

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARPENTER of Nebraska: A bill (H.R. 5485) for the relief of James Colton; to the Committee on Claims.

By Mr. JOHNSON of Minnesota: A bill (H.R. 5486) for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom in Marshall County in the State of Minnesota; to the Committee on Claims.

Also, a bill (H.R. 5487) for injury sustained by Robert W. Krieger; to the Committee on Claims.

By Mr. SOMERS of New York: A bill (H.R. 5488) to correct the military record of James H. Overbaugh; to the Committee on Military Affairs.

By Mr. UNDERWOOD: A bill (H.R. 5489) granting an increase of pension to Julia A. Hull; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5490) granting an increase of pension to Elizabeth Foughty; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5491) for the relief of Esther M. Frey; to the Committee on Claims.

PETITIONS, ETC.

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

866. By Mr. BEITER: Petition of the Naval Post Auxiliary, No. 368, Buffalo, N.Y., opposing recognition of Soviet Russia by the United States; to the Committee on Foreign Affairs.

867. By Mr. CULLEN: Petition of the Young Men's Board of Trade, New York, expressing its opinion that the treaty which has been negotiated with Canada by the State Department to provide for the canalization of the St. Lawrence River should not be ratified by the Congress; to the Committee on Foreign Affairs.

868. Also, petition of the Central Trades and Labor Council, Greater New York and Vicinity, vigorously protesting against the 15-percent reduction in pay for Federal employees, on the basis that it tends to undermine the very foundation of the living standards of all workers, both in private and Government industry; to the Committee on Appropriations.

869. Also, petition of the American Legion in Kings County, Department of New York, strongly opposing the elimination of the regional office of the Veterans' Administration, New York City, and further opposing the further reduction in the sum of \$434,000,000 of funds to be disbursed by the Veterans' Administration, now projected before the Federal Director of the Budget; also deploring the fact that the activities of the Brooklyn Naval Hospital will be curtailed so that veterans of the World War will be excluded from treatment; to the Committee on World War Veterans' Legislation.

870. By Mr. EDMONDS: Petition passed by the Legislature of the Commonwealth of Pennsylvania, requesting that Congress do not pass any act requiring the blending of gasoline and alcohol; to the Committee on Ways and Means.

871. By Mr. JAMES: Resolution of the City Commission of the City of Wakefield, Mich., heartily endorsing House bill 4801 to release the States, Territories, municipalities, and political subdivisions from obligation to repay relief funds received under title I of the Emergency Relief and Construction Act of 1932, and for other purposes; to the Committee on Banking and Currency.

872. By Mr. JOHNSON of Minnesota: Resolution of William R. Witty Post, No. 37, American Legion, St. Peter, Minn., in reference to Veterans' Administration; to the Committee on Ways and Means.

873. Also, petition of the City Council of the City of Duluth, Minn., in the matter of slashing appropriations for the National Guard; to the Committee on Military Affairs.

874. By Mr. LEHR: Petition of Dixie Distributors, Inc., of Michigan, seeking a revision of the Revenue Act of 1932, so that independent oil jobbers and dealers can, on equal basis, bid for gasoline, oil, and lubricants required by the

States and political subdivisions thereof, and that the revenue act be modified and amended so that such refund and credit can be secured and claimed by permitting the States and the political subdivisions thereof to execute and deliver appropriate affidavits to the jobber and dealer from whom such products were purchased, and such jobber and dealer can secure the credit for the taxes paid thereon from the refiner and manufacturer from whom the gasoline, oil, and lubricants were purchased, and the refiner and manufacturer in turn secure credit from the Internal Revenue Department; to the Committee on Ways and Means.

875. By Mr. LINDSAY: Petition of New York Women's Trade Union League, New York City, favoring the Black bill, S. 158; to the Committee on Labor.

876. Also, petition of National Federation of Post Office Clerks Substitutes' Committee, Local No. 251, Brooklyn, N.Y., favoring return of 2-cent postage for first-class mail, 30-year retirement bill, and House bill 5206, introduced by Mr. RUDD; to the Committee on Ways and Means.

877. Also, petition of Asbestolith Manufacturing Co., New York City, opposing House bill 3759; to the Committee on the Judiciary.

878. Also, petition of A. D. Juilliard & Co., Inc., New York City, opposing House bill 3759; to the Committee on the Judiciary.

879. Also, petition of National Woman's Party, New York City, urging support of the equal-rights amendment, House Joint Resolution No. 1; to the Committee on the Judiciary.

880. By Mr. RUDD: Petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing the passage of the Disney bill, H.R. 4681; to the Committee on Interstate and Foreign Commerce.

881. Also, petition of A. D. Juilliard & Co., New York City, opposing the passage of House bill 3759; to the Committee on the Judiciary.

882. Also, petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., favoring the passage of House bill 4677, for a survey of the Delaware and Raritan Canals, N.J.; to the Committee on Rivers and Harbors.

883. Also, petition of Asbestolith Manufacturing Co., New York City, opposing the passage of House bill 3759 or any similar bill; to the Committee on the Judiciary.

884. By Mr. STOKES: Petition of the Senate of Pennsylvania, and concurred in by the house of representatives, against the blending of alcohol with gasoline; to the Committee on Ways and Means.

885. By Mr. SWICK: Petition of the Senate and House of Representatives of the State of Pennsylvania, opposing legislation by Congress to compel the blending of alcohol with gasoline; to the Committee on Ways and Means.

886. By Mr. WATSON: Resolution adopted by the Senate of Pennsylvania, relative to the blending of alcohol with gasoline; to the Committee on Ways and Means.

887. By Mr. WERNER: Petition of 1,700 employees of the Homestake Mining Co., of Lead, S.Dak., protesting against the passage by Congress of the Black bill, S. 158, to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day; to the Committee on Labor.

SENATE

THURSDAY, MAY 4, 1933

(Legislative day of Monday, May 1, 1933)

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

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of May 1, 2, and 3 was dispensed with, and the Journal for those days was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. KENDRICK. Mr. President, I desire to announce that the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], and the junior Senator from Virginia [Mr. BYRD] are necessarily detained from the Senate.

Mr. REED. I wish again to announce the absence of my colleague the junior Senator from Pennsylvania [Mr. DAVIS] on account of illness.

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

INVITATION TO VISIT THE PHILIPPINE ISLANDS

The VICE PRESIDENT laid before the Senate a communication, which was read and referred to the Committee on Territories and Insular Affairs, as follows:

NEW YORK, April 29, 1933.

HON. JOHN N. GARNER,
Vice President of the United States,
United States Senate, Washington, D.C.

DEAR MR. PRESIDENT: We beg hereby to request that a committee of Congress visit the Philippines soon after the Philippine Legislature has acted on the Philippine independence law.

We earnestly believe that the first-hand information on conditions—political, economic, and social—obtaining in the Philippine Islands that will be secured by this committee will be useful to Congress and helpful to the Philippines.

Very respectfully,

MANUEL QUEZON,
President of the Senate.
SERGIO OSMENA,
President pro tempore of the Senate.
MANUEL ROXAS,
Speaker of the House of Representatives.

FUNCTIONS OF PUERTO RICAN HURRICANE RELIEF COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, Chairman of the Puerto Rican Hurricane Relief Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report as to the functions of the Commission, the statutory authority therefor, the annual cost thereof, etc., which, with the accompanying papers, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorials of the Legislature of the Territory of Alaska, which were referred to the Committee on Territories and Insular Affairs:

TERRITORY OF ALASKA,
OFFICE OF SECRETARY FOR THE TERRITORY.

I, Karl Theile, secretary of Alaska and custodian of the great seal of said Territory, do hereby certify that I have compared the annexed copy of Senate Joint Memorial No. 3 of the Alaska Territorial Legislature, 1933, with the original thereof, and that the same is a full, true, and correct copy of said original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the Territory of Alaska, at Juneau, the capital, this 24th day of April A.D. 1933.

[SEAL]

KARL THEILE,
Secretary of Alaska.

Senate Joint Memorial 3 (by Mr. Shattuck by request)

To the Congress of the United States, the Department of Agriculture, and the Department of the Interior:

Your memorialist, the Legislature of the Territory of Alaska, respectfully represents that:

Whereas there are approximately 200 islands along the shores of southeast and southwest Alaska, occupied by citizens of the United States under permit from the Forestry Bureau or the Department of the Interior, and used for the purpose of propagation of blue foxes and other fur-bearing animals; and

Whereas the value of the permanent improvements on the islands so leased is of a similar nature and generally equal to that required to be done by homesteaders on the mainland before patent is issued; and

Whereas the average annual production of blue-fox pelts alone is approximately 8,000, equal in value to a like number of beef cattle of the same age; and

Whereas it is the expressed desire of the Federal Government to assist and encourage permanent settlement of the Territory of Alaska and the system of leasing referred to has the effect of discouraging such settlement; and

Whereas the act of Congress of July 8, 1916, expressly excepts from the benefits of the homestead laws, islands leased or occupied for the propagation of foxes, and Congress has, in order to assist and encourage the settlement of unoccupied lands in the United States, provided for stock-raising homesteads of 640 acres or less by acts of December 29, 1916; June 6, 1924; and March 3, 1925:

Wherefore your memorialist respectfully prays that the act of Congress of July 8, 1916, be amended by striking the exception to the entry of "islands leased or occupied for the propagation of foxes", and that the benefits under the acts of December 29, 1916; June 6, 1924; and March 3, 1925, be extended to the Territory of Alaska.

And your memorialist will ever pray.

Passed by the senate April 13, 1933.

ALLEN SHATTUCK,
President of the Senate.

Attest:

AGNES F. ADSIT,
Secretary of the Senate.

Passed by the house April 20, 1933.

JOE McDONALD,
Speaker of the House.

Attest:

C. H. HELGESEN,
Chief Clerk of the House.

A true copy:

AGNES F. ADSIT,
Secretary of the Senate.

TERRITORY OF ALASKA,
OFFICE OF SECRETARY FOR THE TERRITORY.

I, Karl Theile, secretary of Alaska and custodian of the great seal of said Territory, do hereby certify that I have compared the annexed copy of Senate Joint Memorial No. 7 of the Alaska Territorial Legislature, 1933, with the original thereof and that the same is a full, true, and correct copy of said original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the Territory of Alaska at Juneau, the capital, this 24th day of April A.D. 1933.

[SEAL]

KARL THEILE,
Secretary of Alaska.

Senate Joint Memorial 7 (by the committee on taxation and transportation)

To the President and Congress of the United States:

Whereas there is now pending before Congress a public works bill which provides for the expenditure of public funds on necessary public improvements throughout the United States; and

Whereas there are many public improvements needed in Alaska, the undertaking and completion of which have been delayed only by lack of funds, such as the erection of public buildings at Ketchikan and Anchorage; dredging of Sitka Harbor; completion of Petersburg Harbor project; completion of road to Indian industrial school at Shoemaker Bay near Wrangell; deepening of Tongas Basin at Ketchikan; flood control of the Salmon River at Hyder and flood control at Seward and Valdez and Egegik Rapids; the construction of a bridge across Gastineau Channel, connecting the towns of Juneau and Douglas; improvement and completion of the Alaska Railroad and its extension and all highways under the jurisdiction of the Department of the Interior; the construction of the international highway from a point on the Richardson Highway up the Tanana River to the Canadian boundary; construction of wagon roads as feeders to the Alaska Railroad, including the Yukon-Kuskokwim Highway, the Fairbanks-Livengood Highway, and all uncompleted projects of the Alaska Road Commission; construction of boat harbor and airplane landing fields at Cordova; establishment of naval seaplane base at Anchorage; Anchorage-Matanuska Road; completion of the Nome Harbor; construction of roads in the second division; aviation fields and water landing facilities at Fairbanks and Nome on the International Airways route from the United States to the Orient; continuation of the geologic land surveys in Alaska; and many other similar public projects throughout the Territory:

Now, therefore, we, your memorialists, respectively petition that the provisions of the public works bill hereinabove mentioned be applied to the Territory of Alaska, and that sufficient amount of the funds appropriated to carry out the provisions of said bill be allotted to the necessary projects mentioned herein and others to be designated by the Delegate to Congress from Alaska.

And your memorialists will ever pray.
Passed by the senate April 22, 1933.

ALLEN SHATTUCK,
President of the Senate.

Attest:

AGNES F. ADSIT,
Secretary of the Senate.

Passed by the house April 22, 1933.

JOE McDONALD,
Speaker of the House.

Attest:

C. H. HELGESEN,
Chief Clerk of the House.

A true copy:

AGNES F. ADSIT,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of Florida, which was referred to the Committee on Post Offices and Post Roads:

Senate Concurrent Resolution 12

Whereas the Legislature of the State of Florida by joint resolution in 1929 memorialized Congress, the Federal Bureau of Public Roads and the State Road Department of Florida to use every possible effort to federalize the Gulf Coast Highway, which is legally known as "State Roads 10, 15, and 115"; and

Whereas the resolution referred to above has only been partially carried out; and

Whereas the State of Florida and the counties of the Gulf coast of Florida have spent approximately \$15,000,000 and the funds of both the State and counties are now exhausted; and

Whereas all of the Gulf coast counties and cities and civic bodies have passed resolutions setting forth the necessity for continuing the construction of the Gulf Coast Highway in order to relieve the distressing unemployment situation in the Gulf coast counties and cities owing to the serious decline in the oyster, fishing, and other businesses peculiar to these counties and cities; and

Whereas the State road system of Florida cannot be properly rounded out and completed nor can the hundreds of millions of dollars invested therein begin to pay a full return on this investment until the Gulf Coast Highway is completed; and

Whereas the construction of the Gulf Coast Highway has been officially declared of military and strategic importance to the United States Government; and

Whereas the public works committee now arranging the public works program for President Roosevelt has the authority and power to include in said program the construction of Federal roads; and

Whereas road construction in Florida will provide work for the relief of unemployment both in direct employment and in the manufacture and transportation of Florida road-building material: Now, therefore, be it

Resolved by the Senate of the State of Florida (the house of representatives concurring). That the public works committee of President Roosevelt, the Federal Bureau of Public Works, our Senators and Congressmen in Washington, the Governor of Florida, and the State road department, are hereby requested to secure the immediate federalization of all of the Gulf Coast Highway and to use every effort at their command to allocate funds to Florida for the immediate construction of the Gulf Coast Highway in this State; be it further

Resolved, That a copy of this resolution be forwarded by the secretary of the State of Florida, under the great seal of the State of Florida in due form to the Congress of the United States, and the several Members thereof from Florida, to the Governor of Florida and to the State road department.

