of the United States until by reason of their great wealth obtained by the services of these boys they went after the war was over. Payments are being made at the rate of \$200,000,000 a year to the great war-profiteering companies and individuals who made great fortunes during the war.

It is inhuman on the part of the President to object to this legislation for the maimed and disabled soldiers. Why do I say this legislation first agreed to is just? It is just because 60 out of the '66 Senators who voted on the question voted for a proper measure. I forget what the vote was in the House, something like 350 to 25 or 30, or maybe 50. At all events there was an overwhelming vote in both Houses to do justice by the soldiers of the country—sick, maimed, and wounded soldiers, mind you; not the strong and healthy soldiers; not the soldiers who are trying to put up a job upon their country, if there are any such; but the soldiers who are sick and maimed and wounded. The Senate of the United States and the House of Representatives of the United States first thought they were entitled to reasonable compensation, and they fixed that compensation; and after they had done it, and voted for it in such overwhelming measure, the President sends down some emissary and tells them that they are wrong, that it would cost \$70,000,000 the first year, and a few million more afterward, and it is unfair to the rest of the country, and we might be criticized by somebody if we agreed to treat the soldiers fairly; and you are following him. It is a fight between Mr. Hoover and the ex-service men. You are voting for the President and against the soldiers of the country. You need not make any mistake about it. You are voting against the soldiers.

Mr. President, I disagree with the Senator from Massachusetts [Mr. WALSH], who spoke a few moments ago, in attempting to put all the blame on the President of the United States. That blame is equally on you who are sustaining him in this matter. I am talking now about you on the other side who voted for it and who now have changed your minds at the behest of the President, simply because he says you will be subject to criticism, because there might be some injustices in the bill, some discriminations, some unwarranted burden on the taxpayers, some wrong principle.

"There are many points of criticism", says the President. Why did he not point them out? He has pointed out only one, and that was that it would cost the taxpayers too much. It would cost the taxpayers too much, why? I do not know whether Mr. Hoover was in this country at the time we declared war or not. I believe it was before he landed here. My recollection is that we declared war on the 6th of April, 1917.

This is the Democratic support President Hoover got in the Senate.

Does anybody know whether Mr. Hoover had become an American again by that time? He came over about that time; and I remember that to carry on the war we appropriated \$7,000,000,000 at one time, and we drafted these 4,000,000 soldiers; and what did we tell them? We told them that the Government's richest

bounty would always be given to those who were maimed or wounded or sick, or to the families of those who died; and now, 12 years after hostilities ceased, we have a President who says that we ought not to give a pension or compensation to a soldier unless he heard a shot fired!

Mr. President, I am sorry that the President has taken any such position as that. I am very sorry to think that the President of the United States would be so unkind and so unjust and so inhuman to the sick, wounded, and disabled soldiers as he has shown himself in this matter.

Mr. President, the senior Senator from Tennessee was not the only one who expressed himself quite fully upon this subject. I now call attention to a speech of the senior Senator from Kentucky [Mr. BARKLEY], and I shall not read as much of it as I read of the speech of the Senator from Tennessee. It began on page 12410, and I read beginning with page 12412. Let us see what the Senator from Kentucky said about this matter something less than 3 years ago, on July 3, 1930, and this is March 1933. He said:

As far as I am concerned, I am not interested in anybody's political scalp. I am not interested in protecting any Member of Congress in either branch from the wrath of the American soldier. I am not seeking the defeat of anybody, but it has come to a sad predicament if American Congressmen can be charged with thinking more of a reelection in November than of expressing their honest convictions toward the veterans of the World War and the allowances we are to give them as a consequence of their disability.

What does it matter if the 435 Members of the House of Representatives should all go down in defeat? How do they compare with the thousands of American war veterans who are asking legislation for their relief? What does it matter if all 96 of the Members of the United States Senate should go down in defeat because they have the courage to express their views on legislation through a roll call, compared with the hundreds of thousands of war veterans, many of whom might better fill the shoes in both Houses than they are being filled now by some of us who are here? Yet in order to protect Members, in order to deceive the American voter, in order that a record may be prevented and that men may go home to their districts without the accusation being made against them that they voted against the Spanish-American War rates, we have witnessed during the last week a legislative situation which, if the American people thoroughly understood it, would create a national scandal in our legislative system.

My theory has always been that men are elected to Congress—and that means to both branches—to represent the people. It has always been my theory that the man who is afraid to go on record on any important question has no right to ask the people to send him here or to any legislative body. Yet, during the past week, we have seen the legislative machinery manipulated by three men in the United States, compared to whose processes those of Mussolini are democratic and liberal.

As I understand it, he was here referring to the members of the conference committee, who disagreed with the Senate.

Mr. President, this conference report may be adopted. We are told that it will be adopted. I make no prediction as to what will be its fate. But those who think they will be able to mollify or satisfy the disabled veteran of the World War, whose wife tonight may be without ordinary raiment, whose children tonight may be hungry or being cared for by some charitable or eleemosynary institution—

This was in July, too, when it was not so cold as it is now—those who think that by a manipulation of the rules of any body they can force upon the World War veteran the pittance of \$12 a month and a maximum of \$40 a month for total disability are reckoning without their host.

If the bill becomes a law, as it is now proposed, I shall be one of those in this body, so long as it is my good fortune to remain here, to endeavor to see that legislation is enacted which will wipe out the discriminations which are about to be inflicted upon the veterans of the World War.

How can there be any justification for any discriminations as between veterans of the World War, now about to be worked through the medium of this bill, and the veterans of other wars? Speaking of discriminations and injustices, I wonder why the President did not comment upon the difference in our treatment of the World War veterans in this bill and in that which we passed recently for the Spanish-American War veterans? I can well understand why he did not call attention to it. It was because he was against that act of tardy justice to the veteran of the Spanish-American War.

And remember, my friends, it is a Democratic President today who proposes to take away \$95,000,000, or 70 percent of the appropriation for the Spanish War veterans.

If he had had his way, there would have been no legislation for the Spanish-American War veteran; and if he had his way, there would be no legislation for the World War veteran. Not a recommendation has he ever made in behalf of any change in the law. He only comes here at the last hour of the session because he

knows Congress is committed to some form of relief, and he hopes by reason of the power which he exercises to get for them the smallest amount that the Congress will approve or that the veterans will be willing to accept.

Mr. President, it had been my hope that when we returned to our respective homes we might at least feel within our own hearts that we had done justice to the American people; but I fear from the apparent consequences which are about to ensue that none of us will be able to carry that conviction back to the people, either to those who fought in wars or to those who have never fought in wars. Upon every man will rest the responsibility for his vote here. Upon every man will rest the duty and the obligation in the future to bring about whatever perfection and improvement we can bring about in the elimination of the discrimination and injustice to which I have referred, but which seem not to have been in the mind of the President of the United States.

I trust that when we have gone beyond the World War 30 years or 20 years the American doughboy of the World War will not have the same ground for complaint against the Government of the United States as that which has been expressed over and over again by the soldiers for whom we a few days ago attempted to do only a tardy justice. I trust that if this measure, unconsidered, ill-considered at best, which is admitted to be a makeshift, which is admitted to be a political measure to save the faces of those responsible for no legislation at all up to this date, shall be enacted into law that we will delay the justice for which we now plead only for a few months. I shall gladly join with those who may seek to bring about that end.

Mr. President, we have some more important speeches which were made on the other side of the Chamber, among them one by the distinguished and eloquent junior Senator from Texas [Mr. CONNALLY], whom we all like to hear regardless of the subject he discusses. On page 12416 of the RECORD from which I have been reading he said:

Mr. President, soldiers' relief has not seriously been considered. I charge that this piece of legislation has been shunted off into a corner. This is a contest at last, when it is narrowed down, between corporation taxpayers with pockets full of profits—because those who make profits are the only kind who have to pay taxes—it has narrowed down to a contest between taxpayers with pockets full of profits and disabled soldiers with empty pockets. That is the issue.

One of the chief figures in the House of Representatives, who has had perhaps more to do with directing the course of this legislation than anybody else in Washington, was quoted in the papers the other day to this effect; he said:

"It would be much harder to explain to an income-tax payer the failure to reduce taxes or raise taxes than it would be to explain the soldier bill."

In other words, with his practical mind, he was looking directly to the question as to which he would rather try to satisfy, the income-tax payer, who feared that his taxes might be raised or that he might not get another reduction of his taxes, or some disabled soldier.

It seems to me we might very well ask the administration which of them they dread, whether they dread the soldier the most or the taxpayer the most. It would seem that they have agreed, as charged by the junior Senator from Texas, that the taxpayer is the man to be dreaded the most.

That is the contest. Gentlemen should not delude themselves. The contest is between those who want to show a budget; who want to show a surplus. What for? For political effect. They want to go before the country with a brass-band accompaniment proclaiming how much surplus we have in the Treasury. We have \$184,000,000 surplus in the Treasury. Mr. Mellon, before that Treasury surplus was determined, was predicting a deficit in case this legislation were enacted.

Senators need not fear about a deficit. We are not going to have a deficit. So, after all, it is simply a question as to whether or not we want to compensate the disabled soldiers at an adequate rate or want to pretend to compensate them with an inadequate rate. There is no dispute as to principle, no division as to the fundamentals. The administration and the leaders of the conference committee say that for a totally disabled soldier \$40 is enough. They tell us that for a soldier who is disabled 25 percent, \$12 is enough.

Oh, gentleman need not undertake to shift the question; that is what they are going to say, that is what they are saying now, that for a soldier disabled 25 percent, \$12 a month is enough.

Mr. President, that is an important record. It is a record that is less than 3 years old. I shall not comment upon it further and shall not detain the Senate by reading other very interesting speeches contained in the RECORD to which I have referred and which I have omitted.

Mr. HEBERT. Mr. President, like other Senators I have received a very large number of appeals from citizens of my State in relation to the pending bill. Many of those have come to me from veterans and their representatives.

They express apprehension as to the treatment that is to be accorded to soldiers of past wars if this legislation be enacted.

On the other hand, a very large number of appeals have come to me from individual citizens, taxpayers large and small. They, too, are apprehensive lest some unforeseen catastrophe come upon us as the result of past legislation—as the result of the depression through which we have been passing.

To all those appeals I shall make answer as fast as the facilities at my disposal will permit, but I have felt that I ought to express my views somewhat more at length than I could within the compass of correspondence with my constituents; hence what I shall say at this time upon the pending bill:

The constitutionality of the pending measure has been questioned. I am not prepared after the consideration which I have been able to give to it in the brief time that has elapsed since it came to the Senate to express an opinion on that point, but I may say that in my judgment the critical conditions now existing justify favorable action upon it at the earliest possible date.

The title of the bill is most appropriate and expresses the full intent of its sponsors. It is entitled "A bill to maintain the credit of the United States Government." To my mind, that consummation is paramount at this time. Unless the credit of our Government be maintained, it matters little what action we take here either in going through forms of spreading our munificence to any one group of our citizens, or to all groups. In any event our action will amount to no more than a gesture, for I venture to say there will be no available funds out of which to effectuate our purposes.

The bill affects the veterans to a greater extent perhaps than it does Government employees, to whom it also applies. It provides authority for a marked reduction in their present rate of compensation, it is true.

I hope during my term of service here that I shall never intentionally do an injustice to any veteran who has had the signal honor of having served in the country's wars. To my mind, denying to one who has become incapacitated in the defense of our country and its institutions a sufficient allowance for his maintenance and support is inconceivable. I shall never by my vote permit a soldier of my country, who received injury in actual service, to suffer want or distress. I go further and say I am not unwilling to assume my fair share of any added burdens of taxation to provide generously for our soldiers. But I do not conceive it to be the purpose of this legislation to deny that aid which is needed by those who have suffered disablement in the line of duty.

I realize there is a possibility, and indeed a probability, that under this bill, if it become a law, the present liberal allowances may be reduced or curtailed. I realize, too, how apprehensive the veterans are as to their future treatment at the hands of their Government.

For my part I cannot believe that this Government or that its Chief Executive will be ungenerous, much less unjust to them within the limits of our ability to pay; and after all, our ability to pay is of paramount importance at this moment.

We have exceeded our income in the past 3 years by some 5,000 millions of dollars. Our national credit is on the verge of impairment. What if it be destroyed? How then shall we provide the funds with which to meet our obligations including the provisions we have made for the soldiers?

We signed the bond, it may be said, and it should be honored. True, but how can that be done out of a depleted Treasury? To my mind it were better to promise within the limits of our ability to pay and to make good that promise.

Efforts have been made heretofore to effect economies in government, including some reductions in the compensation allowance to veterans. Recommendations to that end came to us from a Republican President. Congress refused, except to a limited extent, and not at all in respect to veterans' allowances, to follow those recommendations. Some

of us on this side of the Chamber favored the proposal, but we received little, if any, support from the other side of the Chamber. That, however, is no indication that the savings were not justified. Indeed, the recommendations of a Democratic President, which are now before us for consideration, much more far-reaching in their effect than any heretofore suggested, are a clear indication of the soundness of the original proposal. That they come now from a President not of my political faith is to me not a sufficient reason to oppose them.

But, we are told, Congress will never effect this change. There is but one way to bring it about, it is said, and that is to delegate the power to the President. If that be so—and I regret I am led to the conclusion that it is—then let me add that, in a measure, Congress has abdicated its constitutional powers. Its lack of courage is to be deplored. The example it now sets will, I fear, be an evil influence upon legislation in the years to come. We are not doing the courageous thing. We are not giving our best service to our country. I, for one, am far from being proud of such an attitude. I should prefer to stand up on this floor and be counted for or against a proposition even though it be the unpopular thing, provided it be right. I should prefer to go down to political oblivion, if that be the price, rather than to shirk a responsibility simply because it happens not to be popular for the moment.

In the existing circumstances, however, there is no other course open to me than to favor the only proposal which can possibly be considered favorably. I have no other choice, though I should prefer to see this thing done in the manner outlined in our fundamental law through the channels of legislation.

Let me observe that the principle underlying this legislation is responsive to the mandate of an overwhelming majority of the voters of the country at the election of 1932. It is a part of the program of the administration in power. That administration is charged with a stupendous task. Unless it shall succeed, I hesitate to think what will follow. I am unwilling to be placed in the position of opposing any reasonable effort looking to its accomplishment. I may, in the future, find myself in disagreement with some proposals which may be submitted for our consideration; but having reached the conclusion that the passage of the pending bill is essential at this time, I shall give it my support.

Economies must be effected if we are to survive as a Nation and do honor to our obligations. They must come about because the people have willed it so. When the electorate has spoken, then the final arbiter has been heard. I bow to the will of the majority. They want economy; they want retrenchment in government. It is their Government, and their will is supreme. The present administration promised economy. The voters of the country gave it their mandate. That is now being carried out—not in the way I should do it—but, nevertheless, effectually, I hope. If the administration shall have misjudged the temper of the people in this regard, then it will surely receive their condemnation when it comes to give an account of its stewardship.

This is no time to indulge in political discussions. It is a time for action, immediate action. I am ready to cast my vote for this measure. I sincerely hope its passage will benefit the country without doing an injustice to anyone. After all, the people willed a change. They were promised a new deal. The existing order changeth; the new deal is at hand.

Mr. BORAH obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President—

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. I yield.

LOANS BY FEDERAL RESERVE BANKS TO STATE BANKS AND TRUST COMPANIES

Mr. ROBINSON of Arkansas. Mr. President, the Committee on Banking and Currency, to which was referred the bill (S. 320) to provide for direct loans by Federal Reserve

banks to State banks and trust companies in certain cases, has ordered a report on the bill without amendment. The Senator from Florida [Mr. FLETCHER] is absent for the time being but is ready to make that report. I am going to ask unanimous consent for the present consideration of the bill and for the privilege of making a brief explanation.

An additional amendment, which I think will not require discussion, will be proposed if consent to my request is granted.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

Mr. McCARRAN. I should like to have an explanation before consent is given.

Mr. ROBINSON of Arkansas. I am going to make an explanation of the bill; but my explanation will be very brief.

This bill proposes to make two changes in existing law. A number of statutes have been passed having relationship to the subject matter dealt with in the act of March 9, 1933, known as the "Emergency Banking Act", and also embraced within the bill to which I refer. The two changes are as follows:

First, the bill gives supplemental rights or opportunities to State banks or trust companies to obtain direct loans from the Federal Reserve banks on their time or demand notes, secured to the satisfaction of the Federal Reserve banks. Under the Emergency Banking Act, loans may be made direct to the State banks on the sole security of Government bonds, "obligations of the United States." It is believed that the change now proposed will tend to place the State banks nearer on a parity with member banks.

Section 402 of the Emergency Banking Act, passed March 9, 1933, gives member banks this right but does not extend it to State banks. The pending bill, as I have already stated, gives broader opportunities for loans to the State banks, in that the loans may be based on their time or demand notes secured as the reserve banks may require.

The second change is, in my judgment, of comparative unimportance. The Emergency Banking Act gave to bank conservators provided for under that act the same rights that are extended to receivers, but it also imposed obligations and duties that are not devolved by law upon receivers. The counsel for the Federal Reserve Board, it is said, has raised the question as to whether the Reconstruction Finance Corporation has authority to make loans to the bank conservators contemplated in certain provisions of the emergency banking act of March 9 last. The amendment that I shall offer, if consent be given for the consideration of the bill, is as follows:

Add a new section at the end to read:

"The Reconstruction Finance Corporation and the Federal Reserve banks are authorized to make loans to any conservator appointed pursuant to section 203 to aid such conservator in administering the affairs of the bank for which he was appointed. Each such loan shall be subject to the approval of the Comptroller of the Currency and shall be secured by any available sound assets of the bank."

I have stated—and I will state again for the benefit of the Senator from Florida [Mr. FLETCHER], who was necessarily out of the Chamber when the opportunity arose to bring this measure up—that I am informed that he is authorized to report the bill without amendment and that, if consent be given, I shall offer the amendment that I just read.

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

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Massachusetts?

Mr. ROBINSON of Arkansas. I yield.

Mr. WALSH. The amendment proposed by the Senator is an attempt to satisfy the criticism that was made of the act passed last Thursday in its relationship to the State banks?

Mr. ROBINSON of Arkansas. It broadens the power and right of State banks with respect to loans from the Federal reserve banks in the manner I have stated. Under the existing act they can secure loans only on the security of

Government bonds. Under this bill, if it shall be passed, they will be able to secure loans on their time or demand notes when approved by the Federal Reserve bank and the State banking commissioner with such security as may be required.

Mr. WALSH. And, of course, the measure has the approval of the State bank authorities?

Mr. ROBINSON of Arkansas. It has not yet been submitted to them formally.

Mr. WALSH. I assume that they had representatives dealing with the committee?

Mr. HARRISON. Mr. President—

Mr. ROBINSON of Arkansas. I yield.

Mr. HARRISON. May I state that a delegation from my State, representing the banks of Mississippi, is very much in accord with the bill and is very hopeful that it will pass?

Mr. WALSH. That is what I assumed.

Mr. ROBINSON of Arkansas. It is very much desired by the representatives of many State banks, but I could not say that it has the formal approval of the State bank commissioners, because it has not been submitted to them.

Mr. WALSH. It has the approval of the State bank authorities of my State.

Mr. FLETCHER and Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Arkansas yield; and if so, to whom?

Mr. ROBINSON of Arkansas. I yield first to the Senator from Florida.

Mr. FLETCHER. On behalf of the Committee on Banking and Currency I report favorably, and without amendment, the bill (S. 320) to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases. I understand the Senator from Arkansas has asked unanimous consent to consider the bill, the unfinished business to be laid aside temporarily for that purpose.

The PRESIDING OFFICER. Without objection, the report will be received.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Arkansas has the floor.

Mr. ROBINSON of Arkansas. I yield first to the Senator from West Virginia.

Mr. HATFIELD. Mr. President, I wish to say in behalf of the State bank organizations of the State of West Virginia that they are very much in favor of the bill just reported and of the amendment referred to by the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I thank the Senator. I now yield to the Senator from Oregon.

Mr. McNARY. Mr. President, my attention was diverted when the able Senator from Arkansas was proposing the amendment. Do I understand the amendment which he has suggested is to be proposed to the bill reported by the Senator from Florida?

Mr. ROBINSON of Arkansas. First, I am asking for the consideration of the bill reported by the Senator from Florida. Since that bill was introduced, the Treasury Department has discovered or been advised by the counsel of the Federal Reserve Board that there is some doubt as to the right of bank conservators provided for by certain provisions of the emergency banking act to secure loans, and this amendment is intended to give them that right in the operation of banks. No limitation is carried in this amendment on the aggregate amount to be loaned by the Reconstruction Finance Corporation.

Mr. McNARY. Is the Senator from Arkansas asking for present consideration of the bill?

Mr. ROBINSON of Arkansas. Yes. The reason for it is, of course, apparent.

Mr. McNARY. I have no objection; but, inasmuch as a number of Senators are absent from the floor of the Senate, I shall have to suggest the absence of a quorum before I can give consent.

Mr. ROBINSON of Arkansas. Very well.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

Mr. WALSH. I wish to announce the absence of my colleague the junior Senator from Massachusetts [Mr. COOLIDGE] on account of a death in his family.

Mr. REED. I should like the RECORD to show an announcement for the day that my colleague [Mr. DAVIS] is absent on account of illness.

Mr. LEWIS. Mr. President, I desire to repeat the announcement previously made by me, that the absence of the Senator from Colorado [Mr. COSTIGAN], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Illinois [Mr. DIETRICH] is caused by illness in their families.

The Senator from Wyoming [Mr. KENDRICK] and the Senator from Montana [Mr. WHEELER] are absent because of attendance upon the funeral corteges of our late Members.

The PRESIDING OFFICER. Eighty-one Senators have answered to the roll call. A quorum is present. Is there objection to the request of the Senator from Arkansas?

There being no objection, the Senate proceeded to consider the bill (S. 320) to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases, which was read, as follows:

*Be it enacted, etc.,* That title IV of the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933, is amended by adding at the end thereof the following new section:

"Sec. 404. During the existing emergency in banking or until this section shall be declared no longer operative by proclamation of the President, but in no event beyond the period of 1 year from the date this section takes effect, any State bank or trust company not a member of the Federal Reserve System may apply to the Federal Reserve bank in the district in which it is located and obtain from said Federal Reserve bank direct loans under the terms provided in section 10 (b) of the Federal Reserve Act, as amended by section 402 of this act: *Provided,* That all applications for such loans shall be accompanied by the written approval of the State banking department or commission of the State from which the State bank or trust company has received its charter and a statement from the said State banking department or commission that in its judgment said State bank or trust company is in a sound condition."

Mr. ROBINSON of Arkansas. Mr. President, I offer the amendment which I discussed a few moments ago and ask that it be stated.

The PRESIDING OFFICER. The Senator from Arkansas offers an amendment, which will be stated.

The CHIEF CLERK. On page 2, after line 12, insert:

SEC. 2. Title II of such act is hereby amended by adding at the end thereof the following new section:

"Sec. 212. The Reconstruction Finance Corporation and the Federal Reserve banks are authorized to make loans to any conservator appointed pursuant to section 203, to aid such conservator in administering the affairs of the bank for which he was appointed. Each such loan shall be subject to the approval of the Comptroller of the Currency and shall be secured by any available sound assets of the bank."

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Arkansas.

Mr. BARKLEY. Mr. President, may I ask the Senator from Arkansas just what expansion of present law is contained in this bill?

In the committee this morning we had a brief discussion of this bill, which was authorized to be reported; but I was unable by comparison to ascertain wherein this bill extends or expands the power already existing, as contained in section 210 of the act of July 21, 1932, which authorizes the making of loans to individuals and partnerships and corporations—which, of course, must include banks, because they are corporations—and without some of the restrictions contained in this particular bill. In the bill which is now under consideration, before a State bank can obtain any such loan the State banking authority must certify that it is a sound bank and in a sound condition. I am afraid that that requirement may make it impossible for most of the banks to obtain these loans, whereas the present law does not require any such certification.

Mr. ROBINSON of Arkansas. Mr. President, I discussed the subjects to which the Senator from Kentucky has referred before the absence of a quorum was suggested; and I will repeat briefly the substance of the statement I then made, because a number of Senators, including the Senator from Kentucky, have since come into the Chamber.

The changes which the bill makes in existing law may be considered by some Senators as of relative unimportance, but I think at least one of them is a substantial broadening of the right and opportunity of State banks to secure loans from Federal Reserve banks in this particular.

Under existing law, the provisions for loans to State banks require the use of Government bonds or obligations as security. Under the proposed act amending the law, State banks may procure loans on their time or demand notes secured to the satisfaction of the Federal Reserve bank.

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

Mr. ROBINSON of Arkansas. If I may continue for just a moment, the reason for the requirement in the proviso for a certification that the State bank is sound is found in the fact that we are extending a rather extraordinary privilege to an outside bank—that is, a bank that is not a member of the Federal Reserve System—and it is thought wise, after much deliberation on the subject, to require, in addition to the approval of the Federal Reserve bank, the approval of the supervising authority concerning the State banks.

The amendment which has been proposed has relation only to the rights and privileges granted the so-called conservators of banks. These are provided for under the emergency banking act, and they are given the rights and privileges accorded receivers. Receivers may borrow from the Reconstruction Finance Corporation; but the counsel for the Federal Reserve Board—somewhat technically, I think—has raised the question as to the right of conservators to obtain loans from Federal Reserve banks and from the Reconstruction Finance Corporation; and this amendment is intended to make clear that right beyond any question of doubt. Moreover, there is no limit on the aggregate amount that may be loaned by the Reconstruction Finance Corporation to State banks under this amendment.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

Mr. ROBINSON of Arkansas. The Senator from Kentucky [Mr. BARKLEY] asked me to yield to him.

Mr. BARKLEY. I will yield to the Senator from Michigan.

Mr. VANDENBERG. I desire to ask the Senator from Arkansas for his own interpretation of the phrase "in a sound condition." This is what I have in mind, if the Senator will bear with me:

It seems to me that we are approaching a serious situation, in that liquidity rather than solvency is calculated to be the test of soundness. Would the Senator concede that that was a correct test?

Mr. ROBINSON of Arkansas. No; I think that "a sound condition" means a solvent condition.

Mr. VANDENBERG. I cordially agree with the Senator.

Mr. ROBINSON of Arkansas. And I do not think we ought to extend or can afford to extend the privilege of loans of this class from the Federal Reserve System to banks that are not members, except upon such a condition.

Mr. VANDENBERG. I quite agree with the Senator.

Mr. ROBINSON of Arkansas. And I am sure that is the belief of those who have suggested the legislation.

Mr. VANDENBERG. I desire to tell the Senator that, judging from my own observation in my own section of the country, I very much fear that the other law is being administered today on a basis much closer to liquidity than to solvency, and it threatens a very serious menace as a result.

Mr. ROBINSON of Arkansas. I think necessarily we must leave the administration of the statute to administrative officers.

Mr. ROBINSON of Arkansas subsequently said: Mr. President, I ask leave to insert in the RECORD in connection with my remarks certain provisions of existing law relating to the subject of loans to individuals and corporations by the Federal Reserve bank.

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

[From the act approved July 21, 1932]

SEC. 210. Section 13 of the Federal Reserve Act, as amended, is further amended by adding after the second paragraph thereof the following new paragraph:

"In unusual and exigent circumstances, the Federal Reserve Board, by the affirmative vote of not less than five members, may authorize any Federal Reserve bank, during such periods as the said Board may determine, at rates established in accordance with the provisions of section 14, subdivision (d), of this act, to discount for any individual, partnership, or corporation, notes, drafts, and bills of exchange of the kinds and maturities made eligible for discount for member banks under other provisions of this act when such notes, drafts, and bills of exchange are endorsed and otherwise secured to the satisfaction of the Federal Reserve bank: *Provided*, That before discounting any such note, draft, or bill of exchange for an individual or a partnership or corporation the Federal Reserve bank shall obtain evidence that such individual, partnership, or corporation is unable to secure adequate credit accommodations from other banking institutions. All such discounts for individuals, partnerships, or corporations shall be subject to such limitations, restrictions, and regulations as the Federal Reserve Board may prescribe."

[From the act approved February 27, 1932]

SEC. 10. (b) Until March 3, 1933, and in exceptional and exigent circumstances, and when any member bank, having a capital of not exceeding \$5,000,000, has no further eligible and acceptable assets available to enable it to obtain adequate credit accommodations through rediscounting at the Federal Reserve bank or any other method provided by this act other than that provided by section 10 (a), any Federal Reserve bank, subject in each case to affirmative action by not less than five members of the Federal Reserve Board, may make advances to such member bank on its time or demand promissory notes secured to the satisfaction of such Federal Reserve bank: *Provided*, That (1) each such note shall bear interest at a rate not less than 1 percent per annum higher than the highest discount rate in effect at such Federal Reserve bank on the date of such note; (2) the Federal Reserve Board may by regulation limit and define the classes of assets which may be accepted as security for advances made under authority of this section; and (3) no note accepted for any such advance shall be eligible as collateral security for Federal Reserve notes.

Mr. ROBINSON of Arkansas. This was extended for 1 year at the end of last session, and the President was given power to further extend the provision for an additional year.

[From the act approved March 9, 1933]

"SEC. 10 (b). In exceptional and exigent circumstances, and when any member bank has no further eligible and acceptable assets available to enable it to obtain adequate credit accommodations through rediscounting at the Federal Reserve bank or any other method provided by this act other than that provided by section 10 (a), any Federal Reserve bank, under rules and regulations prescribed by the Federal Reserve Board, may make advances to such member bank on its time or demand notes secured to the satisfaction of such Federal Reserve bank. Each such note shall bear interest at a rate not less than 1 percent per annum higher than the highest discount rate in effect at such Federal Reserve bank on the date of such note. No advance shall be made under this section after March 3, 1934, or after the expiration of such additional period not exceeding 1 year as the President may prescribe."

SEC. 403. Section 13 of the Federal Reserve Act, as amended, is amended by adding at the end thereof the following new paragraph:

"Subject to such limitations, restrictions, and regulations as the Federal Reserve Board may prescribe, any Federal Reserve

bank may make advances to any individual, partnership, or corporation on the promissory notes of such individual, partnership, or corporation secured by direct obligations of the United States. Such advances shall be made for periods not exceeding 90 days and shall bear interest at rates fixed from time to time by the Federal Reserve bank, subject to the review and determination of the Federal Reserve Board."

Mr. BARKLEY. Mr. President, I do not desire to take the time of the Senate, or to interpose any objection to the passage of this bill; but, merely for the RECORD, I wish to state that in my judgment it is not necessary and that it places restrictions upon the power of the Government of the United States, through the Federal Reserve Board and the Reconstruction Finance Corporation, to make these loans that are now authorized by law without the restrictions.

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

Mr. BARKLEY. I want to read here the section to which I refer.

Section 210 of the Emergency Relief and Construction Act of 1932, approved July 21, 1932, provides:

In unusual and exigent circumstances, the Federal Reserve Board, by the affirmative vote of not less than five members—

That is not changed in the bill that we are considering—may authorize any Federal Reserve bank, during such periods as the said Board may determine, at rates established in accordance with the provisions of section 14, subdivision (d), of this act, to discount for any individual, partnership, or corporation, notes, drafts, and bills of exchange of the kinds and maturities made eligible for discount for member banks under other provisions of this act when such notes, drafts, and bills of exchange are endorsed and otherwise secured to the satisfaction of the Federal Reserve bank.

It seems to me that that provision authorizes the doing of this very thing without the restrictions placed upon it in the bill under consideration.