Approved by the Governor of Florida May 2, 1933.

STATE OF FLORIDA,

Office Secretary of State, ss.:

I, R. A. Gray, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of Senate Concurrent Resolution No. 12 passed by the Legislature of Florida, session 1933, and filed in this office.

Given under my hand and the great seal of the State of Florida, at Tallahassee, the capital, this the 2d day of May A.D. 1933.

[SEAL]

R. A. GRAY,
Secretary of State.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Illinois, which was referred to the Committee on Manufactures:

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, greeting:

I, Edward J. Hughes, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of House Joint Resolution No. 13, the original of which is now on file and a matter of record in this office.

In testimony whereof, I hereto set my hand and cause to be affixed the great seal of the State of Illinois.

Done at the city of Springfield this 2d day of May A.D. 1933.

[SEAL]

EDWARD J. HUGHES,
Secretary of State.

House Joint Resolution 13

Whereas it has been recently shown that it is practical to manufacture ethyl alcohol from corn, wheat, rye, oats, barley, potatoes, beets, and other agricultural products; and

Whereas if all petroleum products that are used as motor fuel in internal-combustion engines were blended 10 percent by volume with ethyl alcohol, such engines would perform more ideally, carbon and compression knocks would be eliminated, and a maximum of motor acceleration secured; and

Whereas it is difficult and practically impossible because of the present provisions of the Federal law to produce ethyl alcohol in this manner; and

Whereas if the total amount of motor fuel consumed in this country each year were diluted 10 percent by volume with ethyl alcohol it would take 680,000,000 bushels of corn, or 750,000,000 bushels of wheat to produce the necessary amount of such alcohol; and

Whereas the use of agricultural products for the making of motor fuel would create a new market for agricultural surpluses and aid greatly in bringing prosperity back to the farmer, as it is estimated that the total surplus of our corn and wheat crop could be profitably used in this manner: Now, therefore, be it

Resolved by the House of Representatives of the Fifty-eighth General Assembly of the State of Illinois (the senate concurring herein), That the President of the United States and the Congress of the United States be urged to enact laws to encourage the manufacture of ethyl alcohol from agricultural products and remove restrictions on the manufacture of ethyl alcohol from agricultural products for motor-fuel uses; and be it further

Resolved, That a copy of this resolution be immediately forwarded to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives of the United States, and to each Congressman and Senator from Illinois; and be it further

Resolved, That the Governor of this State assist the agricultural interests of this State in any way he deems advisable in securing the passage of the desired Federal legislation.

Adopted by the house February 7, 1933.

ARTHUR ROE,
Speaker of the House of Representatives.

CHAS. P. CASEY,
Clerk of the House of Representatives.

Concurred in by the senate March 16, 1933.

THOMAS F. DONOVAN,
President of the Senate.

A. E. EDEN,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Illinois, which was ordered to lie on the table:

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, greeting:

I, Edward J. Hughes, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of House Joint Resolution No. 35, the original of which is now on file and a matter of record in this office.

In testimony whereof, I hereto set my hand and cause to be affixed the great seal of the State of Illinois. Done at the city of Springfield this 2d day of May A.D. 1933.

[SEAL]

EDWARD J. HUGHES,
Secretary of State.

House Joint Resolution 35

Whereas the return of national prosperity depends in a large measure on agricultural conditions; and

Whereas the President of the United States has requested Congress to enact legislation and provide an adequate appropriation for the refinancing of farm loans; and

Whereas the refinancing of farm loans will rehabilitate the agricultural industry: Now, therefore, be it

Resolved by the house of representatives of the fifty-eighth general assembly (the senate concurring therein), That the General Assembly of Illinois congratulates the President of the United States upon his program for the relief of agriculture and urges the Congress to cooperate with the President in putting into effect the program; and be it further

Resolved, That a copy of this preamble and resolution be sent forthwith to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives.

Adopted by the house April 4, 1933.

ARTHUR ROE,
Speaker of the House of Representatives.

CHAS. P. CASEY,
Clerk of the House of Representatives.

Concurred in by the senate April 5, 1933.

THOMAS F. DONOVAN,
President of the Senate.

A. E. EDEN,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate resolutions adopted by the Common Council of the City of Racine, Wis., favoring the passage of legislation authorizing municipalities to receive cash from the Reconstruction Finance Corporation or other Federal agency at a rate of interest not to exceed 3 percent per annum by putting up delinquent real estate taxes as security for the repayment of such sums, which were referred to the Committee on Banking and Currency.

He also laid before the Senate a telegram in the nature of a memorial from Philip A. Tharp, Columbus, Miss., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him and remonstrating against a senatorial investigation of his alleged acts and conduct, which was referred to the Committee on the Judiciary.

He also laid before the Senate a letter in the nature of a petition from C. W. Finley, of Eunice, La., praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

TREATMENT OF THE JEWS IN GERMANY

Mr. ROBINSON of Indiana. Mr. President, the Beth-El Men's Club, a Temple affiliated organization composed of 250 men, located in Indianapolis, Ind., adopted a resolution protesting against the treatment of Jews in Germany. They have sent me a copy of the resolution, and I ask unanimous consent that it may be printed in the RECORD and appropriately referred.

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

To the Honorable ARTHUR R. ROBINSON:

The Beth-El Men's Club, a Temple affiliated organization composed of 250 men, located in Indianapolis, Ind., presents the following resolution to you, our Senator in the Congress of the United States:

"Be it resolved, That the Beth-El Men's Club solemnly and fervently declares, as the club expression, protest, and horror at the deliberate policy of the German Government; who, by legal and illegal restrictions and degradations, is crushing and terrorizing the 600,000 Jews of Germany, whose only crime is that they were born Jews, and isolating them from the cultural, economic, and professional life of their native land.

"That the Beth-El Men's Club petitions you to express its sentiments in contributing toward and influencing the expression of an official protest of the Government of the United States against such barbarous behavior by a modern civilized nation.

"That the Beth-El Men's Club petitions you to lend your influence and to view favorably a temporary loosening of immigration restrictions from Germany so as to permit refugees from religious intolerance a haven within our United States."

Respectfully submitted,

DAVID L. SABLOSKY, *President.*

FORT D. A. RUSSELL, MARFA, TEX.

Mr. SHEPPARD. Mr. President, I present a concurrent resolution adopted by the Legislature of the State of Texas in reference to the retention of Fort D. A. Russell, and ask that it may be appropriately referred and printed in the RECORD.

The concurrent resolution was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

Senate Concurrent Resolution 27

Whereas for some 14 years the War Department of the United States maintained Fort D. A. Russell, a military outpost of considerable importance because of its strategic location as a protection for many miles of territory bordering the Republic of Mexico; and

Whereas the climate of the area in the Davis Mountains in which was located this historic fort is such as to provide all-year-round facilities for the training of soldiers in the service of our country, who perform a duty the value of which is unlimited; and

Whereas with the beginning of this year, 1933, the said Fort D. A. Russell, at Marfa, Tex., was abandoned and deserted by the War Department by transferring its personnel, which was composed of a Cavalry unit, to Kentucky for the purpose of having it motorized; and

Whereas there now remains on the site of this fort sufficient equipment and buildings to reestablish to good effect the military post which for so long so ably protected from invasion by neighboring foreigners many miles of valuable property; and

Whereas since the 1st of January 1933 five raids of such magnitude as to create much fear and unrest among residents of the border section adjacent to Mexico have been made upon the property herewith enumerated—the Chinata ranch, January 22; the Jake Baldwin ranch, February 8; the Jack Rawls ranch, February 25; the J. L. Sublett ranch, March 2; and the L. C. Brite ranch, March 3—all of which is confined within the bounds of Presidio County, which in territorial extent embodies an area comparable in size to the combined States of Rhode Island and Delaware; and

Whereas with the abandonment of Fort D. A. Russell the protecting buffer for huge distances along the Mexican border has been removed and hundreds of miles of territory are now without protection, and as a direct result this portion of Texas—the southwestern boundary of the United States—is in a state of considerable demoralization because of the absence of the influence exerted by a unit of the military sufficient in size to adequately protect the life and property of its citizens: Now, therefore, be it

Resolved by the Senate of the State of Texas (the house of representatives concurring), That the Honorable George H. Dern, Secretary of War, Washington, D.C., be petitioned to restore and to reestablish this most important military post at Marfa, Tex.; be it further

Resolved, That a copy of these resolutions be sent the Honorable George H. Dern, Secretary of War, and the Honorable John Nance Garner, Vice President of the United States.

RESOLUTIONS BY RUFUS SHELTON POST, AMERICAN LEGION, OF HONEY GROVE, TEX.

Mr. CONNALLY. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred resolutions adopted by the Rufus Shelton Post, No. 247, American Legion, of Honey Grove, Tex., with reference to several legislative proposals.

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

HONEY GROVE, TEX., April 16, 1933.

Whereas the present 3-cent postage rate has reduced postal business in first-class mail to such an extent that the rates should be reduced; and

Whereas saving has been made a key word in the Democratic administration; and

Whereas war-risk insurance was a contract between the United States Government and the soldier in the World War, for which he paid his money; and

Whereas there is a universal demand for inflation of the United States currency, so that it will be distributed among the masses: Be it

Resolved, That we, the Rufus Shelton Post, No. 247, American Legion, of Honey Grove, Tex., do hereby memorialize the Congress of the United States to reduce first-class postage to 2 cents; and be it further

Resolved, That the Congress of the United States place a tax upon all tax-free Government obligations, meaning tax-free bonds; and be it further

Resolved, That the Congress of the United States pass suitable legislation so that all World War veterans who are totally and permanently disabled, while their war-risk insurance is in force or was in force, may be able to file claims for the benefits for which they paid in blood and money, and in the event of unfavorable action by the Veterans' Administration, shall have the right of court action in a court of suitable jurisdiction, so that this insurance contract shall be carried out in its entirety; and be it further

Resolved, That the Congress of the United States pass the necessary legislation so that the bonus may be paid on the basis of the full face value of the adjusted-compensation certificates at once.

RUFUS SHELTON POST, No. 247, AMERICAN LEGION, OF HONEY GROVE, TEX.

By J. FRANK PARRISH,
Chairman Resolutions Committee.

REPORTS OF THE COMMERCE COMMITTEE

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

S. 1255. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans. (Rept. No. 51);

S. 1256. An act granting the consent of Congress to compact or agreements between the States of Kansas and Missouri for the acquisition, maintenance, and operation of a toll bridge across the Missouri River near Kansas City, Kans., for the construction and maintenance of connections with established highways, for the incorporation of such bridge in the highway systems of said States, and for other purposes (Rept. No. 52);

H.R. 48. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans. (Rept. No. 53);

H.R. 1596. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C. (Rept. No. 54);

H.R. 4127. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C. (Rept. No. 55); and

H.R. 4491. An act to extend the times for commencing and completing the construction of an overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio (Rept. No. 56).

INVESTIGATION OF OPERATIONS OF RECONSTRUCTION FINANCE CORPORATION

Mr. FLETCHER. By direction of the Committee on Banking and Currency, I report an original resolution and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The resolution will be read.

The legislative clerk read the resolution (S.Res. 69), as follows:

Resolved, That the Committee on Banking and Currency, or any duly authorized subcommittee thereof, is authorized to investigate from time to time the operations of the Reconstruction Finance Corporation, the status of its affairs, and the procedure adopted by it in passing upon applications for loans, and to investigate particularly (1) any loan heretofore or hereafter made by the Corporation, and (2) any application for a loan heretofore or hereafter made to the Corporation. The committee shall report from time to time to the Senate the results of its investigations, together with its recommendations, if any, for legislation.

The VICE PRESIDENT. The Senator from Florida asks unanimous consent for the present consideration of the resolution.

Mr. FESS. Mr. President, I have not had any opportunity to know what is in the resolution and what is desired to be accomplished by it.

Mr. FLETCHER. I will say to the Senator that the view of the committee in discussing the situation was that, as it had some communications from time to time in reference to the Reconstruction Finance Corporation, it ought to have express authority of the Senate to make inquiry of the Reconstruction Finance Corporation and to look into the operations and procedure of that organization. That is all the resolution proposes, a general authority upon the part of the Senate to enable the committee to inquire of the Reconstruction Finance Corporation respecting their procedure and operations, and to consider such matters as may be worth while and report them to the Senate if we find anything that should be reported.

Mr. FESS. Cannot any Senator do that without the adoption of a resolution?

Mr. FLETCHER. It was thought not. That suggestion was made—that it could probably be done anyway—but it was thought by the committee that they ought to have authority in the Senate to make any inquiry they might want to make.

Mr. FESS. Was there any objection in the committee to the resolution?

Mr. FLETCHER. No; the action on the part of the committee was unanimous.

Mr. FESS. I have no objection.

Mr. McNARY. Mr. President, what is the request of the Senator from Florida?

Mr. FLETCHER. I have asked for the consideration of a resolution authorizing the Committee on Banking and Currency to make inquiry respecting the transactions and operations of the Reconstruction Finance Corporation. It grants general authority.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

BILLS INTRODUCED

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

By Mr. COPELAND:

A bill (S. 1575) for the relief of Jacob G. Ackerman; and
A bill (S. 1576) for the relief of Benjamin Stern, and Melville A. Stern and Benjamin Stern, as executors under the last will and testament of Louis Stern, deceased, and Arthur H. Hahlo, as executor under the last will and testament of Isaac Stern, deceased, all of New York City, N.Y., for compensation and in settlement of their damages and loss sustained by virtue of a lease in writing, dated September 12, 1919, between the said parties and the United States of America, by Daniel C. Roper, Commissioner of Internal Revenue; to the Committee on Claims.

A bill (S. 1577) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.; to the Committee on Commerce.

A bill (S. 1578) to amend the Code of Laws for the District of Columbia in relation to providing assistance against old-age want; to the Committee on the District of Columbia.

By Mr. McADOO:

A bill (S. 1579) to amend paragraph (8) of section 1 of the Interstate Commerce Act, as amended; to the Committee on Interstate Commerce.

By Mr. ASHURST:

A bill (S. 1582) to amend section 1025 of the Revised Statutes of the United States; to the Committee on the Judiciary.

GOVERNMENT OF AMERICAN SAMOA

Mr. TYDINGS. Mr. President, I ask unanimous consent to introduce a bill providing a government for American Samoa and ask that it be referred to the appropriate committee.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred.

The bill (S. 1574) to provide a government for American Samoa was read twice by its title and referred to the Committee on Territories and Insular Affairs.

Mr. TYDINGS. Mr. President, in connection with the bill just introduced by me I ask unanimous consent to have printed in the RECORD a very short but comprehensive report upon the subject of granting a local government to American Samoa.

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

[Senate Report No. 195, Seventy-second Congress, first session]

GOVERNMENT FOR AMERICAN SAMOA

Mr. Bingham, from the Committee on Territories and Insular Affairs, submitted the following report (to accompany S. 417):

The Committee on Territories and Insular Affairs, to whom was referred the bill (S. 417) to provide a government for American Samoa, having considered the same, reports favorably thereon and recommends that the bill do pass.

This bill carries out the recommendations, as embodied in Senate Document No. 249, Seventy-first Congress, of the American Samoan Commission, appointed under authority of Public Resolution No. 89, Seventieth Congress, "To provide for accepting, ratifying, and confirming the cessions of certain islands of the Samoan group to the United States, and for other purposes", approved February 20, 1929, and Public Resolution No. 3, Seventy-first Congress, approved May 22, 1929, amendatory thereof.

In brief, the bill provides that the people of American Samoa shall make their own laws, subject to the veto of the Governor, and with the right of appeal to the President of the United States, if they choose to override the Governor's veto. The bill gives them American citizenship and grants them the right of appeal in all important legal cases to the Federal District Court in Honolulu, Territory of Hawaii. The proposed organic act sets up a very considerable measure of self-government for the people of American Samoa, which is made as flexible as possible so as to allow them to develop themselves, should they choose, away from their present communal system of social organization and property into one more completely in tune with American civilization, and at the same time permitting them to maintain such native customs not in conflict therewith which they may wish to preserve. The bill of rights which it embodies has been phrased as near as may be in consonance with the language of the Con-

stitution on those subjects calculated to afford protection to the individual, without doing violence to long-established native institutions.

In short, the bill gives to these islands in the South Seas a provincial status as a body politic, with its own bill of rights as its guaranty of personal liberties and with a continuation of its present organization of government changed only in two important matters; first, by removing from the Governor all judicial power and legislative authority except the veto and the initiation of legislation, and, second, by abolishing the office of the secretary of native affairs and providing for a chief justice, independent of the Governor, to perform all the judicial functions of that former office, and for an attorney general to perform the other duties thereof. It is provided that the Governor, attorney general, and chief justice shall be appointed by the President by and with the advice and consent of the Senate of the United States, the first two to hold office at the pleasure of the President, and the chief justice for a term of 4 years.

Prior to the year 1900 the people of American Samoa governed themselves. They have never been conquered. They were independent, but some 30 years ago, in view of the annexation of various groups of islands in the Pacific by Germany and Great Britain, the chiefs of these islands turned to the United States and asked us to take them over. The United States was allotted the suzerainty over the islands of eastern Samoa, but practically nothing was done about it by our Government except that President McKinley authorized the Navy to govern them as a naval station. Two years ago the Congress accepted the offer so long ago made by the chiefs, and by the resolution previously referred to in this report authorized the President to appoint a commission, consisting of 2 Members of the Senate and 2 Members of the House of Representatives and 3 native chiefs, to recommend legislation in the interests of these people. The American members of this commission visited the islands of eastern Samoa last September, and a few weeks ago the commission presented its report to the Congress.

Under the generally highly beneficent rule of the Navy important changes in native culture and thought during the span of a generation have taken place, and have reached a point where, your committee believes, the people of American Samoa are entitled to have their own form of government. Careful study has been given to the recommendations of the American Samoan Commission as embodied in the bill which is the subject of this report, and your committee strongly urges the passage of the bill during the present session.

The following excerpt from the report of the American Samoan Commission affords a historical, geographical, and ethnological view of the islands of eastern, or American, Samoa and their interesting people:

"The islands of American Samoa from east to west are Rose Island, Tau, Olosega, Ofu, Aunu'u, and Tutuila, with Swains Island distant 207 miles northward of Tutuila. Rose Island is a coral atoll, uninhabited. Swains Island is a low coral island not over 20 feet in elevation, with a population of 98 persons engaged in producing copra from about 800 acres of coconuts. The others are high islands of volcanic origin. The islands of Tau, Olosega, and Ofu are known as the 'Manua Group', and the island of Aunu'u is included generally in the name 'Tutuila.' The sovereignty of the United States was extended to Swains Island and the island made a part of American Samoa by a joint resolution of Congress approved March 4, 1925.

"The largest island, Tutuila, of irregular shape, with an area estimated at 40.2 square miles, is about 17 miles long and nearly 6 miles wide in the widest part, and is situated about 14° south of the Equator. It is distant from Honolulu 2,275 miles, from San Diego 4,190 miles, from San Francisco 4,150 miles, from New Zealand 1,565 miles, from Fiji 688 miles, from Guam 3,159 miles, from Manila 4,505 miles, and from Apia, in western Samoa, 80 miles. A rugged ridge extends nearly the entire length of the island. What little level land there is lies at the foot of the mountains along the coast, except along the southwestern part of the island, where there is a plain devoted to coconut plantings. The mountains are heavily wooded and the island right to the water's edge is a mass of foliage of rare tropical luxuriance. Pagopago Bay, 'the safest and best harbor in the South Seas', cuts the island nearly in two and, because of its shape, affords to ships smooth water during the heavier weather. On the bay is the old village of Pagopago and the naval station. Fagatoga lies behind the naval station. The harbor with its two wharves is well buoyed, but lighted dimly. Other harbors of some importance are Leone and Fagaitua on the south side and Fagasa and Masefau on the north side, all of little value except Leone. The highest point on Tutuila is Matafao, 2,141 feet in elevation.

"Tau, 67.5 miles east of Tutuila, 14 square miles in area, rises like a huge cone to an elevation of nearly 3,000 feet. It has no harbor, but has one good anchorage. Olosega and Ofu, with a combined area of 3.7 square miles, are separated from Tau by a channel 6 miles wide. Both are rugged and mountainous.

"Natural passages to the landing beaches through the coral reefs have been widened by blasting. These need much improvement, however, before they can be relied upon for safety. On none of the islands are there any sizable tracts of unemployed arable land.

"The climate is tropical and equable, the temperature ranging from an average of 82.28° in February to an average of 80.21° in July. The humidity is always high and the rainfall heavy, the an-

nual average for 26 years being 197.15 inches. Hurricanes of great violence have occurred at intervals of about 10 years.

"With the possible exception of Rose Island, there is no 'public' land, as that term is generally employed. Claimants exist for land even in the seemingly inaccessible portions, for even to those areas persons penetrate for the gathering of fiber plants, dyes, land crabs, and other products of the forests.

"The native inhabitants, racially considered, are Polynesians, cousins of the Maoris of New Zealand and the Hawaiians of the Territory of Hawaii. The ethnologists of the Bishop Museum testified that the Polynesian race is a mixed race, with two elements predominant, Caucasoid and Mongoloid. There are no Negroid elements in the race. Their faces, of a light brown, have many distinctive marks of the European. The Samoan man is well formed, erect in bearing, with straight nose, chin firm and strong, forehead high, and hair black and soft, sometimes wavy. The women mature and age early. They do not preserve their early promise to the middle years as do the men. The 1930 census reported a total population of 10,055 souls, distributed as follows: Tutuila, 7,809; Tau, 1,243; Ofu, 466; Olosega, 438; Swains Island, 98. Of this number the number of white persons, excluding the 179 Navy personnel but including missionaries, is 45, and the number of half-castes, part Samoans and mixed bloods, is 818. The last figure includes the following mixed bloods: Part Japanese, 25; part Filipinos, 8; part Negroes, 8; part Chinese, 7; part Fijian, 6; part Javanese, 3.

"The Samoan social organization was the chieftain system. Each family group elected or selected its own head. His title was that of "matai", and he ruled the family so long as he furnished it efficient leadership. When he became inefficient he was deposed. He held the power of life and death over the group. The semblance of the office remains, although shorn of this arbitrary power. Today the family group discusses matters, led by the matai. No votes are taken. Conclusions are reached after much deliberation, and when once arrived at the matai speaks for the family group. Originally the family lands were worked by the family and practically everything was owned in common, as it were, used and consumed by those who required it. There was under this system no incentive to effort on the part of the individual. Thrift brought no reward. However, 30 years of contact with American civilization has weakened this communal organization. The idea of personal property owned by the individual has infiltrated deeply. There are complaints from those not matais that the leadership of old is lacking and that it is not practical now to depose a matai. The schools have hastened the new ideas. The children are oriented away from the old culture. The thinkers among the chiefs wish the best for their children, but admit that the changes have come and that sooner or later much of the old order will go. They look at these changes regretfully, but turn with hope and confidence to the possibilities of the future.

"The chiefs of Samoa are courteous gentlemen of great personal dignity, perfect hosts, living in a society nearly free from industrialism, where food is abundant and nature prodigal in her beauty. They love to entertain—with speeches full of high-sounding phrases and Biblical references, with songs in chorus and dances, with elaborate presentations of food and gifts, and, above all, with the ceremonies of kava drinking in which their rank is recognized by the order of service of the cup. The thing of greatest prize to a chief is his title and the status it affords. They love the 'malaga' or journey of ceremony, now curbed by law. It is becoming increasingly difficult for them to do these things.

"The only newspaper is the Government sheet O le Fa'atonu, used chiefly to proclaim notices of various kinds. Every village has one or more churches. Christianity came to Samoa in 1830. Most of the Samoans are church members, and nearly everybody goes to church. Family prayers are the rule, and Sunday is a day of rest. The people are intelligent, amiable, and hospitable to a remarkable degree. Every head matai is supposed to have a guest house.

"There are no factories. Every family can raise or make those things needed for food and shelter. But new wants and appetites are changing this situation. Under the Navy administration the health of the people is good. Contact with the outside world exists through the naval radio station and the triweekly mail steamers.

"The public-school system consists of 21 schools with a teaching staff of 52. Thirteen of these schools complete fourth-grade work, six schools complete sixth-grade work, and two schools complete eighth-grade work. Five of the teachers are white. Education is supposed to be compulsory through the fourth grade, but from 15 to 20 percent of the children of school age do not attend school. All but two of the schools are poorly equipped. Because of the poor pay the best teachers leave the service when opportunity offers.

"Samoa is a one-crop country, and the crop is copra, sold by the Government for the producers. In 1929 the production was 1,687 tons, which sold for \$147,215.90. The handling charges less shrinkage were \$13,303.09.

"For 1930 there are 2,299 taxpayers. The inventory of island-government assets as of June 30, 1930, stands at \$261,365.68, of which sum \$174,220 represents the value of land and \$72,440 the value of buildings and structures. For the fiscal year ended June 30, 1930, the total expenditures of the island government

were \$131,929.48, while the receipts were \$133,772.05. Of these receipts the native tax department produced \$22,091.50 and the customs department \$95,739.53."

AMENDMENT GASOLINE TAX BILL—TARIFF ADJUSTMENTS

Mr. HATFIELD submitted an amendment intended to be proposed by him to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

INVESTIGATION OF BANKING OPERATIONS

Mr. FLETCHER submitted the following resolution (S.Res. 70), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That Senate Resolution No. 56, agreed to April 4, 1933, authorizing and directing the Committee on Banking and Currency to make investigations of the business of banking, financing, and extending credit and other practices therein mentioned in addition to the authority contained in Resolution No. 84, agreed to March 4, 1932, hereby is continued in full force and effect until the beginning of the second session of the Seventy-third Congress, and the amount authorized to be expended from the contingent fund of the Senate for above-mentioned purposes hereby is increased \$25,000 in addition to the amounts previously authorized to be expended in pursuance of the purposes of such resolutions.

PRINTING OF HEARINGS ON "30-HOUR WORK WEEK"

Mr. BLACK submitted the following resolution (S.Res. 71), which was referred to the Committee on Printing:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on the Judiciary of the Senate be, and is hereby, empowered to have printed for its use 1,000 additional copies of the hearings held before a subcommittee of said committee relative to "30-hour work week", Seventy-second Congress, second session.

INVESTIGATION OF CONCESSIONS IN FOREIGN COUNTRIES

Mr. WHEELER submitted the following resolution (S.Res. 72), which was referred to the Committee on Foreign Relations:

Whereas American investments abroad, already amounting to many billions of dollars, are increasing rapidly, especially since the World War, and are alleged in a number of instances to be conditioned upon unjustifiable concessions from foreign governments which lack capital but desire to develop their resources; and

Whereas such concessions if unjust in their terms endanger legitimate investments abroad; and

Whereas controversies regarding the rights and duties of holders of such concessions constitute an increasingly important part of the foreign relations of this Government and produce tension which has frequently led to armed intervention and may lead to war: Therefore be it

Resolved, That the Committee on Foreign Relations, or any duly authorized subcommittee thereof, is authorized to investigate the terms and conditions under which concessions have been procured in foreign countries by United States citizens and by corporations and other associations in which United States citizens are financially interested, and the nature and extent of such concessions, with particular reference to (1) the source and sanction of such concessions; (2) the record, precedents, and traditions of the Government of the United States in its foreign relations since its establishment, insofar as the rights and duties incident to such concessions constitute the subject matter of international official correspondence; and (3) the principal aspects of public policy involved in the treatment, as property rights for purposes of diplomatic protection, of such concessions.

For the purposes of this resolution such committee or subcommittee is authorized to hold hearings, to sit and act at such times and places, to employ such experts and clerical, stenographic, and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and to take such testimony and to make such expenditures as it deems advisable. The cost of stenographic service to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of such committee or subcommittee shall not exceed \$30,000, and shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of such committee or subcommittee. Such committee or subcommittee shall make a final report to the Senate as to its findings at the beginning of the second session of the Seventy-third Congress.

MUSCLE SHOALS—ATTITUDE OF UNITED STATES CHAMBER OF COMMERCE

Mr. NORRIS. Mr. President, there was prepared for my use in the debate on the so-called "Muscle Shoals bill" which was passed by the Senate yesterday some information showing the connection of the Chamber of Commerce of the United States with the National Electric Light Association.

It reached me yesterday at a time when I had no opportunity to examine it, and I did not use it. I ask unanimous consent that it may be printed in the RECORD.

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

THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA, "BIG BROTHER" OF THE NATIONAL ELECTRIC LIGHT ASSOCIATION

On April 10 President Roosevelt sent a message to Congress urging immediate legislation to carry out his plan for the development of the Tennessee Valley, which involves public ownership and operation of the famous Muscle Shoals plant.