I wanted to put that in the RECORD simply as substantiating my view that this bill is not necessary, and that it will be more difficult to borrow money under it than it will be to borrow it under the law as it now exists.

Mr. ROBINSON of Arkansas. I am familiar with the paragraph to which the Senator has referred; and after a careful study of it, I think this has relation to what is termed "eligible paper."

Mr. BARKLEY. No; if the Senator will permit me, it says the same kind of paper that would be eligible for rediscount by member banks; but I do not think it means eligibility.

Mr. ADAMS. Mr. President, if I may interrupt, the question of eligible paper in the paragraph read by the Senator from Kentucky is to be construed in the light of eligible paper as of that day; and the very things which are sought now to be brought within the definition of eligible paper, and to be made available for loans today, were not eligible, and were not eligible paper, under the banking act of that day, which is defined as section 343 of the banking statutes. Now the emergency act adds a classification of eligible paper which did not exist previously; so that the amendment to the emergency act which the Senator from Arkansas now offers refers to eligible paper as of today, which is a broader classification than eligibility at the time when the act was passed which is quoted by the Senator from Kentucky.

Mr. BARKLEY. Mr. President, if the Senator will yield, this is a continuing act, and it seems to me it would necessarily be interpreted as eligibility at any time, because it does not restrict eligibility to the date upon which the bill is passed. It is a continuing law, and applies to eligible paper at any time as long as it is in force, it seems to me.

Mr. ADAMS. There was a definition of eligibility in existence when this act was passed.

Mr. BARKLEY. All of those definitions are continuing definitions.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me? Since the Emergency Banking Act defined the exclusive security on which State banks might secure loans from Federal Reserve banks as "Government obligations," the view is taken that this amendatory statute is advisable, and probably necessary, in order to enable the

Federal Reserve bank to make loans on paper which ordinarily is not termed "eligible", as the Senator from Colorado has suggested.

Mr. ADAMS. Mr. President, I think that is unquestionably true. Section 10 (b) as it now is amended in the emergency act opens up with the same phrasing as the bill presented by the Senator from Arkansas, saying—

In exceptional and exigent circumstances, and when any member bank has no further eligible and acceptable assets available to enable it to obtain adequate credit accommodations through discounting at the Federal Reserve bank, or any other method provided by this act, other than provided by section 10.

Then it provides:

Any Federal Reserve bank, under rules and regulations provided by the Federal Reserve Board, may make advances to such member bank on its time or demand notes secured to the satisfaction of such Federal Reserve Board.

In substance, the new bill offered by the Senator from Arkansas provides for adding to the powers given by the emergency act, in this section 10 (b) as amended, the inclusion of State banks, and I think that is quite essential. I have given quite a good deal of time and a good deal of study to that matter. There are State banks in the West very much in need of this help, and it seems to me that even if there is a question of doubt, the question of doubt should be resolved in favor of aiding the banks which are so greatly in need of help at this time.

Mr. VANDENBERG. Mr. President, I quite agree that it is thoroughly wise to seek latitude in behalf of State banks with respect to the emergency banking legislation which we adopted a few days ago. As the Senator from Arkansas has said, in the final analysis the administration of the act determines its real character, and this continues to be true even with this pending amendment added.

For just a passing second, before the vote is taken, I want to plead for the wisest possible exercise of this administrative authority, because the use of the administrative authority has within it at the present hazardous hour the life and the death of thousands of American banks. That is not so important of itself; the important thing is that it has within it the life and death and integrity and vitality of hundreds of thousands of bank accounts.

Under the administration as it has thus far gone forward, today, for instance, when banks in clearing-house cities were permitted to be opened, just seven banks opened in my State of Michigan. No one can say to me that there are only seven sound banks in the clearing-house cities of the State of Michigan. There are more sound banks in that State than that, if soundness means solvency. The numbers may be small if it means absolute liquidity on the basis of today's auctioneer's values. But if banks are to be partially closed or wholly closed on the basis of today's liquidity values, we are going to have a massacre of the savings of the American people; and I want to urge, with all the vehemence at my command and all the earnestness I can summon, that, in the administration of this controlling phrase describing sound banks, we shall not be tied to the dead body of today's wrecked values, but what we shall have a wise conception of the possibilities for tomorrow.

Mr. KEAN. Mr. President, I offer an amendment to strike out beginning with the word "provided", in line 6, on page 2, and ending at the bottom of the page.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 2, line 6, after the word "act", the Senator from New Jersey moves to strike out the colon and down to the period in line 12, as follows:

*Provided*, That all applications for such loans shall be accompanied by the written approval of the State banking department or commission of the State from which the State bank or trust company has received its charter and a statement from the said State banking department or commission that in its judgment said State bank or trust company is in a sound condition.

Mr. KEAN. Mr. President, I offer this amendment because we are trying to help the State banks. If the bill is passed as it now stands, it will mean that every State bank will first have to be examined by one of the State bank exam-

iners, who will report to the Federal Reserve bank; then the Federal Reserve bank will send its man down to make an examination and report again. That report will then have to be voted on by five members of the Federal Reserve Board, and by that time the bank will probably be wrecked.

Mr. President, I think that if we really want to help State banks, we will accomplish something if we leave out the clause to which I have referred.

Mr. ROBINSON of Arkansas. Mr. President, for the reasons I stated a few moments ago, I cannot approve of the amendment. I am ready for a vote on it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New Jersey.

The amendment was rejected.

The PRESIDENT pro tempore. If there be no further amendments, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "A bill to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases, and for other purposes."

#### RELIEF OF EARTHQUAKE SUFFERERS IN CALIFORNIA

Mr. GLASS. Mr. President, I report favorably from the Committee on Appropriations Senate Joint Resolution 14, authorizing the President of the United States to expend \$5,000,000 to relieve distress in those counties of California which have suffered from the catastrophe of earthquake in the year 1933, with certain formal amendments.

Mr. JOHNSON. Mr. President, I was going to ask unanimous consent that the joint resolution be immediately considered, but it being a measure presented by my colleague, I will have to omit the request until he arrives in the Chamber.

Mr. GLASS. Mr. President, I am sure the Senator's colleague would not dissent to his request.

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

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate proceeded to consider the joint resolution, which had been reported from the Committee on Appropriations with amendments.

The amendments of the Committee on Appropriations were, on page 1, line 3, after the word "hereby", to insert "authorized to be"; in the same line, after the figures "\$5,000,000", to insert "out of any money in the Treasury not otherwise appropriated"; in line 7, after the figures "1933", to strike out the period and "Be it further" and insert a colon; on page 2, line 1, before the word "That", to strike out "Resolved" and insert "Provided"; in line 7, after the word "assistance", to strike out the period and "Be it further" and insert a colon; and in line 9, before the word "That", to strike out "Resolved" and insert "Provided further," so as to make the joint resolution read:

*Resolved, etc.*, That there is hereby authorized to be appropriated \$5,000,000, out of any money in the Treasury not otherwise appropriated, as a fund for the relief of distress in those counties of the State of California which are designated by the President of the United States as having been materially damaged by earthquake in the year 1933: *Provided*, That said sum shall be disbursed by the Treasurer of the United States on the order of the President, or by such person, committee, or corporation as may be designated by him to administer such fund, to such persons, firms, or corporations as may be found by the President or his designees to be in need of relief or assistance: *Provided further*, That such sum shall be used, in such manner and under such regulations as the President may prescribe or as may be prescribed with his approval by any person, committee, or corporation designated by him, for the relief of distress occasioned by earthquake occurring in the year 1933 in such counties of the State of California as may be named by the President of the United States by Executive order. Any unexpended balance of this appropriation shall be covered back into the Treasury.

The amendments were agreed to.

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

Mr. GLASS. Mr. President, permit me to state that it is fair to say, in the absence of the junior Senator from California [Mr. McAdool], that he appeared before the Committee on Appropriations in behalf of his joint resolution and very earnestly urged its report.

#### SENATORIAL CAMPAIGN EXPENDITURES

The PRESIDING OFFICER (Mr. BARKLEY) appointed the Senator from Kentucky [Mr. LOGAN] a member of the Special Committee to Investigate Senatorial Campaign Expenditures, vice the late Senator from Nebraska [Mr. Howell].

#### REDUCTION OF EXPENDITURES

The Senate resumed the consideration of the bill (H.R. 2820) to maintain the credit of the United States Government.

Mr. BORAH. Mr. President, I do not rise to discuss what I conceive to be the main and controlling issue in reference to the bill, so far as my vote is concerned; I may discuss that later. I want to call attention to some other features of the measure. I ask particularly the attention of the able Senator who has the bill in charge.

There seem to me to be injustices in the provisions of the bill which may be remedied. As I understand the measure as it is now before the Senate, the President is left with no discretion in the matter of the reduction of salaries or compensation. As I understand it, when he shall have ascertained, through the agencies of the Government, the percentage in the fall of prices and the cost of living, that must be applied to the person earning a salary or having a compensation of a thousand dollars, the same as it is applied to a person receiving a salary or compensation of \$10,000. In other words, after the President shall have ascertained what the percentage of the cost of living is today as compared with the time which is taken as a basis for calculation, he will have no discretion but to apply that to the person of very low salary or low compensation the same as he applies it to a Cabinet officer.

Mr. President, that seems to me a matter which we ought seriously to consider. It is so inequitable and so unjust that we can afford to remedy the matter.

Let me read the provision of the bill which deals with the phase of the matter with which I am now concerned. I read from page 12, section 2:

SEC. 2. For that portion of the fiscal year 1933 beginning with the first day of the calendar month following the month during which this act is enacted, and for the fiscal year ending June 30, 1934, the compensation of every officer or employee shall be determined as follows:—

(a) The compensation which such officer or employee would receive under the provisions of any existing law, schedule, regulation, Executive order, or departmental order shall first be determined as though this title (except section 4) had not been enacted.

(b) The compensation as determined under subparagraph (a) of this section shall be reduced by the percentage, if any, determined in accordance with section 3 of this title.

SEC. 3. (a) The President is authorized to investigate through established agencies of the Government the facts relating to the cost of living in the United States during the 6 months' period ending June 30, 1928, to be known as the base period, and upon the basis of such facts and the application thereto of such principles as he may find proper, determine an index figure of the cost of living during such period. The President is further authorized to make a similar investigation and determination of an index figure of the cost of living during the 6 months' period ending December 31, 1932, and each 6 months' period thereafter.

(b) The President shall announce by Executive order the index figure for the base period and for each subsequent period determined by him under paragraph (a) of this section. The percentage, if any, by which the cost of living index for any 6 months' period, as provided in paragraph (a) of this section, is lower than such index for the base period, shall be the percentage of reduction applicable under section 2 (b) of this title in determining compensation to be paid during the following 6 months' period, or such portion thereof during which this title is in effect: *Provided*, That such percentage of reduction shall not exceed 15 percent.

I assume that I am correct in my construction of the bill that the President has no discretion, after he shall have ascertained the percentage in the reduction of the cost of living, but to apply it to all officers and all employees regardless of their income.

Mr. HARRISON. That is true.

Mr. BORAH. That being true I want earnestly to invite the attention of the Senator to the practicability of fixing a limit below which no reduction whatever shall be had.

Mr. HARRISON. That limit is fixed at 15 percent.

Mr. BORAH. I am not speaking of the percentage, but of the fact that the 15 percent would apply to a person earning \$600 a year or \$1,000 a year the same as it would apply to a person earning \$10,000 or \$12,000 a year.

Mr. HARRISON. There is no limit as to the amount of salary affected.

Mr. BORAH. Does not the Senator think there ought to be?

Mr. HARRISON. No; the Senator thinks, and the committee thought, that everyone now in the employ of the Government, where the cost of living has been reduced, should bear his proportionate share in reduced wages.

Mr. BORAH. But where a person is living on \$1,000 a year a reduction of his income by 15 percent means infinite hardship and distress compared with the reduction of 15 percent in the salary of the person drawing \$10,000 or \$12,000 a year.

Mr. HARRISON. That is exactly the reason why we based it on the difference in the cost of living. We took the index period of 1928 and compared it with those periods where the cost of living is less. In other words, if the cost of living is 15 percent less, the man with a salary of \$1,000, while he gets 15 percent less in his salary, would not be out any more proportionately.

Mr. BORAH. But the man getting \$10,000 or \$12,000 a year and who gets a 15 percent reduction does not feel the pinch and the hardship and the distress which will inevitably be felt by the person who is getting only \$1,000 a year, which barely keeps body and soul together, and who must, of course, reduce his or her expenditure by 15 percent. That is manifestly unjust. There is no reason why that kind of injustice and inequity should remain in the bill. It is indefensible in conscience; it is grossly inequitable. Such a measure can never receive my support.

For instance, we have a number of people upon the payroll of the Government who are receiving the small sum of \$1,000 or \$1,200 a year and far less. There may be a family of 2 or 3 or even more. Every single red cent taken from that family's income is aggravated into torture and distress by reason of the fact that they are now living upon the lowest round which should ever prevail as the standard of living in the United States. We could infinitely better afford to increase the percentage of reduction in all salaries above \$5,000 or \$6,000 in order to relieve those who are receiving the very low salaries. If the Senator from Mississippi feels, after considering the matter, that it is unwise to pursue that course and offer the amendment himself, I shall feel that I ought to do so myself. Let us cut more deeply into our own salaries. Let us cut more deeply in all the higher salaries.

Mr. HARRISON. Mr. President, we gave consideration to the matter presented by the Senator from Idaho and felt that when we reduce everybody according to the reduced cost of living we have been very fair and just to everyone, and that the person who makes \$10,000 a year loses the sum of \$1,500 by virtue of the 15 percent reduction and that the one who receives \$1,000 might equitably bear a reduction of \$150 based on the reduction in the cost of living.

Mr. BORAH. But \$150 to a person receiving \$1,000 a year is an infinitely different thing from \$1,500 to the party who is receiving \$10,000 a year. We are supposed to be legislating with the desire of assisting the Government and every person must assist in accordance with his capacity to assist. It cannot be contended for a moment that a person who contributes only \$1,500 out of \$10,000 is contributing to the aid of the Government in proportion to the person who contributes \$150 out of \$1,000 a year. The sacrifice in the latter case is out of all proportion to the former case.

A few days ago, since the bill was introduced, I was asked by a committee in the city of Washington, familiar with liv-

ing conditions here, to visit some of the apartments and some of the homes in which those people with very low salaries are living. After some hesitation I did so. I saw their homes, their apartments. I saw their budgets and the manner in which they piece out their living by the year. In looking them over it was difficult for me to restrain my feelings because of the impoverished condition of these people—how closely they have to figure in order to keep a roof over their heads and food to eat.

There is another thing we ought not to forget, and that is while some things in the city of Washington are going down to some extent and salaries are being cut or will be cut under this bill, yet a great number of items which have to do with the cost of living are not being reduced and will not be reduced. The rents of the small apartments in which these people are living are not being reduced and will not be reduced. Their doctor bills are not reduced and will not be reduced. Those items, Mr. President, are all things which must be taken into consideration by those people when making up their annual budgets. The sickness of a child may destroy their entire budget. The sickness of a child may sweep away their entire year's salary. That is not true of the person who has an income of \$10,000 or \$12,000 a year. Again, the person who has an income of \$10,000 or \$12,000 a year almost invariably has an income from some other source which enables him to meet incidents and accidents that arise in the course of life.

From any standpoint, humanitarian or economic, however it may be viewed, it is not just and equitable to reduce the salaries of those people in the same proportion as we reduce the salaries of the higher-paid people. For instance, the salary of a Senator, \$10,000 a year, is reduced 15 per cent. The charwoman who washes the steps up which we walk day by day has her salary reduced 15 per cent. Mr. President, if the Senator from Mississippi is unable to see that difference and feels disinclined to offer the amendment, I shall later offer it myself.

Let us view the situation for a moment from the economic standpoint and not from the humanitarian standpoint. We are reducing the purchasing power of these people because every cent which they have now of \$1,000 a year is used in making some kind of purchases for their living purposes. There is no profit laid away. None of the salary goes into a deposit in a savings bank because it is not possible to use it in that way in these days. Every cent they have in some way or another is expended and goes toward sustaining the purchasing power of the masses of the United States. We gain nothing economically by reducing the purchasing power of these people below the present standard in which we find them. Whether we consider it as an economic question or as a humanitarian question, we can afford to fix a limit beyond which we will not reduce the amount which these people are earning. I would make it applicable to those earning more than \$1,000 a year, if I had my way, but I certainly would not make it applicable to anyone receiving \$1,000 a year or less.

Mr. President, there is one other matter to which I would call attention. The Senator from Virginia [Mr. GLASS] asked me to act upon it today. I interposed notice to reconsider the vote by which a resolution was agreed to the other day providing for the payment of mileage to Members of Congress. I did that for the reason that the mileage was fixed in 1866, and with the exception of the reduction which took place last year it has always remained as it was established in 1866 at 20 cents a mile. In these times we cannot justify a mileage charge of 20 cents a mile. It would help tremendously as a matter of economy to reduce it, and in addition to that it is based upon fairness and justice between the Government and the Members of Congress because it does not cost 20 cents a mile to travel over the country at this time, as it may have cost in large measure in 1866.

Therefore, I thought, in the way of contributing something to the situation which might enable us to offer some concrete aid in the way of relief to the low-salaried or low-compensation employees we could afford to take the actual

mileage expenditure which will be found to exist from this time on as an actual fact, rather than the mileage which was fixed in 1866. Besides it is the honest and fair thing to do. We are not entitled to 20 cents a mile at any time, much less at this time.

I shall therefore offer an amendment at the proper time. I should be glad to offer it now if it were the appropriate time, but we have committee amendments to consider first; but when we have disposed of those I shall offer an amendment providing that the mileage allowance to Members of Congress shall be reduced to 5 cents a mile.

Mr. REED. Mr. President, will the Senator permit a question?

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

Mr. BORAH. Certainly.

Mr. REED. Is it not a fact that railroad fares were lower per mile in 1866 than they are today?

Mr. BORAH. I do not know, but I would hardly suppose so. Still I have not investigated that particular matter. I do know, in investigating consideration of the question, that it was supposed that the actual expenditure for travel would amount to about the sum which they fixed at that time. At that time, in 1866, in a large part of the country, they were traveling not by railroad but by horse and buggy or by stage.

Mr. REED. If the Senator will pardon me, I think from the Rocky Mountains to the Atlantic Ocean the railroad system was pretty well completed by 1866.

Mr. BORAH. It might have been completed from the Rocky Mountains, but a very large part of the country lies beyond the Rocky Mountains from which they did not travel by railroad. But be that as it may, suppose they did fix it at 20 cents a mile in 1866, they certainly made a mistake when they fixed it at 20 cents a mile if it was based upon the theory that it cost 20 cents a mile to travel if railroads were in existence at that time. In my opinion, it was based upon a different theory, but assuming that it was based upon the theory or the fact that railroads existed, nevertheless at this particular time hundreds of thousands of dollars are taken out of the Treasury which are not expended in the way of mileage travel. We cannot defend it. We should not hesitate to cut it out. I take it that under the circumstances, at this time at least, we would not want to make the charge against the Government. Therefore I shall offer that amendment at the proper time.

The other question in which I am interested, and more particularly interested, I shall undertake to discuss later. I wanted to call this to the attention of the Senator in charge of the bill because I would much prefer that a change be initiated by the chairman of the committee than to propose it myself. It would have a better chance to be adopted.

Mr. TRAMMELL. Mr. President, I desire to express my approval and commendation of the position enunciated by the distinguished Senator from Idaho [Mr. BORAH], who has just spoken upon this question. I hope the chairman of the committee will give serious thought to his suggestion, and that, if the chairman does not act upon it, the Senator from Idaho will offer his amendment.

The whole basis of this proposed legislation is that we are in a crisis, and so we are doing extraordinary things; we are granting authority that no one would think of granting during ordinary times and under ordinary conditions. The excuse or reason for giving this blanket authority to readjust the ex-service man's compensation and to consider his right to compensation, as well as to change, if it shall be deemed necessary and proper, the compensation paid Spanish-American War veterans is that we are in the midst of a crisis and that extraordinary remedies are needed and required.

I had observed before the Senator from Idaho spoke that when it came to the question of salary reductions there had been a limitation of 15 percent. If we were merely providing a readjustment of salaries and were not actuated by a condition of distress and of disaster, which is the basis

upon which this bill is being considered and is to be enacted into law, then we might say, "We will just take 15 percent from the salary of the man who is getting ten thousand or twelve thousand or fifteen thousand dollars a year." The whole theory and idea, however, of this proposed legislation is to save all we can for the purpose of balancing the Budget.

If that be true, why should we overlook this rich source of accumulation for assisting in balancing the Budget in the way suggested by the Senator from Idaho, by levying upon the high salaries a greater percentage of reduction than is applied to the small salaries? We have a great many people in the employ of the Government who are drawing salaries of six, eight, ten, twelve, fifteen, and eighteen thousand dollars per annum. Of course, a reduction of 15 percent in those salaries will assist a little in balancing the Budget; but looking upon it from a cold business standpoint, a reduction of 15 percent in such salaries will not assist nearly so much as a reduction of 25 percent.

So far as the hardships are concerned that such a reduction might impose and so far as the deprivations are concerned that it might cause those who would have to make the contribution on account of this crisis, everybody knows that to take 15 percent off the salary of the person who is getting only fifteen hundred or eighteen hundred or two thousand dollars a year will involve a greater burden upon him and a greater sacrifice than would be involved by taking only 15 percent off the \$10,000 salary or the twelve or the fifteen or twenty thousand dollar salary.

If I should take the list of the unclassified Government employees and read the salaries ranging from \$5,000 to \$20,000 a year that are being paid in many governmental departments and in many of the independent establishments of the Government, we would not have time for anything else to be said upon this bill this afternoon. Yet under the stress of granting extraordinary authority, of trying to gather together all the shekels we can for the purpose of balancing the Budget, we overlook the man who gets \$15,000 or \$20,000 a year salary and refuse to require him to make a very substantial contribution; we overlook the official who is getting ten or twelve thousand dollars a year salary and refuse to require him to make a substantial contribution proportionate to that which we require of those who are receiving smaller salaries.

When it comes to the matter of salary reductions, I have always favored—and I offered an amendment to that effect when we had up the economy bill—the plan of making them upon a graduated basis, because those who are receiving the larger salaries are better able to stand the reduction required and necessary to readjust conditions and to bring about a balanced Budget. I have been a little astonished that the champions of the idea of the balanced Budget, as a rule, never say anything about making the burden at least proportionately greater upon those who are best able to pay.

In the levying of taxes in this country, and in considering the question of salary reductions, I believe we should look at the entire picture; and if we have got to require sacrifices, if we have to set aside long-established principles of government against a delegation of power and authority, then we should look over the whole field, consider those who are best able to pay, and require them to make a contribution based upon that standard. That, however, is not the standard which has been adopted in this bill. In this measure no consideration has been given to the persons who are best able to pay under the existing distressful circumstances, but we want to make the employees with the small salaries, I suppose, as I have heard some gentleman say, more patriotic by levying the same percentage of reduction upon them that we levy upon the employee receiving a ten, fifteen, twenty or twenty-five thousand dollar salary.

I suggest to those who maintain that idea that while we are trying to make those receiving a medium or moderate salary more patriotic by requiring this contribution of them, we also make those receiving larger salaries more patriotic by requiring of them a proportionately larger percentage of reduction in their salaries, a reduction which they may well

stand and undergo without any sacrifice or hardship. I am heartily in sympathy with the views which have been expressed by the Senator from Idaho on this subject.

Mr. BYRNES. Mr. President, it is always disagreeable to oppose an amendment which is offered in behalf of the employees of the Government who are receiving lower salaries; but, in justice to the committee in charge of the pending measure, I think I should call attention to a few facts in connection with the proposal to exempt salaries of \$1,000 or less.

I had nothing to do with the drafting of this bill; but last year, when this question was under consideration by the Economy Committee and an exemption of \$1,000 was proposed, certain investigations were made, and I found that charwomen, for instance, who we would naturally believe would be affected by any reduction of salaries below a thousand dollars, as a matter of fact, receive more compensation, and are not included in the class to be affected by the reductions below a thousand dollars.

The total number of employees, civil and military, in the service of the Government receiving compensation under a thousand dollars is 345,000. Of that number 220,000 are enlisted men in the Army and Navy. There are 124,000 civilian employees receiving compensation less than a thousand dollars, and of the 124,000, 58,000 are temporarily employed as laborers, whose compensation has not been affected within recent years, because they receive a per diem. Therefore they have not been injured by the reduction in salaries, and the reduction now proposed would apply to them only as to the time they spend in the employ of the Government of the United States. That leaves 66,000 employees permanently or regularly employed who are receiving compensation under \$1,000, and of that number 30,476 are fourth-class postmasters, whose compensation, as a general rule, does not constitute their entire income. Therefore, of those who would be affected by a reduction of salaries of less than a thousand dollars there are less than 30,000 employees.

Now, I wish to call the attention of the Senate to this fact: I say I did not draft this bill and was not consulted about it, but under its provisions the 30,000 employees referred to will not have to undergo any reduction unless the President of the United States shall find that there has been a reduction in the cost of living; there shall be a reduction in the compensation of such employees only to the extent that there has been a reduction in the cost of living; each 6 months the rate of pay shall be fixed, and if the cost of living increases, then the compensation of the employee increases. So that really it is difficult to see how the employee is going to be seriously hurt. He will not be hurt at all unless there is a reduction in the cost of living below the 1928 level, when salaries were fixed certainly on a fair basis.

That is the situation. I simply thought the Senate should know that very few permanent employees will be affected by the exemption proposed, because there are very few who receive less than a thousand dollars.

Mr. TRAMMELL. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Florida for a question?

Mr. BYRNES. Yes.

Mr. TRAMMELL. I attempted to emphasize the fact that the pending measure makes the same percentage of reduction on a \$1,500 salary that it makes on a \$15,000 salary. I, of course, take the position that these are all extraordinary circumstances; it is an extraordinary effort we are making to get revenue and to balance the Budget. If that be true, why do we not take a larger percentage from those drawing salaries of ten, fifteen, twenty, and twenty-five thousand dollars, who are so numerous that the list would make a volume of 50 or 100 pages?

Mr. BYRNES. I will say to the Senator I know of no more difficult task than that of determining how a reduction in compensation should be applied. There have been

many arguments made upon the floor of the Senate and of the House as to whether salary reductions should be graduated or whether the same percentage should apply alike to all salaries paid by the Government of the United States. The question that the Senator submits is, I imagine, due to the belief he entertains that the reductions should be graduated on a percentage basis, and if he desires to present such an amendment, of course, he may do so. I was simply presenting to the Senate the facts as to the number of employees who would be affected by an exemption of \$1,000.

Mr. CLARK. Mr. President, I shall detain the Senate only briefly; and I would not occupy the floor at all except that, holding the views which I entertain, I would feel it a violation of the oath which I took when I became a Member of this body if I did not give the reason for my opposition to this bill.

Mr. President, it is with deepest regret that I find myself unable to agree with any recommendation of the President of the United States in this national emergency. It is an additional burden to be unable to follow the leadership of the able and distinguished Senator from Arkansas [Mr. ROBINSON], the leader of the majority in this body, and to be forced to disagree with my long-time friend, the chairman of the Finance Committee [Mr. HARRISON].

In such a crisis as now confronts the country, great deference must necessarily be paid to the policies and recommendations of the Chief Executive. Not only the duties and responsibilities of his great office but also the splendid abilities and high ideals of the present occupant of the White House entitle his views to an overwhelmingly predominant place in the formulation of our public policies.

My conception of the duty of Senators or Representatives in such a time is to give the President of the United States prompt and ungrudging support when they think he is right, to resolve all possible doubts in favor of his proposals; but if thoroughly convinced that they are wrong, to vote against them. By no other principle and by no other course of conduct can the system of government conceived by the Fathers of the Republic and practiced since the foundation of the Nation be perpetuated.

It was in pursuance of this principle that on Thursday last, in common with many other Senators, I very reluctantly cast a vote for a measure as to the wisdom of which I entertained very grave doubts, but which I supported in my desire to uphold the hands of the President. I am ready now, and will be in the future, to yield my own views to those of the President whenever I may be able conscientiously to do so.

I yield to no man in this Chamber or elsewhere in my admiration and respect for the President or in my desire to follow him in questions of policy. But, Mr. President, this bill embodies fundamental changes in our entire system of government which I cannot support, because they are abhorrent alike to my conscientious convictions, to my pledges to my constituents, and to the very oath to support and defend the Constitution of the United States which I took when I held up my hand and was sworn into this body. My opposition to the extraordinary grants of power to the Executive contained in this act has no faintest trace of lack of confidence in President Roosevelt. Holding the views of our constitutional government to which I adhere, I could not vote to confer these powers upon the Executive even if George Washington, Thomas Jefferson, Andrew Jackson, and Abraham Lincoln could return to life, their great qualities of mind and heart be combined in one person, and he be the occupant of the Presidency.

This bill, Mr. President, makes a definite, far-reaching, and fundamental change in our theory and organization of government. It is no less than the open proposal that Congress shall abdicate the duties and powers imposed upon it by the Constitution, delegate them to the Executive, and become in effect nothing but an aggregation of governmental supernumeraries, content to remain on the Federal pay roll to perform the perfunctory task of appropriating gross sums of money, in the specific expenditure of which they are to have no direction or control.

In order that there may be no possible misconception of the purpose of this measure to effectuate a drastic and fundamental change in government I quote from the President's message of March 10, 1933:

The proper legislative function is to fix the amount of expenditure, the means by which it is to be raised, and the general principles under which the expenditures are to be made. The details of expenditure, particularly in view of the great present emergency, can be more wisely and equitably administered through the Executive.

Mr. President, with all respect to the President of the United States, I cannot agree that the drastic change in our whole form of government contemplated in this measure is either desirable or constitutional. It may be taken as a rule of universal application that that government is a free government in which control of the purse strings is in the hands of a parliamentary body elected by the people and that that government is not a free government in which control of finances and expenditures is in the hands of the Executive, free from parliamentary limitation and control.

In my view, Mr. President, no transitory emergency, no degree of confidence in the integrity and disinterestedness of the present Chief Executive can justify such a revolutionary departure from the constitutional separation of powers provided by the framers of our basic law. If the time has come when Congress has become an anachronism, when the Members of the House and Senate have become incapable or unwilling to perform their constitutional functions, when the vesting of all essential functions in the Executive has become justifiable, then the radical change should be accomplished according to the orderly processes provided by the Constitution for changes in our fundamental structure of government.

Mr. President, there has not been the slightest evidence in this Congress of any necessity for the grant of dictatorial powers in order to effect economies in government. The Congress has evinced every intention and desire to cooperate with the President in this situation, one branch even going so far the other day as to pass important legislation without even having it printed, and with only a few of its Members having the slightest conception of the meaning of the act. There is not the slightest reason to believe that if the President would present to the Congress a concrete and detailed plan for reduction of governmental expenses in accordance with the orderly practice heretofore followed, it could not be passed in a constitutional manner with a minimum of delay.

Senators attempt to pass over the very grave constitutional questions involved in the measure by saying glibly that we are at war with depression, and therefore that war-time powers should be voted. But, Mr. President, this is to completely ignore the well-recognized constitutional principle that powers which may be granted under the Constitution to the Commander in Chief of the Army and Navy may not properly be delegated in time of peace. It is for this reason that I voted on yesterday to refer this bill to the Committee on the Judiciary, not for purposes of delay but in order that changes in fundamental law so revolutionary should have the report of the Senate committee empowered to consider matters affecting the Constitution.