On April 13 President Henry I. Harriman, of the Chamber of Commerce of the United States, sent a letter to member chambers throughout the Nation reiterating the policy of the chamber which demands "the Muscle Shoals project should be sold or leased, as is, on the best possible terms." Also, that in the event the Government should decide to operate the generating plants at Muscle Shoals "the Federal Government should always leave the transmission and distribution of power to other agencies"; meaning, of course, to private power companies. It is to be expected as on previous occasions of this sort Senators and Congressmen will be deluged with letters and telegrams from local chambers of commerce urging opposition to the Muscle Shoals bill of Senator NORRIS.

The election of Mr. Harriman to the presidency of the National Chamber of Commerce was supposed to inaugurate a new era in the administration of that body. It is an open secret that thousands of conservative business men and manufacturers have become restive and disgusted with the domination of the affairs of the chamber for the last 13 years by monopolistic big business headed by the utilities, the power combine in particular.

It is surprising, therefore, that although no doubt justified in expressing officially established policy on the Muscle Shoals question which has not been reversed, Mr. Harriman should resort to the same tactics of omission and misrepresentation of facts which has characterized his predecessors since 1920.

For example, in order to alarm the country over the vast amount of the taxpayers' money further to be invested in this project, assumedly at once, Mr. Harriman says:

"An independent governmentally owned primary transmission system for adjacent territory would cost \$85,000,000, according to estimates made by the corps of engineers for the Muscle Shoals Commission."

The reference is to the commission appointed by President Hoover and the Governors of Tennessee and Alabama, which made its report November 14, 1931, and was promptly transmitted to Congress where it fell flat because it was well known that every member of the commission was hostile to public operation and its conclusions were foreordained.

There was no "corps of engineers" employed by the commission. One Army engineer, Lt. Col. C. M. Tyler, made two reports to the commission, one The Cost to the Federal Government of Transmitting and Selling Muscle Shoals Power, and the other Economics of Proposed Power Dams, etc.

The findings of this gentleman, however, were not taken seriously because both Senate and House committees a few short months previously had investigated the activities of Colonel Tyler when he was chief engineer of the Federal Power Commission and working in closest harmony with F. E. Bonner, the executive secretary, the two of them being the principal agents in carrying out President Hoover's policy of undermining and wrecking the Federal Water Power Act. The evidence unearthed caused Senator COZZENS, of Michigan, to declare, "It is one of the rottenest exhibitions of government I have ever heard of."

Shockingly enough, Mr. Harriman is not content with the inflated estimates of this engineer. In table V, Estimated Investment in Power Properties (p. 72, Conn. Rept.) Colonel Tyler sets out his annual figures from 1932 to 1946. He arrives in 1946, through ridiculous juggling, at \$56,713,000 invested in high voltage transmission lines and substations, which includes \$4,650,000 for farm lines. Nowhere does Colonel Tyler estimate \$85,000,000 as necessary for "a primary transmission system."

Again, says Mr. Harriman:

"The duplication of public service facilities is uneconomical and must ultimately result in added cost to consumers."

This is a flat misrepresentation of facts of utility history inexcusable in the leading spokesman for American business men, especially for a utility man which Mr. Harriman is. He is challenged to produce a single instance in which municipal competition with private power plants has raised rates. He knows, or ought to know, that such public competition has reduced rates in his own State of Massachusetts; that the small 3-cent plant at Cleveland, Ohio, in the 19 years of its life has forced the Cleveland Illuminating Co. to reduce its domestic rates from 10 cents to, now, 4 cents per kilowatt-hour and has saved "the consumers" of that city at least \$40,000,000; that the city light plant of Seattle, Wash., in competition with the Puget Sound Light & Power Co., controlled by the Stone & Webster Co., of Boston, is saving the consumers \$10,000,000 annually, to be conservative.

Another case is that of Springfield, Ill., which saves the citizens of that municipality around \$650,000 annually, in direct competition with an Insull concern. Such instances could be easily multiplied.

It is submitted that the "business men" and manufacturers of such cities over the Nation are saving millions of dollars an-

nally by reason of public competition and that Mr. Harriman is not serving their best interests by sponsoring this deliberate misstatement of truth long reiterated by Power Trust propagandists. Again, Mr. Harriman says:

"The private properties that are now serving the public in the region of Muscle Shoals were built and are now being operated under public regulation. These would be destroyed by Government competition. A wholly different relation to existing facilities was provided in legislation of New York creating the 'Power Authority of the State of New York' (ch. 772, Apr. 27, 1931) as shown in the following comparisons of provisions contained in these different measures."

The first of these distinctions is that the New York act "offers power at the dam", but bills for the Federal authority "offer power within transmission distance."

After making other distinctions Mr. Harriman goes on to say:

"* * * It would seem only fair and reasonable that industries already established and which have long been engaged in the development of the Muscle Shoals region are entitled to an opportunity to cooperate with the Federal Government under some such law as New York has enacted rather than be faced with Federal competition in their fields, the competition being on a basis which no enterprise can meet. * * * We also desire the devoting of the Muscle Shoals properties to their best use as soon as practicable. I believe, however, that this requires proper safeguards for private business and private investment in both the power and fertilizer fields."

Without being specific, Mr. Harriman here cleverly leaves the reader with the inference that this act, since it was promoted and signed by Governor Roosevelt, embodies his policy as to transmission and distribution. If he desired to be fair to Governor, now President, Roosevelt in interpreting the New York act to American business men and the public, he would have set forth the conditions under which Governor Roosevelt held St. Lawrence power should be sold to private companies for transmission and distribution and resale. But neither Mr. Harriman nor the spokesmen for the power interests and their lobbyists now swarming in Washington deign to mention those conditions.

They are set forth in the first message Governor Roosevelt sent to the New York Legislature on this subject, March 12, 1929. (See Public Papers of Gov. Franklin D. Roosevelt, published by New York State, pp. 153-160.) The Governor said:

"(2) Power developed therefrom shall be transmitted and distributed, if possible, through the employment of private capital, so as to secure adequate distribution throughout the State. This distribution, however, shall secure the lowest rates to consumers compatible with a fair and reasonable return on actual cash outlay; that is to say, operating expenses, capital outlay, representing money actually spent in plant investment and working capital, with reasonable allowance for obsolescence and depreciation and a return on the investment not exceeding the interest actually paid on borrowed money and dividend rates not in excess of current rates on preferred stock and not to exceed 8 percent on all other cash capital. In other words, the power generated by the agency of the State, called the trustees, shall be sold on a contract basis, which will take into definite consideration all the steps between the sale at the power house and the ultimate sale to the home owner or industrial establishment."

More, the Governor appended a bill of his own drafting, in which in sections 3 to 5 thereof he set forth in more exact legal language his idea of not to exceed 8 percent return on "actual cash outlay" in transmission and distribution systems. He went farther and provided:

"The report shall also present the comparative advantages and disadvantages of transmission and distribution of such hydroelectric power through private and public agencies and shall indicate their recommendations in that respect."

In his message he said:

"Are the business men of this State willing to transmit and distribute this latent water power on a fair return on their investment? If not, then the State may have to go into the transmission business itself," which would involve "public ownership and operation not only of the site, the dam, and the power, but of transmission lines and distribution systems as well."

Mr. Harriman knows, or should know, that Governor Roosevelt was unable to secure all that he wanted from a hostile Republican legislature dominated by the utility interests. They yielded on public ownership and operation of the power plant, but balked on public transmission, which is the crux of the Muscle Shoals conflict now raging in Congress.

Mr. Harriman in this letter and all the great power executives in their public statements profess great admiration of and support for the President's Tennessee plan save only transmission and distribution lines operated by the Government and the municipalities—the final thing absolutely necessary to guarantee genuinely cheap electric service to the business men, small manufacturers, and householders of the entire Tennessee region.

President Roosevelt has thus set up what Mr. Harriman says he desires—"proper safeguards for private business and private investment" in power facilities. Let him now state whether he and his colleagues will accept Roosevelt's conditions.

THE CHANGED POLICY

In this letter of April 13, 1933, Mr. Harriman says: "The Chamber of Commerce of the United States in 1930, having learned that the maintenance of the Muscle Shoals properties for the purpose of national defense was no longer necessary,

recommended that 'the Muscle Shoals project should be sold or leased, as is, on the best possible terms.'" (Italics ours.)

The inference is that the chamber had taken no action prior to 1930 in respect to Muscle Shoals. This is technically correct as respects any official action on the part of the rank and file of the membership, by which alone a policy may be announced by the directors and officials. It wholly overlooks the fact that for several years, without such authorization by the rank and file, the officials had been conducting a campaign against the Ford offer and against any public operation of Muscle Shoals, Boulder Dam, and public ownership and operation in general. In fact, the rank and file were not consulted on the subject of public ownership of power plants, generally or specifically, until 1930, when a referendum was had.

This brings to light an amazing change in the policy of the president and directors of the national chamber, as well as the more important of its local branches. It should be of interest to the rank and file of competitive business men, as well as the country at large, to know exactly what happened.

ENTER THE UTILITY PROMOTERS

We need at this point to take a brief look at the activities of the National Electric Light Association, trade organization of the electric industry, the company members of which, in 1928, generated around 90 percent of the total national output of power.

Immediately following the World War the activities of this organization were stepped up, and there ensued the greatest era of propaganda, newspaper control, and political activity ever undertaken by any industry in the Nation's history, the railroads not excluded. The root cause of this effort lies in the revolution brought about by the perfection of long-distance transmission, which brought in the superpower system, displaced local generating plants, and cut the production and distribution costs 50 percent, thus causing a new era of stock watering.

In its own house it organized a tremendous central propaganda bureau in New York and established some 28 State "information bureaus", the first being organized in 1919 by Samuel Insull in Chicago. It set up a committee to cooperate with college and university professors. Through millions spent in advertising and by direct purchase it controlled a majority of the newspapers, big and little. It entered politics, local, State, and national, and was squarely behind the elections of Presidents Harding, Coolidge, and Hoover. In short, it aimed to control the thinking and political action of the Nation.

BANKERS COOPERATE

Closely affiliated were all the great banking houses and bankers of the Nation and stock gamblers of every kind.

Outside its own house, it brought influence to bear so that its policies, catch words, and misinformation as to electrical service were copied and promulgated by the United States Chamber of Commerce, the American Bar Association, the American Association of Railroad and Utility Commissioners, the American Engineering Council, mechanical and electrical engineering societies, and, of course, the American Bankers Association and the Association of Investment Bankers. It enlisted the support of Herbert Hoover.

In 1927 it organized the "Joint Committee of National Utility Associations", with the Hon. George B. Cortelyou as chairman, through which the electric, gas, and street-railway industries combined and raised a fund of \$400,000 specifically to defeat the Senate resolution of the late Senator Thomas J. Walsh for an investigation of the Power Trust; also to defeat the Swing-Johnson Boulder Dam bill and the Norris bill for Muscle Shoals.

All went smoothly until the investigation of the industry by the Federal Trade Commission under the Walsh resolution began in 1928 and with it began the exposé both as to propaganda and financial jugglery. The 1929 stock-market crash followed by the collapse of the House of Insull in 1932 brought general condemnation upon the industry.

From 1920 to 1932 Samuel Insull, of Chicago, and Sidney Z. Mitchell, of Electric Bond & Share Co., dominated the policies of the National Electric Light Association. In 1932-33 the House of Morgan gained control by the election of officers and transformed the association into the Edison Electric Institute, with Floyd L. Carlisle, head of the Niagara-Hudson Power Corporation, in control.

THE OLD AND THE NEW CHAMBER OF COMMERCE

Return now to the United States Chamber of Commerce. Founded in 1912, it was set up as a "democracy of business", in which the rank and file of small competitive business men should have equal or greater voice in determining policies as monopolistic big business. That policy was fairly well followed and the affairs of the chamber were in the hands of business men, per se, who fairly represented the rank and file of competitive business. Since about 1920, however, especially in respect to banking and utility matters, the interests of little business men have been disregarded by bankers and utility men who sought and gained election to the necessary key positions.

WHO IS HENRY I. HARRIMAN?

It is to be feared that Mr. Harriman will not go far in support of Mr. Roosevelt's doctrines, especially when his financial connections are considered. Follows the report of Poor's Register of Directors for 1932:

Bellows Falls Canal Co., president and director; Bellows Falls Power Co., director; Boston Chamber of Commerce, president, chairman executive committee, and director; Boston Chamber of Commerce Realty Trust, trustee; Central Massachusetts Electric

Co., director; Fall Mountain Electric Co., president and director; Gardner Electric Light Co., director; Hoosac Tunnel & Wilmington Railroad, vice president and director; Kennebec Co., trustee; Lawrence Gas & Electric Co., director; Lowell Electric Light Corporation, director; Massachusetts Lighting Companies, trustee; Massachusetts Utilities Associates, vice chairman, member executive committee, and trustee; Metropolitan Planning Board, director; New England Power Association, vice chairman of board and executive director; Rhode Island Power Transmission Co., director; Worcester Suburban Electric Co., director; Arthur T. McIntosh Land Association of Chicago, president; The University Club Realty Trust, trustee; New England Trust Co., director; Boston Elevated Railway, chairman of board of public trustees; Metropolitan Transit District of Boston, trustee; Atlantic National Bank, director; L. O. Cattle Co. of Montana, director; Emerald Bay Corporation, director.

HARRIMAN BEFORE THE FEDERAL TRADE COMMISSION

"Who's Who on the Board, 1932-33," of the United States Chamber of Commerce gives President Harriman's "predominant business affiliations" as "chairman of the board of the New England Power Association."

The Federal Trade Commission's investigation of this great holding company makes a volume of 1,125 pages. From this we learn that that company controls some 14 other companies and is in turn controlled by the gigantic International Paper & Power Co., of which A. R. Graustein is president. Graustein's attempt to buy up in 1928 a large number of daily newspapers, including several in the South, was halted when his manipulations were exposed by the Trade Commission's investigations. (See S.Doc. 92, pts. 31-32, to which page reference will hereafter be made.)

Mr. Harriman's testimony and cross-examination on March 17, 1931, are illuminating (pp. 248-294). Here we find that back in 1906 Mr. Harriman and Malcolm C. Chace formed a partnership and started in the power business. Later they incorporated under many other names also. Two of their ventures here noted are characteristic. The Deerfield Valley lies on the Massachusetts-Vermont line, and it constitutes a fine power site, developed supposedly by the Deerfield River Power Co., which Chace and Harriman acquired in 1911 from Martin A. Brown and associates at a cost of \$14,700. In the end, Chace and Harriman turned these lands and water rights over to the New England Power merger and netted therefrom \$454,000 in cash, \$300,000 in notes, and \$2,500,000 in stock (hearings, p. 71). On the stand, Mr. Harriman's memory suddenly went blank on the history of the Deerfield company or what he paid for it. Forced by Judge McCulloch, presiding, to answer, after a battle royal with the chief counsel, he finally recalled that "there was an understanding with Mr. Brown * * * " (p. 285).

Martin A. Brown was called before the Trade Commission later and testified that in 1907 he had bought up the farm lands of the Deerfield Valley as a nondisclosed agent for Chace and Harriman, and in 1911 the Deerfield company was organized at their instance. A letter from Harriman to Brown, dated March 28, 1911, promised Brown a payment of \$14,700, and Brown got his check on April 3, 1911. Brown testified that although there was a reservation of 12,000,000 kilowatt-hours of power for the benefit of the people of that region, they got no benefit from it.

Another instance: In 1906 Chace & Harriman built at Vernon on the Connecticut River a power plant which cost them not over \$1,700,000. When juggled through a series of transfers this item was finally written up to a face value of \$4,500,000. (Hearings, pp. 259-260.)

Mr. Harriman has exhibited no grief over billions of watered stock on which consumers must pay high rates to maintain dividends, but he professes great concern over further investment of actual cash by the Government at Muscle Shoals, which will insure low rates to the people of the South and set an example for the entire Nation. There's the rub. Not once has he objected to the \$150,000,000 Muscle Shoals project being taken over by the power interests at a mere fraction of its real value, which would actually defraud the taxpayers.

As seen, Mr. Harriman continues the policies of his predecessors in the presidency of the United States Chamber of Commerce. It will be instructive to discover just who these presidents were.

PRESIDENTS OF THE UNITED STATES CHAMBER OF COMMERCE, 1920-33, AND THEIR UTILITY CONNECTIONS IN PART

Joseph H. Defrees, Chicago, 1920-22: Lawyer, senior member firm of Defrees, Buckingham & Eaton, utility and corporation lawyers. Buckingham was director and general counsel for the North American Light & Power Co., the Illinois Light & Power Co., etc. Mr. Defrees was an ex-president of the Chicago Chamber of Commerce.

Julius H. Barnes, Duluth and New York, 1922-24: Industrialist and grain dealer, president Barnes-Ames Co., etc. Director J. Henry Schroder Banking Corporation; president United States Food Administration Grain Corporation; also wheat director, etc.

Richard F. Grant, Cleveland and New York, 1924-25: President Lehigh Valley Coal Corporation; director Cleveland Trust Co.; former general counsel and partner Mark A. Hanna & Co., Cleveland, Ohio; former president Cleveland Chamber of Commerce.

John W. O'Leary, Chicago, 1925-27: Banker and utility director; president National Bank of the Republic, since merged with Central Trust Co. under name of Central Republic Bank & Trust Co., of which he is now vice chairman of the board; director Chicago Railway Co., Great Western Railroad Co.; former president Chicago

Association of Commerce; treasurer Illinois State Chamber of Commerce.

Lewis E. Pierson, New York, 1927-28: Banker and utility director; chairman of the board Irving Trust Co.; director and member of the executive committee Electric Bond & Share Co., National Power & Light Co.; director Brooklyn Chamber of Commerce, New York State Chamber of Commerce; past president American Bankers Association and New York State Bankers Association, etc.

William Butterworth, Moline, Ill., 1929-31: Industrialist, banker, and utility director; chairman of the board Deere & Co., Moline, Ill.; president Peoples Saving & Trust Co.; director United Light & Power Co.

Silas H. Strawn, Chicago, 1931-32: Railroad and utility lawyer; senior member Winston, Strawn & Shaw; general solicitor the Alton Railroad; solicitor Michigan Central Railroad; attorney Great Western Railroad, etc.; director Electric Household Utilities Co.; vice president for United States of the International Chamber of Commerce.

Henry I. Harriman, Boston, 1932-33: Power executive; chairman of the board New England Power Association; director or other official of 12 utility or power companies as previously shown.

Hence, the record shows that each one of the presidents of the Chamber of Commerce of the United States since 1920 has had direct affiliation and held official positions with the utility and banking interests. Six of the eight have militantly promoted the program of the Power Trust. Mr. Defrees, one of the founders of the chamber in 1912, was not so pronouncedly pro-utility, while Mr. O'Leary, in his presidential address in 1926 went so far as to say:

"There is a school of economic thought embracing not a small minority of our people which believes that our natural resources should either be controlled by government or operated by government. It is in this field that American business must scrupulously carry on its operations in such a manner that this minority cannot justifiably claim that business is not operated in the public interest."

He mentions water power as a subject of attack. But President O'Leary's warning went unheeded.

BOARD OF DIRECTORS AND DEPARTMENT HEADS

Each of the above gentlemen, as shown by the chamber's record, served on important committees, both before and after reaching the presidency. Each of them automatically has served as a member of the "senior council", which has strong influence in shaping the chamber's policies.

The same records show that several Power Trust officials have held key positions upon the board of directors and as chairman or members of the important committees and departments of the organization, especially those dealing with publicity, utilities, promotion, and natural resources. This will appear later in giving the records of a few of these officials.

REPORTS OF THE ANNUAL MEETINGS OF THE BOARD OF DIRECTORS

A study of the reports of the board of directors, of the resolutions adopted by the annual conventions and of the referendum submitted to the membership over the Nation from 1919 to 1933 discloses scant information concerning and less justification for the strenuous activities of the officials of the chamber in behalf of the Power Trust as shown by the revelations of the power investigation of the Federal Trade Commission and other sources.

The seventh annual meeting of the chamber, May 1, 1919, passed the following resolution:

GOVERNMENT AND BUSINESS

"The very essence of civilization is that there be placed upon the individual only that degree of restraint which shall prevent his encroachment upon the rights of others, thus releasing to the utmost individual initiative in every proper direction.

"Our form of government most effectively expresses and maintains this principle. Within our basic law exists ample provision for such changes as may from time to time be necessary to safeguard our people. It is, therefore, essential that our Government should scrupulously refrain from entering any of the fields of transportation, communication, industry, and commerce, or any phase of business, when it can be successfully undertaken and conducted by private enterprise. Any tendency of government to enter such fields should be carefully weighed in the light of its possible effect upon the very genius of our institutions."

Under the constitution of the organization, no action could be lawfully taken by the national officials in respect to such concrete problems as Muscle Shoals, Boulder Dam, and the St. Lawrence under this general statement without first submitting a proposed definite policy to a referendum vote of the entire membership. Yet under the cover of this vague declaration, never submitted to the membership and passed just 2 years after Lewis E. Pierson, banker and director of the Electric Bond & Share Co., of New York, was elected to the board of directors, Pierson, Philip H. Gadsden, Matthew S. Sloan, all major utility executives, and Julius H. Barnes and Merle Thorpe, editor of Nation's Business, have thrown the chamber into the fight on the side of the Power Trust. It was not until 1930 that a proper referendum was had upon the chamber's policy as to Muscle Shoals and of public ownership of power plants generally.

THE 1930 REFERENDUM

For 10 years an active propaganda against public ownership was conducted by officials of the chamber who were at the same time the officials in charge of the propaganda of the power interests. The records fail to disclose a single instance during this period

in which a publication of the chamber set forth the facts concerning the more than 2,000 municipally owned power plants in the United States.

The ground thus thoroughly prepared, the national officials in November 1930 submitted to referendum of the local organizations the recommendations of a special committee on "National water power policies", which they had appointed the previous year. The recommendations, of course, were hostile to public ownership, declaring that "the development and distribution of electric power is within the proper sphere of private enterprise", etc.—15 recommendations in all. The results were foreordained, especially considering the fact, as is well known, that the returns were made in many, if not most, cases by the local boards of directors, controlled by local utility executives and lawyers, and not submitted to the local rank and file at all. The power companies' views prevailed overwhelmingly, but even under these adverse circumstances, a respectable minority voted against the recommendations. For example, there were 2,660 votes in favor of the committee's recommendations "that the Muscle Shoals project should be sold or leased, as is, on the best possible terms", and 158 against it. This was the official chamber's decision quoted in President Harriman's letter of April 13, 1933, noted above.

It will now be instructive to inquire into the connections and tactics of the great utility executives who as officials of the chamber of commerce have committed American business men at large to their selfish point of view by frightening them into the belief that if a community establishes a public power plant it will probably next go into the shoe business, etc., making no distinction between private competitive business and monopolistic public utilities.

LEWIS E. PIERSON

Power: Director Electric Bond & Share Co., and National Power & Light; member National Electric Light Association. Chairman of the Irving Trust Co., New York.

Chamber: Director 1917-20; director of finance 1920-24; vice president 1924-27; president 1927-28. Member senior council 1928 to date, still serving. During this period Mr. Pierson has also been on the following committees: Public utilities, governing board of Nation's business, publicity, etc.

All together, Mr. Pierson has probably been the most influential factor during his long service of introducing and continuing the policies of the Power Trust as policies of the chamber. The Electric Bond & Share Co., through its control of several southern power companies to be directly affected by public operation of Muscle Shoals, was until recently captained by Sidney Z. Mitchell, a dominating influence in Pierson's bank, and, with Samuel Insull, in the National Electric Light Association. In 1920, Pierson became chairman of the public-utilities committee and also active in propaganda, and was a dominating influence in the Nation's Business, organ of the chamber. The Federal Trade Commission's exhibits carry some illuminating instances of his militant attitude. In 1923, he addressed the National Electric Light Association convention on the subject, Public Utilities and the Public Interest. He argued that public ownership was not in the public interest, that the public must be convinced of this and that "in the creation of this public attitude the public utilities themselves must take the lead—they know better than anyone else the failure of Government ownership." (Trade Commission's Exhibit 732.) In 1927, when president of the chamber of commerce, he addressed a meeting of the national counselors of the chamber at West Baden, Ind., on the subject, The Responsibility of the Business Man to His Government. The business man, he said in effect, was "any citizen from a farmer up", and business men must prevent the destruction of the American Government by preventing the entry of the Government into any business. Power was, of course, emphasized. Hence, "To discharge its responsibility to the Government and the Nation, American business must become militant. It must create a public opinion which can make itself felt when need arises * * * all efforts of our national chamber are destined to be futile unless its member bodies stand ready to uphold its hands when it takes a position upon questions of national concern." (Trade Commission's exhibit 842.) Thousands of copies of this chamber of commerce speech were circulated in pamphlet form by the joint committee of national utility associations in 1927 in its fight against the Walsh resolution to investigate the Power Trust, the Boulder Dam, and the Muscle Shoals bills, then pending in Congress.

POWER POLITICS IN THE CHAMBER OF COMMERCE

A large number of the exhibits of the Federal Trade Commission disclose very active Nation-wide campaigns carried on by the electric, gas, and electric-railway national associations for the elections of Philip H. Gadsden, vice president and director of the United Gas Improvement Co. of Philadelphia, and Matthew S. Sloan, president of the New York Edison Co., to be directors of the United States Chamber of Commerce.

For example, exhibit no. 4126 is a letter dated April 21, 1927, from Paul S. Clapp, managing director of the National Electric Light Association, to John W. Lieb, general manager of the New York Edison Co., "for your guidance in voting at the forthcoming annual meeting of the United States Chamber of Commerce." Attached is a list of "candidates to be supported by the National Electric Light Association." Sloan and Gadsden were, of course, among them.

Incidentally, Mr. Clapp, prior to this position, which he took in 1926, was power secretary to Hon. Herbert Hoover, Secretary of

Commerce. Exhibits 430, 429, 806, 875, 3315, and 3325 will illustrate the Nation-wide activities of the utility men, working inside and outside chambers of commerce for the election of these two particular men. Their importance will now be shown.

PHILIP H. GADSDEN, OF PHILADELPHIA

Utilities: Vice president United Gas Improvement Co., Philadelphia, 1919-33; vice president Charleston (S.C.) Light & Power Co., 1907-17; director Fidelity Mutual Life Insurance Co.; president Southern Gas Association, 1922; president American Electric Railway Association, 1921; vice president (and driving factor) Joint Committee of National Utility Associations, 1927-32; member National Electric Light Association; member American Bar Association.

Chamber: Director, 1921-29; chairman or member important utilities committee, including chairmanship on the governing board of Nation's Business, especially in 1927; director Pennsylvania State Chamber of Commerce; president Philadelphia Chamber of Commerce, 1927 to date.

As already shown, the utilities in 1927 conducted a Nation-wide campaign to reelect Mr. Gadsden Director of the United States Chamber of Commerce. The date is significant, since in that year, as already shown, the power, gas, and street-railroad men formed the joint committee to defeat the Walsh resolution for an investigation of the Power Trust and public operation of Boulder Dam and Muscle Shoals. Gadsden was made vice president and the directing force in this effort. He was to be much in Washington. The utilities needed the chamber's help, and Gadsden was very active in both camps for 2 or 3 years.

Gadsden is not only a public-utility executive but a master lawyer-politician. Back in Charleston, S.C., from whence he came, the law firm of Mordecai & Gadsden dominated the machine which once ran the city and the State of South Carolina as well.

Gadsden's joint committee got results, as shown. Lewis E. Pierson, of the Electric Bond & Share, elected to the national chamber in 1927, promptly delivered an address before the national counselors of the chamber on October 18, 1927, entitled "The Responsibility of the Business Man to His Government" (see Pierson), which was soon "reprinted by permission" and circulated by the joint committee.

One of the editorials of Merle Thorpe, editor of the Nation's Business, Bureaucracy in Fine Flower, which was also reprinted in leaflet form by the joint committee, said: "American business must find an answer, and it is not Government ownership." But Gadsden's exploits were too numerous to be even listed here.

One of Mr. Gadsden's exploits as president of the Philadelphia Chamber of Commerce was to personally call upon Mr. Samuel Insull, in Chicago, and induce him to speak at the ninth annual centenary luncheon of the Philadelphia chamber in the ballroom of the Bellevue-Stratford Hotel on December 10, 1930. The event was announced with great eclat. It was one of Mr. Insull's last public appearances.

MATTHEW S. SLOAN

Power: President the New York Edison Co.; president United Electric Light & Power Co.; president Brooklyn Edison Co., Inc., etc.; director Irving Trust Co., New York; president National Electric Light Association; member executive committee of the Joint Committee of National Utility Associations.