Speaking for myself, Mr. President, I recognize the necessity for drastic cuts in governmental expenditures. I am ready to vote for radical economies not only in veterans' appropriations and Federal salaries but in consolidation and elimination of bureaus, departments, and activities upon the recommendation of the President. In casting those votes I would be as little intimidated by the propaganda of the organizations opposing the measures as by the propaganda of organizations which favor them. For the last 2 or 3 days we have all been flooded with telegrams which any experienced man can recognize as simply the outcome of propaganda, both pro and con, on measures pending before this session of Congress. My objection to the pending measure, aside from matters of detail, is, in general principle, that it seeks to effect economies by Executive order rather than by constitutional legislation.

It is idle to say that the President is to be charged with the determination of these matters. We all know that it simply means that these legislative matters are to be determined by appointive officers and clerks rather than by the elected representatives of the people. I am unwilling to agree that the mere fact of appointment by the Executive vests an officer with infallibility and renders his judgment superior to that of the Members of Congress elected by the people. For example, one of the administrative experts who appeared before the Finance Committee in its brief hearing on this bill made a mistake of nearly \$100,000,000 as to the amount now being expended by one activity of the bureau of which he is the head.

I have no fear, Mr. President, that the extraordinary grants of power contained in this act will be abused by the present President of the United States; but it is precisely such inroads upon the functions and duties of the legislative branch, granted in times of stress to executives enjoying in a high degree the confidence of the people, which are taken as precedents for bringing about a permanent dislocation in the constitutional practice of government.

In conclusion, Mr. President, I desire to add that I excused myself from the Democratic caucus this morning on the ground that this measure was contrary to pledges made to my constituents during the course of my campaign. I want to state that these pledges had nothing whatever to do with the subject matter of the reductions sought to be accomplished under this act, whether reductions in veterans' expenditures or cuts in salaries. I did, however, in the course of my campaign repeatedly and solemnly pledge my constituents that I would vote against the abdication by Congress of its duties and the grant of dictatorial power to the Executive. I feel that by these pledges, as well as by my earnest convictions, I am bound.

Mr. WALSH. Mr. President, the Senator from Delaware [Mr. HASTINGS] a short time ago indulged in an extensive speech. He quoted from statements previously made by various Members of the then minority for the purpose of indicating that the views we then entertained in regard to veterans' legislation were now to be discarded. He attempted to develop an inconsistency upon the part of the Democratic Members of this body.

Mr. President, permit me to make clear some facts. So far as I have been able to observe and to understand legislation relating to veterans of the World War, concerning which much has been said that is unfair and unjust if not libelous to these veterans, outside of a few scattered insignificant benefits extended that count for a draft upon the Public Treasury of only a few million dollars, there is scarcely a law upon the statute books today extending compensation and benefits to veterans and their dependents that can not be justified and defended by any man who entertains in his soul an appreciation of the gratitude which a free people owes to its defenders in time of war.

The indictment which the Senator from Delaware attempted to draw against those who have been liberal in the passage of laws extending benefits to veterans of the World War is likewise an indictment against every man who, when in the Senate, voted for laws which extended pensions to Civil War veterans and extended pensions to Spanish-American War veterans.

Let us take the law which is held out most of all as being unfair, as being impossible to defend from the taxpayers' point of view. I refer to the law providing for disability allowances. What is the frank, honest statement about that law?

There is one, and only one, objection that anybody can make to that law. It is that we, 5 years prior to the time following war service, enacted a law granting pensions for the benefit of World War veterans similar to the law we passed in favor of Spanish-American veterans. Practically the same rates, the same conditions, the same benefits were provided; but we did it 5 years earlier after the World War than we did in the case of the Spanish-American War. So those who criticized the enactment of the law must likewise criticize the enactment of the laws that have extended simi-

lar benefits to veterans of the Spanish-American War by earlier Congresses.

One other fact that has made the law subject to attack is this:

Unfortunately, there are hundreds of thousands of veterans of the World War who became beneficiaries where there were only a few thousand veterans of the Spanish-American War; but the principle of justice and the principle of paying a debt of gratitude is just as effective whether the veterans be merely a handful or whether they be numbered among the millions.

Mr. President, there is one other law that has been expensive to the taxpayers of the country, which has been a subject of great criticism. It is the law granting presumptions of service-connection to a large number of World War veterans. I refer to laws which we have enacted establishing, as a matter of law, the right of a veteran who has contracted and is actually suffering from certain definite diseases to have it assumed that those disease were service-connected.

Mr. President, what are those diseases? Ninety percent of the veterans who are receiving money from the public Treasury because of diseases which they have contracted, and from which they are suffering, and which are presumed to be service-connected disabilities, are tubercular and neuropsychiatric cases. Regardless of presumptions, regardless of service-connection, I inquire who but the Federal Government has an obligation to veterans who came to its defense, whose minds are deranged, whose bodies are emaciated from the dreadful white plague of tuberculosis? What should we do—abandon them, and let them travel the highways of this country knocking at the doors of the welfare organizations in their local communities? Or should we do what we have done—let it be presumed, if within a few years these veterans have contracted these diseases, that the diseases are service-connected, and that our country should compensate them?

Those are the two chief and main classes of veterans to whom we are paying money as to whom from a large number of sections of this country violent protests are coming. If there are on the pension rolls or on the rolls of those who are getting compensation, men who do not deserve it, men who are unworthy, men who are fakers and falsifiers, it is not here or in the House that the responsibility rests; and regardless of whether we pass the pending measure, it is in the power of the Chief Executive, through the Veterans' Administration, to drive off the pension rolls any liar or falsifier or any pretender, or anyone drawing a pension who is not deserving of it or entitled to it. If there are hundreds or thousands of cases that are nonmeritorious and the awards excessive, they can be eliminated under existing law. This condition, if it exists, is an administrative and not a legislative defect, and can be remedied by the new administration.

Mr. President, we are dealing with men, every one of whom has a disease, if our doctors are not false to their trust, to their oath of office, and to their profession. We must assume that they have, after examination and study, found that these men are suffering from diseases, and diseases which incapacitate them; and in the case of World War veterans, no one who is not disabled to the extent of 25 per cent, under any circumstances, unless he shows service-connection, has a right to recover in the way of pension or compensation.

Mr. President, my purpose in rising at this time was to say to the Senator from Delaware and all these others who are inferentially saying that we were unduly extravagant when our country was the richest in all the world, and when money was pouring into the Public Treasury in such proportions that we were looking around to see how we could reduce taxes, that there is not a law affecting the veterans that is not defensible in the light of the finances of the country of that day and in the light of a grateful people, willing to go to extremes and to err on the side of generosity in the care of the disabled veterans and their dependents of all wars.

Mr. President, the situation has changed. No one is changing face or front who, under present conditions, votes for this measure giving authority and power to the President of the United States to readjust and to reclassify and to reduce these allowances. I believe the soldiers themselves, realizing that the condition of the country is as it is, would gladly and willingly accept a reduction, at least the reduction which has been imposed upon all the employees of our Government.

Mr. President, there is one class of veterans to whom we cannot afford to go on record as removing our responsibilities, and I intend at the proper time to offer an amendment that will lift out of the bill the battle-scarred and diseased veterans of the World War, the men as to whose diseases there is no question, as to whose injuries there is no doubt, and as to whom there is no question raised that their disabilities came directly from actual military service. I believe such an amendment will be acceptable to those sponsoring this measure. It will be proposed in a spirit of helpfulness and in the belief the President will approve because of his repeated assertions of noninterference with compensation directly traceable to war service.

I propose that the Congress of the United States shall say to the disabled, "While we give authority to the President in every other detail in the saving in excess of \$300,000,000 by way of economy, we shall not delegate or leave in a state of uncertainty our obligations and our responsibilities to you."

Better reduce the Army, better cripple the Navy, better abolish the Departments of Commerce, Agriculture, Labor, better wipe out our own salaries than make the battle-scarred veteran feel that we have abandoned him and left him and his dependent wife and children in a state of uncertainty.

I know it is said, and said correctly, that the President would not interfere with that group. That would not justify us in voting to give him the opportunity to interfere, him or his successors, in the future. I think Congress owes it to itself, owes it to the American people, to say that one group shall not be subjected to discretionary power, that one group shall not be subject to uncertainty, that the war-injured veteran shall not be driven to think that tomorrow or next week or next month a proclamation may be forthcoming to interfere with his established right, determined after medical and administrative examination, based upon laws enacted and placed upon the statute books following their service.

I, for one, do not believe we should leave that class in any state of uncertainty. The dependents of Civil War veterans, the emergency officers with service-connected disabilities, the retired officers and enlisted men of the Regular Army who are receiving retirement pay are removed from Executive discretion. Why not battle-scarred war veterans who were mere privates?

What more reasonable request could be made, and I ask the chairman of the committee and the Senator in charge of the bill that he not put us in the position, as public officials, of facing on the highways and byways of the United States crippled soldiers who could look us in the face and say, "Yes; the President has saved us but you were willing to abandon us. You did not feel the debt of obligation to us such that you would make us secure from the action that could be taken on nonservice, presumptive-service, and general-pension veterans."

Ah, Mr. President, let us put ahead of Members of Congress, let us put ahead of Government employees, before the ax of economy falls, the disabled, crippled war veterans, not behind us; and that is what we would be doing the moment we passed legislation here which would make uncertain, indefinite, insecure our obligation and our relation of gratitude to them.

Mr. President, what would it mean in dollars and cents? It would not mean a dollar, because in the estimates submitted to us there is no estimate indicating that there is planned or proposed any material changes in the status of veterans suffering from disabilities directly connected with war service.

I do not care to prolong the discussion at this time, but at the proper time I shall present an amendment which I feel certain the committee will approve. But I want to repeat, how can any Senator justify doing more than cutting the contract or compensation that we have given to veterans with service-connected disabilities, with injuries and diseases directly traceable to service? How can we do it without delegating to the President, which would be far more honorable, the right to change all the salaries of the Government employees at his own discretion, classify them, make rules and regulations? It is far more defensible than the course we will pursue without this amendment.

Mr. President, I am going to vote for this measure, notwithstanding the fact that it could be perfected by amendments. I am going to vote for it solely and only on the ground that we have been led to believe by the highest responsible financial officers of this Government that this country is on the road to bankruptcy. Only because it is declared solemnly that it is going to be impossible to finance the obligations of this country, impossible to retain the sound and essential credit this country must possess if we are to avoid complete chaos, that I shall support legislation of this kind and legislation of other kinds which has been presented to us.

Mr. President, I do plead that—though we may leave to the discretion of the wise and able and patriotic President the care and the rights of non-service connected cases and the degree and extent of pensions to those whose injuries are not traceable to service—we at least remove from any position of uncertainty that group of men, and some women, who have the right to the first place in the affections of the American people and the first place to be protected by us when it comes to practicing economy. It ought to be the last group to be touched. Every other group could well afford to make some sacrifices before this group is reached. That the President will deal with them justly and liberally under existing conditions we may all be assured without any reservations.

Mr. President, I have said all I care to say on the subject.

Mr. WAGNER. Mr. President, I do not rise to debate the pending bill but to make a brief statement explanatory of my vote.

No one who holds the views I hold can possibly approach the pending measure without heaviness in his heart. In a certain sense it does violence to convictions which have become an inseparable part of my very being. Month after month since first the cloud of depression began to hover over the horizon I have condemned and resisted the policy of wage deflation, whether practiced by Government or industry. To me it appeared that to restrict purchasing power through wage reduction was deliberately to dry up the very wellspring of recovery. Throughout the period of emergency I have acted on the theory that our major objective is to help balance the Budget of the average American family by restoring its breadwinner to a job. I adhere to that view today with even greater intensity and firmer conviction.

Had we pursued that aim, I venture the opinion we would not today be facing the most dangerous crisis in the financial and industrial life of the Nation.

However, I derive no satisfaction from threshing old straw. I do not propose to stand here today, in this moment of supreme national need, and exhaust myself in futile complaining of what might have been. We must deal with the inexorable necessities of the immediate situation, regardless of the whys and wherefores of those necessities.

Today the credit system of the Nation is in jeopardy. The financial integrity of the Government is in the balance. They must be preserved and strengthened at all costs. If they be abandoned, we shall have lost control of the last-remaining instruments by which we hope to restore the functioning of our economic system.

What could not be justified as an end in itself has through the compulsion of events become the unavoidable means of buttressing the credit of the Government so as to enable

it to carry forward the very program of recovery and rehabilitation to which I am committed.

If we are to initiate construction for the purpose of promoting employment—and I insist that we shall for that is the keystone of recovery; if we are to extend relief to the millions of needy to prevent cold, hunger, and demoralization; if we are to finance debt relief for the farmer and home owner to halt the collapse of every vital American standard, then the Federal Government must stand ready to borrow. In addition, the Government's large floating indebtedness and its maturing obligations must be refunded. And the Federal Government will not be able to borrow on reasonable terms the funds necessary to carry out these objects as long as the people of the United States are of the opinion that financially our house is not in order.

That opinion cannot be modified by proud but hollow declarations of faith in the credit of the United States. The misgivings of the public in that regard are not based on fancy but on fact. They see that for the past 3 years the national deficits have been accumulating at a frightening pace, despite increased taxation, until, according to the President's estimate, the end of the fiscal year 1934 threatens to reveal an accumulated excess of expense over income totaling \$5,000,000,000. In the meantime, of course, the national income has been steadily dwindling from a peak of \$85,000,000,000 in 1929 to \$60,000,000,000 in 1931 and to a probable rate of \$40,000,000,000 at the present time.

In the last analysis, all taxes, no matter how imposed, are derived from income. And it stands to reason that we cannot divert to governmental uses through taxation the same amount of money from a \$40,000,000,000 income as we diverted from an \$85,000,000,000 income without inflicting hardship upon a people already suffering from the prolonged effects of depression.

The most conservative estimates would indicate that, despite reductions in governmental expenditures during the past year or two, the total tax bill of the Nation, including Federal, State, and local, still exceeds \$12,000,000,000. That represents a greater proportion of national income than the taxes collected even in the peak year of the war.

These simple bookkeeping facts cannot be glossed over or neglected. They leave us no alternative but to ask of all who have served the Nation in time of war or serve it in time of peace once again to unite patriotically in a common sacrifice for the general good.

I do not pretend to dilute my support of the pending measure with the illusion that I am but voting for a grant of authority to the President. The responsibility for the salary reduction and benefit reductions which will follow the enactment of this legislation will be ours as well as the President's. I am willing to exercise that responsibility.

In all human probability there will be some cases where the denial of the benefits of the existing laws will mean the imposition of undeserved hardship upon men who in the hour of the Nation's peril did not hesitate to tender their lives for its defense. But today our country is exposed to no less a peril than in 1917. The need for a united front, a common purpose, and a willingness to yield to the national requirement is no less urgent than in time of war.

Such is my knowledge of the President and such is my faith in him that when he assures the Congress that the authority conferred by this legislation "will be exercised in a spirit of justice to all, of sympathy to those who are in need, and of maintaining inviolate the basic welfare of the United States," I accept his declaration 100 percent.

I shall vote for this bill not because I believe in the policy of wage deflation, for I do not; not because I believe the compensation of those who faithfully serve the people of the United States is too high, for it is not; I advocate it as a temporary measure of necessity; as a sacrificial contribution by those who are or have been part of the Government for the benefit of all of the American people; as a means to the end of preserving the fiscal stability of our Government and enabling it to undertake the task of reconstructing the bases of employment and financial security upon which our recovery depends.

Mr. WALCOTT. Mr. President, I have here a very interesting letter pertinent to the consideration of the bill signed by Dr. Hugh H. Young, an eminent surgeon of Johns Hopkins Hospital, of Baltimore, with reference to the attitude of the American Medical Association. I ask that it may be made a part of the RECORD at this point.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Without objection, it is so ordered.

The letter is as follows:

BALTIMORE, MD., March 14, 1933.

MY DEAR SENATOR WALCOTT: You will be interested to learn that Dr. Dean Lewis, president-elect of the American Medical Association, telephoned to the executive offices of the American Medical Association in Chicago and presented to them the great desirability of the American Medical Association, showing how strongly the organized medical profession of America felt against the payment of the huge sums to veterans, particularly for nonservice disabilities and the fabulous hospital program which they have begun. As a result of this, a letter was dispatched from the executive offices of the American Medical Association strongly urging that the President be upheld in his efforts to effect these large economies, vitally important at this time in the balancing of the Budget; in particular, the great reduction of the money to be paid to nonservice veterans and for the program of excessive hospitalization.

I would like to say personally that this hospital program, if continued, will injure very greatly the established hospitals of the country, the great hospitals connected with medical schools, and will also be of incalculable injury to the medical profession of America.

Very sincerely,

HUGH H. YOUNG, M.D.

Mr. STEIWER. Mr. President, the courageous and straightforward remarks made a few moments ago by the Senator from Massachusetts [Mr. WALSH] find more than a sympathetic response from me. I desire to express my hearty approval of his suggestions to the effect that the compensation extended by the United States Government to those whose disabilities are traceable to military service ought not to be subjected to the hazard of a complete review by the Executive or by the Veterans' Bureau under the authority of this or any other enactment by the Congress.

I dissent from the view of the Senator from Massachusetts only in my belief that he did not carry far enough the logic of the position which he has so clearly outlined to the Senate. Why, Mr. President, ought we to accept the proposition that only the service-connected cases should be placed in a preferred position? What are we to say of the non-service-connected cases when we know that tens of thousands of those cases are in fact attributable to military service, when we know that tens of thousands of those cases were pending at the time the Disability Allowance Act was passed, and when we know that those veterans were not able to service-connect their cases merely because the proof was nonexistent; when we know that for convenience and possibly in furtherance of justice those cases were disposed of by allowing the claims under the disability-allowance law?

But such allowance, Mr. President, does not change the character of the cases; it does not refute the fact; it does not destroy the reality, namely, that tens of thousands of those cases were of service origin. The proof only was lacking.

If here upon this floor there are those who feel that the Senator from Massachusetts was right in his suggestion that a preferred status ought to be given to service-connected cases, what are we to say of the tens of thousands of disability-allowance cases which are in fact of service origin, and upon what ground are we to justify a discrimination against those cases which are in fact of a service-connected character?

I would ask in the same way, what of the veterans of the Spanish-American War? Their average age at this time, I think, is nearly 60 years. They are receiving pensions under an age law which does not require proof of a disability of service origin. Under the proposal now pending before this body, if service-connection can be rebutted by the Government, those pensioners go off the rolls. The testimony before the Finance Committee is that some 60 or 70 percent of them would go off the rolls. The claim was

made in the hearings that the saving would be \$95,000,000 per annum. I inquire what of those cases? We know that these veterans fought in the Tropics, they fought far from hospitals, and frequently under conditions where records were at least irregular and in some cases nonexistent, and we know that those men, 35 years after their discharge from the Army of the United States cannot service-connect their cases even though they be service-connected in fact.

We know that the great percentage of those men are absolutely helpless, and under the provisions of this bill will find without fault of their own that it is utterly impossible to establish the requisite proof. Their comrades and officers are dead and gone. The records, which were irregular and insufficient possibly in the first place, have in many cases been destroyed. The proof is absolutely nonexistent, and yet we are going to say to those men, thousands of whom are suffering from disabilities that we know under every reasonable rule, and every reasonable assumption, are in fact service-connected, "If you cannot establish that connection or if the Government can rebut it and you lack proof, you are going off the rolls. Even though you be advanced in years, even though you be helpless, even though you be indigent, even though you be in the breadline, we will make a pauper out of you and strike you off the rolls."

If the Senator from Massachusetts is right, as I personally believe him to be, in the idea that veterans of the World War suffering from service-connected disabilities ought not to be subject to the hazards of unfair and unjust treatment, if he is right in his thought that Congress ought to retain the power to protect those men who have worn the uniform of our country and have served and have suffered on account of such service, then should we not extend that generous philosophy which he expressed here to the other service-connected cases of the World War, to those of the Spanish-American War, of the Indian wars, if you please, and thus be equally just to all?

—Mr. President, the old soldiers who fought in the Indian wars cannot establish service-connected disabilities. In most instances there were no records, and where there were records they were lost; the witnesses are gone; there is no proof; but there are several thousands of those men, advanced in years, suffering from the disabilities, some of whom may have nothing to do with the service, but in other cases being directly attributable to the service, if we but knew the truth, and yet their claims are utterly beyond the possibility of the establishment of service-connection. Why should we discriminate against them? It seems to me that the courageous statement made by the Senator from Massachusetts [Mr. WALSH] ought to be very seriously considered by this body.

We are approaching a momentous step; we are approaching one which I personally very much disapprove. We are being asked—

Mr. WALSH. Mr. President, will the Senator yield for a moment?

Mr. STEIWER. Yes, Mr. President.

Mr. WALSH. I wonder if the Senator agrees with me in this conclusion: In both party platforms, in all the discussions, and even in the statements of the members of the Economy League and the extremists who have been attempting to change our Federal laws, it has been conceded and admitted that there was one class it was not desired to touch, and that was the veterans suffering from service-connected disabilities.

Mr. STEIWER. I agree thoroughly with the Senator's statement, Mr. President; but in making that concession they have failed to go where the logic of their own theory would naturally take them; and in failing to do so they are seeking to crowd the Congress of the United States into the commission of the most unwarranted act of injustice that has been called to my attention in the recent history of this country.

Mr. President, I was saying that we are now asked to take a definite step toward dictatorship. In the last Congress we conferred extraordinary powers upon the President in the economy rider, so called, that was written into the

Treasury and Post Office appropriation bill; at the beginning of the present special session we gave to the President of the United States a czarlike authority over the entire banking system of this country, and now we have the pending bill by which we are asked to delegate to the President of the United States, to the Veterans' Bureau, and to certain unknown agents of the Veterans' Bureau the power to fix rates of compensation and to make rules and to make regulations and to make decisions under these rules and rates—this procedure to be subject to the right of administrative review in some cases and without the right of administrative review in other cases; some decisions to be made upon hearing, some of them without any warrant or guaranty of hearing. The bill would delegate the most momentous powers, boundless almost in their extent, applying directly to 700,000 of our people, and as the years go by potentially to a far greater number. We ought to bear in mind in connection with this matter that there are now living nearly 5,000,000 veterans of the World War, and we ought also to bear in mind that they represent, in their families and their connections, some fifteen or twenty or twenty-five million American citizens.

We have been appropriating for the Veterans' Bureau something like a billion dollars a year. Aside from the Post Office Department, which is the most expensive single branch of our Government, the Veterans' Bureau expends 2 or 3 times as much as any of the executive departments. I think it to be true that it expends more money than any other 2 or 3 departments combined, and in this great enterprise, in the performance of the duties which we intrust to that bureau, in the handling of the vast sums committed to it, in its contact with vast numbers of people, there is a responsibility the extent and nature of which even the best-informed Members of Congress may not fully understand. Substantially all this authority, substantially all this power, substantially all this responsibility is, by this bill, to be delegated to the President of the United States and to certain persons in the Veterans' Bureau.

Ah, Mr. President, it is not enough to say that we have confidence in the President. I share that confidence; it is proper for us to consider that in connection with this matter we ourselves do not know who will make the decisions in the review of these cases. It is obviously a physical impossibility for the Veterans' Administrator to make the decisions. The law confers upon him authority to delegate his power to make the decisions. He has over 2,000 doctors, he has many lawyers, he has agents in almost every State, if not in every State of the Union. We do not know what obscure clerk in what remote office may render a decision that will make or break hundreds of thousands of the citizens of the United States. But we do know that when the decision is made it is final. Nevertheless, we are called upon, in the name of an emergency, to make this delegation of power. I disapprove it, Mr. President, for the reasons already suggested and for some additional reasons which I shall state in just a moment.

This is a day of dictatorship. Italy is under dictatorship; Russia is under dictatorship; Germany is under dictatorship; and those who are here pressing this legislation are seeking to put the United States of America under a dictatorship just as rapidly as they can possibly bring about that result. There is no way to control a dictatorship once power is conferred. There is no way by which we may guarantee in the days to come that the extraordinary powers delegated under this bill are to be wisely used.

It was argued here yesterday—and with that argument I am in accord—that although by majority vote we may confer this power, once it is in the hands of the President of the United States we will never take it back unless in both Houses of Congress there is an affirmative strength of two thirds of all the votes in order that the power may be recalled even against an Executive veto.

I would not take the time of the Senate to discuss at length, Mr. President, the serious objection which I find to the dictatorship suggested by this bill, and which I feel is in the air at this time. So much has been said upon the

subject by authorities more eminent than any of us that I am going to content myself by reading from the declaration of a great American patriot. I read as follows:

It is important, likewise, that the habits of thinking in a free country should inspire caution in those intrusted with its administration, to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department to encroach upon another. The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism. A just estimate of that love of power and proneness to abuse it which predominates in the human heart is sufficient to satisfy us of the truth of this position. The necessity of reciprocal checks in the exercise of political power, by dividing and distributing it into different depositories, and constituting each the guardian of the public weal against invasions by the others, has been evinced by experiments ancient and modern, some of them in our country and under our own eyes. To preserve them must be as necessary as to institute them. If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates. But let there be no change by usurpation; for though this, in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed. The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use can at any time yield.

It is unnecessary for me, I presume, Mr. President, to remind the Senate that the quotation I have just read is from the Farewell Address of President Washington.

Mr. President, those who are sponsoring the pending legislation tell us that it is necessary; earnestly, almost heroically, it is argued here that we are bound, in the performance of a patriotic duty, to pass this bill in order to confer further dictatorial powers upon the President of the United States. I dissent from that view, and I want to express that dissent with all the vigor I possess. I do not believe that legislation of this kind is necessary. I do not think it is necessary to balance the Budget in this manner, because we know there are other ways of balancing the Budget.

We know, Mr. President—at least we may judge by the stories in the newspapers—that we are soon going to crowd a beer tax through this body. We know that it is possible to levy a sales tax in this country; we know that there are various other ways by which revenue may be produced; and we know, moreover, that Congress can function to the extent of the enactment of those various types of legislation. I do not doubt it at all; and, with all respect to those of my colleagues who stood upon this floor today and said that the Congress could not function with respect to the matter of cutting down the veterans' disbursements, I want to enter my dissent and to say that I am entirely in disagreement with them, because I know that the Congress can function. I go so far as to say that the adverse references and the criticisms made upon the Congress I regard as but little short of slanderous.

Mr. President, there was a time when Congress was impotent. When there was a House of Representatives of one political faith and an Executive of another political faith, and when the Senate of the United States was on a coalition basis, of course, it was difficult to enact legislation. I am not denying the fact we all know, namely, that for the last two sessions it was difficult, except in unusual cases, to pass a program of legislation—and, of course, that difficulty applied to both political parties—but now, with an enormous Democratic majority in the House of Representatives, with another enormous Democratic majority in the Senate of the United States, and with a President of the same political faith in the White House, there is no longer any reason why legislation cannot be enacted. We know that it has been enacted; it is being enacted; and, as long as the Democratic majority can call its Members into caucus and bind them by the force of a majority there, it does not make any difference what the Republican minority may do. Congress is going to function; Congress is not impotent at this time; and it is both untrue and unfair to be saying to the country that Congress is so impotent that it cannot function, and so lacking in patriotic determination that it will not function. We know that it will.

Mr. President, I resented this morning those references to the asserted inability of Congress to carry on. I heard one

of my colleagues say that it was with humiliation that he admitted the inability of the Congress to function. He need not feel that humiliation. The Congress can and will function. We could, through legislative processes, pass the necessary measures to cut down the veterans' disbursements. I think every man on this floor would join in that movement. I agree thoroughly with the statements made by the Senator from Massachusetts [Mr. WALSH] that we ought to make temporary cuts, even upon battle-scarred veterans who have served their country and who suffered disabilities which they incurred upon the battlefield. I think we must make the cuts upon ourselves, upon the civil employees, and upon all those who are the recipients of the bounty of our Government from pensions, allowances, or in any other way.

But I cannot yet see, and I shall have difficulty in the future in seeing, and some of us are going to have difficulty in explaining to the people of this country, why it is that we have cut our own salaries upon a temporary basis, why it is that we cut civilian employees upon a temporary basis, and then at the same time seize upon this emergency to turn over to the Executive dictatorial powers under a bill which is framed for the purpose of bringing about cuts of three or four hundred million dollars. Temporary cuts? Ah, no; permanent cuts, and with them a complete change in policy! The proposal has a relation to the emergency at this time, it is true; but after the emergency is over, those cuts continue. The new policy is to continue. It merely means that the Congress of the United States has seized upon the emergency and has used it as an excuse to take away from the veterans of this country something like one half of all the bounties and benefits and pensions which they are receiving from their Government at this time.

Mr. President, I feel that nothing is gained by detaining the Senate at length upon a proposition of this sort. I imagine that every Member of this body has finally concluded in his own mind his own relation to this legislation. I have spoken upon it at all only that I might express my heart-felt concurrence with the suggestions made by the Senator from Massachusetts [Mr. WALSH], that I might express my dissent and make my position clear with respect to the bill, to the rational upon which it proceeds, and to the whole philosophy of building up a dictatorship in this country.

There are other reasons that properly should be assigned in opposition to the bill. One is that probably it is unconstitutional. I am not so conceited that I am going to stand upon this floor and assert without any reservation that the bill is unconstitutional, because I apprehend that the legal questions involved are difficult, possibly close, and that the constitutionality of the act may be sustained. I do not hesitate to say, however, that in all possibility—indeed, in all probability—this bill, or some part of it, is unconstitutional, though not so much, in my opinion, because it permits the President of the United States to make rates. That is a legislative function, but it may also be regarded, probably, as an Executive function.

The provisions that challenge my attention on the question of constitutional invalidity are the other provisions of the law that require and permit the President to make rules and regulations under which he can determine not only as to proof and procedure but also as to matters of substantial importance with respect to the rights of the veterans, by which he can discriminate between groups and classes, and by which he can discriminate within groups. In the making of these rules and regulations I submit most earnestly that the power conferred and delegated by this bill is a power which deals with policy, and that policy is in large part a legislative policy, and is one which, in my humble opinion, the Executive cannot perform.

Mr. President, I desire now to make what I think is a practical suggestion with respect to the question of constitutionality.

If this bill be unconstitutional, and ultimately be so declared by the courts, where, then, are we in our widely heralded and much-boasted response to the patriotic duty to

balance the Budget and restore and maintain the credit of this country? Would it not be more sensible and more patriotic for this body, in the performance of its legislative duties, to take the responsibility to write a proper, just, and patriotic law, and to do so by the legislative processes which perform under the Constitution? When we have concluded, we would know that the enactment which we had made would be of some benefit to our country.

If we pass an unconstitutional law, Mr. President, it becomes merely a vainglorious gesture; and finally, when it is held invalid by the judgment of the courts, we are all going to stand in shame and humiliation by reason of our failure, of our inability to meet a great responsibility, and to deal with it in a way that will be of service to the Republic to which we are devoted.

I think that not only is the bill unconstitutional, in all probability, but also that it is unwise and unnecessary, for reasons which I have heretofore expressed.

In addition to that, I oppose the bill for another reason.

It occurs to me that, regardless of any other question which has been here suggested or debated, the bill is objectionable because it is essentially unfair. It is essentially unfair to the veterans of this country to ask them to stand a cut of something like 45 or 50 percent, and in hundreds of thousands of cases 100 percent, when there is no argument in all justice against the theory upon which these bounties were paid to them; when the only argument, in effect, expressed here is that these men ought to make a sacrifice for the benefit of their country during the emergency; and, if we are to put this legislation upon the ground of sacrifice, how are we going to justify requiring those who wore the uniform in time of war to make a sacrifice of 40 or 50 percent when we ask of the civil employees 15 percent, ask of the Congress 15 percent, and ask of some of those who have relations with the Government under contract and otherwise no sacrifice at all? How are we going to justify this discrimination against the men who have served their country during the time of the country's need? How are we going to justify upon any grounds this idea of singling out as a target the permanently disabled veterans of the wars?