Chamber: Director national resource productions department, 1927 to date; member executive committee United States Chamber of Commerce; member Colorado River committee of chamber; member governing board Nation's Business.

The above are but a few of the numerous official and other connections of Mr. Sloan, which occupies over two pages of the chamber's Who's Who on the Board for 1930-31.

He was one of the most powerful figures from his election as director in 1927 to 1932. He made numerous addresses, which had great weight with the business men of the Nation. In 1925 Mr. Sloan was the chairman of the public relations national section of the National Electric Light Association. He was greatly interested in getting National Electric Light Association propaganda into the universities and even the public schools. The discovery of this attempt by the National Electric Light Association to capture the Nation's educational system was a surprising result of the Trade Commission's investigation and aroused great indignation. Exhibit No. 4167 of the investigation gives proof of this intent. From it we learn that in 1925 in his report to the convention Chairman Sloan said:

"It is perhaps impossible to make our public-relations work so inclusive that it will stretch from the cradle to the grave, but we can at least begin early with it, and there is a particular need for furnishing correct information about our industry in the schools."

How near the cradle was indicated by Chairman Sloan at the 1926 convention. He reported:

"The section has prepared a 32-page book, printed in color, for children. It is titled 'The Ohm Queen', and is intended to tell the story of electrical service in the home, particularly to the young people, who are such an important element in our homes and who will be the future customers, the investors, the voters, and the lawmakers of the future."

JULIUS H. BARNES

Power: No direct connections.

Chamber: President, 1922-24; member senior council, 1924-31; chairman of the board, 1929-32; member of executive committee. Served on numerous committees.

Had Mr. Barnes been as high a power executive as Mr. Sloan, he could not have been a more vigorous fighter against public ownership and operation of electrical utilities than he has been for the past 10 years over the radio, in public speeches, and in his official utterances as an officer of the chamber of commerce. Manifestly his data has been furnished chiefly by the power people and is many times misleading. He even went so far as to make a slashing attack on public ownership before a convention of the International Chamber of Commerce, held in Europe, when attending as a delegate from the United States Chamber of Commerce, this before the United States Chamber of Commerce had announced an official position upon public ownership, yet he presumed to speak officially for American business men as being against public ownership.

SILAS H. STRAWN

Utilities: Senior member of the firm of Winston, Strawn & Shaw, Chicago railroad and utilities lawyers; general solicitor of the Alton Railroad; solicitor Michigan Central Railroad; attorney Chicago Great Western Railroad, New York Central, etc.

Chamber: Honorary vice president, 1928-29; president, 1931-32; member senior council, 1932 to date; chairman executive committee and American committee of the International Chamber of Commerce; member of executive and other committees.

Mr. Strawn is, of course, in sympathy with the general pro-utility policy of the chamber. To vary the presentation we may here give a picture of Mr. Strawn's activities in Chicago, where he ranks as a superadviser for big business. He seldom appears in court and pays little attention to actual legal practice. He has for a number of years been a director of the First National Bank of Chicago and one of the most influential men on the board. While a Republican, he never allows politics to interfere with his own or his clients' business affairs. He helps both Republicans and Democrats to make up their party tickets and collects campaign contributions for both parties in local campaigns.

Mr. Strawn has been a close friend of Samuel Insull for many years, and in 1930 in a bitter fight over a perpetual franchise designed to give Insull control of all the traction facilities of Chicago and the surrounding metropolitan area, Strawn took an active part in fighting on the Insull side. He gave out interviews favoring the ordinance, and with other leading business men signed misleading full-page advertisements to influence a favorable verdict for Insull in the referendum election. He is a member of a number of large corporations.

HARRY C. ABELL, OF NEW ORLEANS, LA.

Power: President National Power & Light Co.; vice president Electric Bond & Share Co.; vice president Electric Power Light Corporation; vice president New Orleans Public Service, Inc.; chairman of the board Memphis Power & Light Co. and Western Tennessee Power & Light Co.; director, Arkansas Power & Light Co., Louisiana Power & Light Co., Mississippi Power & Light Co., Carolina Power & Light Co., and the Knoxville Power & Light Co.

Chamber: Director, national resource productions department, 1930 to date; member, Field Department Committee.

Exhibit No. 3360 and other exhibits and testimony of the Trade Commission investigation show that Mr. Abell represented the Electric Bond & Share Co. on a committee, along with Bernard Mullaney, of the Insull interests, the purpose of which was to standardize the "school pamphlets" being issued by the various propaganda bureaus of the power interests over the Nation. Abell was the director of the National Electric Light Association. It is shown that around 500,000 copies were printed in 1927, and it was hoped 1,000,000 would be printed in 1928.

Other information as to Mr. Abell's activities might be mentioned, but perhaps this is enough.

MERLE THORPE

No summary of the activities of the chamber of commerce men in behalf of the private utilities can omit the name of Mr. Merle Thorpe, versatile and able \$50,000 a year editor of the chamber's official organ, the Nation's Business, since 1919. He has fought their battles in his magazine and in his weekly radio talks, heard by millions over the National Broadcasting Co.'s network, which service is rendered free by the company, which is closely affiliated with the power interests.

On December 29, 1930, in Mr. Thorpe's broadcast on Power and Politics, he bemoaned the interference of our wicked politicians with the beneficent services of the power companies. He repeated the threadbare misrepresentations of Ontario Hydro and gave the inevitable warning to "taxpayers." In 1932-33 he broadcast a series on Our Vanishing Freedom, which warned against governmental interference with "individual initiative" of our corporation leaders. His viewpoint is thus disclosed.

In 1921, at the beginning of the present propower regime, Mr. Thorpe printed an article in the Nation's Business, Fair Play for Public Utilities, by George B. Cortelyou, then president of the American Gas Association, later window-dressing president of the joint committee of national utility associations. The article was hostile to real regulation, which was called paternalistic and which means "increased cost to the consumer."

In the 1923 June issue is an article, The Customer Owner, by Edward N. Hurley of Shipping Board fame who, among other things, is director of several power and railroad companies and now a director of the chamber. The article was hostile to public ownership, Customer Ownership Is the Foil to the Unscrupulous Political Agitator. A good thing for the people.

In the December 1923 issue we have an article on The Blight of Government in Business, by George E. Roberts, vice president

of the National City Bank, New York, who naturally showed up public ownership and control to be a dismal failure. In the next issue Mr. Roberts writes on The Illusion of Federal Commissions, aimed at the Federal Power and Trade Commissions, over which Thorpe grew enthusiastic in an introductory note.

The February issue of 1925 had for Mr. Thorpe a journalistic triumph in the publication of an article, Facts the Senate Never Got, by Samuel S. Wyer, described by the editor as a "distinguished engineer who has just completed a study of Niagara for the Smithsonian Institution. * * * It is a plain statement of facts." The article was aimed directly at the Muscle Shoals bill then pending in Congress, and was specified as a refutation of Senator Norris' claims that the publicly owned and operated system of Ontario was a success.

Thorpe editorially summarized Wyer's conclusions that Ontario Hydro—

First. Is selling more cheaply only to the domestic consumers, who get current below cost.

Second. It is charging more to the industrial users than the cost in the United States.

Third. It is directly subsidized by the Province treasury.

Fourth. It is providing no proper sinking fund.

Finally, "In other words, Ontario is robbing the industrial Peter to pay the domestic Paul. Moreover, it is putting off the inevitable day when the bill for construction and upkeep must be kept."

Every one of these assertions was demonstrated to be absolute misstatements of fact. Now note the connection.

On January 15 the Smithsonian Institution had published a pamphlet by Wyer, Niagara Falls, its Power Possibilities and Preservation, the main purpose of which was an attack on Ontario Hydro timed for the Norris bill fight in Congress. The Federal Trade Commission investigation later proved to an astonished country a sinister connection of the National Electric Light Association with this episode. (See exhibit no. 1182 and Wyer's testimony before the Commission.)

In April 1927 we have an article, The Investment Banker on Guard, by Pliny Jewell, president of the Investment Bankers Association. It carried a cartoon by Fitzpatrick showing Mr. Common People, pocketbook in his hand, blinders over his eyes, walking toward a dark street corner behind which lurk huge hold-up men labeled "Gold Brick", "Blue Sky", and "Get-Rich-Quick." Behind the citizen stands a big policeman with his eye on the crooks whose name is "Investment Bankers Association." This article appeared before the disclosures of the Insull, National City Bank, and similar exploitations aided by this association.

In January 1926, there is a laudatory article, Niagara in Politics, being the review of a book by Professor Mavor of Toronto. The Federal Trade Commission investigation later showed Professor Mavor received money from the National Electric Light Association, which sent 5,000 copies of the book gratis to libraries.

The June issue of 1931 has an article, "Turning Kilowatts into Votes, by Matthew S. Sloan, president of the New York Edison Co. The April issue of 1933 has an article, Muscle Shoals—Operate It or Scrap It, by David J. Guy, a hydroelectrical engineer of the chamber staff. Its viewpoint and data are similar to the arguments and figures being put out by Power Trust spokesmen and seek to show that the Government is entering upon a dangerous and costly experiment in the Roosevelt-Norris plan.

These are but a few of the numerous articles and editorials which show that Editor Thorpe in his conduct of the Nation's Business has played the game of the Power Trust every step of the way since 1919. He is one of the cleverest and most misleading propagandists for special privilege in the United States today. But let us be just to Mr. Thorpe. He has been merely carrying out the desires of the great utility executives on the governing board of the Nation's Business, and in control of the utility policy of the United States Chamber of Commerce.

PROF. E. A. ROSS ON CHAMBERS OF COMMERCE

A remarkable estimate of the true import and influence of the United States Chamber of Commerce and its local chambers in our national life was given by that noted, practical scholar, Prof. E. A. Ross, of Wisconsin University, dean of American sociology, in an address before a conference of progressives held in Washington, D.C., March 11-12, 1931.

Dealing with the influence of chambers of commerce and advertisers over the editorial policy of our newspapers, he said:

"Now that sort of a club is more and more being held over the newspapermen. We now have 1,673 chambers of commerce in this country affiliated with, of course, and under the United States Chamber of Commerce, and these chambers of commerce have a committee on publicity. * * * And that club everywhere is being held over newspapermen in a larger proportion of American towns. * * *

"Another important thing is the tremendous development in recent years in the organization of business men. At the present time only 13 percent of labor in this country is in any way organized. About 12 percent of the farmers are in any way organized. But do you know that from 50 percent to 60 percent of the business men are organized? And not only that but the interesting thing is that the organizations of business men, which include 920,000 business men in 1,673 chambers of commerce, are controlled by the one type. The great bulk of merchandisers, the merchants, are not capitalists essentially. Their income comes in the form of compensation for their activities, their personal efforts. I don't call a man a capitalist until 50 percent or more of his income comes to him by virtue of his owning property. But the upper 20 percent of the organized business men are capitalists,

and they are controlling the minds of the great rank and file of ordinary merchants and causing their chests to swell out with their ego—I am a business man. You can just watch them in recent years get the big head owing to cunning propoganda from up above.

“Now if there is any class in all American history that has formulated its wishes in a more selfish, narrow, and shameless way than the United States Chamber of Commerce, then I should like to have that class shown me. [Applause.] You understand, of course, that they have many hundreds of local organizations; their referendum is invited by the cunning schemers at the top of the United States Chamber of Commerce; and in many cases the local secretary just sends in what the vote is, or in other cases submits to the body of the directors, and in general it does not go to the rank and file and so the people who call for these referenda are people pretty well able to get the kind of answers they want, and I invite you to read the 800 or more referenda if you want an exhibition of the most shameless, most narrow-minded class interest that we have record of. You can read the demands of the American Federation of Labor without blushing. Many of them are demands that we all agree to. They are perfectly reasonable. You can read the demands of organized farmers without blushing. I defy you, if you are not a business man, to read the demands of the United States Chamber of Commerce without blushing.”

MR. W. L. CRADDOCK'S REPORT FROM MISSOURI

A report from Mr. W. L. Craddock, a merchant of the prosperous little city of Mexico, Mo., on what is happening in that State is presented here, since it is typical of every State. Mr. Craddock is not a radical. He is an enterprising business man, interested in his own success and ambitious for the success of his town. His interest in the utility problem was stimulated when he began to compare the rates charged by the municipally owned electric and water plants of the neighboring city of Marshall, Mo., with those charged by the unit of the Missouri Light & Power Co. operating in his town.

The following table published by Mr. Craddock in 1931 is in point:

Marshall, Mo.—Population, 8,100

The Marshall electric plant and water plant is owned and operated by the city for the benefit of their own people. The money stays and circulates in Marshall.

Mexico, Mo.—Population, 8,200

The Mexico electric plant, water plant, gas plant, and ice plant is owned and operated by a private eastern corporation, the Missouri Power & Light Co., for the benefit and private profit of this company, including a network of other holding companies, and finally to the benefit of parent holding company, the North American Co., in New York City.

Mexico, Mo., has—

378 street lights (average 3 watts per person living in Mexico), cost per year-----	\$7,377.60
114 fire hydrants, cost per year-----	5,490.00
1 drinking fountain, cost per month (June 1931), 12,300 gallons-----	42.00
Cost per year for service tendered to schools by Missouri Power & Light Co-----	2,267.82
Heat, light, and water for public library, 1 year-----	386.43

Amounts paid to Missouri Power & Light Co. by Audrain County for year ending June 30, 1931:

Audrain Hospital, for light, water, gas, ice-----	1,872.50
Amount of water used in county jail for—	
April 1931, 16,600 cubic feet of water....	\$56.12
May 1931, 23,300 cubic feet of water....	77.56
June 1931, 22,500 cubic feet of water....	75.00
Audrain Jail, for light, water, gas-----	1,317.11
Audrain Courthouse, for light, heat, water-----	1,729.21
Total-----	4,918.82

This makes a total paid out by our citizens from taxes annually to the Missouri Power & Light Co. of Mexico of \$28,482.67.

Marshall, Mo., has 1,271 street lights (average, 12 watts per person living in Marshall), no cost to city; 248 fire hydrants, no cost to city; 2 drinking fountains, no cost to city.

Actual amount of water used in two fountains would have cost in Marshall for 1 year, \$9.52.

Twenty-two thousand five hundred cubic feet of water is approximately 168,400 gallons. This amount would fill an average large storeroom. One hundred and sixty-eight thousand four hundred gallons per month amounts to over 112 barrels per day (50 gallons to barrel).

Twenty-two thousand five hundred cubic feet of water in Marshall would have cost \$47.33, which is 37 percent less than Mexico's rate.

The city of Marshall furnishes in lights to her citizens free, \$30,807.64, as well as free water service for fire hydrants, drinking fountains, sewer flushing, etc., to the amount of \$12,713.38.

This makes a total of free service and relieves taxpayers in Marshall annually of \$43,521.02.

On investigation, Mr. Craddock found that the Marshall plants were financially sound, that all operating, sinking fund, and interest charges were met out of rates, and nothing came from general taxation.

The M. P. & L. Co.'s gas franchise in Mexico expired and the city refused to renew without a sharp reduction from the \$1.60 per thousand then in force.

Mr. Craddock and some other business men and members of the city council started a movement for public ownership of gas and electricity in their city. To their surprise, they met the determined opposition of the Mexico Chamber of Commerce, whose dominating head was Mr. Paul Eckern, district manager of the Missouri Power & Light Co., supported by the local bankers, etc., with the net result that the power company is still in command of the utility situation in the town.

In the course of the struggle, Mr. Craddock discovered that chambers of commerce in other Missouri towns and in other States were likewise supporting the position of the private utilities and that the literature hostile to public ownership and operation being sent out by the United States Chamber of Commerce in Washington was being used to oppose proper regulation or public ownership in these towns, this not only by business men but by officials of the power companies themselves.

For example, at a mass meeting incident to a struggle over a gas franchise in Booneville in 1931, presided over by T. W. Long, manager of the Booneville district of the Missouri Power & Light Co., Maj. A. B. Bates, of the Kemper Military School, cited examples of the failure of municipal ownership from the national chamber's literature. The material was of the kind being circulated by the National Electric Light Association.

The University City Chamber of Commerce in 1932 opposed in an election a bond issue of \$500,000 for a municipally owned street-lighting system.

The situation in St. Louis was expressed by a letter published in the St. Louis Post Dispatch by W. Keane Small:

“ * * * It has long been a source of wonder to me that the St. Louis Chamber of Commerce, as now organized, can attract the membership of any man who holds to the principle that the best interests of a community are served by measures primarily of benefit to all the people rather than those of benefit to a certain group or of some special interest. * * * Why did it fail to oppose the scandalous transaction by which the Laclede Gas Light Co. was acquired by a group of out-of-town promoters, the stock manipulated, the rate-making valuation inflated, and an additional burden put upon every home in the city? * * * Why is it not now (1931) represented in the contest between the city and the Union Electric Light & Power Co. involving the question of rates? etc.”

These are typical of the actions of chambers of commerce all over Missouri and other States.

It is small wonder that Mr. Craddock has come to the belief that the rank and file of competitive business men should awaken to the fact that the United States Chamber of Commerce does not represent them; that its support of the monopolistic power and other utility companies is untenable and inimical to the best interests of the ultimate consumers and of municipalities overburdened with debt, struggling to free themselves by proper utilization of their own municipal utilities.

ASSISTANT SECRETARY OF INTERIOR—NOTIFICATION TO PRESIDENT

Mr. COSTIGAN. Mr. President, yesterday in executive session the Senate confirmed the nomination of Oscar L. Chapman, of Colorado, to be Assistant Secretary of the Interior. As in executive session, I now ask unanimous consent that the President be notified of such confirmation.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the President will be notified.

MESSAGES FROM THE PRESIDENT

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

RELIEF OF INSURANCE COMPANIES

Mr. FLETCHER. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1094.

The VICE PRESIDENT. The Chair is informed that the bill was considered on a previous occasion and the first committee amendment was agreed to. The question is on the motion of the Senator from Florida.

The motion was agreed to; and the Senate resumed consideration of the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies.

The VICE PRESIDENT. The clerk will state the next amendment reported by the committee.

The CHIEF CLERK. The next amendment of the Committee on Banking and Currency is, on page 2, line 17, to strike out “an amount sufficient” and insert “\$100,000,000 in order to provide funds”; and in line 19, to strike out the word “section” and insert the word “act”, so as to read:

The amount of notes, bonds, debentures, and other such obligations, which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by \$100,000,000 in order to provide funds to carry out the provisions of this act.

The amendment was agreed to.

The next amendment was, on page 3, after line 5, to insert a new section, as follows:

SEC. 3. The Reconstruction Finance Corporation shall not subscribe for, purchase, or accept as collateral for a loan under this act, any preferred stock, notes, bonds, or debentures of any applicant insurance company (1) until the applicant shows to the satisfaction of the Corporation that it can furnish an amount of new capital equal to that for which application is made to the Corporation, (2) if at the time of such subscription, purchase, or acceptance any officer, director, or employee of the applicant is receiving compensation at a rate in excess of \$17,500 per annum, and (3) unless at such time the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any of its officers, directors, or employees, and not to retire any of its stock, notes, bonds, or debentures issued for capital purposes, while any part of the preferred stock, notes, bonds, or debentures of such company is held by the Corporation. For the purposes of this section, the term "compensation" includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise, for personal services.

Mr. BLACK. Mr. President, I desire to submit a suggestion to the Senator from Florida [Mr. FLETCHER] to ascertain whether or not it will meet his approval. I am in thorough sympathy with the object of the measure. As a matter of fact when the Reconstruction Finance Corporation bill was passed originally, I offered an amendment which would have provided a limitation on salaries in connection with all business enterprises borrowing money from the Reconstruction Finance Corporation. So far as the amendment goes it is excellent.

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

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

Mr. BLACK. I yield.

Mr. WALSH. I have an amendment which covers the very point the Senator is discussing.

Mr. BLACK. I do not know what the amendment is.

Mr. WALSH. It is an amendment providing that the same salary limit named in the committee amendment shall be applied to all corporations that borrow money from the Reconstruction Finance Corporation.

Mr. BLACK. I am very much interested in that proposal. I was wondering if the committee amendment with reference to \$17,500 salaries was considered by the committee as being an adequate limitation.

Mr. COUZENS. Mr. President, to whom is the Senator directing his inquiry?

Mr. BLACK. I was directing it to the chairman of the committee, the Senator from Florida [Mr. FLETCHER]. I want to say that I have pending before the Committee on Post Offices and Post Roads a bill which was introduced at the very beginning of this session of Congress. A hearing was held on the bill. The purpose of the bill was to prevent the lending of any more money or the renewing of any more loans to business enterprises which pay salaries in excess of a certain amount. The bill also went further and provided a limitation of salaries for those shipping interests and air mail companies which receive subsidies from the Government. Unfortunately the Committee on Post Offices and Post Roads have made no report on the bill.

I have not seen the amendment of the Senator from Massachusetts.

Mr. WALSH. Mr. President, will the Senator from Alabama yield to enable me to offer my amendment?

Mr. BLACK. I shall be glad to hear it read. I yield for that purpose.

Mr. WALSH. I offer the following amendment to the committee amendment.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Massachusetts proposes, on page 3, after line 25, to insert the following new section:

SEC. 4. The Reconstruction Finance Corporation shall not make any loans under the Reconstruction Finance Corporation Act, as amended, or under the Emergency Relief and Construction Act of 1932, (1) if at the time of such loan any officer, director, or employee of the applicant is receiving compensation at a rate in excess of \$17,500, and (2) unless at such time the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any of its officers, directors, or employees while such loan is outstanding. For the purposes of this section the term "compensation" includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise for personal services.

Mr. BLACK. Mr. President, I desire to say, with reference to the amendment of the Senator from Massachusetts, that it needs an addition in order to make it effective. The amendment provides that the Reconstruction Finance Corporation "shall not make any loans", and so forth. In order for the amendment to reach the purpose intended it should provide that it "shall not make or extend any loans", and so forth.

Mr. WALSH. The Senator from Michigan [Mr. COUZENS] called my attention to the fact that the amendment may not include renewals or extended loans, so I have no objection to modifying it to include the words suggested by the Senator. The modification might well be incorporated in line 2 of my amendment, after the word "make", by inserting the words "or renew or extend", so it would read: "The Construction Finance Corporation shall not make or renew or extend any loans", and so forth. I modify the amendment accordingly.

The VICE PRESIDENT. The Senator has the right to modify his amendment.

Mr. COUZENS. Mr. President, I think the amendment needs further modification so that during the existence of any loan no increase in salaries beyond this amount shall be permitted.

Mr. WALSH. I do not seek to make it retroactive.

Mr. COUZENS. Nor do I; but a corporation might today get a loan and 3 months from now might raise the salaries of its executive officers. I do not think the amendment is broad enough to prevent such action. I think it ought to apply not only at the inception of any such loan, but during the existence of any existing loans and any new loans. There are three phases involved.

Mr. BLACK. That can be very easily taken care of by adopting the language of the bill which I have introduced, and I am sure the Senator will be glad to modify his amendment so it would read "while such loan is outstanding and unpaid." In other words, there shall be a limitation while the loan is outstanding and unpaid.

Mr. President, I desire to speak briefly on the amendment.

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

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

Mr. BLACK. Certainly.

Mr. ROBINSON of Indiana. I understand the Senator's amendment to provide that salaries paid from all sources shall not be more than \$17,500 to any executive officer?

Mr. BLACK. I rose to offer an amendment of my own, but yielded to the Senator from Massachusetts, who desired to offer an amendment. I have not had an opportunity of carefully studying his amendment.

I will say that my amendment proposes a limitation of \$12,500, which in my personal judgment is enough for any official or employee of a company that has to come to the United States Government to obtain money to operate its business. I raised that question when the original Reconstruction Finance Corporation Act was under consideration in the Senate. My recollection is that my amendment received 18 votes in the Senate. I then offered a limitation of \$12,500. I then offered a limitation of \$25,000. I then offered a limitation of \$50,000. I then offered a limitation of \$100,000. The Senate voted each proposal down. Since that time millions and millions of dollars have been loaned

by the Government through the Reconstruction Finance Corporation.

I have in my desk a record showing that companies which have been borrowing money from the United States Government have been paying salaries of more than \$100,000 a year out of Government money. One railroad which, according to the figures I have been able to obtain, had borrowed \$31,000,000, pays three salaries of more than \$100,000 each per year. It pays many salaries of \$75,000 or \$80,000. Insofar as my personal preference is concerned, it is my belief that the Senator from Massachusetts could well propose a limitation of \$12,500. Why should those who use Government money for the purpose of carrying on their business be better paid than the members of the President's Cabinet, when the money to operate their business comes from the same taxpayers who contribute to the payment of the salaries of Cabinet officers of the United States? We have been providing money by the hundreds of millions, and it has been going out for the purpose of paying these huge salaries. This could have been prevented heretofore if the amendment which I offered had been adopted. I am very glad indeed that the Senator from Massachusetts has offered his amendment.

Mr. FLETCHER and Mr. DILL addressed the Chair.

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

Mr. FLETCHER. Mr. President, the Senator asked a question of me a moment ago, which I should like to answer.

Mr. BLACK. Very well; I will yield first to the Senator from Florida.

Mr. FLETCHER. This is the first measure where the question has been presented concretely. The Senate has the opportunity of limiting salaries. First, there was a proposition in the committee to limit them to \$25,000. Then someone suggested \$10,000. Finally the committee agreed on \$17,500. That is the outside figure—"not in excess of \$17,500." After discussing the matter the committee reached the conclusion that that was the fairest and most just amount to name. It is purely arbitrary. We have not any basis for it except general information on the subject. We thought there ought to be a limitation. We do not think it ought to be too high, and we do not think it ought to be so low as to be unreasonable or unjust. We finally agreed on \$17,500. I think that is about the best figure we can name, "not in excess of \$17,500."

Mr. BLACK. Mr. President, I desire to state with reference to such salaries that if private money were being used to operate private business and private money desired to pay \$17,500 or \$50,000, that would be the business of the stockholders. We have, however, adopted an economy program here which has left thousands of veterans without the compensation they have been receiving. It has reduced others. It has greatly reduced the compensation of officers who were wounded in the World War. We have reduced the salary of every Government employee, even those who are receiving less than \$1,000. We have not set up \$17,500 as a standard for Government employees; and I take the position that the very minute a private business enterprise comes to the Federal Government and holds out its hand and asks for money from the taxpayers to operate its business, it should be controlled by the same salary and wage base as the United States Government.

For instance, I do not believe it is fair or proper to tell private business enterprises that they can pay their cabinet officers or their directors or their officials \$17,500 out of the money of the taxpayers while the taxpayers' directors can draw only \$12,500 per year. If the Senator from Massachusetts does not amend his proposal so as to place a limitation of \$12,500, I shall offer to amend it myself.

I desire to ask the Senator from Massachusetts if he does not think that with the salaries which the Government has established as standard, \$12,500 is a sufficient salary for those who are paid out of Government money.

Mr. WALSH. Mr. President, these salaries are not paid out of Government money. It is my opinion that we have gone pretty far in the original amendment proposed by the

committee, making the limit \$17,500. Personally, I would not have gone quite so far in offering a general amendment. I hope the Senator will not press his suggestion. It seems to me the words "not in excess of \$17,500" are sufficiently drastic for the purposes we have in mind. Of course, none of this money that is borrowed from the Government is necessarily applied for salaries.

Mr. BLACK. Of course it may not be.

Mr. WALSH. The money is borrowed upon securities of the company. It would help to improve the security, of course, to keep the salary list down to the minimum.

Mr. BLACK. They may not take the money which the Government turns over to them and deliver it directly to those who are drawing salaries; but it is evident that without the Government money the business could not operate. That is the general theory on which they use Government money; and it seems to me we would come nearer meeting the situation if we would recognize that they are worth no more, for instance, than a Cabinet officer of the United States.

Mr. WALSH. The committee have given the matter a good deal of attention, and they inform me that they reached the agreement that \$17,500 was a reasonable limitation; and I am inclined to agree with the committee on that subject.

Mr. BLACK. I wish to state to the Senator that I am very glad indeed that he and others have reached the conclusion that this is a proper limitation.

Mr. WALSH. The Senator from Florida [Mr. FLETCHER] also informs me that this limitation was fixed after consultation with some members of the Reconstruction Finance Corporation.

Mr. BLACK. Before I take my seat I should like to state that there is pending before the Post Office Committee, and has been pending there for several months, and a hearing was held upon it, a measure providing a like limitation for shipping and air mail companies, many of which have been paying exorbitant salaries out of Government subsidies; and it seems to me this would be a very appropriate time for the Post Office Committee to make a report on that measure.