Mr. President, title I of this bill affects only the disabled, save with respect to the hospitalization features. When we talk about payment of compensation, payment of allowances, and payment of pensions, we are talking about payments to those who are sick and disabled. We speak of the helpless. In many cases it is the indigent we are talking about. It is the poor and the stricken. It is the lame and the sick. It is that great group that cannot be heard here in their own defense except through us. They have no facilities such as are possessed by those who sit in the high and mighty places. They are the poor, Mr. President. Why, in God's name, are we going to pick on them to make this sacrifice, and let everybody else go practically unscathed?

It is not only outrageously unfair to those veterans but it occurs to me that it is unfair to the communities in which they live. We talk about Federal relief for the States. We talk about Federal relief for the municipalities and the counties. We seem to forget that of these 400,000 disability-allowance cases the major part are indigent except for their pensions. We seem to forget that many are living upon these allowances during the time of this emergency. We seem to forget that if we withdraw Federal aid to them at this time they are forced to go on the breadline and become the objects of charity, or will be cared for by the municipalities in which they live.

Mr. President, I say that it is not only unfair to the veterans but it is unfair to the communities in which they live that we should single out this great helpless group as the ones to make the sacrifice in order to bring about the proposed balancing of the Budget.

I have here a tabulation of figures which I should like to send to the desk and have incorporated in my remarks at this point. They are the figures of distribution between the various States of the Union of the veterans drawing non-service-connected allowances. The figures show by States the number of such veterans and exhibit to the Members of

the Senate something of what it means to their own States and to their own communities if we deprive these veterans of the protection of the United States and send them back to the bounty of their local agencies.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Without objection, the tabulation will be printed in the RECORD.

The matter referred to is as follows:

*Number of veterans in each State drawing non-service-connected disability compensation, June 30, 1932*

Alabama	14,818
Arizona	1,919
Arkansas	14,567
California	17,558
Colorado	3,360
Connecticut	3,465
Delaware	443
District of Columbia	4,353
Florida	5,904
Georgia	15,767
Idaho	607
Illinois	16,236
Indiana	16,878
Iowa	7,775
Kansas	4,799
Kentucky	18,624
Louisiana	7,447
Maine	2,233
Maryland	3,762
Massachusetts	15,637
Michigan	10,795
Minnesota	4,805
Mississippi	18,238
Missouri	18,672
Montana	1,325
Nebraska	4,176
Nevada	410
New Hampshire	879
New Jersey	4,489
New Mexico	2,099
New York	16,041
North Carolina	5,579
North Dakota	1,192
Ohio	34,380
Oklahoma	11,362
Oregon	2,470
Pennsylvania	28,230
Rhode Island	3,783
South Carolina	9,046
South Dakota	1,427
Tennessee	11,397
Texas	15,711
Utah	741
Vermont	885
Virginia	3,960
Washington	2,834
West Virginia	4,822
Wisconsin	8,903
Wyoming	1,571
Territories and possessions	1,420
Total	407,584

Between the period of June 30, 1932, and January 1, 1933, 30,000 more veterans have come within this classification, but they have not been apportioned between the States.

Total as of January 1, 1933, 438,884.

These figures supplied by Veterans' Bureau.

Mr. STEIWER. Mr. President, it was argued yesterday that the care of these veterans is properly the burden and responsibility of the Government of the United States, and to this argument I agree. I do not care to elaborate that further except to say that in the case of practically every other obligation incurred in the defense of the Nation during the war, people everywhere regarded the obligations as the obligations of the entire Nation. In the main, Congress itself so regarded the obligations.

If we are now to assume that we have a right, either moral or equitable, to withdraw our support from cases that have been proved before our own agency as cases of disability of veterans of our wars, we are departing from our accepted theory, and we are taking the stand here today that the Government of the United States is going to shirk the responsibility that formerly was admitted. We are going to ask communities throughout the length and breadth of this land—communities that are presently bankrupt and unable to care for their indigent and unemployed—to take on new and additional obligations, and to discharge the

obligations which the great Republic ought to discharge with respect to the wars in which the Republic has engaged.

Mr. President, before I conclude I ought to add, in order that I may not be misunderstood, that I am entirely content with the idea that the allowances and pensions of veterans should be cut. I favor that cut. I had hoped by legislative processes to have that done; and I still hope that this body, in its wisdom, may consider legislative action bringing about that cut. It was exhibited before the Finance Committee that a cut in excess of \$150,000,000 could be made by the action of the Congress without delegating this enormous power to the President of the United States.

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

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Iowa?

Mr. STEIWER. Yes; I yield.

Mr. DICKINSON. I should like to know whether or not the Senator has the figures giving the amount of money distributed, as well as the number of soldiers benefited, in these respective States.

Mr. STEIWER. No; that is not in the tabulation that I sent to the desk. I think it may be shown by the last report of the Veterans' Administration.

Mr. President, in addition to the cut suggested before the committee, I have no doubt there are others that are possible. There are proper ways of reaching this proposition that will not tend to embarrass the Congress and will not place us in the humiliating position of discriminating against the ex-service men. There is the possibility of putting a time limitation upon this cut. If this body is to pass the bill, as I assume that it will, I should like, in due time, also to offer a proposal to bring about a fair limitation in amount upon the cut. It seems to me that if others are to suffer cuts not to exceed 15 percent, if those who enjoyed the comforts and security of home and drew big wages during the war are to suffer cuts not to exceed 15 percent, those who served under the flag ought not at least to suffer a cut of more than 25 percent.

That was the proposal contained in the so-called "Browning amendment" which was sought to be offered in the House of Representatives. I hope at the proper time to offer that, or a similar proposal, here. It seems to me that if we will forget our servile subservience to the White House, if we will lay aside for a moment the attitude of complacent satisfaction with which we have considered this proposal and awake to a realization that Congress has a duty, a trust of the highest importance, to perform toward these veterans of all the wars of our country, we can find a way without injustice to our Government and without injustice to them to enact a bill that will not create a despotism in this country, that will not be subject to a charge of unconstitutionality, that will not be offensive to us, and will not require us to stand here and apologize as man after man has done upon this occasion. Let us unite in the enactment of a bill of which we can be proud.

Mr. COUZENS. Mr. President, during the day there has been some discussion with respect to the refunding of the Government's debts tomorrow.

I have before me a statement appearing in an evening paper, as follows:

**EIGHT HUNDRED MILLION DOLLAR ISSUE OF UNITED STATES SECURITIES IS OVERSUBSCRIBED—PROCEEDS OF BIG LOAN TO BE USED TO MEET MATURING OBLIGATIONS PAYABLE TOMORROW**

The Federal Government has maintained its strong credit position by successfully selling \$800,000,000 in short-term obligations, in spite of the troubled banking conditions which have made it almost impossible for other borrowers to obtain funds at any price.

Secretary Woodin last night announced subscription books for the 2 issues had been closed, indicating the 2 issues had been oversubscribed in less than 24 hours.

Yet we are being importuned to rush this legislation through late in the night, so that we might more readily refinance the debts due tomorrow.

Mr. WALSH. What is the rate of interest?

Mr. COUZENS. It says:

**TO PAY OFF CERTIFICATES**

Proceeds of the Government's bond sale will be used to pay off tomorrow \$660,715,500 in certificates of indebtedness and \$33,591,400 in antihoarding "baby" bonds which become due. A total of \$59,000,000 will be used to pay interest falling due on the Government's \$21,000,000,000 public debt, and the remaining \$50,000,000 will go for current expenses.

The \$800,000,000 offering consists of 4-percent 5-month Treasury certificates of indebtedness and 4¼-percent 9-month certificates of indebtedness, both dated March 15.

Mr. President, the Senator from Oregon [Mr. STEIWER] has made a most interesting speech, one which should go down in history as a masterpiece. But, of course, I doubt whether he knew of this oversubscription to this \$800,000,000 for tomorrow's maturities, and, of course, did not recognize the fact that the moneylender is to receive from 1,000 to 1,800 percent increase on his money, while we take out of the hides of the veterans 45 to 50 percent of their small allowances.

Mr. President, for the purpose of paying the moneylender an increase of 1,000 to 1,800 percent over the rates he has heretofore been getting, we propose to take \$385,000,000 out of the hides of veterans, which the distinguished Senator from Oregon has pointed out is a cut of from 45 to 50 percent.

I hope that any Member of this body who has the nerve to walk out of this Chamber after having voted for this iniquitous measure will hang his head in shame for having approved of an increase of 1,000 to 1,800 percent in interest rates for the moneylender while he would take away from the veterans 45 to 50 percent of their small allowances.

I agree with the Senator from Oregon, this is one of the most iniquitous measures this body ever has had to meet. Congress should be eternally ashamed of itself for reaching the conclusion that in order to save the credit of this great Nation we must take a paltry \$385,000,000 away from the veterans. As the Senator from Idaho so well said this afternoon, to make good the credit of the United States we must take \$150 out of the washerwoman and the scrubberwoman and all of the underpaid employees of the Federal Government.

Mr. President, the National Economy League, the big-business organizations, and the chambers of commerce ought to hang their heads in shame for driving this thing through Congress. I wonder whether this Government is not a government of the moneylenders rather than a government of the people. You may call that demagoguery. I know my friend the Senator from Louisiana is condemned because he makes these unhappy comparisons; but notwithstanding what you may think of him, notwithstanding the ridicule the great press of the country may heap on him, nevertheless the comparisons he makes from day to day, and which I have the honor to make today, are odious; and the impression on the American people will be so great that it will be years and years before any Senator who votes for this legislation will be able adequately to defend himself before the American people.

Why is this to be done? To make the credit of the United States sound, when the United States has a debt of only about \$160 per person, while Great Britain has a debt of \$800 per capita. Yet it is said that the little man, who is getting \$30 or \$40 a month because of the service he performed for the Nation, must have his compensation cut 50 percent, so that the moneylenders may get an increase of 1,000 to 1,800 percent. I wish some Senator would rise here and defend that sort of attitude on the part of the Congress.

Mr. President, I should hope to be stricken dead if I walked out of this Chamber after having voted for such an iniquitous measure to do such great injustice to the people who are least able to stand it.

Mr. SMITH. Mr. President, may I ask the Senator what interest rate is proposed on this refunding?

Mr. COUZENS. Four and four and a quarter percent.

Mr. SMITH. What was the rate paid on the initial funding of the debt?

Mr. COUZENS. I do not know what the Senator means by the "initial funding".

Mr. SMITH. When we first issued the bonds or the notes, what was the rate of interest?

Mr. COUZENS. I do not know. The press report says that it is to pay off \$660,715,500 in certificates, and I want to point out that those certificates over the last year or so have gone all the way from one eighth of 1 percent up.

Mr. SMITH. Now they are what?

Mr. COUZENS. They bore as low as one eighth of 1 percent per annum, and now they are asking 4 and 4/4, and that means an increase of from a thousand to 1,800 per cent.

Mr. SMITH. And they were oversubscribed?

Mr. COUZENS. They were oversubscribed, in the face of the fact that we have not taken \$383,000,000 out of the hides of the veterans.

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

Mr. COUZENS. I yield.

Mr. ROBINSON of Indiana. I have the release of the Secretary of the Treasury to the morning papers, dated March 13. It appears that 2 series were offered for subscription, 1 for 5 months bearing 4 percent interest, and the other for 9 months, bearing 4 1/4 percent interest. The description of the issue was released for the Sunday morning papers on March 12, 1933.

The Senator from Michigan is of course entirely correct in his statement of the amounts that have been charged, and I may point out that in this one instance alone this administration could have saved \$20,000,000 had this issue been advertised as issues usually are advertised for public subscription; and as it proves now, even though they were not advertised until the last week, just yesterday and the day before, now they are oversubscribed by I do not remember how many millions of dollars. Talk about the credit of the United States being impaired, with such a situation as that!

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

Mr. COUZENS. I yield.

Mr. STEIWER. Inasmuch as the Senator from Michigan has already been interrupted, I want to ask him if he has taken into account, in considering the credit of the Government, the fact that the dollar is advancing in foreign exchange, and on yesterday it was higher than it had been any day during the month of March, 1933?

Mr. COUZENS. Talk about the national debt; if the national debt of the United States were on a par with the national debt of Great Britain, we would have an outstanding indebtedness of \$120,000,000,000. Yet Senators stand here and say that the credit of the United States is in jeopardy, when, as I have pointed out before, our debt in the United States is only \$160 per capita, as against \$800 in Great Britain.

O Mr. President, I know it is useless to stand here and talk. They have had the caucuses. Senators have committed themselves, and men in this body now are hanging their heads in shame because they have to vote for this bill, because they are pledged by some party caucus to do so.

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

Mr. COUZENS. In just a moment. Not only that, but in the caucus held by the Democrats in the House, it was disclosed that there were some courageous citizens who resented this legislation, and between the time of the caucus and the vote in the House, Representatives were called out and told, "You vote with the party or you get no patronage," and the RECORD showed that they voted for the bill in the House.

Mr. President, if we are going to treat human beings by the millions and millions according to such a philosophy of government, then I am ashamed. I now yield to the Senator from Nevada.

Mr. McCARRAN. Mr. President, in response to the remark made by the Senator, I want to say that there are some in the majority who do not propose to be harnessed by any rule of the majority that would force us into voting

against our consciences, and I for one do not propose to vote for this measure. There is something more in reply to the Senator's last remark. There is a difference between grease and gravy, and they can take all the gravy they want, but I am not going to vote for this measure, and I have so announced myself.

Mr. COUZENS. I compliment the Senator from Nevada. Of course, I did not mean that my criticism should apply to everyone. It so happens that there is a Member of the Senate on the other side of the aisle of whom perhaps I am more fond than of any other Senator in this body, and who I know is vigorously against this bill. He now advises me that he is compelled to vote for it because of the caucus action. That is not the oath of office we take.

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

Mr. COUZENS. I yield.

Mr. BLACK. I was very much interested in the Senator's remark that someone had been called up by someone else and told that patronage would be taken away from him. Can the Senator state who did that calling and who the Representative was?

Mr. COUZENS. I do not want to involve individuals in this. I am satisfied it is a fact, and I am not saying it is any more attributable to the Democratic administration than to the Republican administration.

Mr. BLACK. I am interested in it because the Senator made the statement, and I know he is usually very careful, and I think that if such a thing has occurred the Senate is entitled to know and the country is entitled to know who made such a statement and who attempted any such coercion.

Mr. COUZENS. I refuse to disclose names and personally embarrass anyone. I can verify my statement if I have to by an inquisition on the part of the Senate.

Mr. BLACK. It is not a question of an inquisition, but the Senator made that statement; and, if it is correct, I think the country should know who did it.

Mr. COUZENS. I do not rescind the statement; I stand on the statement, but I decline to use names.

Mr. BLACK. The Senator will not state who did that?

Mr. COUZENS. No.

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

Mr. COUZENS. I yield.

Mr. MCGILL. The Senator in his remarks also stated that the RECORD would disclose that these men voted for the measure by virtue of the threat imposed. I think that if the Senator will examine the RECORD he will observe that some 98 Democratic Members of the House of Representatives voted in opposition to the bill.

Mr. COUZENS. I saw that in the RECORD, I will say to the Senator from Kansas, and, of course, those who voted against it are not in the category which I have just described.

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

Mr. COUZENS. I yield.

Mr. LEWIS. Acknowledging the Senator from Michigan to be always an authority on matters of financial statistics as much as one can gather such by investigation, I am attracted by the remark of the Senator from Michigan that the per capita indebtedness of the United States is a sum so much less than the per capita indebtedness of Great Britain. Did I so understand the Senator?

Mr. COUZENS. That was according to an article published by a reliable economist by the name of Max Winkler, whom I know personally and in whom I have confidence.

Mr. LEWIS. What was it the Senator indicated is the per capita indebtedness of the United States?

Mr. COUZENS. I said \$160.

Mr. LEWIS. What would the Senator offer as his understanding of the per capita wealth or value of the assets and property of the United States of America subject to taxation?

Mr. COUZENS. I do not recall the figures, but somewhere between \$300,000,000,000 and \$400,000,000,000.

Mr. LEWIS. Would the Senator intimate how far that exceeds the assets of Great Britain?

Mr. COUZENS. I do not know what is the property value of Great Britain.

Mr. LEWIS. I was merely trying to arrive at a basis of comparison of the assets of Great Britain toward taxation and the assets of America toward taxation.

Mr. COUZENS. I do not happen to have the figures, but I have in mind the fact that notwithstanding the value of the physical assets of the country, the real assets are the people who make use of the property and the income they derive from it.

Mr. President, we talk about the United States. I want to point out that this is not economy. What we are saving or alleged to be saving in the Federal Treasury we are charging back to the States. Everyone knows that real estate is standing a greater burden of taxation than any other class of property in the United States. The \$383,000,000, or nearly the entire amount, is going to be placed back on the States in the form of taxation on real estate and real property. What for? So that we can save for the inheritance taxpayers, so that we can save for the income-tax payers, so that we can have more money to pay to the moneylenders and take it out of the States and municipalities.

I have a couple of telegrams I want to read because they come from municipalities, or the officials of municipalities, showing the effect of the passage of this bill. The first one reads as follows:

DETROIT, MICH., March 13, 1933.

HON. JAMES COUZENS,

*United States Senator, Washington, D.C.:*

This telegram is solely to bring to your attention the effect on Detroit of reduction in small compensation and disability-allowance cases. Hundreds of ex-service men's families barely maintain themselves on Federal Government allowance. To discontinue them would impose burden on local community. Welfare funds are now provided by Reconstruction Finance Corporation. It would merely be transfer of expenditure from one Federal budget to another. Detroit welfare organization heavily burdened. Doubt if additional load could be carried if suddenly imposed.

JOHN F. BALLENGER,

*General Superintendent Department of Public Welfare.*

I have another telegram from Grand Haven, Mich., reading as follows:

GRAND HAVEN, MICH., March 13, 1933.

SENATOR JAMES COUZENS,

*Washington, D.C.:*

We protest against taking away pensions, compensations, and allowances as proposed in economy bill, as this would increase our welfare expenditures 200 percent. You are aware of the tax situation in Michigan and can readily see the suffering that will result to veterans. The results of wars are national, not local, and should be taken care of by the Nation.

SOLDIERS' RELIEF COMMISSION,  
GEORGE C. BORCK, *Secretary.*

Mr. President, this is either the United States or it is 48 different divisions and there is no responsibility on the Federal Government for the maintenance of wars or the prosecution of wars or the support and care of warriors who took part in them.

Mr. President, I know it is a hopeless task to talk about the matter because the die is cast, but I do want to have the opportunity in the future of holding in shame and pointing with shame to Members of Congress who support this character of legislation.

The testimony clearly showed what is going to happen. I do not know whether any Member of this body has read the testimony into the record, because I have been necessarily absent from the Chamber a great deal, but I suggest that an analysis of the hearings shows what is going to happen to the veterans.

It is said that we are to rely upon the President. I have the highest regard for the President, and I want to support him; I want to cooperate in every manner possible; but there is not a Member of Congress who does not know that the President is not going to do this job. No one man is big enough; no one man has time or energy enough to decide the details and to pass upon what shall finally be paid to veterans. We know that in the administration of the Veterans' Bureau and in the Bureau of the Budget and

other bureaus which will be involved there are groups of antiveteran employees who are going to write the rules and regulations and fix the deductions that will eventually be signed by the President. I know the President cannot go into these details, and I know that he will sign what his subordinate officials present to him.

It is said we can trust him to see that the veterans are not unduly penalized. If that be true, both things cannot happen; that is to say, we cannot have lenient and fair distribution among the veterans and at the same time save the amount of money it is alleged we are to save. In other words, if we are going to be humane in the execution of this measure, we cannot cut off more than \$125,000,000 or \$150,000,000. If the President does that and treats the veterans in a humane way, we cannot save \$383,000,000. We cannot have both, and those who use the argument do not know what the outcome is going to be.

Mr. ROBINSON of Indiana. Mr. President, I want to add my own word of endorsement, for whatever it may be worth, to what the Senator from Michigan [Mr. COUZENS] has just said. We have heard much in the last few days about the credit of the United States, about it being so severely impaired. If I remember rightly, that was the burden of the speech of the Senator from Mississippi [Mr. HARRISON], who is in charge of the measure. It has been adverted to by others—yesterday by the Senator from Maryland [Mr. TYDINGS] and today by my distinguished friend from Massachusetts [Mr. WALSH]. All of them have said in effect that the credit of the United States is about to fall; that it is so thoroughly impaired that the Government cannot continue to exist unless we pass this bill. Of course, the Senator from Michigan [Mr. COUZENS] has taken all the wind out of the sails of any such argument by simply reading briefly from the afternoon edition of the press showing that this loan of \$800,000,000 has been tremendously oversubscribed.

I heard these statements made with such unanimity from the other side of the aisle, and I think repeated on this side of the Chamber in one or two instances, that I wondered just how much truth there could be back of them. So I made some inquiry myself. I inquired at the Treasury Department for the releases. I found to my surprise—and I should like to have the attention of the Senator from Mississippi [Mr. HARRISON], if he will honor me with it—that the releases had just been given to the public; that is to say, one was given on Sunday, the 12th, and the second on yesterday, the 13th. I want to be fair, of course, and mean to be, pray believe me.

I know that it was impossible, perhaps, for the Secretary of the Treasury to have given 2 weeks' notice to the public of the issue of bonds, because the administration only came into office a week ago last Saturday. But, Mr. President, that could have been provided for, because as responsible a newspaper as the New York Times said just a few days ago that overdrafts could be resorted to by the Treasury of the United States from day to day pending the time this financing was to be concluded without any injury whatever to the country or to the credit of the Government. So the customary 2 weeks' notice could have been given.

Consequently yesterday, when the Senator from Maryland [Mr. TYDINGS] made the suggestion that the credit of the Government was in dire peril of extinction, I wondered, after having read the statement, why no one stood up and challenged him. We all know today, since the Senator from Michigan has read from the press of the oversubscription of this loan without any notice to the public at all, that the statement was erroneous.

Mr. DILL. Mr. President—

The PRESIDING OFFICER (Mr. BLACK in the chair). Does the Senator from Indiana yield to the Senator from Washington?

Mr. ROBINSON of Indiana. I yield.

Mr. DILL. What does the Senator say about the comparatively high interest rate at which this loan was subscribed?

Mr. ROBINSON of Indiana. I say, Mr. President, that this refunding could have been done for three fourths of 1 per cent at the highest. Never was the Government's credit better than it is today. Never, more than today, did the people who have \$40,000,000,000 or more deposited in the banks feel that they would like to have their money in Government tax-exempt bonds. They are tax-exempt, and they pay interest, and the people would jump at the chance, as the newspaper article clearly shows, to have some of their bank deposits in Government bonds. The credit of the Government is perfectly good.

Mr. DILL. Does the Senator think it is a waste of money to pay this high rate of interest?

Mr. ROBINSON of Indiana. Indeed I do—\$20,000,000 on this loan alone.

Mr. DILL. What proof has the Senator to back up that sort of contention?

Mr. ROBINSON of Indiana. The proof is that we have never paid any more than a fraction of 1 percent during the past year or two to have any of this refunding done.

Mr. DILL. The Senator must know that the officials of the Treasury Department would not raise the rate of interest unless they knew it was impossible to get money at the old rate.

Mr. ROBINSON of Indiana. What I am wondering about is how they knew they could not get it? Why did they not advertise and give the American people a chance to subscribe to the bonds at the old rate instead of arranging to pay usurious rates?

Mr. COUZENS. Mr. President—

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

Mr. ROBINSON of Indiana. I yield.

Mr. COUZENS. I want to say to the Senator from Washington that it was not necessary for the Treasury, in my judgment, to have fixed the rate of interest at all. They could have sold discount securities and let the bidders fix the interest rate. Instead of that, they fixed their own high rate of interest.

Mr. DILL. I am not arguing with the Senator from Indiana. I am only very much interested in this particular phase of the situation, because if the credit of the Government has run down in a few weeks where the interest rate on short-time obligations must be raised from one eighth or one fourth of 1 percent, or whatever it was a few weeks ago, to 4¼ percent upon this last issue, it is a most serious situation from the standpoint of the Government. I am greatly influenced by that condition in how I shall vote.

Mr. COUZENS. May I say that, of course, the money-lender always takes advantage of the situation. He knew when these bids were made of the chaotic condition of the banks and financial institutions. The Senator from Indiana has pointed out that there was no general notice published giving those who might desire to subscribe 10 days' or 2 weeks' notice that bids would be taken. Just the motive for not giving the notice I do not know, of course. I mean that there is no attack upon the Government credit because this rate is so high at this particular time.

Mr. ROBINSON of Indiana. Unfortunately I stepped out of the Chamber yesterday when the Senator from Maryland [Mr. TYNINGS] was making his statement with reference to this issue of bonds, but as I remember it now from reading the RECORD he suggested that the Government arranged two weeks ago, or some such period of time, to refund some \$600,000,000 worth of bonds at rates running around 4¼ percent interest. I think he clearly meant not \$600,000,000 but \$800,000,000. That is the issue that was subscribed for today to take care of the refunding operations in connection with the indebtedness that falls due tomorrow, March 15. If he meant that this issue had been arranged several days ago, that all arrangements for this refunding had been perfected several days ago, then, Mr. President, it must have been done entirely through the Federal Reserve banks; the whole project must have been turned over to them; and the American people were completely in

the dark about it. If it is true, as the Senator from Maryland stated—and I suppose it is—that the interest rate, namely, 4¼ percent, is usurious, especially in times like these, then I ask the Senator who interrogated me a moment ago to reply to the question, Why was the arrangement made several days ago to pay this usurious interest when the American people would be delighted, beyond a question of a doubt, to subscribe to these bonds if merely given the opportunity?

Mr. President, I think there is something wrong about that whole idea. This same subject has been touched on time and time again by those who have spoken for this outrageous bill. Everyone who has spoken, I think, has adverted to the question of what would happen if the bill is not to pass tonight—that was the question that was submitted, and my friend from Mississippi [Mr. HARRISON] sits over there waiting to pass it tonight in order to maintain the credit of the United States of America, when, as a matter of fact, long before the bill can be passed, the bond issue has been tremendously oversubscribed, as was brought out a moment ago by the Senator. So why are we remaining here any longer because of a question of that kind?

Now I want to bring to the attention of the Senate, if I may, a statement made yesterday by my able friend from New York [Mr. COPELAND]. I should like to have the attention of the Senator from Mississippi to this statement. I am sure he heard, Mr. President, as we all heard, the able presentation of the Senator from New York yesterday of the dangers to communities from throwing into the streets the veterans who are affected by tuberculosis. He warned us that there is no such thing as merely throwing them out, as the economy bill provides. He pointed out that provision must be made for them. I assume that all the Senators present were wondering how those disabled veterans were to be provided for. Listen, Mr. President. By saving \$20,000,000 this week on this bond issue we could probably more than pay for taking care of all the tubercular cases among the veterans for a period of 1 year. In other words, Mr. President, this administration could save \$20,000,000 by keeping this loan away from the moneylenders, as they have been designated by the able Senator from Michigan. For instance, 20,000 veterans who receive only \$30 per month can be cared for for 1 year at a cost of only \$7,200,000; 50,000 veterans who receive only \$12 a month can be cared for for 1 year for \$13,000,000.

Therefore, Mr. President, this administration could have saved, by careful financing, as the past administration saved it, \$20,000,000 by tomorrow night, and with that \$20,000,000 could have cared for 20,000 tubercular veterans; and 50,000 veterans who receive \$12 a month. Instead of that we throw on the streets and on the local taxing units those who are unable to care for themselves.

Mr. President, let me point out the fact to Members of the Senate that there are approximately 13,000,000 men who are walking the streets tonight looking for work, with none to be found. We are not putting one of them back into employment by this bill. Instead of that we are adding thousands and thousands to the list of the unemployed, to be cared for by the local taxing units, by the local charities, back in home communities, as the Senator from Michigan well pointed out. We shall never have prosperity in this country until we put the unemployed back to work, and we shall not be doing anything in that direction by the passage of this measure. We are aggravating the situation and making it worse than it was before. We shall not have prosperity until we give the 13,000,000 people who are walking the streets the employment that will afford them purchasing power, so that they can buy the farmer's crops, his commodities, and the various manufactured products throughout the country. That is the only way we can have prosperity. I submit, Mr. President, we are proposing nothing in that direction by this measure. We are adding to the problem; we are adding to adversity; we are doing nothing here to assist the return of prosperity. Of course the bill is vicious. It is unjust to the veterans; there is no question

about that. I agree with the Senator from Michigan that those who vote for this iniquitous measure would do well to hang their heads in shame.

I now want to speak to the Senate about the underpaid Federal workers. You are decreasing their purchasing power by this bill; you are charging the depression, as far as you can, to the underpaid Government workers, who receive small wages, to begin with, and you are making those wages less and hence their purchasing power less. So how does the administration expect to bring about prosperity with any such iniquitous measure as this?

Mr. President, I submit—

Mr. McCARRAN. Mr. President—

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

Mr. ROBINSON of Indiana. I will yield in just a moment. In the first place, this refunding issue of bonds should have been advertised; it should have been offered to the general public—not yesterday, not Sunday, but a week ago; that should have been the first task of the new administration. It should have given the usual 2 weeks' notice, which would have run for another week. If that had been done and the bonds had been advertised at three fourths of 1 percent, the people of the United States, who are so anxious for a guaranty of their bank deposits, would have oversubscribed the issue by millions and millions of dollars, as, indeed, the press reports indicate it was oversubscribed this very afternoon long before this bill shall have been passed. If that had been done, Mr. President, there would have been saved \$20,000,000. Ah, but the moneylenders must have that \$20,000,000; and they are the people who have gotten it. You are giving them \$20,000,000; that is what you are doing by this financing scheme; you are giving the big moneylenders \$20,000,000, and you are taking three hundred million or four hundred million dollars off the sick, maimed, wounded, and disabled veterans of the United States. That is precisely what is being done, and I want the RECORD to show that I made the statement. I feel sure that when you abdicate your powers and the Congress goes out of business and, in a cowardly and craven fashion, turns over its functions to the Chief Executive of the Nation, then Congress will be found to be deceiving nobody but itself. Therefore I hope Members of the Senate will not think for a moment they are fooling the American people.

Mr. HARRISON and Mr. McCARRAN addressed the Chair.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The Senator from Mississippi.

Mr. McCARRAN. Mr. President—

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

Mr. HARRISON. Only for a question; I do not yield for any other purpose.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me just long enough for me to yield to my friend from Nevada? I promised him I would yield when I concluded my statement.

Mr. HARRISON. I yield to the Senator so that he may yield to his friend from Nevada, provided he yields for a question and not for a call for a quorum.

Mr. McCARRAN. I ask the Senator from Indiana to yield.

Mr. ROBINSON of Indiana. I yield to the Senator from Nevada with the permission of the Senator from Mississippi.

Mr. HARRISON. I yield for a question.

Mr. McCARRAN. I ask the Senator whether he will not yield to me without limitation?

The PRESIDING OFFICER. The Senator having the floor can only yield for a question under the rule, if the rule is insisted upon.

Mr. McCARRAN. And it is not subject to motion, Mr. President?

The PRESIDING OFFICER. No; it is not.

Mr. HARRISON. Mr. President, I have refrained from speaking on this bill because of the anxiety to secure quick action upon it, and I would not now occupy the slightest time of the Senate if it were not for the speech of the dis-

tinguished Senator from Indiana [Mr. ROBINSON]. I want to congratulate his colleagues on the other side who, with the rarest exception, have raised themselves above partisanship in the discussion and consideration of this bill, as well as in the consideration of the banking bill, which meant so much to the welfare of this great country. My friend from Indiana is now a real curiosity in projecting himself into this discussion in the partisan role he has assumed. He is beginning very early in this administration—

Mr. ROBINSON of Indiana. Mr. President—

Mr. HARRISON. I do not yield.

Mr. ROBINSON of Indiana. There was no partisanship in my statement at all; I made a mere statement of facts.

Mr. HARRISON. The Senator just reeks with partisanship. He states here at this early moment, just a few days after the new administration has come into power, that the administration could have saved \$20,000,000 if it had exercised diligence and caution in connection with an issue of bonds. I do not know where the Senator gets that idea.

If we were to have another Republican administration, I should like to see the Senator as Secretary of the Treasury. He would make a fine Secretary of the Treasury. [Laughter.] He would make just as good a Secretary as he has made a Senator in this body. He no doubt would be able to sell bonds, despite the peculiar conditions that today confront the country, for \$20,000,000 less than they have been sold by the distinguished officers of the Government who are working night and day in an effort to preserve the credit of the United States. I have never heard anybody intimate that the Senator from Indiana was a great financier, and I do not know where he got the idea that he is a great financier. He went so far as to say that this issue of bonds, instead of bearing 4¼ percent interest, could have been sold at a rate of interest of three fourths of 1 percent. As good as the Senator is as a politician, he would be a rank failure as a financier.

Mr. TYDINGS. Mr. President, I have the Treasury figures on the question which has been adverted to, and I think they will fit into the Senator's observation.

Mr. HARRISON. I yield to the Senator from Maryland.

Mr. TYDINGS. May I say that on March 3 the then Secretary of the Treasury, Mr. Mills, announced an offering of \$75,000,000 of 90-day bills. These were put out to bids; the entire country had a right to bid upon them, and they sold at a discount equal to 4.26 percent. Because the last administration by competitive bids was unable to borrow \$75,000,000 for 90 days at an interest rate of less than 4.26 percent, the new administration is fearful, of course, that it can not borrow \$800,000,000 at that figure.

Mr. HARRISON. The Senator anticipated what I was just coming to.

Mr. TYDINGS. I am sorry.

Mr. HARRISON. That is all right. The Senator said it better than I could have said it.

I have here the record made before the Finance Committee of these many issues of the past. It includes the last 15 issues, and it shows that in November the interest rate reached as low as one eighth of 1 percent. Other issues carried a rate of about one fifth of 1 percent. The rate began to climb up, until along in February it was much higher, and on the 3d of March it had risen until it was 4¼ percent.

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

Mr. HARRISON. Yes; I yield to the Senator.

Mr. COUZENS. I desire to point out that I am not finding so much fault with the interest rate, because on March 3, as the Senator will remember, practically all of the banks of the Nation were closed, including those in New York and in Chicago.

Mr. HARRISON. Yes; the banks had closed, but it was stated by Mr. Ballantine that these notices had gone out and the proposals had come in before the banks had closed. There was trouble in Michigan. There was trouble all over the country.

This is not a matter that can be laid to the Democratic administration any more than it can be laid to the Republi-

can administration. The interest rate went up when the banking system of this country collapsed and the American people lost confidence.

The Senator from Indiana says that the administration is losing \$20,000,000 on this refinancing. Mr. President, if Mr. Roosevelt had not taken the strong position he did when he came in as President; if he had not taken the prompt action that he did in sounding his notes of warning and laying before us quickly his proposals to try to cure the situation, restore confidence, and put some reviving effect in the hearts of people so that the banks might be reopened, who knows but that we would have had no proposal at all to buy these bonds or that the interest rate might not have been still higher?

No, Mr. President; let us keep politics out of the consideration of this bill. Nobody is going to follow the Senator from Indiana in that proposition at all. There never arises here a proposition into which he does not inject partisanship. I am as much of a partisan as almost any other Member of this body; but in this great crisis of the country's history I played no politics during the administration that has just ended. I went down the line for President Hoover and supported his policies in the hope that we could restore confidence in the country.

The Senator may smile cynically, he may play his little game of politics, but the American people now are in no frame of mind to receive it; and the good and progressive people in Indiana, whether Democrats, independents, or Republicans, will not sanction the attitude of a Senator who injects partisanship here in a matter that means almost the preservation of the credit of this country.

Senators may make their appeals to groups if they want to. They may think they can play upon their fancies and win their support; but the American people now want action. They want retrenchment. They want a balanced Budget. They want the credit of this country preserved. They want us to do away with politics for the time being.

There has been no caucus on this matter that bound any Democrat to support amendments. We who are intrusted with responsibility because of our positions upon the committees hope that we can be together. Senators on the other side of the aisle, with the fewest exceptions, are coming to the support of this measure. They are raising themselves high in the estimation of the people because they want to restore confidence. They want to see this banking policy go ahead, and they want to see the drooping spirits of people revived.

Over in the House the Republicans did not play politics. With the rarest exceptions, I say, Senators are not doing it. Let us leave that alone. Let us pass this bill, if we can, without binding anybody.

If Senators feel conscientiously that there are certain amendments that they should vote for, they may support them. There has been no message from the other end of Pennsylvania Avenue to any Member of Congress that patronage would be taken away from him if he should not carry out the President's proposal. The President does not play the game that way; and everyone here, whether he is for the proposal or against it, would resent any such practice as that.

I know that there are men here who are bound by pledges not to support certain provisions of this bill. They feel that they cannot do it, and they will not do it, and nobody is going to condemn them about it. It is our hope, however, that there will be enough here who are unpledged, and whose consciences will permit them so to vote, to enable us to vote down every amendment that may be offered, and go through and pass this legislation in the hope that it may help the country.

I am willing to take the consequences, so far as I am concerned. But be not deceived: The American people are with the man in the White House, who is showing courage, and who is manifesting action, and quick action, at this time.

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

The PRESIDING OFFICER. The Senator from Maryland.

Mr. TYDINGS. Mr. President, I shall occupy only a moment, because I want to give the Senator from Indiana a chance to reply; but, in order to make the record complete, I think the Senator from Indiana has not stated the situation exactly as it is.

The financing which will take place on the 15th day of this month is 5 months' financing only. It is not annual financing, as was done with the obligations of the late administration. Because the interest rate is high, this administration has financed for a short period of time only, until the credit situation gets better, when the obligations of March 15 can be refinanced over a longer period of time at a lower rate of interest.

The March 15 financing is for 5-month certificates at 4 percent interest and 9-month certificates at 4¼ percent interest. These are in contrast with the last financing of \$75,000,000, 93-day certificates, which sold on competitive bids for 4.26 percent. So this financing is short-time financing to bridge this gap in the stability of our national credit; and when we have written it, we will refinance it again upon a 5-month maturity, I dare say, at an interest rate at least one half that now fixed.

Mr. President, I send to the desk two telegrams, one from an American Legion post and one from a Spanish-American War Veterans' post, which I ask to have read in my time.

The PRESIDING OFFICER. Without objection, the telegrams will be read.

The Chief Clerk read as follows:

TIMONIUM, Md., March 10, 1933.

HON. MILLARD E. TYDINGS,

*United States Senator, Washington, D.C.:*

Whereas in 1917 we offered to make the supreme sacrifice, today in a grave national crisis we are again willing to make such sacrifices as may be necessary to preserve our Government; and

Whereas we have explicit confidence in our President to deal thoroughly with all deserving veterans; Therefore be it

*Resolved*, That Towson Post, No. 22, American Legion, go on record as unanimously supporting the President of the United States in his economy program, especially that pertaining to veterans; and be it further

*Resolved*, That copies of this resolution be sent to the President of the United States, all Senators and Congressmen from Maryland, and the National and State headquarters of the American Legion.

G. L. STRYKER, *Post Commander.*

ANNAPOLIS, Md., March 12, 1933.

Senator TYDINGS,

*United States Senate, Washington, D.C.:*

The Spanish War veterans of Annapolis Camp, No. 10, in this great emergency stand behind the President and your good judgment. Those of us who in 1898 were ready to sacrifice and did sacrifice for our country are willing and ready to do so now. Our trust is in our President that the disabled veterans, their widows, and orphans will not be forgotten. We are Americans first, last, and all the time, and back of our President.

GEO. K. NEWMANN, *Adjutant.*

Mr. ROBINSON of Indiana. Mr. President, I do not desire to make any invidious comparisons. Comparisons are always odious. With utmost modesty, however, I suggest to my friend the Senator from Mississippi that I would probably make as good a Secretary of the Treasury as he.

Mr. HARRISON. I admit that.

Mr. ROBINSON of Indiana. I have never understood that the Senator from Mississippi was an authority on finance or financial matters. He is now the chairman of that powerful committee, and we shall see just whither he leads.

But I hope the Senator from Mississippi will not think that because any of us on this side fail to agree with him on every subject that may come before the Senate, we are therefore approaching the proposition in a partisan spirit. Nothing of that sort imbues me in this matter. I am undertaking solely to prevent the Senate from doing a grave injustice to the veterans of the various wars and their dependents.

Mr. President, it matters not how much the Senator from Mississippi may rave, or what tirades he may indulge himself in. I propose to stand here and vote as I choose, and

speak as I choose, without asking his consent; and I resent the attitude of mind he seems to display when he suggests that because a person has an idea that in some degree differs from an idea that he may espouse, somehow or other that person is partisan and is indulging in politics.

I invite the attention of the Senate and the country, those who may read the RECORD, to the fact that never once in that long tirade did the Senator from Mississippi answer a single question that I had asked or a single point that I made about this refinancing deal. One does not have to be a Secretary of the Treasury to understand that the Government, by saving \$20,000,000 in this financing project, could care for many disabled veterans. That does not require any considerable amount of financial genius, I submit to the Senator from Mississippi; and it makes no difference what he says, I propose to go on and do my duty as I see it, and it matters not whether it may please him or not.

He spoke of partisanship, of politics. For 4 long years I sat here and saw him and others on the Democratic side bait the President of the United States constantly, and I saw them establish a poison bureau, to which I have adverted in the past, almost across from the White House, undertaking to oppose every action of his, to cause the American people to hate him, when he was down there courageously, patriotically trying to serve this great country and the people of the Nation. What help did he get from the Senator from Mississippi? None; only ridicule and abuse from morning until night. Have I not sat here and listened to one tirade of vilification after another flowing from his lips with the same facility with which the words of abuse flowed from his lips just a few minutes ago directed toward my poor head? It discourages me not a bit. I go on my way.

Patriotic? Partisan? The President of the United States is now infallible, but only yesterday nothing could be thought of mean enough to describe him in the mind of the Senator from Mississippi, and now he, of all men, talks about partisanship. Up to this point in the discussion I have not engaged in politics. I will indulge in partisanship for a moment now, since he insists on it.

Let me suggest to the Senator from Mississippi that we went into the World War at the behest of a President of his political faith, after he had promised the American people that there would be no war, and made his campaign on the slogan, "He kept us out of war," which appeared on billboards all over the land; and notwithstanding those campaign slogans and those billboard signs everywhere, he plunged us into the war within 2 months after he was inaugurated. After having won his campaign on that issue alone, he plunged 4,000,000 of these lads, and the American people, into the vortex of catastrophe.

Now some more partisanship, some more politics. For 12 years the Republican administrations have built up these benefits for the veterans. We have built up this system of doing justice to the disabled veterans of the World War and of the Spanish-American War and of the Civil War—God bless them all. We owe them all a debt of gratitude we can never repay. For 12 years we have built up those benefits. Now another Democratic President comes in, after these 12 years, succeeding the last one who put us into the war, and the first act of this new Democratic President now is to snatch away from the veterans and their dependents all the benefits the Republican administrations have given them during the past 12 years. If that be politics, let the Senator from Mississippi make the most of it. It is a statement of fact, just the same.

Mr. President, I want to talk to the question. I am sorry that I have been diverted. I am sorry the Senator from Mississippi, in injecting partisanship into this debate, has forced me in self-defense to suggest something of partisanship and politics. Let me talk about the matter I brought to his attention a while ago in the friendliest spirit. Let me talk now about that matter. Let us see whether it takes a great Secretary of the Treasury to understand these facts.

For 90-day borrowings, the Treasury has been able to get funds at one ninth of 1 percent interest on account of the

idle funds throughout the country. That is a statement of fact.

Listen to this. For 1-year borrowings the Treasury has been able to get funds at less than 1 per cent. The offering of December 15, 1932, was oversubscribed by \$3,878,000,000.

The report of the predecessor of the present Secretary of the Treasury, dated December 12, 1932, stated:

Reports received from the Federal Reserve banks show that for the offering of three fourths percent Treasury certificates of series TD-1933, maturing December 15, 1933, which was for \$860,000,000, or thereabouts, total subscriptions aggregated over \$4,128,000,000.

These oversubscriptions to which I have heretofore referred were not isolated cases. Listen to this: it requires no great financial mind to understand it. It is shown by the records of the Treasury that every offering of the Treasury has been oversubscribed. One of the offerings, in December 1932, brought oversubscriptions aggregating the huge sum of \$10,449,000,000, indicating the anxiety of the public and banks to subscribe to Government securities.

Let me give the Senator from Mississippi, as chairman of the Finance Committee, some figures which he ought to have. Following are the recent oversubscriptions to United States Treasury issues: The July, 1932, offering was oversubscribed by \$4,850,000,000; the September offering was oversubscribed by \$6,135,350,000; the October offering was oversubscribed by \$8,368,343,000; the December offering was oversubscribed by the stupendous sum of \$10,449,000,000; the January offering of only \$250,000,000 5-year notes was oversubscribed by \$7,802,000,000.

Talk about the credit of the United States being impaired! My friend the Senator from Massachusetts said that was the only reason why he was going to vote for this bill, because he was reliably informed that the credit of the United States was on the rocks, or words to that effect. Here is a statement indicating the condition of the credit, and we heard the statement read by the Senator from Michigan, himself distinguished in matters of finance sufficiently to speak as an authority in his own right, and to whom the Senate always gladly listens, showing that this recent bond issue was oversubscribed today, having been advertised only yesterday, instead of 2 weeks ago, as has been the custom in the past.

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

Mr. ROBINSON of Indiana. I yield.

Mr. TYDINGS. I want to ask the Senator from Indiana if it is not a fact that the same administration which financed the Government obligations at an interest rate of less than 1 percent was the administration which recently, namely, on March 3, financed \$75,000,000 worth of 93-day certificates at 4.26 percent? So is it not a fact that the same administration to which the Senator refers as having been financing in December and January was the administration which had to pay 4¼ percent to get \$75,000,000 on March 3?

Mr. ROBINSON of Indiana. That is possible, Mr. President. I have not the figures here; they have gotten away from me. But, as I remember that March 3 financing, it was for a period of 30 days. They were temporary notes, and they were oversubscribed. I am not sure; they might have been funded through the Federal Reserve banks as an accommodation. I am not sure about that.

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

Mr. ROBINSON of Indiana. I yield.

Mr. REED. While it is true that they were Republican borrowings, the lenders will have nobody but the Democratic administration to look to for repayment. I think that may explain the rate of interest.

Mr. TYDINGS. Let me say to the Senator from Indiana and the Senator from Pennsylvania that the new administration will probably pay off a lot of obligations which the Republican administration has funded. But, aside from that, let me further observe that the Senator from Indiana said that my statement was "possibly" accurate. I can assure him that it is an exact fact. I hold in my hand the statement of Mr. Mills.

Mr. ROBINSON of Indiana. I am not contesting that statement at all, because I have not the figures before me. I am speaking from memory with reference to the March 3 financing. If this administration pays obligations which have accrued even subsequent to last March 4, subsequent to its assuming office, I hope that in the interest of the taxpayers of the United States they will borrow the money as cheaply as they can and not pay exorbitant, usurious rates of interest to the big moneylenders of the United States.

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

The CHIEF CLERK. The first amendment of the committee is on page 2, line 6, where the committee proposes to strike out the words "any war subsequent to the Civil" and insert the words "the Spanish-American."

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

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Johnson	Robinson, Ark.
Ashurst	Copeland	Kean	Robinson, Ind.
Austin	Couzens	Keyes	Russell
Bachman	Dale	La Follette	Sheppard
Bailey	Dickinson	Lewis	Smith
Bankhead	Dill	Loneragan	Stelwer
Barbour	Duffy	McAdoo	Stephens
Barkley	Fess	McCarran	Thomas, Utah
Black	Fletcher	McGill	Townsend
Bone	Frazier	McKellar	Trammell
Borah	George	McNary	Tydings
Bratton	Glass	Metcalf	Vandenbergh
Brown	Goldsborough	Murphy	Van Nuys
Bulkley	Gore	Neely	Wagner
Bulow	Hale	Overton	Walcott
Byrd	Harrison	Patterson	Walsh
Byrnes	Hastings	Pittman	White
Capper	Hatfield	Pope	
Caraway	Hayden	Reed	
Clark	Hebert	Reynolds	

Mr. LEWIS. May I announce that having earlier in the day called attention to the absence of certain Senators for the reasons then stated, I desire to have the same recorded now as the explanation of their absence.

Mr. GORE. I desire to announce the absence of my colleague, the senior Senator from Oklahoma [Mr. THOMAS], on account of illness.

Mr. ADAMS. I should like to advise that my colleague [Mr. COSTIGAN] is detained from the Senate today by reason of illness.

Mr. WALSH. I wish to announce the absence of my colleague, the junior Senator from Massachusetts [Mr. COOLIDGE], on account of a death in his family.

The PRESIDING OFFICER. Seventy-seven Senators having answered to their names, a quorum is present. The clerk will state the amendments of the Committee on Finance in their order.

The first amendment was, under the heading "Title I, Veterans," on page 2, line 6, after the word "during", to strike out "any war subsequent to the Civil" and insert "the Spanish-American"; in line 8, after the name "Philippine insurrection" to insert a comma and "or the World War"; in line 9, after the word "of", to strike out "wound" and insert "injury"; in line 16, after the word "served", to strike out "during any war subsequent to the Civil" and insert "in the active military or naval service during the Spanish-American"; and in line 19, after the name "Philippine insurrection", to strike out "and prior to the World War", so as to make the section read:

SECTION 1. That subject to such requirements and limitations as shall be contained in regulations to be issued by the President, and within the limits of appropriations made by Congress, the following classes of persons may be paid a pension:

(a) Any person who served in the active military or naval service and who is disabled as a result of disease or injury or aggravation of a preexisting disease or injury incurred in line of duty in such service.

(b) Any person who served in the active military or naval service during the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or the World War, and who is permanently disabled as a result of injury or disease.

(c) The widow, child, or children, dependent mother or father, of any person who dies as a result of disease or injury incurred or aggravated in line of duty in the active military or naval service.

(d) The widow and/or child of any deceased person who served in the active military or naval service during the Spanish-American War, including the Boxer rebellion and the Philippine insurrection.

(e) For the purpose of subparagraph (b) of this section, the World War shall be deemed to have ended November 11, 1918.

The amendment was agreed to.

The next amendment was, on page 6, line 8, after the word "allowed", to insert "No person who is entitled to any benefits under this title shall participate in any determination or decision with respect to any claim for benefits under this title", so as to make the section read:

SEC. 9. Claims for benefits under this title shall be filed with the Veterans' Administration under such regulations, including provisions for hearing, determination, and administrative review, as the President may approve, and payments shall not be made for any period prior to date of application. When a claim shall be finally disallowed under this title and the regulations issued thereunder, it may not thereafter be reopened or allowed. No person who is entitled to any benefits under this title shall participate in any determination or decision with respect to any claim for benefits under this title.

The amendment was agreed to.

The next amendment was, on page 9, line 7, after the word "compensation", to insert "and other allowances"; in line 9, after the word "veterans", to insert "and the dependents of veterans"; in line 11, before the word "the", to insert "and"; in line 14, after the word "service", to strike out "except" and insert "(except"; in line 16, after the word "Navy", to strike out "or Marine Corps" and insert "Marine Corps, or Coast Guard"; and in line 20, after the word "the", to strike out "first" and insert "last", so as to make the section read:

SEC. 17. All public laws granting medical or hospital treatment, domiciliary care, compensation and other allowances, pension, disability allowance, or retirement pay to veterans and the dependents of veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, and the World War, or to former members of the military or naval service for injury or disease incurred or aggravated in the line of duty in the military or naval service (except so far as they relate to persons who served prior to the Spanish-American War, and the retirement of officers and enlisted men of the Regular Army, Navy, Marine Corps, or Coast Guard), are hereby repealed, and all laws granting or pertaining to yearly renewable term insurance are hereby repealed, but payments in accordance with such laws shall continue to the last day of the third calendar month following the month during which this act is enacted. The Administrator of Veterans' Affairs under the general direction of the President shall immediately cause to be reviewed all allowed claims under the above-referred-to laws and, where a person is found entitled under this act, authorize payment or allowance of benefits in accordance with the provisions of this act commencing with the first day of the fourth calendar month following the month during which this act is enacted; and, notwithstanding the provisions of section 9 of this act, no further claim in such cases shall be required: *Provided*, That nothing contained in this section shall interfere with payments heretofore made or hereafter to be made under contracts of yearly renewable term insurance which have matured prior to the date of enactment of this act and under which payments have been commenced.

The amendment was agreed to.

The next amendment was, on page 10, line 14, before the word "pension", to insert "any"; in line 16, after the name "Spanish-American", to strike out "war" and insert "war, and their dependents"; and, in line 19, after the name "Navy", to strike out "or Marine Corps shall" and insert "Marine Corps, or Coast Guard, shall", so as to make the section read:

SEC. 18. For the fiscal year ending June 30, 1934, any pension, and/or any other monetary gratuity, payable to former members of the military or naval service in wars prior to the Spanish-American War, and their dependents, for service, age, disease, or injury, except retired pay of officers and enlisted men of the Regular Army, Navy, Marine Corps, or Coast Guard, shall be reduced by 10 percent of the amount payable.

The amendment was agreed to.

The next amendment was, on page 10, after line 20, to insert the following new section:

SEC. 19. The regulations issued by the President under this title which are in effect at the expiration of 2 years after the

date of enactment of this act shall continue in effect without further change or modification until the Congress by law shall otherwise provide.

The amendment was agreed to.

The next amendment was, under the heading "Title II—Officers and Employees," on page 11, line 10, after the name "Vice President" to insert "the Speaker of the House of Representatives," and on page 12, line 9, after the word "contributions" to strike out "or" and insert "of"; so as to make the section read:

Sec. 1. When used in this title—

(a) The terms "officer" and "employee" mean any person rendering services in or under any branch or service of the United States Government or the government of the District of Columbia, but do not include (1) officers whose compensation may not, under the Constitution, be diminished during their continuance in office; (2) the Vice President, the Speaker of the House of Representatives, Senators, Representatives in Congress, Delegates, and Resident Commissioners; (3) officers and employees on the rolls of the Senate and House of Representatives; (4) any person in respect of any office, position, or employment the amount of compensation of which is expressly fixed by international agreement; and (5) any person in respect of any office, position, or employment the compensation of which is paid under the terms of any contract in effect on the date of the enactment of this title, if such compensation may not lawfully be reduced.

(b) The term "compensation" means any salary, pay, wage, allowance (except allowances for travel), or other emolument paid for services rendered in any civilian or noncivilian office, position, or employment, and includes the retired pay of judges (except judges whose compensation, prior to retirement or resignation, could not, under the Constitution, have been diminished), and the retired pay of all commissioned and other personnel of the Coast and Geodetic Survey, the Lighthouse Service, and the Public Health Service, and the retired pay of all commissioned and other personnel of the Army, Navy, Marine Corps, and Coast Guard; but does not include payments out of any retirement, disability, or relief fund made up wholly or in part of contributions of employees.

The amendment was agreed to.

The next amendment was, on page 12, line 12, after the word "for", to insert "the", so as to make the section read:

Sec. 2. For that portion of the fiscal year 1933 beginning with the first day of the calendar month following the month during which this act is enacted, and for the fiscal year ending June 30, 1934, the compensation of every officer or employee shall be determined as follows:

(a) The compensation which such officer or employee would receive under the provisions of any existing law, schedule, regulation, Executive order, or departmental order shall first be determined as though this title (except sec. 4) had not been enacted.

(b) The compensation as determined under subparagraph (a) of this section shall be reduced by the percentage, if any, determined in accordance with section 3 of this title.

The amendment was agreed to.

The next amendment was, on page 12, line 25, after the word "investigation", to insert "through established agencies of the Government", so as to make the section read:

Sec. 3. (a) The President is authorized to investigate through established agencies of the Government the facts relating to the cost of living in the United States during the 6 months' period ending June 30, 1928, to be known as the base period, and upon the basis of such facts and the application thereto of such principles as he may find proper, determine an index figure of the cost of living during such period. The President is further authorized to make a similar investigation and determination of an index figure of the cost of living during the 6 months' period ending December 31, 1932, and each 6 months' period thereafter.

(b) The President shall announce by Executive order the index figure for the base period and for each subsequent period determined by him under paragraph (a) of this section. The percentage, if any, by which the cost of living index for any 6 months' period, as provided in paragraph (a) of this section, is lower than such index for the base period shall be the percentage of reduction applicable under section 2 (b) of this title in determining compensation to be paid during the following 6 months' period, or such portion thereof during which this title is in effect: *Provided*, That such percentage of reduction shall not exceed 15 percent.

The amendment was agreed to.

The next amendment was, on page 14, line 10, before the figures "214," to strike out "211," and on page 16, line 5, after the word "sections," to strike out "105, 107, 109, or 112" and insert "105 or 107"; on page 17, line 1, before the figures "215," to strike out "Sections" and insert "Section"; in line 14, after the figures "104," to strike out "105

(except subsections (a), (b), and (c) thereof)" and insert "subsections (d) and (e) of section 105," and in line 17, after the word "thereof," to strike out "and 108" and insert "108, 112, and 211"; and on page 118, after line 2, to insert:

(f) Subsection (b) of section 105 of the Legislative Appropriation Act, fiscal year 1933, is amended to read as follows, beginning with the first day of the calendar month following the month during which this act is enacted:

"(b) The allowance for clerk hire of Representatives in Congress, Delegates, and Resident Commissioners is reduced by the percentage applicable by law to other employees on the roll of the House of Representatives, such reduced allowance to be apportioned by the Representative, Delegate, or Resident Commissioner among his clerks as he may determine, subject to the limitations of existing law, but the compensation of such clerks shall not be subject to reduction under subsection (c) of this section."

(g) Subsection (c) of section 105 of the Legislative Appropriation Act, fiscal year 1933, is amended to read as follows, beginning with the first day of the calendar month following the month during which this act is enacted:

"(c) The rate of compensation of any person on the rolls of the Senate or of the House of Representatives (other than persons included within subsection (a)), is reduced by the percentage applicable by law to employees of the Government generally."

So as to make the section read:

Sec. 4. (a) Section 4 of an act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes, approved March 3, 1933, is hereby amended to read as follows:

"Sec. 4. (a) The provisions of the following sections of part II of the Legislative Appropriation Act, fiscal year 1933, are hereby continued in full force and effect during the fiscal year ending June 30, 1934, namely sections 105 (except subsections (d) and (e) thereof), 107 (except paragraph (5) of subsection (a) thereof and subsection (b) thereof), 201, 203, 206 (except subsection (a) thereof), 214, 216, 304, 315, 317, 318, and 323, and for the purpose of continuing such sections, in the application of such sections with respect to the fiscal year ending June 30, 1934, the figures '1933' shall be read as '1934'; the figures '1934' as '1935'; and the figures '1935' as '1936'; and, in the case of section 203, the figures '1932' shall be read as '1933'; except that in the application of such sections with respect to the fiscal year ending June 30, 1934 (but not with respect to the fiscal year ending June 30, 1933), the following amendments shall apply:

"(1) Section 216 is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided further*, That no employee under the classified civil service shall be furloughed under the provisions of this section for a total of more than 90 days during the fiscal year 1934, except after full and complete compliance with all the provisions of the civil service laws and regulations relating to reductions in personnel.'

"(2) Section 317 is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided further*, That no part of any appropriation for "public works," nor any part of any allotment or portion available for "public works" under any appropriation, shall be transferred pursuant to the authority of this section to any appropriation for expenditure for personnel unless such personnel is required upon or in connection with "public works." "Public works" as used in this section shall comprise all projects falling in the general classes enumerated in Budget statement No. 9, pages A177 to A182, inclusive, of the Budget for the fiscal year 1934, and shall also include the procurement of new airplanes and the construction of vessels under appropriations for "Increase of the Navy." The interpretation by the Director of the Bureau of the Budget, or by the President in the case of the War Department and the Navy Department, of "public works" as defined and designated herein shall be conclusive.'

"(b) All acts or parts of acts inconsistent or in conflict with the provisions of such sections as amended, are hereby suspended during the period in which such sections, as amended, are in effect.

"(c) No court of the United States shall have jurisdiction of any suit against the United States or (unless brought by the United States) against any officer, agency, or instrumentality of the United States arising out of the application as provided in this section, of such sections 105 or 107, as amended, unless such suit involves the Constitution of the United States.

"(d) The appropriations or portions of appropriations unexpended by reason of the operation of the amendments made in subsection (a) of this section shall not be used for any purpose, but shall be impounded and returned to the Treasury.

"(e) Each permanent specific annual appropriation available during the fiscal year ending June 30, 1934, is hereby reduced for that fiscal year by such estimated amount as the Director of the Bureau of the Budget may determine will be equivalent to the savings that will be effected in such appropriation by reason of the application of this section and section 7."

(b) Section 5 of the Treasury and Post Office Appropriation Act, fiscal year 1934, is hereby repealed.

(c) Section 6 of the said Treasury and Post Office Appropriation Act, fiscal year 1934, is amended to read as follows:

"Sec. 6. Section 215 of the Legislative Appropriation Act, fiscal year 1933, shall be held applicable to the officers and employees of the Panama Canal and Panama Railroad Co. on the Isthmus of Panama, and to officers and employees of the United States (including enlisted personnel) holding official station outside the continental United States, only to the extent of depriving each of them of 1 month's leave of absence with pay during each of the fiscal years ending June 30, 1933, and June 30, 1934."

(d) The following sections of part II of the Legislative Appropriation Act, fiscal year 1933, are hereby repealed effective on the first day of the calendar month following the month in which this act is enacted; namely, sections 101, 102, 103, 104, subsections (d) and (e) of section 105, 106, 107 (except paragraphs (1), (2), (3), and (4) of subsection (a) thereof), 108, 112, and 211.

(e) Subsection (a) of section 105 of the Legislative Appropriation Act, fiscal year 1933, is amended to read as follows, beginning with the first day of the calendar month following the month during which this act is enacted:

"(a) The salaries of the Vice President and the Speaker of the House of Representatives are reduced by 15 percent; and the salaries of Senators, Representatives in Congress, Delegates, and Resident Commissioners are reduced by 15 percent."

(f) Subsection (b) of section 105 of the Legislative Appropriation Act, fiscal year 1933, is amended to read as follows, beginning with the first day of the calendar month following the month during which this act is enacted:

"(b) The allowance for clerk hire of Representatives in Congress, Delegates, and Resident Commissioners is reduced by the percentage applicable by law to other employees on the roll of the House of Representatives, such reduced allowance to be apportioned by the Representative, Delegate, or Resident Commissioner among his clerks as he may determine, subject to the limitations of existing law, but the compensation of such clerks shall not be subject to reduction under subsection (c) of this section."

(g) Subsection (c) of section 105 of the Legislative Appropriation Act, fiscal year 1933, is amended to read as follows, beginning with the first day of the calendar month following the month during which this act is enacted:

"(c) The rate of compensation of any person on the rolls of the Senate or of the House of Representatives (other than persons included within subsection (a)), is reduced by the percentage applicable by law to employees of the Government generally."

The amendment was agreed to.

The next amendment was, on page 19, line 1, after "Sec. 5," to strike out "Retirement" and insert:

The provisions of this title providing for temporary reductions in compensation and suspension in automatic increases in compensation shall not operate to reduce the rate of compensation upon which the retired pay or retirement benefits of any officer or employee would be based but for the application of such provisions, but the amount of retired pay shall be reduced as provided in this title: *Provided*, That retirement.

So as to make the section read:

SEC. 5. The provisions of this title providing for temporary reductions in compensation and suspension in automatic increases in compensation shall not operate to reduce the rate of compensation upon which the retired pay or retirement benefits of any officer or employee would be based but for the application of such provisions, but the amount of retired pay shall be reduced as provided in this title: *Provided*, That retirement deductions authorized by law to be made from the salary, pay, or compensation of officers or employees and transferred or deposited to the credit of a retirement fund shall be based on the regular rate of salary, pay, or compensation instead of on the rate as temporarily reduced under the provisions of this title.

The amendment was agreed to.

The next amendment was, under "Title III, Amendments to Legislative Appropriation Act, fiscal year 1933," on page 20, line 21, after the word "the", to strike out "legislative appropriation act" and insert "Legislative Appropriation Act"; and in line 23, after the word "the", to strike out "treasury and post office appropriation act" and insert "Treasury and Post Office Appropriation Act," so as to make the section read:

SECTION 1. Sections 407 and 409 of Title IV of Part II of the Legislative Appropriation Act, fiscal year 1933, as amended by section 17 of the Treasury and Post Office Appropriation Act, approved March 3, 1933, are amended to read as follows.

The amendment was agreed to.

The PRESIDING OFFICER. That seems to conclude the committee amendments. The bill is open to further amendment.

Mr. BLACK. Mr. President, I send to the desk an amendment, which I offer.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. On page 10, line 12, after the word "commenced," insert the following:

Nor on any judgment heretofore rendered in a court of competent jurisdiction, or which may hereafter be rendered in any suit now pending.

Mr. BLACK. Mr. President, the amendment relates to the right of the veteran to maintain his suit in court.

Mr. HARRISON. Mr. President, will the Senator from Alabama yield to me before he proceeds with his explanation of his amendment?

Mr. BLACK. Certainly.

Mr. HARRISON. Not as a committee amendment, because the committee has not acted upon it, but in my individual capacity I offer as a substitute for the amendment offered by the Senator from Alabama the following. This is one of the questions that has given us a great deal of trouble. If the Senator has no objection, I should like to offer it at this time so they may both be discussed at the same time.

Mr. BLACK. I have no objection, of course.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. The Senator from Mississippi offers the following:

On page 10, line 8, after "interfere," insert "(1)"; and

On page 10, before the period at end of line 12, insert a comma and the following: "or (2) with payments hereafter to be made under contracts of yearly renewable term insurance, where suit on such insurance has been instituted and trial had prior to the enactment of this act and judgment has heretofore been or hereafter is entered and has become or becomes a final judgment: *Provided further*, That no costs shall be taxed against any plaintiff whose right to continue his suit on yearly renewable term insurance is abrogated by this section."

The PRESIDING OFFICER. The Chair desires to suggest that this is not applicable to the amendment of the Senator from Alabama because it deals with a different portion of the section.

Mr. BLACK. The issue can be drawn upon the two very clearly, whether the Senator offers his amendment as a substitute or as a separate amendment. I can explain the difference between the two.

I desire to congratulate the Senator upon offering the amendment, however. It is a great step forward and is a vast improvement over the bill as it was read in the Senate on yesterday. Let us see what is the issue.

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

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Massachusetts?

Mr. BLACK. I yield.

Mr. WALSH. Of course, the Senator's proposal deals with tens of thousands of cases, while the amendment of the Senator from Mississippi deals only with a very few cases that have reached judgment but have not yet been given their award.

Mr. BLACK. The Senator is correct. My amendment does not relate to compensation; it does not relate to pensions; it does not relate to bounty. It relates solely and singly to a contract of the United States Government made with the veterans who served in the World War.

Mr. WALSH. I think the Senator would emphasize and strengthen his amendment if he said at this time, too, that it does not relate to any power of presumption. It is law-making.

Mr. BLACK. The Senator is correct.

Mr. WALSH. The President has nothing to do with it.

Mr. BLACK. It relates to no presumption. It relates to no pension. It relates to no compensation. It relates to but one thing only and that is, Shall the Congress of the United States, at the time it is passing a bill to maintain the credit of the United States, also maintain the contracts of the United States?

Under the bill as it came here yesterday—and I shall explain the difference by beginning then and bringing it down to the last proposal of the Senator from Mississippi—if

a soldier had filed a suit in a Federal court against the Federal Government on a contract of insurance for which the soldier had paid his money, and if that soldier had already obtained a judgment in the court, then under this provision he would not be paid that judgment. In other words, it deprives every American soldier who obtained a judgment in the court, upon which judgment no payment had been made, of that judgment which had been rendered based upon a solemn contract of insurance made between the soldier and the United States Government.

The amendment which the Senator from Mississippi now proposes, and which I shall favor if my amendment shall not be agreed to, provides that if a judgment has already been obtained the soldier can proceed to collect the judgment irrespective of the law. But it does not save the thousands of other contractual obligations upon which suits have already been filed in the Federal courts of the United States on policies of insurance bought and paid for by the veterans of the World War.

Mr. President, I desire to explain what that insurance was. I am thoroughly familiar with it. I was chairman of the committee, in the battery in which I served, charged with the duty of selling these insurance policies to the members of the battery. I had the advertisements sent by the Government. I had the information given which was to be carried to the soldiers with reference to the kind of policy they were buying. The soldiers were told that if they would pay a part of their salary each month they would have a contract of insurance which would pay to their beneficiary in case of their death and which would pay to themselves in case of total and permanent disability.

Not only were they asked to buy these policies, but they were coerced into buying them. Every member of the battery to which I belonged who declined to purchase that insurance upon the persuasion which the committee made—and I was a member of the committee—was reported to the captain of the company. When he reported to the captain of the company he was informed that it would be better for him to buy the policy. The value of the policy was stated to him. We told him, of course, that the full faith and credit of the United States was behind it. The full faith and credit of the Government which he had enlisted to serve was behind the policy he was called upon to purchase. There was no bounty in the policy. I have seen men buy that policy and pay more than one fourth of their monthly wages in order to maintain it. Some of them paid that one fourth and then in addition to that sent their allowance back home, and many of them at the end of the month would have only \$6 left for their expenses during the month.

We start out, therefore, with a contract of insurance signed by the Government of the United States promising to pay to the man who bought the insurance, a World War soldier, in case of total and permanent disability, a certain stipulated sum monthly for a period of years. That was no bounty; it would make no difference if every court in the world should hold it was a bounty; it was a legitimate, honest contract made by the United States Government with the men who were drafted into the service and who volunteered to fight the battles of democracy.

The policies were issued; the men continued to pay for those policies from month to month. The policies remained in effect, of course, during the time the payments were made. Since that time a number of men have brought suits on those policies; but the statement has been made that because suits were not brought within a certain period of years that is an argument against their recovery. It is not. The Government has made money by the delay; it has saved the interest that would have been paid on the money if suits had been brought promptly.

However, suits were brought. In order to recover, the soldier must prove that while the policy was in force and effect—in other words, while the monthly consideration was being paid—he became totally and permanently disabled. That cannot be proved by affidavit. It must be proved as all other cases are proved in court; it must be proved by witnesses who are subjected to cross-examination. The

soldier is entitled to a jury trial. If the verdict shall be improper, on the evidence, the Federal judge has the right to set the verdict aside. If the district judge does not set the verdict aside, and it goes to the United States circuit court of appeals, the United States circuit court of appeals may set it aside if there has been any injustice.

If a private insurance company had issued a policy of that kind and we were to attempt by legislation to relieve such private insurance company against any suit on the policy, we would be faced by the constitutional provision which says that the courts shall remain open to the citizens of this Republic. Not only that, we would be faced by another constitutional provision which says that the obligation of contracts shall not be impaired.

The amendment which I offer does not add a dollar to any compensation; it does not give a single additional right to an American soldier. It simply provides where suits have been filed on contractual obligations, on these policies, that the courts shall be permitted to pass upon the claims based upon the contracts of insurance.

Someone said to me that it was necessary that the Government be relieved in order that it might maintain its credit. For what purpose? The purpose being to pay its debts. I wonder if there is anyone who believes that the debt of the Government by reason of a bond representing borrowed money is any more sacred or any more binding upon this Republic than the obligation of this Government, signed, sealed, and delivered to the American soldiers, for a consideration in money and with its express promise that the full faith and credit of the United States Government would be behind the contract of insurance? So, Mr. President, I am pleading with the Senate to carry out the Government's obligation.

The statement has been made upon the floor, Mr. President, that the President of the United States desires this bill to be passed. I deny that the President of the United States, with his generous heart and his sense of fairness and justice, if the facts had been presented to him with reference to these insurance contracts, would ever have permitted such a provision to be placed in this bill.

I feel a personal obligation in this matter. I sold some of these policies; I persuaded men to buy them. I feel it so keenly that, strongly as I favor the major objective of this bill, strongly as I favor reducing Government expenses, in order that we may maintain the faith and credit of the United States, so far as I am concerned, I state here and now that I shall vote against the whole measure if it contains a provision striking down the sacred contractual obligations entered into by the Government of the United States with its soldiers who were called upon to fight its battles.

I desire to ask what excuse any man can give for doing this. It is a contract; it is a legitimate contract. It is based upon a legitimate money consideration; it is based upon more than that; it is based upon the promise of the United States Government made to the men, many of whom shortly thereafter went to the battlefield and some of whom have suffered disabilities on account of their war service from which they can never recover. They were told in this contract of insurance, which was signed by the duly authorized agents of the United States, that if they suffered injury within the life of the policy the Government would pay them. What is proposed here? It is intended to do something which evidently the Veterans' Bureau attorney does not think he can do in the courts. The cases are pending in the courts. If they were pending against the New York Life Insurance Co., against the Penn Mutual Life Insurance Co., against the Equitable Life Insurance Co., the Congress would have no right, under the Constitution, to pass a law to prohibit pursuing those cases. What right has the Government in the face of such an obligation to attempt, on the plea of economy and of maintaining the credit of the Government, to deprive the veterans of their contractual rights?

Let me show what would happen if that should occur. A number of men have already brought suit and recovered

on their policies. Some of the others have received their payments without bringing suit.

Mr. McCARRAN. Mr. President—

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

Mr. BLACK. I yield to the Senator.

Mr. McCARRAN. Referring to the Senator's last remark, is it not true that the Government has won practically four fifths of the suits and the veterans have won about one fifth of the suits?

Mr. BLACK. The record at the present time shows that the Government is winning four fifths of the suits and the veterans are winning one fifth of them. But, Mr. President, let me show what will result: All those who have already brought suit and have recovered judgment will get their money; those who have been allowed their money by the Veterans' Bureau will be paid on their policies; but, unless this amendment shall be adopted, those who now have suits pending in the courts will get nothing, whether a jury would give it to them or not, because this provision of the bill serves exactly as would a demurrer if filed to the entire evidence in the case, and they are all deprived of their rights under their contracts, whether they are entitled to a verdict as a matter of law and justice or not. I deny that the Congress has any moral right to enact such legislation; I deny that, in the name of economy and in the name of maintaining the credit of the United States for the bondholders, we have a right to strike down the contractual obligations made to the soldiers who fought to preserve this country in the time of its greatest peril.

So, Mr. President, that is the amendment which I offer. I cannot believe it possible if all the Senate could know the facts—

Mr. FLETCHER. Mr. President, will the Senator read the amendment again.

Mr. BLACK. I shall be glad to read it. I will read first beginning with the proviso, and then I will indicate where the amendment begins.

*Provided*, That nothing contained in this section shall interfere with payments heretofore made or hereafter to be made under contracts of yearly renewable term insurance which have matured prior to the date of the enactment of this act and under which payments have been commenced.

That is the law as it is now and as written in this bill. My amendment would add this:

Nor on any judgment heretofore rendered in a court of competent jurisdiction—

I place that in there because under the bill, even as it is written, a man could not recover on his judgment. Then I would add—

or which may hereafter be rendered in any suit now pending.

So the entire effect of the amendment is simply to give those who have legitimate binding contracts with the Government, for which they have paid, the right to their day in court. It is true that there are a number of suits pending; I do not know exactly how many; but that is immaterial. If they are not entitled to recover, they cannot.

The statement was made today that although only \$500,000,000 in premiums had been paid—I believe that was the statement—a larger amount than that in liabilities could possibly be fastened upon the Government. That is true.

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

Mr. BLACK. I yield.

Mr. CLARK. General Hines made the statement before the Finance Committee that at the present time the Government is winning 80 percent of those cases before juries in the Federal courts.

Mr. BLACK. That is correct. So it is immaterial as to whether the premiums paid would fully reimburse the Government or not. Here is what the men were told and here is what we gave to them as facts that were sent to us from Washington to give to them when they bought their insurance.

The statement was made that the men were in the Army, that it was impossible for them to get insurance on the

outside because of the extra hazard, that they would be charged a premium right in line with what the premium would be in civil life, and that the Government itself would assume the extra hazard.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BLACK. I yield to the Senator.

Mr. BORAH. The Senator is now discussing a contract.

Mr. BLACK. That is correct.

Mr. BORAH. And the question is whether or not a legislature can terminate a contract without affording a hearing in a proper tribunal to the parties to the contract.

I do not think it is within the power of the legislature to terminate the binding effect of a contract. It is not due process of law under any theory that has ever been announced. Of course a government, a sovereign, can brutally repudiate a contract.

Mr. BLACK. I am thoroughly in accord with the Senator's idea insofar as contracts between private parties are concerned. I have not here gone into the legal question as to the right of the Government to cancel its own contracts. If the Government has that right, I say that it would be immoral for it to do it. I say that it would be an improper example for the Government to set to tell the people, "We expect all of you to live up to your contracts, but we will not," especially if the contracts were made with soldiers who were fighting to preserve the liberties of the Republic.

Mr. BORAH. Mr. President, a government might repudiate its contract; but, under our process now, the parties to the contract have a right to go into the Court of Claims and get a hearing on it, just the same.

Mr. BLACK. The Senator may be correct. I hope he is, if this measure passes. It is immaterial to me what court tries the matter; but I do say that the Senate has no right, under the sacred name of maintaining the integrity of the Government, to maintain it by repudiating its contracts with one group in order to maintain its contracts with another group.

I assert, without fear of successful contradiction, that, if there is one group that should not have its contracts repudiated, it is the group that served in the World War.

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

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. I yield to the Senator.

Mr. FLETCHER. I am not disagreeing with the Senator on moral grounds; but the authorities hold that by the tenth section of article I of the Federal Constitution the States are prohibited from passing laws impairing the obligation of contracts, but it is to be noted that no similar restriction is imposed by the Constitution upon the Congress of the United States.

Mr. BLACK. Well, Mr. President, I will forego all idea of whether this is constitutional or unconstitutional. So far as I am concerned, I am not interested in that at the present time. That question can be raised in the courts when the occasion arises. I am vitally interested, however, in whether or not Congress will bring about a repudiation of a contract made for a valuable consideration with the men who were under its command and under its orders at the time.

I know that those policies were bought whether the men wanted to buy them or not. I know they were bought because the men were ordered to buy them. I know how proud we were, and how we boasted of the fact that we had sold policies of insurance 100 percent to the men in our regiment. Now, a few years after that, to my astonishment, in the supreme lawmaking body of this land, I find a proposal to repudiate the contract made with the soldiers on the ground that it will save money!

Mr. TRAMMELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. I yield to the Senator.

Mr. TRAMMELL. The Senator from Alabama has been a Member of the Senate for a great many years. He is an able lawyer. I should like to ask him if he has known of any instance during his experience here where Congress has enacted a law to repudiate a contract?

Mr. BLACK. I do not know about repudiating a contract; no.

Mr. TRAMMELL. This is the exceptional case, as I remember.

Mr. BLACK. Unquestionably.

Mr. TRAMMELL. We start out on our exception by applying this harsh, this immoral remedy to the men who defended our country during its hour of peril.

Mr. BLACK. Yes. We want to save money, in other words, by repudiating a contract.

Mr. TRAMMELL. We want to start out on them.

Mr. BLACK. I am perfectly willing to admit that we would save money by repudiating this contract. We can save money by repudiating the contracts with the bondholders who have loaned their money to the United States. If the only object is to save money, and the only way to do it is to repudiate indebtedness, why not repudiate them all at one time?

Mr. TRAMMELL. May I ask the Senator another question or two? He and I, off and on, have served upon the Claims Committee for a great many years. Have we ever gone into the question of saving money by denying a just and an honest claim before the Claims Committee?

Mr. BLACK. On the contrary, we have endeavored to pay every claim that had a moral sanction behind it.

Mr. TRAMMELL. And if we questioned the legality of the claim we sent it to the Court of Claims, so that the claimants could have an adjudication in the Court of Claims. This measure proposes to take away from them all legal remedy, absolutely.

Mr. BLACK. That is correct.

Mr. CLARK. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Missouri?

Mr. BLACK. I yield to the Senator.

Mr. CLARK. Is it not a fact that finally a regulation was adopted during the war under which a man who had not bought a policy was automatically insured and the premium was taken out of his pay? That is my recollection of the matter.

Mr. BLACK. It was not necessary to do that in my regiment, because we simply sent the men to the captain, and when they came back they had their insurance.

Mr. President, I do not want my attitude on this legislation misunderstood. I recognize the great emergency which faces this country at the present time. I do not agree, however, with those on this floor who have taken the position that because of an emergency we should abdicate legislative functions. I disagree with that entirely. Insofar as I am concerned, I do not intend to vote to abdicate any legislative function. I wish to state, however, that insofar as this measure is concerned I do not think it abdicates any legislative function. I think that the functions turned over to the President here are purely legislative or administrative. I think some of them could be assigned to either one of the two groups of powers—either legislative or executive.

As I see this bill, it does not turn over to the President any legislative functions. I am of the opinion, however, that if any effort should be made to transfer to the Executive any taxing power, directly or indirectly, it would be a violation not only of the Constitution but of the most sacred traditions upon which this Government is based.

I am in favor of a drastic reduction of expenses at this time. I think it is essentially necessary.

I am in favor of lopping off the abuses that have occurred in connection with the Veterans' Administration, and I know of many of them. If I had been consulted with reference to this particular bill I believe I could have suggested some methods by which some could have been cut off the Govern-

ment pay roll who ought to be cut off, but who will be left on the Government pay roll under the terms of this measure. Those abuses must be stopped; so I do not want it understood that on account of my opposition to this bill by reason of this provision I am not in sympathy with the idea of curtailing Government expenses.

I am frankly of the opinion that we could have done it by an act of this Congress at this time under these circumstances. I do not subscribe to the doctrine that because the past Congress failed to pass some kind of legislation that is a sure indication that this Congress would follow the same course; but I see nothing fatal to the perpetuity of the Republic in turning over to the President the right to adjust salaries as provided in this bill, nor with reference to the adjustment of compensation. There are some amendments that I shall vote for in connection with this measure; and then, if the rights of those who have purchased insurance under contract are protected, I shall vote for the measure. But I shall, without any hesitation and without any apologies to anybody in the world, vote against this bill if it takes away from the veterans of this country the right to file a suit on a contract for which they paid their money, when I myself was instrumental in part in securing their names to the contracts of insurance which they purchased.

Just one other thing:

I do not want to leave the impression that I do not believe that this bill trespasses upon the judicial functions of the courts. I think it does. I do not believe that the President himself should be given the right to act as an appellate court regarding a judgment rendered by a court of competent jurisdiction; nor do I believe that the Executive should be substituted for the courts in the determination of facts which, according to our established principles of law, are left to the judiciary. Let us see just what that division is.

The legislative function is to provide laws and regulations to govern future contingencies. The Executive function is to administer those laws after they have been passed. The judicial function is to interpret and apply the laws with reference to past circumstances and conditions.

This insurance contract was taken in the past. If it has been breached, it was breached in the past. If there is any tribunal before which the questions of fact and law should be determined, it is in the judicial division and department of this Government. It was never intended to turn it over to the Executive function.

Insofar as I am concerned, I shall not vote to turn over to the executive department the right to exercise judicial functions, believing as I do, as was so well expressed by the able Senator from Missouri [Mr. CLARK] this afternoon, in keeping separate and distinct the three branches of Government. I do not concur in his idea that with reference to this particular bill there is an invasion of the legislative functions by the Executive; but I do think that if the bill passes in its present form it takes away from those who have a contractual obligation the right to file a suit in court, and deprives the judiciary of that with which it was vested by the Constitution of this country. So far as I am concerned, I cannot support the measure with such an invasion of constitutional rights in it.

Mr. President, I do not desire to detain the Senate long, but I want to explain two or three statements made by the Senator from Kentucky.

In the first place, the question of whether or not the policies are lapsed has nothing to do with this controversy. Insofar as this controversy is concerned, not a single policy has lapsed. I make that reference insofar as this controversy is concerned, and here is the reason:

This was a yearly contract of insurance. The plaintiffs in these cases allege that during the year their premium was paid they became permanently and totally incapacitated. The policy provided that if they did become totally and permanently incapacitated they could recover; so they come into court and allege that during the year their premium was paid they became totally and permanently incapacitated. It makes no difference if 4 or 5 years later

they let that policy lapse. As a matter of fact, if they are to be treated in this way, I think they all ought to let them lapse. I see no reason why any soldier should keep the policy he has if he is to be denied the right of going into court. So the Senate had just as well understand that the question of lapsing and the question of converting have nothing to do with it. The charge is in court, that while the policy was in force and effect and while the premium was paid the insured became permanently and totally incapacitated. I wanted to make that perfectly clear so that no one will vote for this and say he did it because the policy had lapsed.

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

Mr. BLACK. I yield to the Senator.

Mr. BARKLEY. Of course, what the Senator says about the claim is technically true, but I think he will agree that in most of these cases the claim that during the year for which the premium had been paid total and permanent disability had occurred was not made at that time, but that it was made years later. It has been made, in most cases, since the expiration of the term for conversion.

Mr. BLACK. Perhaps the best way to answer the Senator is to give the Senate a concrete illustration. What the Senator from Kentucky states is true, but a number of years after the war a statement was published throughout the country that these soldiers, if they were permanently and totally incapacitated during the life of the policy, had a right to recover. About 4 years ago a young country boy came down to see me at Birmingham, my home. He had seen that article in the newspapers. He said, "I have tuberculosis; I have had it ever since I left the Army; I was discharged from the Army with tuberculosis." "Well," I said, "have you any proof of that?" He said, "Yes." And he showed me his discharge. He not only showed me his discharge but he showed me the papers proving that he had been treated in the hospitals by the United States Government intermittently ever since the World War. "Well," I said, "of course, if you had a policy in force and effect, and your premiums were paid at the time you became totally and permanently disabled, you have the right to recover." "Well," he said, "I paid my premiums for several years until I was in the hospital suffering from tuberculosis which I had contracted in the war and was unable to pay them; then my policy lapsed." That boy's policy did lapse.

It may be a crime that the policy lapsed; it may be that that boy ought not now to go into court and sue on that policy because of the tuberculosis that he contracted at the time when his policy was in force and effect. However, he did sue; and that very suit, which no lawyer sought, but which, when he came to me, I, as a Senator, sent to a lawyer, is now pending. The Veterans' Bureau declined to pay the claim. I told him to get a lawyer, that the law provided that a lawyer could handle the suit for 10 percent. Suit was filed on that very claim, but it has not yet been tried. What is the result, if you defeat this amendment not only with reference to that case but with reference to others? Somebody else's case probably was tried last week; he got a judgment; he will get his money; but this young boy from the country who knew nothing in the world about the technical rights pertaining to policies and was not familiar with the terms "lapsing" and "convertible insurance" gets nothing. He paid his money; he paid it while he was in the war. He went over to France and served in the Army in the front-line trenches and came back with tuberculosis. He continued to pay his premiums until he was unable to do so because of the fact that he had contracted tuberculosis while serving in the war.

What will be the result if this amendment shall be defeated? We shall tell that soldier the Government of the United States did not mean it when it told him it would compensate him if he became totally and permanently incapacitated during the life of his policy. At the same time we shall tell some soldier who got a judgment last week—and it may be that he got a wrong judgment, I do not know—we shall tell some soldier who got a judgment last

week that he can recover on his policy. That may be right; that may be moral; that may be a "new deal"; but I do not believe it. Nor do I believe that the President of the United States, elected by the upstanding people of this country who wanted a man in the White House who stood for the "under dog," and who dared to tell the people that he would champion the cause of "the forgotten man"—I do not believe that when the President knows these facts he will say that any Senator here ought to have voted to cut that boy off from receiving a judgment in the court if the jury found he was entitled to get it. This is what you are about to do. I assume that you will.

The Senators do not know what this is about; very few of them are here. There is no way to tell them if they will not come into the Senate Chamber. I wish I could get them here. I do not believe that if they knew the facts they would vote such an injustice as this bill proposes.

The man about whom I told the Senate is only one of many; there are 14,000 claims pending in the courts. It is proposed by this bill to pay all those who were alert and got their judgments in advance, perhaps those that the lawyers went after—and that has been talked about—it may be they were more alert; but I have heard this talk about lawyers getting cases before; I have heard that said about people whose legs were mangled; I have heard it said of widows in whose behalf suits were brought when their husbands perhaps have been killed, that they ought not to have anything because some lawyer had chased down a damage suit. That, however, has nothing to do with this case; it is a question of whether we are going to cut off 14,000 men at one time from a chance to have tried in a court of justice—your court, Mr. President, the court of the defendant, the court controlled by the defendant, the judge appointed by the defendant, the jury selected by the defendant—it is a question whether the Senate thinks that these men should have a right to have their cases decided there or whether it believes that in the name, the holy name of economy, it will tell these 14,000 soldiers, who paid their money for insurance, that they can have no right to recover.

All right; when the Senate does that, when it repudiates that contract, let us put something else in this bill; let us repudiate the other contracts made by the Government. I desire to ask if the contract made with investment bankers for the sale of bonds is any more sacred or any more binding than a contract made with the soldiers of the United States Government, upon whom many of us depended back at home to protect us and our country in the time of its greatest peril?

Ah, Mr. President, there have been many crimes committed in the name of economy, but if we commit this one it stands on a pinnacle; let it be elevated so that all may understand that in the sacred name of economy we have taken away from 14,000 American soldiers the right to have a jury of their peers pass upon whether they are entitled to recover on policies of insurance paid for by them when they were receiving \$30 a month while many back home—many who have started the movement against them—were making their millions and their millions. Senators, I want to vote for this measure. I desire to do so; I wish to do my best to uphold the hands of the President of the United States in the great crisis which confronts this country; I desire to do it—

Mr. TRAMMELL. Mr. President—

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. I yield.

Mr. TRAMMELL. The Senator is speaking of those who were back at home enriching themselves when these men were at the front fighting the battles of their country. Does he not also recall that the Government was so accommodating in behalf of those who enriched themselves, going to the extent of profiteering, that it set up a special commission to settle their claims and to see that they were properly settled instead of requiring them to use their privilege in the

courts? That is what happened to the other class of claimants.

Mr. BLACK. The Senator is correct, and yet here we propose at this time to commit this crime in the name of economy.

Mr. President, it may be that this will be done; it may be done by those who do not even know what the amendment is. I hope it will not be done by any who will simply vote for this measure because the President asked for an economy bill. What the President was asking for, as I understand, was the reduction of wages and compensation by reason of the critical period in which we live. I have never read a word in anything he wrote, I have never heard a word fall from his lips, to the effect that he favored reducing the contractual obligations of the Government in the sacred and holy name of economy.

So, Mr. President, there is the amendment. I have presented it as best I could. I have done so in the interest of men whose voices cannot be heard here unless through Members of the Senate. There are very few of these men who have these suits filed, perhaps, who ever have been anywhere about the city of Washington. No Economy League represents their viewpoint; they have no spokesman unless we are their spokesmen; but I served by their side; I learned to love them in the Army; I saw their upstanding manhood; I saw how they responded to every call that was made upon them; I saw how they would take practically their last dollar and buy Liberty bonds after they had paid for their insurance and after they had sent their allotments back home; and now, after the years have passed, when the hysteria of the moment has reached its peak against the veterans, we actually find the tide swinging so far that some, in the name of economy, would take away from them, not merely the bounty or the pension which has been granted but would actually reach their hands into their pockets and take out the money which is the insurance for which they paid. If that is economy, Mr. President, I am against it.

Mr. McCARRAN. Mr. President, I desire to address myself to the amendment of the Senator from Alabama, but I do so not alone along the lines he has so forcefully suggested but I do so out of reverence for the courts of the land, which have been revered and respected by every real American citizen.

The citizenry of America may shoot their darts and their arrows and their vitriolic expressions at this body. They may criticize the Chief Executive. They may condemn the policy of the administration. Almost without exception, however, save in rare cases, you will find the citizenry of this country supporting, admiring, and respecting the courts; and when a court says, "This is the judgment of this tribunal," even though it be against the litigant, you will find him, though he may for a time chafe under the decision, eventually yielding to the results of the decision.

But this bill, as it now stands, seeks to take away from the citizenry of this country the very thing on which the citizenry rely. It is the safeguard of our Government. It is the thing that our people have looked to, and do look to now; and why? Because they know that political exigencies and political contingencies govern these legislative bodies, but they believe that a man or a group of men sitting in high places on a judicial tribunal is or are free from political alignments, and in most cases they are.

So, with that in mind, the citizenry is willing to abide by the decisions of the courts; and I ask those who propose this measure, why are they unwilling to abide by the decisions of the very courts that are constituted by the organic law of this land? I should like to ask the leader of my own party, I should like to ask the chairman of the Committee on Finance, why it is that they are unwilling to say that after the Administrator, after the President has passed upon a claim, the claimant shall not have the right to appeal to the final tribunal from whence he may obtain that solace and that entire consolation that he would have even though he might lose? Why, I ask the leaders of my own party, will we relegate to obscurity, if you please, one branch of the Government of this country, instituted and organized and

maintained through all the years and through all the time that this Government has endured; and why will we do it at a time when its doing points at the most sacred thing this country has ever known—the soldier, or the ex-soldier?

I ask my leaders of the majority here, why do we not say that those who hold the bonds that were sold during the time when these boys were bleeding and dying abroad, "You will not have the right to go into court to determine whether or not you have a right to the interest on those bonds"? And why do we not go a little farther and say that the right of mandamus or other equitable right shall be denied to everyone whom the Executive may say is not to have interest on the bonds tomorrow?

But they say that this is an emergency; that it is something that depends on tomorrow; it must be enacted tonight. They say that it comes from the Chief Executive whom the people of this country chose on the 8th of November. But does it come from him? Let us see about it.

At this time, Mr. President, I respectfully refer to a document that I have in my hand, purporting to be a brief issued and published by the National Economy League; and I refer to and ask now to have published in the RECORD, in order that I may not take the time of the Senate to read them, pages 37, 38, 39, and 40 of that brief.

The PRESIDING OFFICER. Without objection, the matter will be printed in the RECORD.

The matter referred to is as follows:

#### RECOMMENDATIONS

1. The pension list should be arranged geographically and alphabetically and made available to public inspection at all times in the post offices throughout the country. The published list should be revised at least annually.

2. The disability allowance law of July 3, 1930, should be forthwith repealed and all allowances paid under it immediately discontinued.

3. The Spanish War pension acts of July 16, 1918, and June 5, 1920, as amended, should be forthwith repealed and all pensions being paid thereunder should be immediately discontinued. Those veterans disabled as a result of military service and the dependents of those veterans who died as a result of military service and who are now receiving pensions under said acts should be granted pensions under the statutes in force prior to July 16, 1918, and applicable to such veterans and dependents.

4. Section 202 (10) of the World War Veterans' Act of June 7, 1924, as amended, allowing free hospitalization to veterans of all wars without regard to the nature or origin of their disabilities should be repealed and all such hospitalization should be discontinued.

5. All hospital and domiciliary-home construction should be forthwith discontinued and no further appropriation for hospital or domiciliary-home construction or alteration should be made. All superfluous hospitals should be closed and disposed of as rapidly as possible.

6. The provisions of section 200 of the World War Veterans' Act of June 7, 1924, as amended, regarding diseases being presumed to be service connected, should be forthwith repealed, and all disability compensation paid thereunder should be discontinued except in cases where the disability was in truth incurred as a result of service. The conclusive presumption of soundness on induction into service should be amended in order that the Government may show what was the true condition of the veteran.

7. Sections 305 and 309 of the World War Veterans' Act of June 7, 1924, as amended, providing for the reinstatement of lapsed and post-mortem life insurance should be forthwith repealed.

8. The act of June 7, 1924, section 202 (2), as amended, insofar as it grants pensions to veterans with arrested or cured tuberculosis, should be repealed. Veterans in truth disabled from tuberculosis resulting from service should receive disability compensation under other provisions of law.

9. Section 202 (7) of the World War Veterans' Act of June 7, 1924, as amended, insofar as it grants substantial compensation to veterans in hospitals for service-connected disabilities should be forthwith repealed, but their dependents should be granted suitable compensation.

10. The Emergency Officers' Retirement Act of May 24, 1928, should be forthwith repealed and all payments being made under it immediately discontinued. All emergency officers who are in truth disabled as a result of military service should be granted the same pensions and aids as the emergency enlisted men.

11. Section 203 of the World War Veterans' Act of June 7, 1924, as amended by the act of July 3, 1926, insofar as it grants a per diem allowance to veterans while traveling and under observation in order to establish a claim to disability compensation or allowance, should be repealed.

12. Section 200 of the amendatory act of March 4, 1925, as amended, insofar as it allows compensation in certain cases where a disability was caused by the veteran's own willful misconduct—often the exposure to venereal disease—should be forthwith repealed.

13. All statutes and parts of statutes which in effect allow the prepayment of any part of the bonus should be repealed.

14. The act of July 11, 1919, granting civil-service preferences to veterans, should be repealed.

15. The Executive orders of March 2, 1929, and of April 24, 1931, under which veterans who fail to pass the civil-service examinations are, under certain circumstances, deemed to have passed, should be rescinded.

16. The act of August 9, 1921, as amended, insofar as it orders the Director of the Veterans' Bureau (now the Administrator of Veterans' Affairs) to establish regional administrative offices throughout the United States, should be repealed.

17. All statutes establishing particular rates or percentages of compensation for specific injuries or diseases should be repealed. All that should be prescribed by statute is the maximum rates of compensation for total disability and for any given percentage of disability. The determination of the percentage of disability in each particular case should be left to impartial medical, surgical, and psychiatric experts. The disability rating schedule should be free from legislative control or interference. It should be revised forthwith under the direction of such experts and thereafter whenever necessary.

18. All statutes and parts of statutes which direct or allow any expenditure for living veterans, except hospitalization, vocational rehabilitation, and compensation for disabilities, in truth, resulting from military service, should be repealed.

19. All statutes and parts of statutes which direct or allow any expenditure with regard to deceased veterans, except in respect of the death of veterans which, in truth, resulted from or was hastened by military service, should be repealed.

20. Legislation should be enacted placing the Veterans' Administration within an established department of the Government under the direction of a Cabinet officer, namely, the Secretary of the Treasury.

21. There should be a review of the cases of all pensioners now on the roll whose claims are not justified by the Army or Navy records as being founded on death or disability incurred as a result of military service. To this end there should be established an impartial and permanent board of review and award composed of 9 men appointed by the President, to serve during good behavior, 3 to be medical men, 3 to be lawyers, and 3 to be citizens of neither profession. For the assistance of the President of the United States in making the appointments, the president of the American Medical Association should recommend to the President of the United States a list of 9 medical men, 3 of whom should be physicians, 3 surgeons, and 3 psychiatrists. The president of the American Bar Association should recommend to the President of the United States nine lawyers. The Board of Review and Award, so constituted, should not only have power to review existing awards, but should have power to review the denial of any application heretofore made. Any future application should be submitted to and be preliminarily examined by the Administrator of Veterans' Affairs, who should then make his decision. Such decision, if the claim on which it is based be justified by the Army or Navy records as being founded on death or disability incurred as a result of military service, should be final, except in case of appeal to the board of review and award by the claimant or the Government. In cases where the claim is not justified by the Army or Navy records, it should be submitted to, and be preliminarily examined by, the Administrator of Veterans' Affairs, who should make no decision but should report his recommendation to the board of review and award for decision, from which decision there should be no appeal, judicial or otherwise. In all proceedings before the board of review and award the Government should be represented by the Attorney General of the United States.

22. The present jumble of pension legislation should be replaced by a comprehensive and permanent statute drawn in accordance with the above-mentioned basic principles and recommendations and applicable to the future as well as to the past.

#### THE NATIONAL ECONOMY LEAGUE.

Prepared by Tompkins McIlvaine (of the executive committee). Assisted by Alphonse A. Laporte, Robert C. Bryan, Graham D. Mattison, and Henry W. Whitney.

Mr. McCARRAN. My reason for referring to those pages is to draw to the attention of this body the fact that every section of the bill now pending, and upon which we are called upon to vote, upon which we are pressed to vote—why, they would not stand for an adjournment here now—every section of that bill reflects into that brief of the National Economy League, and finds its seat there. And who are the members of the National Economy League?

This bill is to take away from the men who fought and died or who fought and lived—some of them living, perchance, a living death—the little pittance that was granted to them when the Nation was in the exigencies of war. If, on tomorrow, war were to be declared—and I think it is only in the tomorrow or tomorrows—I wonder if there is one here, even under the guise of an emergency, who would not vote to give to the soldiers who would be called to the colors the pittance that they received in the late war and are receiving now?

But how do those figures compare with the emoluments that are being received by the officers of the National Economy League? Let us see.

Mr. Archie Roosevelt, ship subsidies, 1932, \$792,246. His percentage out of that, of course, by way of salary, must be somewhat less than the amount received by his organization, but much in excess of the veteran.

Admiral Byrd, \$4,125. Compare that with the \$12 a month that some of the veterans receive now, that they are depending upon, that their families depend upon, that they are living upon—oh, if you could only see them out in the sticks where they are living.

Mr. President, I hope I may with propriety refer to a surrounding that comes home to me, and may with propriety come home to you, because you, as the august Senate, as members of the legislative body, created the appropriation that made the great Boulder Dam in my State; and that great appropriation extended an invitation to the laboring world to come in there and seek employment. I wish you could come with me and see the veterans that are down there, camped in the mesquite bush, living in huts, if you please, and begging for a sustenance; going farther than that, they are going into the garbage cans in the alleyways of Las Vegas just to live on the invitation of their Government to come to a place where employment was available. Compare their lot, and their little \$12 or \$15 or \$30 a month, with \$4,125. There is no deduction from that, as I understand. I may be in error with regard to that. If I am, I want to stand corrected.

General Pershing, another member of the Economy League, receives \$19,880.

General Harbord receives \$5,500.

These are some of the aggressive, determined officials of the so-called National Economy League. They are the ones and this organization is the organization behind a movement now that strikes at something that pertains to my particular training and to the training of every lawyer on this floor, and that is that the courts of the land shall no longer be the final arbiters.

But they say, "Leave all of this to the Executive who was chosen last November, because the people of the country have confidence in him." I might say, "Yes", if that could be done, but it is not to be done by the terms of this bill. By the terms of this bill that power is to be delegated to one whom he will appoint, and neither he nor we will have a right to review his final decisions.

Coming back now to the amendment to which I desire to address myself, if this amendment is not adopted every suit pending—and they had a right to institute those suits—must of necessity be dismissed. Every judgment that has been obtained and not satisfied will be immediately canceled. Those suits instituted under a lawful right, those judgments obtained after a trial, will be set aside, and the honor of this Government, the integrity of this Government to support its contracts and its courts to the extent that it will submit those contracts to a fair arbiter and abide by the decision, will have been forever relegated; and for that reason I am supporting the amendment offered by the Senator from Alabama [Mr. BLACK].

Mr. GEORGE. Mr. President, I feel that I should make a statement about this particular amendment, because I do not believe that the Senate wants to do an injustice, and I am profoundly convinced that we are likely to do an injustice to many honorable soldiers.

It is useless to recount the history of the yearly renewable term-insurance provision of the World War Veterans Act. That has been stated with a high degree of accuracy here this afternoon and tonight. But it is a fact that the Government wrote this insurance for the veterans during the war. It is a fact that the premium paid the Government was for the ordinary peace-time risk, the Government itself assuming the extra hazards due to war.

It also is a fact that this insurance was temporary in character, and it was provided that it should be converted within 5 years after the declaration of peace into another form of insurance, which, of course, would carry a higher premium rate.

When the date for conversion arrived, there was an extension of the time for an additional year, as I recall, in which these renewable term policies might be, and, indeed, should be, converted into another form of insurance.

The cases which are pending against the Government in the courts of the country, some 11,400 or 11,500, are based upon the allegation that during the life of the contract, during the year in which the soldier paid the Government the premium asked of him, he became permanently and totally disabled. The contract provided that it would mature upon the death of the soldier, or upon the permanent and total disability of the soldier.

Some of these suits are based upon the allegation that an amount due by the Government, but uncollected, in the form of compensation for disability suffered, or the uncollected \$60 bonus premium, was sufficient to carry the policy beyond the day of its lapse, or was sufficient to carry, pro tanto, a portion of the policy issued to the soldier by the Government.

Mr. President, I grant that many of these claims may not be founded upon substantial facts, and it may be that many of the suits pending and claims now before the bureau are based upon fictitious allegations. I do not make that assertion, but when it is remembered that the Government itself has prevailed in approximately 80 percent of the cases actually brought to suit within the last year, I think it must be assumed that many of these claims are unfounded, or else the veteran has been unable to make out his case.

Suppose it be true that out of 11,500 cases pending, and twenty thousand and odd other claims filed with the bureau, thirty thousand and odd altogether, only 6,000 of them are well founded; that is, that 6,000 of them are based upon this fact, that while the soldier was in life—some of them are dead—during the time in which the soldier paid every cent the Government exacted of him for the policy he became permanently and totally disabled, or, at the time it is claimed the policy lapsed, there was due to the soldier from the Government itself for an uncollected bonus or an uncollected balance on a compensation claim a sum sufficient to carry the whole face of the policy, or a pro rata part thereof.

Let it be assumed that out of these thirty thousand and odd suits only 6,000 are good. How can we justify the passage now of an act which would cut these 6,000 men off, literally wipe out the law under which they paid their money and accepted their contracts in good faith?

Is the Government of the United States to say that thirty thousand and odd veterans are guilty of fraud, that they come before the courts of the land with fraudulent purpose and intent? Would it not be a better course for the Government to say, "These thirty thousand and odd veterans may not have good cases, but we will leave it to the courts of the land," rather than by legislative act to wipe out the very foundation on which these veterans are basing their claims?

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

Mr. GEORGE. I yield.

Mr. LA FOLLETTE. I hope the Senator, before he concludes, will analyze the difference between the amendment offered by the Senator from Alabama and the substitute offered by the Senator from Mississippi.

Mr. GEORGE. Mr. President, I do not know that I am familiar with the amendment offered by the Senator from Alabama. I do not know whether he seeks to preserve all of these claims and have them adjudicated, or only the pending suits. The substitute offered by the Senator from Mississippi provides merely that those cases which have actually gone to judgment should be paid; that is, that the monthly payments should be carried on by the Government, and that no costs should be taxed against the plaintiffs in the suits dismissed.

Mr. LA FOLLETTE. Mr. President, it is my understanding that the amendment offered by the Senator from Alabama would preserve the rights of all those who have now brought suit.

Mr. BLACK. Mr. President, if the Senator will yield, that is correct.

Mr. GEORGE. I am not familiar with the exact terms of the amendment. What I wish to say is this, that all of us desire, of course, to deal fairly with the veterans, and this is one provision in the bill, in my judgment, where it is most difficult for anyone who desires to do justice to justify the legislative action we are asked to take.

If it be conceded, let me repeat, that many of these claims have been filed in recent years based upon the allegation that, for instance, in 1919, 1920, 1921, or 1922, and while the premiums were still being paid, the veteran became totally and permanently disabled—if it be conceded that many of those claims are not based upon fact, and that the Government has been put to considerable cost to defend the cases, nevertheless it would be most difficult to say, and I would be unwilling to say, and I do not believe any Senator would say, that all of these claims are without foundation in fact.

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

Mr. GEORGE. I yield.

Mr. MCKELLAR. By passing a law the Congress virtually invited these claimants to come into court. Does the Senator think that after inviting the claimants to come into court to have their claims adjudicated, it would be fair or just, or even wise, to have these cases dismissed?

Mr. GEORGE. I do not, and I do not think the Senate wants to go on record in affirmation of the question propounded by the Senator from Tennessee.

Mr. McCARRAN. Mr. President, is it not true that in place of being an invitation, it was permission?

Mr. GEORGE. That is quite true; the Government, of course, gave its express consent. The Government itself has recognized this particular class of claims as being suable. It is the only class of claims in favor of soldiers of the World War in which suit is permitted. The only other right of action the veteran has in the courts of his country is the right of mandamus, where, in the adjudication of his claim for compensation or other benefits provided by the acts of the Congress, he alleges that the decision of the administrator was arbitrary or capricious. Of course, the veteran loses that kind of a case ordinarily; rarely could he prevail, and I dare say rarely should be rightfully prevail against the Veterans' Administrator. There is no other right to bring suit against the Government given the veteran, but the Government has provided expressly for suits against the Government on these insurance policies, but not until the administrator has formally adjudicated the claim against the veteran.

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

Mr. GEORGE. I yield.

Mr. FESS. Earlier in the day I commented upon certain phases of the bill which seemed to deny rights to citizens, which were quite offensive when one first read the suggestion. This is one of them. If we were prejudging these cases by this act, if we were finding judgment, it would be different; but here we are asked to refuse to allow a person to have his day in court. While I want to go along with the bill whole-heartedly, I should like to see some changes made along this line, especially. I do not want to say I would not vote for the bill as it is drawn, but I would vote for it more hesitantly if we denied to these citizens a right which seems to me to be theirs.

Mr. GEORGE. Mr. President, I concur in what the Senator says. It has been said that lawyers have sought out these cases and brought them against the Government. I do not deny that that has been done in some instances, but not in all cases. The truth is that some lawyer, frequently a veteran, has been willing to take such cases and has been willing to prosecute them in the courts. The lawyer's fee at most is only 10 percent, and it is 10 percent upon the deferred payments, month by month, as judgments in these insurance cases are made payable. Even after judgment the lawyer gets only 10 percent of a small payment. It is not a very profitable field of litigation.

Under existing conditions, when so many defendants are perhaps insolvent, it may be more or less inviting to a lawyer who is not altogether ethical, but I do not intend to

say that lawyers who are not altogether ethical have exploited this field of litigation. Many very honorable lawyers have brought suits upon these term-insurance contracts, lawyers who represent the highest and best in character and culture at the American bar, and a general condemnation of these lawyers is unworthy of the Senate of the United States.

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

Mr. GEORGE. I yield.

Mr. LEWIS. Conscious as I am that the distinguished Senator from Georgia was an eminent judge in two different tribunals, as well as an eminent lawyer, I put to him this question: Where is there any disrespect or contempt to be visited upon these lawyers who represented the claims of these veterans distinct from other classes of lawyers who gathered together the claims upon the retroactive features of the income tax laws and the inheritance tax and managed to maintain their judgments and actions in the departments from hundreds of thousands to millions of dollars, enriching themselves in millions of dollars of fees?

Mr. GEORGE. I think the Senator's question answers itself. Hardly anyone would dare hazard the suggestion that the ethics in the one case are below the ethics in the other case or that the ethics in the one case are superior to the code of ethics in the other case. The eminent lawyer from Illinois is quite right in propounding the question.

It is quite natural for the Government, when it has lost a few cases, to feel rather keenly that suits ought not to be maintained against it. I do not say that the Veterans' Administration or any officer or agent of the Government is not justified from his standpoint in complaining that the cases are carried into the courts and that in at least one-fifth of them, or about that number, a decision adverse to the Government is rendered.

I think we should pause long enough to do substantial justice to the thirty and odd thousands of men who now have either brought their suits or filed their claims. As I recall, no claim can now be filed, perhaps, since July of 1932, so that the cases now before the Senate, so to speak, are limited. I am not concerned that the veterans be permitted to go into the courts necessarily. That is not the right that concerns me. It may be that the Congress can well say, "We will take away the right of appeal to the courts, but we will place in the President or in some agency of the Government the power to settle in equity and justice these thirty-odd thousand claims based upon these insurance contracts existing between the veterans and the Government."

At most we would be justified and, I think, amply sustained if but 1,000 of the veterans brought before the President of the United States a case which appealed to him as a just case to be fairly settled by his Government. I think the amendment should be superseded by some general substitute providing that these contracts are henceforth at an end, but that all claims pending in the courts or before the bureau should be adjusted under such regulations and rules as the President might prescribe upon principles of equity and justice.

I am not concerned whether the contracts are called gratuities. The fact is that the soldiers have paid some \$500,000,000 out of their salaries or earnings on the contracts. It is true that the liability of the Government, if the face of the policies should be asserted—which it cannot be—would be some 3½ times the actual premiums paid. Even if the decision of the Supreme Court is to the effect that these contracts are gratuities, the question is not necessarily at an end. They are based upon an actual valid consideration. They are gratuities only in the sense that the Government has given additional rights not actually paid for by the soldier and to that extent only. It is a question of morals; and the fair question of morality involved is whether the Government of the United States should not adjust these thirty-odd thousand claims upon some basis of equity and justice rather than wipe them out, dismiss them from the courts, and leave to the veterans no recourse whatever.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Kentucky?

Mr. GEORGE. I yield.

Mr. BARKLEY. Does the Senator have in mind the possibility, in connection with his last remark, of leaving the Veterans' Bureau the jurisdiction which it has now to pass upon these cases, but simply denying the right to go into court or appeal from the decision of the bureau? Is that what the Senator has in mind as the possibility, or some other agency set up by the President? I do not suppose he had in mind the setting up of some independent commission or bureau.

Mr. GEORGE. No; I did not have that in mind; but twenty and odd thousand of the claims have not yet been finally determined even by the bureau.

Mr. BARKLEY. That is true.

Mr. GEORGE. Undoubtedly the bureau will allow some of those claims. I say undoubtedly. We must assume that out of twenty and odd thousand claims some of them will be allowed even by the bureau.

Mr. BARKLEY. Yes; I think that is a fair assumption.

Mr. GEORGE. I think it is a fair assumption, and certainly I think the 20,000 claims ought to proceed to final adjudication before the bureau, if the right of appeal to the courts is taken away. I am not so much concerned about that, because I believe that when any tribunal feels that it has the final decision between the veteran and the Government, the veteran is going to get substantial justice. But I also think that of the 11,500 suits which have been filed some provision should be made for reexamination by the President if they are going to be dismissed, and that the President be given the authority to adjust the claims, under such regulations and rules as he might adopt. I am not contending for the right of the soldier to go into court of necessity, but what I think we should do is to preserve the right of the soldier to have his claim actually passed upon by some tribunal.

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

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Alabama?

Mr. GEORGE. I yield.

Mr. BLACK. My amendment provides that these cases, where the suits have already been filed, shall proceed to trial. If they are sent back, they go back all the way through the bureau, at extra expense, and the men are deprived of the right of trial in court, when, if the case happens to have been tried today, it is completed. I see no earthly reason why these suits should be dismissed except, as the Senator has indicated, that the lawyers for the Veterans' Bureau prefer to win their cases by legislation rather than by trial.

Mr. GEORGE. I see no good reason why they should be dismissed, but I think it is far more important that some fair method of adjustment be preserved to the soldier, because these particular claims stand on an altogether different basis from the claims for compensation or disability allowance or any other claim which is permitted merely as a matter of grace by the Government to the veteran.

Mr. BLACK. Does the Senator see any just reason that can be advanced why the trial should not go on that has not already been had and the case given trial before a tribunal selected by the Government?

Mr. GEORGE. I see no just reason, but the expense of trying the cases is very considerable, and under ordinary conditions I do not think we should count that cost or expense. But even if we do not want to go on at considerable cost with court trials and long delays incident to trials, I think we should certainly make some provision for the preservation of the rights of the veterans in these insurance contracts.

Mr. BLACK. I agree with the Senator fully, and that is what I have been talking about, but I think the preferable way is to let them be tried in court where they can cross-examine witnesses. Of course, they would have no right to cross-examine witnesses before the bureau.

Mr. TRAMMELL. Mr. President, if that course is not pursued and the cases in court are dismissed by the Congress and we throw them back into the Veterans' Bureau, practically all of the cases that are now in the courts today will go back to the tribunal which has already passed upon them. An appeal was taken from the Veterans' Bureau to the courts, so we would have to set up in that event at least some new court or commission in the Veterans' Bureau by which the cases could be tried. All the cases in court at the present time, or practically all of them, are cases where the Veterans' Administration has denied that the soldier has any right, and that is the reason why the cases are in the courts. I do not think it would be advisable to refer them back to the bureau that has once decided against the veteran.

The PRESIDING OFFICER. The question is on the substitute offered by the Senator from Mississippi.

Mr. BLACK. Mr. President, I think the pending question is my amendment.

The PRESIDING OFFICER. The understanding of the Chair is that the Senator from Mississippi offered a substitute.

Mr. BLACK. I understood the substitute was held to be out of order.

Mr. HARRISON. I understood the Chair had reversed that ruling. There was some misunderstanding about it.

The PRESIDING OFFICER. The present occupant of the chair is of the opinion that the substitute is in order. The question is on the substitute offered by the Senator from Mississippi.

Mr. DILL. Mr. President, I wish the Senator from Alabama would explain in plain and brief language just what the difference is between the amendment of the Senator from Alabama and the substitute of the Senator from Mississippi. I should like to get that difference drawn clearly and concisely.

Mr. BLACK. Mr. President, I have already explained it, but I shall be glad to do it again in an exceedingly brief manner.

My amendment provides that judgments that have heretofore been rendered shall be paid. The substitute of the Senator from Mississippi would provide the same thing.

My amendment further provides that cases which have been filed in the Federal courts and are now pending shall be tried. The substitute of the Senator from Mississippi would dismiss those cases at the cost of the Government, and they would be denied the right of trial. My amendment would give them the right to go on with their trial in the courts. I might add that in each instance the Veterans' Bureau has already declined the payment or they could not have gone into court at all.

Mr. BORAH. Mr. President, may I ask how it is proposed that the legislature shall go into court and dismiss cases?

Mr. BLACK. In my judgment, the legislature has no right to do it and should not do it.

Mr. BORAH. I do not know the modus operandi by which we could do it.

Mr. BLACK. It is proposed that we shall repeal the jurisdiction of the court. We have a right to provide that the court shall not have jurisdiction in those cases. Of course, we have no right to do it except by taking away the jurisdiction of the court.

Mr. BORAH. Perhaps I misunderstood the substitute of the Senator from Mississippi. I understood he proposes to take away the jurisdiction of the court to hear these cases.

Mr. BLACK. That is the effect of it.

Mr. BARKLEY. The language of the bill does that. The substitute of the Senator from Mississippi provides that where there has been a trial and judgment entered, the judgment shall be paid, but where there has been a trial and no judgment entered, it shall be paid when entered.

Mr. BLACK. The difference is this: My amendment preserves the judgment. The substitute of the Senator from Mississippi preserves the judgment. His substitute effects

dismissal of all pending cases on the contract. My amendment allows them to go on with their suit; and if they have a good suit they win, and if they have no case they lose.

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

Mr. BLACK. Certainly.

Mr. BARKLEY. If I understand the Senator's amendment, it makes no provision for the 20,000 cases now pending in the bureau.

Mr. BLACK. Neither does the Senator's substitute. They would be left. That is the difference in the two amendments. Is that clear? Is there anyone who does not understand it?

Mr. BARKLEY. Would the 20,000 cases have the right to go on to final action of award or rejection by the bureau, or are they shut off now under the language of the Senator's amendment?

Mr. BLACK. My amendment does not affect them at all. It has no effect upon them.

Mr. BARKLEY. Then, as I understand, the language of the bill would include them, with the result that they would be denied further consideration.

Mr. BLACK. I am afraid it would. The only reason why I did not add it was because I did not want to take on too much at this time. I am frank to state that I expect if it is held that they have no right to have the cases tried, to offer to amend this bill later; but if there is any Senator who does not understand the difference now, I should like for him to know it before the vote is taken, because the difference is that my amendment permits these men to have their cases tried before a Federal court and a jury while the Senator's amendment requires the dismissal of the cases. That is correct.

Mr. HARRISON. I think the Senator has stated the case correctly. The bill that is now being considered dismisses all the cases.

Mr. BLACK. That is correct.

Mr. HARRISON. It denies the right to all.

Mr. BLACK. That is correct.

Mr. HARRISON. It appeared to some of us that in instances where the cases have gone to judgment there was a great deal of force in the argument that they should not be disturbed, and I offered the substitute for the Senator's amendment in the hope that we might compromise upon that proposition.

Mr. BLACK. I objected to that compromise, because, while it took care of some of those who have judgments, some of the others have just as valid claims; and it is an unfair discrimination because a man's case happens to have been tried during the last few days or few weeks to let him recover and cut all the others off.

Mr. President, I send the perfected amendment to the desk and ask that it may be read. Then I shall ask for the yeas and nays.

The PRESIDING OFFICER. The amendment as perfected will be stated.

The CHIEF CLERK. The Senator from Alabama offers the following modified amendment: On page 10, line 12, after the word "commenced", insert "or on any judgment heretofore rendered in a court of competent jurisdiction in any suit on a contract of yearly renewable term insurance, or which may hereafter be rendered in any such suit now pending."

Mr. FESS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Ohio will state it.

Mr. FESS. As I understand, the Senator from Alabama has offered his amendment to the bill and the Senator from Mississippi has offered a substitute for the amendment of the Senator from Alabama?

The PRESIDING OFFICER. That is correct. The pending question is on the amendment, in the nature of a substitute, offered by the Senator from Mississippi.

Mr. BLACK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Alabama will state it.

Mr. BLACK. A vote "yea" would be a vote for the amendment of the Senator from Mississippi, and a vote "nay" would be a vote for my amendment?

The PRESIDING OFFICER. There would be a separate vote on the amendment of the Senator from Alabama later.

Mr. BLACK. I ask for the yeas and nays.  
The yeas and nays were ordered.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will propound it.

Mr. LEWIS. Is not the vote upon the substitute offered by the Senator from Mississippi?

The PRESIDING OFFICER. That is correct.

The Chief Clerk proceeded to call the roll.

Mr. LEWIS (when Mr. DIETERICH's name was called). My colleague [Mr. DIETERICH] is absent because of illness. He is paired with the Senator from New Mexico [Mr. CUTTING]. I ask that this announcement apply to all other roll calls this evening.

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. THOMAS]. I am informed that if he were present he would vote as I intend to vote. I therefore feel at liberty to vote, and vote "nay."

Mr. OVERTON (when his name was called). On this question I have a pair with the Senator from Virginia [Mr. GLASS], who is necessarily absent. If I were permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. NEELY. I wish to announce that the Senator from Colorado [Mr. COSTIGAN] is absent because of illness. If present, he would vote "nay."

Mr. BARKLEY. My colleague [Mr. LOGAN] is unavoidably absent. He is paired with the Senator from Pennsylvania [Mr. DAVIS], who is also absent.

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

The Senator from Wyoming [Mr. CAREY] with the Senator from Ohio [Mr. BULKLEY];

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Wyoming [Mr. KENDRICK]; and

The Senator from Minnesota [Mr. SCHALL] with the Senator from North Carolina [Mr. BAILEY].

I am not advised as to how any of these Senators would, if present, vote on this question.

I desire further to announce that the Senator from Minnesota [Mr. SCHALL] is necessarily absent.

I also desire to announce that the Senator from Nebraska [Mr. NORRIS] and the Senator from Wyoming [Mr. CAREY] are absent in attendance on the funeral of the late Senator from Nebraska, Mr. Howell.

Mr. REED. I desire to announce that my colleague [Mr. DAVIS] is absent on account of illness.

Mr. WALSH. I wish to announce the absence of my colleague the junior Senator from Massachusetts [Mr. COOLIDGE] on account of a death in his family.

Mr. LEWIS. I desire to announce that the Senator from Montana [Mr. WHEELER] is necessarily detained from the Senate, having been in attendance upon the funeral of the late Senator Walsh, of Montana.

I also desire to announce the following general pairs on this question:

The Senator from Utah [Mr. KING] with the Senator from Colorado [Mr. COSTIGAN]. I am informed that if present the Senator from Utah would vote "yea", and the Senator from Colorado would vote "nay."

The result was announced—yeas 18, nays 56, as follows:

YEAS—18

Austin	Byrnes	Lewis	Sheppard
Bankhead	Dickinson	McNary	Stephens
Barbour	Fletcher	Metcalf	Tydings
Barkley	Gore	Reed	
Byrd	Harrison	Robinson, Ark.	

NAYS—56

Adams	Bone	Bulow	Connally
Ashurst	Borah	Capper	Copeland
Bachman	Bratton	Caraway	Couzens
Black	Brown	Clark	Dale

Dill	Hebert	Murphy	Steiwer
Duffy	Johnson	Neely	Thomas, Utah
Fess	Kean	Nye	Townsend
Frazier	Keyes	Patterson	Trammell
George	La Follette	Pittman	Vandenberg
Goldsborough	Loneragan	Pope	Van Nuys
Hale	Long	Reynolds	Wagner
Hastings	McCarran	Robinson, Ind.	Walcott
Hatfield	McGill	Russell	Walsh
Hayden	McKellar	Smith	White

NOT VOTING—20

Bailey	Cutting	King	Overton
Bulkley	Davis	Logan	Schall
Carey	Dieterich	McAdoo	Shipstead
Coolidge	Glass	Norbeck	Thomas, Okla.
Costigan	Kendrick	Norris	Wheeler

So the amendment of Mr. HARRISON, in the nature of a substitute for the amendment of the Senator from Alabama [Mr. BLACK], was rejected.

The PRESIDING OFFICER. The question recurs on the amendment offered by the Senator from Alabama [Mr. BLACK].

Mr. LONG. I ask for the yeas and nays, Mr. President.

The VICE PRESIDENT. The yeas and nays have been requested. Is the demand seconded?

SEVERAL SENATORS. Oh, no.

Mr. LONG. I withdraw the request.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Alabama.

The amendment was agreed to.

Mr. ASHURST. Mr. President, I have been requested to announce that the junior Senator from California [Mr. McADOO] was unavoidably absent on the vote just taken, being called from the Senate for a couple of hours on a very important matter, and that if present he would have voted for the so-called Black amendment.

Mr. WALSH. Mr. President, I send an amendment to the desk and ask that it may be read.

The PRESIDING OFFICER. The clerk will read the amendment submitted by the Senator from Massachusetts.

The CHIEF CLERK. On page 6, line 16, before the comma following the word "Corps", it is proposed to insert "during the World War", and on page 6, line 25, to strike out all after the word "duty" through the numerals "1918", in line 1, page 7, and insert in lieu thereof "during such service: *Provided*, That such person entered active service between April 6, 1917, and November 11, 1918."

Mr. WALSH. Mr. President, section 10 deals with emergency officers. It provides that any emergency officer who suffered a disability directly traceable to service prior to November 11, 1918, and who is now actually receiving retirement pay shall be entitled to continue to receive such pay. By fixing the limit when an emergency officer became incapacitated as of November 11, 1918, it is possible that an emergency officer who had served all during the war but who on November 12, 1918, while flying over the battlefields met with an injury which incapacitated him for life may be removed from the roll. Furthermore, officers on duty in France who were assigned to the removal of ammunition and who met with injury to their bodies in the performance of their duty would be removed from the enjoyment of the benefits that are granted to those who received the same kind of injuries prior to November 11, 1918.

The amendment I have offered provides that an emergency officer who was actually injured in the line of duty following November 11, 1918, shall retain the same benefits enjoyed by those who were injured prior to November 11, 1918. It requires, however, such an officer to have enlisted and to have been actually engaged in the service prior to November 11, 1918.

I am informed that this provision will take care of about 100 cases of officers who were actually disabled following November 11, 1918, while in the service. I understand that there is no objection to this amendment, and that it is acceptable to the Senator who is in charge of the pending bill.

Mr. TYDINGS. Mr. President, will the Senator yield for a question?

Mr. WALSH. Yes.

Mr. TYDINGS. Does the Senator's amendment comprehend only those who are totally disabled?

Mr. WALSH. No; it comprehends those who, under the emergency officers' law, have received a disability of at least 30 percent directly traceable to service.

Mr. TYDINGS. Of the 100 men who will be particularly benefited by this amendment, does the Senator know how many of them are totally disabled and how many of them are partially disabled?

Mr. WALSH. I do not know. I only know that an emergency officer injured in line of duty, and who enlisted and served during the war, will receive the same benefits as an emergency officer who has been retired and who was injured prior to November 11, 1918. These officers are already on the list. They would be removed if it were not for this amendment; and, of course, the bill does remove many emergency officers from the benefits of this law whose injuries are not traceable to service.

Mr. TYDINGS. Mr. President, will the Senator yield for another question?

Mr. WALSH. I yield.

Mr. TYDINGS. Assume that an officer coming within the class to which the Senator has referred is only 30 or 35 or 40 percent disabled; but, notwithstanding his disability—for example, assume that he was a lawyer, and lost a leg, but is still able to practice his profession—if he is able to make a sufficient sum of money in the ordinary practice of the profession in which he was engaged prior to his injury, would the amendment of the Senator from Massachusetts permit him to draw compensation notwithstanding the fact that he may be making five or ten thousand dollars a year in the normal practice of his profession?

Mr. WALSH. The amendment I have proposed would not deal with that limitation.

Mr. TYDINGS. Then, Mr. President, I should like to ask this further question, with the Senator's permission: I understand that in the bill there is a provision authorizing the President to reduce compensation in this case where the beneficiary is able to practice his profession or business without serious handicap, and to make his normal income. While I should be inclined, if the Senator will permit me a moment further, to support the spirit of his amendment, if the man's injury is such that his normal earning capacity is not curtailed I think we ought to extend this benefit very, very cautiously.

Mr. HARRISON. May I say to the Senator that this bill does give the President jurisdiction, where these special favors are shown, and the beneficiaries have employment in the Government, to take that into consideration and eliminate them.

Mr. WALSH. I understand that a provision of the bill gives the President the right to pass regulations limiting the benefits of all veterans' laws, depending upon income, applies to emergency officers.

Mr. HARRISON. The provision to which I was calling the Senator's attention is on page 7:

*Provided*, That the disease or injury or aggravation of the disease or injury directly resulted from the performance of military or naval duty, and that such person otherwise meets the requirements of the regulations which may be issued under the provisions of this act.

In other words, the President can make the regulations.

Mr. WALSH. Yes; my attention was not called to that provision in connection with emergency officers. I do know that in all other cases the President has the right to make regulations restricting the benefits or extending the benefits with relationship to the income of the veteran.

Mr. TYDINGS. Mr. President, will the Senator yield to me there, in order that I may make my position clear?

I do not want it to be understood that I oppose the Senator's amendment. If a man is disabled, and unable to pursue his usual vocation, I should want to see the provision apply that the Senator seeks to obtain. If, on the other hand, his injury is of such a character that it has not affected his earnings, I should like to see this Government

compensation given only to those who really need it. I think the question of need ought to be uppermost in our minds.

Mr. WALSH. I am asking for this group no different treatment whatever than is granted under this bill to emergency officers who happened to be injured prior to November 11, 1918. The restrictions and limitations that have been referred to by the Senator from Mississippi would, of course, apply to the few officers who were injured after November 11, 1918, after long and faithful service, and who ought not to be removed from the rolls simply because the misfortune of losing an arm or a leg did not come prior to November 11, 1918, but did occur before their discharge.

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

Mr. WALSH. I yield to the Senator from South Carolina.

Mr. BYRNES. I desire to ask the Senator from Massachusetts whether his amendment changes the existing law, which now provides that a man is entitled to retirement pay only where he has served a period of 90 days or more between April 6, 1917, and November 11, 1918?

Mr. WALSH. It does not.

Mr. REED. Mr. President—

Mr. WALSH. I yield to the Senator from Pennsylvania.

Mr. REED. I hope the Senator's amendment will be adopted; and may I suggest one additional reason why it should be adopted?

We all assume that fighting stopped on November 11, 1918, and that is true of the western front; but it was not true of Archangel, and it was not true of Siberia. We had men injured in actual combat there after the armistice was signed in France. That is an additional reason why the Senator's amendment is proper.

Mr. WALSH. I appreciate that addition to what I have said.

I understand that the Senator from Mississippi does not object to the adoption of this amendment.

Mr. HARRISON. I have collaborated with the Senator; and, so far as I am concerned, and I think other members of the committee with whom I have talked, we have not any objection to it.

Mr. WALSH. After this amendment is voted on I have one other amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Massachusetts [Mr. WALSH].

The amendment was agreed to.

Mr. WALSH. Mr. President, I now send to the desk another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 10, after line 12, it is proposed to insert the following paragraph:

The provisions of this title shall not apply to compensation or pension (except as to rates, time of entry into active service, and special statutory allowances) being paid to veterans disabled, or dependents of veterans who died, as the result of disease or injury directly connected with active military or naval service (without benefit of statutory or regulatory presumption of service connection) pursuant to the provisions of the laws in effect on the date of enactment of this act. The term "compensation or pension" as used in this paragraph shall not be construed to include emergency officers' retired pay referred to in section 10 of this title.

Mr. WALSH. Mr. President, this amendment I discussed this afternoon. Briefly stated, it obviates the possibility of removal from the compensation rolls of veterans whose disabilities are actually and directly traceable to service. It does give the President discretion in regard to readjusting rates in particular cases and special statutory allowances.

After consultation with the Senator in charge of the bill and discussing the matter at length, he has accepted the amendment, and is of the opinion that the amendment has merit and that we should lift out of this bill any possibility of removal from the compensation rolls of any veteran whose disability is directly connected with service.

I ought to add that this amendment still leaves to the discretion of the President the power and right to deal differently with that class of service-connected cases that have been established through presumptive laws adopted by Con-

gress. It does assure the directly disabled veteran who incurred disease or injury in line of duty that his compensation shall be secure.

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

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Mississippi?

Mr. WALSH. I yield.

Mr. HARRISON. This was one of the propositions that were advanced by the Senator from Oklahoma in the Committee on Finance, that those who were injured in actual combat should not be excluded. Some of us did not believe that the President, after the passage of this law, would ever exclude that group of soldiers.

Mr. WALSH. I am of the same opinion.

Mr. HARRISON. So, personally, I shall be very glad to accept the amendment and get this controversial proposition out of the way.

Mr. BYRNES. Mr. President, will the Senator from Mississippi yield? The amendment does not confine its provisions, as I understand the Senator, to one injured in actual combat but to service origin.

Mr. WALSH. That is true—direct-service origin.

Mr. HARRISON. That is true.

Mr. GORE. Mr. President, the Senate of Oklahoma on yesterday adopted a resolution favoring the passage of the pending bill. I need not say that I have the highest respect and deference for such a high and responsible authority. I shall vote for the pending measure in accordance with that resolution. I should have voted, however, had it been contested, for the amendment submitted by the Senator from Massachusetts [Mr. WALSH].

I agree, as all other Senators agree, that the man who was disabled in line of duty, who was injured in combat, who sustained injury at the hands of the enemy on land or sea, occupies a preferred status. That is beyond discussion.

The first pension law of modern times, passed in the reign of Queen Elizabeth, was passed especially for the relief of—such as have \* \* \* adventured their lives and lost their limbs or disabled their bodies \* \* \* in the defense and service of Her Majesty and the State.

The senior Senator from Indiana, during the course of the debate, made mention of the fact that this country was inducted into the World War under the leadership of a Democratic President, under the leadership of a Democratic administration. That leads me to a digression which the Senate may not pardon.

Mr. President, I was a Member of this body when this country entered the World War. I was among the few Senators who did not favor the war, but I never found fault with those who did. That was the most tragic issue the public men of our generation were ever called upon to decide.

Among other reasons which impelled me to oppose our entrance into the war was the fact that I could foresee the evils of this day. It required no spirit of prophecy to foretell the evils of this hour. I said then that the war would place burdens on the bended backs of our people which would prove too grievous to be borne. I do not quarrel with those who contend that the blessings of war outweigh the burdens of war.

I agree with those who regard the war as the primary, as the proximate cause of the present depression—as the remote but efficient cause of our prevailing distress. You cannot destroy 330 billions of actual and potential wealth, the accumulated savings of centuries—you cannot create an indebtedness of \$200,000,000,000 in as brief a time as 4 years, on as small a globe as this planet, without bringing the most terrific economic consequences in its train. We are in the midst of those consequences today. Our soldiers paid the blood price in France. Our people are paying the money price today. They have been paying the money price ever since the war was ended. Our people will continue to pay the money price for generations yet to come.

Mr. President, up to this date the war has cost us nearly \$50,000,000,000. It will cost us \$100,000,000,000 more before we can say that we have paid in full. We are paying now,

and these are among the disastrous consequences of that conflict.

Mr. President, upon this point Senators will disagree. They will regard me as a pessimist. Sir, I am only a realist. Congress might as well pass a law to raise the dead who fell in France as to pass bills and resolutions in an attempt to avert the inevitable consequences, to escape the inescapable consequences, of that terrific struggle. It cannot be done, and the hope is but a cheating, a mocking illusion.

Time is the only physician, a stern physician. Time, and toil, and thrift, and self-denial, and sacrifice, and the agony of all these, are the price that must be paid. They bristle like thorns along the trails that lead us back to the paths of prosperity.

Mr. President, I was among those who opposed the draft. I preferred our traditional volunteer policy in the first instance rather than having recourse in the first instance to conscription. I may have adhered with too much tenacity to the ancient ideals of the Republic. I could not even then forget that among the most memorable struggles in the history of English liberty was the struggle between the English King and the English people over the asserted right of the king to draft his subjects for military service over the sea, and King Edward III, with all his power, and all his prestige, and all the King's horses, could not conquer the spirit of the English people. The King lost. The people won that struggle. The Parliament declared that the King had no power, that the King had no right to draft his subjects for service over the sea.

Mr. President, however that may be, we sent 2,000,000 men, we sent 2,000,000 soldiers, over the sea. We sent 2,000,000 soldiers to France. Many of those soldiers stayed in France. Many of them are still sleeping beneath alien skies. We cannot help the dead.

Many of those young men have been broken in body, are suffering loss of limb, loss of health; their earning capacity has been impaired. Their lives were ruined—ruined in the morningtide of existence. We cannot make restitution. We cannot repair these losses. But to some extent we can compensate these losses. That obligation is a debt resting upon this Government. It is a debt of honor which admits neither of repudiation nor moratorium.

I am willing to vote to tax our people to discharge that debt. I think the Government ought to be just to these battle-scarred veterans; and when these war-worn soldiers close their eyes for the last time, close their eyes upon those for whose existence they are responsible, they ought not to be haunted with the fear that their dependents may come to want, come to want as the result of their services and their sacrifices in defense of their country. Their services, their sacrifices, should rather be an assurance to them, be a consolation in that tragic, in that final, hour.

I think the Government should be just, even to the point of generosity, in behalf of the men who bear the scars of battle on their bodies. If I may say so, their scars are their title deeds. I think the Government has been just. I think the Government has been generous.

We have a charge upon the taxpayers and the Treasury of this country amounting to a billion dollars a year in behalf of the veterans of our various wars. Every time the sun rises and sets the American people cash in \$3,000,000 for the veterans of our various wars and their dependents. Every time the sun rises and sets our people part with \$2,000,000 to pay allowances and compensation to veterans of the World War and their dependents.

Mr. President, I think the soldiers should be just and should be reasonable in the exactions which they make of their Government, of their fellow citizens, of their constituents. I am not in the councils of the veterans' organization. If I had been so, I would have counseled them not only to acquiesce in a reduction but to favor a reduction which would correspond with the decline of prices and the reduction in the cost of living. How splendid would such a demand on their part have been. It would have exemplified a heroism of peace not unsurpassed by the heroism of war. I am bound to believe that many of those soldiers

who faced death upon the field of battle without blanching will face a cut in their pay without writhing and without wincing. I trust that will be true.

Mr. President, I shall vote for the pending bill, although I am pleased to see the amendment adopted. I shall vote for the bill because I appreciate the overpowering necessity that we should maintain the credit of this Republic. I said in the Senate a few days ago that credit is to a nation what honor is to a man and what chastity is to a woman. We cannot compromise these without sacrificing everything that is worth having.

Mr. President, we cannot balance the Budget by raising taxes alone. That burden cannot be borne. We must reduce expenses. Perhaps expenses ought to have been reduced in some other way, in some other fashion. I allow you that.

I believe in constitutional government, but I know and Senators know why parliamentary government broke down in Italy; why parliamentary government collapsed in Italy and was succeeded by a dictatorship. Parliamentary government failed to function in Italy. Parliamentary government failed or refused to do for society what the needs of society rendered indispensable, to do things which had to be done; and when government fails to discharge its supreme function and meet the requirements of necessity, society will discard one form of government and will find an agency that will answer its supreme necessity.

It may be true, Mr. President, that we have crossed the Rubicon; I do not know. Governments may juggle with necessity, society cannot. Governments may come and governments may go, but society goes on—must go on. I do not agree with those who underestimate the importance of balancing the Budget. Many there are who do place too low an estimate upon that supreme duty. Our national credit is the keystone in the arch of our entire credit structure. Destroy that and the whole structure will come tumbling down about our ears.

If the credit of the United States becomes impaired, the price of the bonds of the United States will decline. The man in the street may say that he has no bonds of the United States, that he is not concerned, but when the price of United States bonds declines, being the leader in the bond market, all other bonds will follow in their train.

The man in the street may say that he has no bonds of any kind and that he is not concerned. When bonds decline in times like these stocks decline.

The man in the street may say that he has neither stocks nor bonds and that he is indifferent to the course of prices. Mr. President, in times like these, when bonds and stocks and securities decline and continue to decline, the price of commodities continues to decline or refuses to advance; if not, the man in the street, the man in the field, is concerned as to the price of commodities, the price of wheat and corn and cotton and livestock.

The man in the street may say that he is indifferent to those prices, but every citizen of the Republic, whether soldier or not, is concerned in the revival of business, in the advance of prices, in the return of employment, in the restoration of prosperity. In these objects we are all supremely concerned. As I see it, Mr. President, we are all embarked in the same bottom. Citizens and soldiers alike are embarked in the ship of state. The ship of state is on fire. The ship of state is in a raging tempest. It is threatened by double disaster. If it comes to wreck, soldiers and citizens alike perish in the wreck. All must be concerned in the safety and in the destination of this voyage. Soldiers and citizens alike should be willing to make the sacrifice at this time.

Sacrifice by each for all and sacrifice by all for each—that is the course that may lead us out of this hurricane. It is the lifeboat that may rescue soldier and citizen alike.

Senators do not like the form of this legislation; I do not. Senators do not like the spirit of this legislation; I do not. Senators do not like the speed of this legislation; I do not. But it is of no avail to parley with necessity. We must treat with her upon her own terms. She sometimes exacts unconditional surrender. I do not like to capitulate

upon those terms, but under pressure of imperious necessity, under pressure of the prevailing emergency, I feel constrained to waive these objections upon this urgent occasion. I deem it my duty to cast my vote for the pending measure, and I will, of course, yield to that overpowering duty.

Mr. President, I ask permission to have printed in connection with my remarks two letters which I send to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letters are as follows:

FEBRUARY 20, 1933.

Mr. F. HECKART,

*Mutual, Okla.*

MY DEAR SIR: I have just read with keen interest your letter of late date. I agree with you that the farmer is the backbone of the Nation, and it does look like the backbone is about to be broken, if, indeed, it is not already broken.

As far as I am concerned, I am ready to support any practical measure that will do more good than harm. I think that a great many of the measures proposed here have done more harm than good, and some of those still pending will do more harm than good. I do not like to support legislation of that kind. I have never thought that the captain of a ship ought to scuttle the ship to escape the fury of the storm.

I also agree with you when you say that there is "too much Farm Board, too much international bankers, too many not paying their just taxes," etc.

I have striven night and day to cut down expenses in order to cut down taxes, but organized groups come here and exert pressure on Congress and Congress refuses to cut down taxes, refuses to cut down expenses, or reduce the burdens of the taxpayer. I am much concerned about the future because I am afraid that worse days lie ahead of us, and we may remember these—evil as they are—as the "good old days."

Yours very truly,

T. P. GORE.

FEBRUARY 20, 1933.

Mr. C. E. FAIRES,

*Stonewall, Okla.*

MY DEAR SIR: I beg to acknowledge your note of late date, which I have read with keen interest.

I may say that I have voted for every motion, measure, and amendment to cut down expenses, except only two. I voted against eliminating the appropriation to carry on a fight against the cattle tick because that would have lost the 13 millions already spent and would have allowed the tick to recapture the South. I voted against eliminating the appropriation to carry on the fight against the grasshopper in the Northwest, because local farmers, communities, or even States could not in my judgment carry on that war successfully; but it is practically impossible to reduce expenses. Organized groups here fight every suggestion and defeat nearly every suggestion to reduce expenses.

Many of your proposals meet with my hearty approval. The situation, as I see it, is desperate and it is getting worse. I am afraid that evil days lie ahead of us which may possibly make these times—bad as they are—be remembered as the "good old days." You will think that I am blue, and I am.

With best wishes, yours very truly,

T. P. GORE.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Massachusetts [Mr. WALSH].

Mr. DICKINSON. Mr. President, I would like to know what the estimated saving is.

Mr. WALSH. Mr. President, there has been practically no estimate made of the saving in connection with this item. It has been assumed that the President would make no cut and no reduction of any appreciable amount in connection with the veteran whose compensation is based upon disability as the result of direct service. Therefore, what we are doing is merely to remove any possibility of discretionary action by the President. If he had it, he has practically said he would not disturb the rates, anyway. We are simply incorporating in the bill the provision that this group of veterans shall not be removed from the rolls.

Mr. DICKINSON. It is my understanding that there was a certain rating table made and a certain percentage of the reductions shown in that table was taken for disability allowances. What reason has the Senator for assuming that in making up the estimate of \$101,000,000 of saving there would not be some of the savings in the very item of \$100,000,000 that he says is being taken out from under the provisions of the bill?

Mr. WALSH. I have the assurance of representatives of the President that he never intended to disturb this group of veterans.

Mr. DICKINSON. The thing I have in mind is that if there is to be a 15 percent reduction and we eliminate \$100,000,000 in this way, we must make it up in some other way.

Mr. WALSH. The table from which the Senator is reading is a table prepared by General Hines, not approved by the President, not approved by anybody, showing the maximum of the limit to which he could go in any attempt to ruthlessly reduce the benefits extended to the veterans of the war.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Massachusetts [Mr. WALSH]. The amendment was agreed to.

Mr. DILL. Mr. President, I offer the following amendment.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 2, line 10 after the word "disease" and the period, insert the following proviso:

*Provided*, That nothing contained in this section shall deny a pension to a Spanish-American War veteran past the age of 62 years entitled to a pension under existing law; but the President may reduce the rate of pension as he may deem proper.

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

Mr. DILL. I yield.

Mr. HARRISON. I have conferred with several Senators and learn that there are going to be some speeches at length. It is very evident that we cannot finish the consideration of the bill tonight. There are 1 or 2 amendments that I very much hope we can get out of the way, because I do not think there will be much discussion of them. This amendment pertains to the Spanish-American War veterans and I think meets the general approval of everybody. I have no objection to its adoption; and if there is no other objection, it can be readily disposed of.

Mr. MCGILL. Mr. President, I desire to offer a substitute for the amendment of the Senator from Washington.

The PRESIDENT pro tempore. The substitute will be read for the information of the Senate.

The CHIEF CLERK. The Senator from Kansas offers the following substitute for the amendment of the Senator from Washington:

On page 2, line 6, commencing with the word "the," strike out through the word "or" in line 8, as follows: "The Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or," so the paragraph would read:

"(b) Any person who served in the active military or naval service during the World War and who is permanently disabled as a result of injury or disease."

The PRESIDENT pro tempore. That is not a substitute for the amendment of the Senator from Washington.

Mr. MCGILL. Mr. President, I think if the Chair will examine the text of the bill he will find that it is a substitute. The amendment offered by the Senator from Washington is identical with the portion intended to be amended by my substitute. I think it is a substitute and should be so held. It deals with the same subject matter.

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

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

Mr. MCGILL. Certainly.

Mr. STEIWER. I do not presume to tell the Senator the meaning of his own amendment, but I would suggest in connection with the proposal that the amendment which is offered as a substitute seeks to strike out certain language in subdivision (b). It must be remembered that the language of subdivision (b) is affirmative language, that it creates a right of a veteran of the Spanish-American War to a pension, provided he was permanently disabled. If we strike out that language we remove and extinguish the right, even though he is permanently disabled. It occurs to me that is not exactly what the Senator is striving to do.

Mr. MCGILL. What I am striving to do is to place the Spanish-American War veteran in exactly the same category

with the Civil War veteran under this bill, and that is that he shall remain on the pension roll and that his pension shall be reduced during the fiscal year 1934 by only 10 percent. That is the sum and substance of my substitute.

Mr. STEIWER. I would suggest that the Senator seek to reach the result in a different way. I am sure upon reflection and examination of the language he will come to the conclusion that instead of aiding the Spanish-American War veteran by his substitute, he actually takes away from him a right.

Mr. MCGILL. What right?

Mr. STEIWER. The right to a pension, provided he was permanently disabled.

Mr. MCGILL. Oh, no; he is entitled to a pension under my substitute by virtue of the law now existing. I am not repealing any law. If the Senator will go further and read it, he will find that that portion which repeals the law relative to the Spanish-American War veterans is stricken out, insofar as they are concerned, by the substitute.

Mr. BORAH. Mr. President, if the Senator from Mississippi is going to ask for a recess, may I suggest that he do so now, in order that we may know what we are going to do about this matter.

Mr. HARRISON. Mr. President—

The PRESIDENT pro tempore. The Senator from Mississippi is recognized.

Mr. HARRISON. I had understood that those who were pressing the Spanish-American War proposition had agreed upon an amendment. If there is some controversy about it, then I hope Senators will withdraw their amendments for the present. There are one or two other amendments that are not controversial in their character which I had hoped we could have adopted and get them out of the way. I thought this was one of them.

I desire to submit a unanimous-consent request.

Mr. LEWIS. Mr. President, before the Senator does so will he yield to me?

Mr. HARRISON. Certainly.

Mr. LEWIS. I merely want to say that I am one of those to whom the Senator from Mississippi correctly alludes who sought to reach an amendment touching the Spanish-American War soldiers and their rights, and the statement that we had reached a conclusion as to the amendment tendered by the Senator from Washington [Mr. DILL] was correct. We felt that the amendment most aptly and most correctly sets forth the position and that we could accomplish the desired purpose without further addresses. For that reason all other amendments were withdrawn by Senators.

Mr. MCKELLAR. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. Certainly.

Mr. MCKELLAR. There seems to be some confusion, but I would like to have the Senator from Washington [Mr. DILL] explain his amendment and see if it means what those of us who believe there should be an amendment in favor of the Spanish-American War soldiers actually want to put in the bill.

Mr. BORAH. Mr. President, if the Senator from Washington is going to explain his amendment, I suggest that we take a recess at this time.

Mr. HARRISON. If the Senator from Kansas will permit, I think we can get at the proposition and let it go over until tomorrow and examine it in the meantime. We can not adopt the amendment tonight, evidently, in the existing state of confusion.

Mr. DILL. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Mississippi yield to the Senator from Washington?

Mr. HARRISON. I yield.

Mr. DILL. The amendment of the Senator from Kansas does not relate to the same matter that my amendment relates to. My amendment relates only to those who are on the rolls because of age. The amendment of the Senator from Kansas relates to all Spanish-American War veterans and therefore is not properly a substitute for my amendment.

The PRESIDENT pro tempore. The Chair has held that it is not a substitute.

Mr. HARRISON. Mr. President, in view of the fact that there are several Senators who want to discuss at length some amendments, I want to submit a unanimous-consent request that when the Senate concludes its business tonight it shall recess until 12 o'clock noon tomorrow; that the bill be taken up at that hour and that no Senator shall speak longer than 30 minutes on the bill or longer than 15 minutes on any amendment to the bill, and that no Senator shall speak more than once on the bill.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request?

Mr. LONG. I object.

Mr. McCARRAN. I object to the request.

Mr. BORAH. Mr. President, may I be permitted to say that I have no objection to the request for unanimous consent which the Senator has preferred, if he will not include the restriction as to speaking more than once.

Mr. HARRISON. I withdraw that part of the request.

The PRESIDENT pro tempore. The Senator from Mississippi will please state his request in the form he now desires to present it.

Mr. HARRISON. I ask unanimous consent that tomorrow no Senator shall speak longer than 30 minutes on the bill or longer than 15 on any amendment thereto.

Mr. JOHNSON. Mr. President, may I inquire what the withdrawal of the suggestion that no Senator speak more than once means? Does that mean that a Senator can speak 20 times on the bill?

Mr. HARRISON. No; I think a Senator could not speak more than once on any amendment; but I imagine, in view of the objection which has been made that a Senator could speak more than once in occupying his 30 minutes of time on the bill.

Mr. JOHNSON. I beg pardon.

Mr. BORAH. A Senator could divide his 30 minutes to suit himself.

Mr. JOHNSON. I understood that there was objection to the request.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Mississippi as now submitted?

Mr. LONG. Mr. President, I will ask what the request was.

The PRESIDENT pro tempore. The request was that on the convening of the Senate tomorrow, speeches shall be limited to 30 minutes on the part of each Senator on the bill and 15 minutes on each amendment.

Mr. LONG. Reserving the right to object, would the Senator from Mississippi permit me to offer an amendment in order that it may be printed so as to be available tomorrow morning?

Mr. HARRISON. I have no objection to that whatever.

Mr. LONG. I present the amendment and ask that it may be printed and lie on the table.

The PRESIDENT pro tempore. Without objection, the proposed amendment will be received, printed, and lie on the table. Is there objection to the request for unanimous consent preferred by the Senator from Mississippi? The Chair hears none, and it is so ordered.

Mr. DILL. Mr. President, I think that my amendment may be agreed to without much discussion if I may be permitted for just a moment to explain it.

Under the terms of the bill as it is now written the veterans of the Spanish-American War who are receiving pensions because they have reached the age of 62 years cannot when once removed be placed back on the rolls by the President; they are out completely and finally. The amendment will require that they be kept on the rolls, but will permit the President to cut their compensation.

It seems to me, in view of the rule that has been established so long in this country, that when a veteran reaches the age of 62 years he shall have a service pension, if we take the Spanish-American War veterans who are now past 62 years off the roll, we will simply transfer 90 percent of them from the pension roll to the charity rolls of the

country. The amendment I have suggested will keep them on the roll, but will give the President the power to reduce their compensation.

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

Mr. DILL. I yield.

Mr. McKELLAR. I call the Senator's attention to the last words of his amendment:

But the President may reduce the rate of pension as he may deem proper.

That would mean that he could reduce it to any sum that he might deem proper.

Mr. DILL. Yes.

Mr. McKELLAR. When we apply the rule of 15 percent to other reductions, why should we make a distinction by allowing the President to reduce to any amount he might see fit or to cut off entirely the pensions received by Spanish-American War veterans?

Mr. DILL. I thought the President could be trusted in this matter, and I did not want to fix a percentage because I did not want to get into an argument over it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Washington.

Mr. BORAH. One moment, Mr. President. Is it proposed to have a vote on this amendment tonight?

Mr. HARRISON. If there is no objection, I think we might vote on it.

Mr. BORAH. There has been so much conversation carried on on the other side that it was impossible to understand the discussion and I insist that this matter go over until the morning.

Mr. HARRISON. Very well.

#### ADDITIONAL BILLS AND JOINT RESOLUTION INTRODUCED

Mr. COPELAND, by unanimous consent, introduced bills and a joint resolution, which were severally read twice by their titles and referred as follows:

A bill (S. 451) to amend section 3 of the act of May 28, 1928, relating to salary rates of certain civil-service positions; to the Committee on Civil Service.

A bill (S. 452) for the relief of the owners of cargo laden aboard the United States transport *Florence Luckenbach* on or about December 27, 1918; and

A bill (S. 453) for the relief of owners of cargo aboard the steamship *Borley*; to the Committee on Claims.

A bill (S. 454) to amend section 24 of the Trading with the Enemy Act, as amended; to the Committee on Finance.

A bill (S. 455) for the relief of James W. Kelly; to the Committee on Naval Affairs.

A bill (S. 456) granting a pension to Juan Lopez; to the Committee on Pensions.

A joint resolution (S.J.Res. 21) authorizing the erection in Washington, D. C., of a monument in memory of Col. Robert Ingersoll; to the Committee on the Library.

#### RECESS

Mr. HARRISON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 10 o'clock and 20 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, March 15, 1933, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 14, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Father, Lord of heaven and earth, Thou who didst build the world in order and the atoms that march in tune, condescend to us, we beseech Thee. Enable us to take up the labors of these hours with earnest, sincere, and generous hearts and minds. Saturate our very breasts with the atmosphere, light, and courage of patriotic devotion. On the altar of every heart may there flame forth the spirit of a genuine, mutual cooperation; in every way may we protect