Mr. REED. Mr. President, I should like to call the attention of the Senator from Florida to the language in line 18, page 3. I can scarcely believe it was the intention of the Banking and Currency Committee to prohibit these companies from raising the pay of an office boy or a scrub woman or minor employees of that sort, and yet that is the effect of the committee amendment as it reads. I should like to suggest to the Senator that his amendment will be better if he will strike out the words "or employees" and have it read "officers or directors."

Mr. FLETCHER. Mr. President, I am inclined to think that criticism is just. I quite agree that where these corporations now have employees receiving, say, \$1,200 a year, during the course of their operations those men might prove very efficient and worth more than that, and I see no reason why they should not be advanced.

Mr. REED. And if we are going to inflate the currency and raise the cost of living we certainly ought not to prohibit minor employees from receiving adjustments of their pay.

Mr. WALSH. I think the Senator's suggestion is a very appropriate one.

Mr. REED. The same suggestion applies to the amendment offered by the Senator from Massachusetts.

Mr. WALSH. My amendment was copied after the committee amendment.

Mr. REED. Then I suggest that in both amendments the language "officers, directors, or employees" be changed to read "officers or directors."

Mr. DILL. Mr. President—

Mr. REED. I yield to the Senator from Washington.

Mr. DILL. I desire to call the Senator's attention to the fact that there are some employees who are receiving large salaries. Would it not be well to say, "employees receiving in excess of \$10,000 per annum", or some limitation like that? It seems to me there ought to be a limitation on them that ought not to apply to the low-paid employees.

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

Mr. REED. I yield to the Senator from Michigan.

Mr. COUZENS. I think the Senator from Washington is right, because we have so many of these commission men and annuity men that there ought to be some limitation on the compensation of employees. Then, there always is the question of whether an officer can be changed to an employee and exempted under a provision of that kind.

Mr. REED. All right. Then I propose, Mr. President, and I move as an amendment, on line 18 of page 3, after the word "employees", to insert "to an amount in excess of \$17,500."

The VICE PRESIDENT. Let the Chair state to the Senator from Pennsylvania that there are two amendments now pending. One is the committee amendment, and the other is an amendment to the committee amendment offered by the Senator from Massachusetts [Mr. WALSH]. The regular parliamentary procedure would be to dispose of those amendments first.

Mr. WALSH. I will include in my amendment the Senator's suggestion; and I now ask that my amendment, as modified, be stated.

The VICE PRESIDENT. The amendment of the Senator from Massachusetts, as modified, will be stated.

The Chief Clerk read as follows:

The Reconstruction Finance Corporation shall not make, renew, or extend any loan under the Reconstruction Finance Corporation Act, as amended, or under the Emergency Relief and Construction Act of 1932 (1) if at the time of making, renewing, or extending such loan any officer, director, or employee of the applicant is receiving compensation at a rate of \$17,500 per annum, and (2) unless at such time the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any of its officers, directors, or employees to any amount in excess of \$17,500 while such loan is outstanding and unpaid. For the purposes of this section the term "compensation" includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise for personal services.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Massachusetts, as modified, to the amendment of the committee.

Mr. WALSH. I think the amendment in its present form covers the suggestions made by the Senator from Michigan and the Senator from Pennsylvania.

Mr. DILL. The language read by the clerk, as I understood it, did not have the words "in excess of \$17,500."

Mr. NORRIS. I was going to call attention to that myself. I have not read it; but, as the clerk read it, that limitation was not included.

The VICE PRESIDENT. The clerk will again state that portion of the modified amendment.

The Chief Clerk read as follows:

The Reconstruction Finance Corporation shall not make, renew, or extend any loan under the Reconstruction Finance Corporation Act, as amended, or under the Emergency Relief and Construction Act of 1932, (1) if at the time of making, renewing, or extending such loan any officer, director, or employee of the applicant is receiving compensation at a rate in excess of \$17,500 per annum—

Mr. NORRIS. That is the place.

Mr. WALSH. The drafting clerk informs me that it is not necessary there. It is necessary in the latter place.

Mr. NORRIS. It ought to be "not in excess", it seems to me.

Mr. REED. The clerk read it that way.

Mr. NORRIS. No; the way the clerk read it, they shall not make the loan if any officer is getting a salary of \$17,500.

Mr. DILL. That is the way he read it first.

The Chief Clerk read as follows:

Is receiving compensation at a rate in excess of \$17,500 per annum, and (2) unless at such time the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any of its officers, directors, or employees to any amount in excess of \$17,500 while such loan is outstanding and unpaid. For the purposes of this section the term "compensation"—

And so forth.

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

The VICE PRESIDENT. The Senator from Pennsylvania has the floor. Does he yield; and if so, to whom?

Mr. REED. Just for a moment I desire to call attention to another point in this amendment and in the amendment of the Senator from Massachusetts.

Many of these insurance companies—most of them, in fact—pay their solicitors commissions in accordance with the amount of business they do. They give them a certain percentage of the first and the renewal premiums. The effect of this provision would be to apply to the most successful of those agents. A company which had industrious and effective agents, and had contracts with them, would be unable to apply under this bill. I am sure it is not the intention of the Senate to strike down those contracts.

Mr. WALSH. Mr. President, if the Senator will yield, that would not apply to my amendment. It would apply to the committee amendment, which deals with insurance companies.

Mr. REED. Yes.

Mr. WALSH. My amendment deals with other than insurance companies. It would not apply to my amendment.

Mr. FLETCHER. Mr. President, the large life-insurance companies have different agents all over the country. Does the Senator think they would be regarded as employees or officers?

Mr. REED. Oh, undoubtedly they are employees, and they are paid on a commission basis; and the definition which is proposed at the end of the section shows that they are included:

The term "compensation" includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise for personal services.

As I understand the action of the committee, it is aimed at the excessive salaries that are being taken by the presidents of the large insurance companies; and with that all of us must feel some sympathy. We certainly are not aiming at the hard-working agent. He is paid on a piecework basis. The harder he works the more he is paid; and nobody has complained about what is earned by these agents. The complaint has never gone to that.

The Senator from Indiana [Mr. ROBINSON] the other day put in the RECORD a list of the salaries paid to the presidents of these big companies. I am sure he never dreamed about attacking the poor little life-insurance agent who happens to have a good year, and sells several good policies, and gets his first-year premiums amounting to more than \$17,500. Probably the next year will be a lean year, and in the long run not very many of them get rich. The Senate does not want to attack them, and I should like to appeal to the Senator from Florida to propose, on behalf of the committee, some amendment that will take out from the scope of the section these insurance agents who have inadvertently been included.

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

The VICE PRESIDENT. The Senator from Washington.

Mr. DILL. Mr. President, I am in favor of the amendment of the Senator from Massachusetts, as amended, but I do not think it goes far enough when it comes to railroad corporations. I call attention to the fact that the loans being made to some of the railroad corporations have resulted only in making the condition of the roads worse, in many cases. I speak particularly of those loans which have been made to pay interest upon bonds, amounting to, say, \$4 or \$5 in interest, when the bond is selling on the market at 20 cents on the dollar, making the payment as high as 25 percent upon the purchase price of the bond. Every time we do that, we are simply pouring water into a rat hole, as it were, because we only add to the outstanding securities without any assurance or condition whereby the rate is going to be any better in the future.

Mr. WALSH. What is the Senator's suggestion?

Mr. DILL. My suggestion is that so far as railroads are concerned, there ought to be an additional paragraph providing that no more loans shall be made to railroads until

they reduce their capital structures, as the Interstate Commerce Commission shall decide, to such a point that thereafter they can take care of their capital needs and earnings.

Mr. WALSH. I suggest that the Senator offer that as an amendment.

Mr. DILL. I did not know whether it ought to be offered as a part of the pending amendment or as a separate amendment.

Mr. WALSH. Mr. President, may we have a vote on the pending amendment?

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

Mr. LOGAN. Mr. President, I rise to express my opposition to the committee amendment, and a still stronger opposition to the amendment to that amendment proposed by the Senator from Massachusetts.

I desire to declare that I do not know enough about the business of corporations, associations, and partnerships—that is, their interworkings and the details of their administration—to vote to fix the salaries of the employees or officers of such corporation. When groups of citizens subscribe for stock in a corporation they select their directors, and their directors select the officers, and I believe that they are much more competent to say how much the services of the officers and employees are worth to the corporation than the Senate is.

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

Mr. LOGAN. I yield.

Mr. COUZENS. I should like to point out to the Senator that, of course, this does not apply to any corporation which is not in distress. If a corporation comes here in distress and the officers are having to appeal to the Federal Government for relief for the corporation, it does not seem to me that there is any justification for paying these exorbitant salaries.

Mr. LOGAN. Let me answer the Senator briefly by undertaking to show how little there is in the suggestion which he makes, in my judgment. When an officer is selected it is a question of how much he is worth to the corporation. Some man might be worth \$50,000, and his employment at that salary might mean a profit to the corporation by reason of his services, and it would be much better to pay him \$50,000 than to dispense with his services. Another man might be dear at \$5,000 or \$10,000. My position is that we are not sufficiently well acquainted with the affairs of any insurance company to say whether it is worth more to the company to pay more than \$17,500 to an officer than it is to pay less.

I just cannot understand why the United States Senate, or the Congress of the United States, should undertake to go out into private business and say, "As a condition precedent to your obtaining a loan from the Government, which you must repay and which must be adequately secured, we are going to tell you how much you can pay your officers."

There is another suggestion I desire to make in connection with this matter. I believe that our country is going through a most serious period in its history. It is a dangerous period. The people are dissatisfied. They do not understand just what is going on, so they believe the worst. To have it said on the floor of the Senate of the United States that we are giving money to certain corporations so that they can pay these large salaries to their officers is not only unfair but it is dangerous. It arouses a feeling among the people that we are not doing our duty. The Government of the United States is not giving any money to these corporations to pay salaries. It is lending money to the corporations, which must be repaid.

It is said that we cut the salaries of Government officials. Very well; we concede that that is true. But those salaries are paid out of money which must be collected in the way of taxes or some other form of revenue. Not so with the private corporation. The money we lend a private corporation has to be returned; it is a loan, and I cannot believe that we are justified at all in invading the private affairs of private corporations and saying that we are going to fix

the salaries or that we are going to deny them the privilege of obtaining loans if they do not allow us to regulate and limit the salaries of the employees.

Mr. President, I regret that I seem to be almost alone in this matter. The only controversy seems to be as to whether we will fix the salaries at one sum or whether we will make the salaries less. I have no desire other than to state that I am against attempting to fix them at all.

It is said that the corporations are in distress when they come, and that they are broke. That is not true. It is solvent corporations which are supposed to secure these loans from the Government. It does not mean that when a corporation is forced to borrow money it is insolvent or broke.

We set up the Reconstruction Finance Corporation because there was no place where certain corporations could go and borrow money, and we deemed that it was necessary for those corporations to carry on their business for the best interests of the country. So we created the Reconstruction Finance Corporation to help the people generally—to bring relief to the people.

Now we say that if an insurance company, however much it may need money to carry on its business and save its policyholders from great loss, is going to pay a salary or if it does pay a salary of more than \$17,500, then it cannot come and secure any money in the way of a loan from the Government.

Mr. President, that is not the worst thing in the amendment. That which is, to my mind, beyond the comprehension of any reasonable mind is the fact that the concerns which have already borrowed money, which we know they cannot repay at this time, are told now, "You cannot even get an extension of your loan unless you force your officers to resign and go elsewhere or accept greatly reduced salaries."

Mr. President, that is the way I feel about this matter. I think we have gone far enough in the direction of socializing all private business in the United States. Indeed, I believe we have gone entirely too far. We justify the length to which we have gone by saying that there is a great emergency; and that is true. I am perfectly willing to go as far as the next one, but I do feel that we should draw the line somewhere; and when the Congress says to insurance companies, when it says to other business, that the individual citizen cannot himself or that his representative cannot determine how much the services of a particular man are worth as an officer of a company, I think we are going entirely too far. I believe we should not adopt the amendment, and most assuredly that we should not adopt the amendment offered by the Senator from Massachusetts to the committee amendment.

Mr. ROBINSON of Indiana. Mr. President, I am opposed to the bill itself, but I think that before any vote is taken on the bill it ought to be perfected as far as possible, in order to eliminate the possibility of abuse so far as we can do that.

If I understood the amendment correctly from the reading, subdivision (1) of the original committee amendment is stricken out entirely; that is to say, the clause reading "until the applicant shows to the satisfaction of the Corporation that it can furnish an amount of new capital equal to that for which application is made to the Corporation." I should like to ask the Senator from Massachusetts whether that is true.

Mr. WALSH. That is true.

Mr. ROBINSON of Indiana. That has been stricken out?

Mr. WALSH. Yes.

Mr. ROBINSON of Indiana. What was the reason for striking it out?

Mr. WALSH. The amendment which I offered simply sought to apply the same limit to the salaries of officers of corporations which borrowed from the Reconstruction Finance Corporation that is applied by the committee to officers of insurance companies.

Mr. ROBINSON of Indiana. This particular part of the committee amendment has no reference at all to salaries.

Mr. WALSH. The amendment of the Committee on Banking and Currency has reference to salaries.

Mr. ROBINSON of Indiana. The part which I read, which I understand has been stricken out, does not.

Mr. REED. Mr. President, if the Senator will excuse me, I think the Senators are speaking of different amendments.

Mr. ROBINSON of Indiana. Perhaps.

Mr. REED. The Senator from Massachusetts is talking about his proposed amendment to the committee amendment.

Mr. ROBINSON of Indiana. I understood that was in the nature of a substitute for the committee amendment.

Mr. WALSH. Oh, no!

Mr. ROBINSON of Indiana. Then, I was wrong about that. I have a good deal of sympathy with the statement made by the Senator from Pennsylvania with reference to insurance agents. If an agent is working on a commission basis, of course the better the insurance agent is the more money he will earn, the more business the company will do, and the better off, I suppose, all the policyholders will be as a result. But the bill limits the compensation of executive officers to \$17,500.

I do not know whether that figure is sufficiently low or not, but I am making no particular objection to that item, except that I am wondering whether the Senator from Massachusetts would be willing to add to his amendment language which would make it impossible for these insurance executives to receive more than \$17,500, not only from the applicant company but from the affiliates as well. My understanding is that many of the abuses come from a practice under which an officer may receive, for instance, \$17,500 from the applicant company; and then from some affiliate connected with that company \$10,000; then from some other affiliate \$5,000, and, after a while, the salaries may aggregate up to \$100,000 or \$150,000.

Mr. WALSH. Mr. President, my amendment does not deal with insurance companies at all. The committee amendment does deal with insurance companies. My amendment deals with other companies which borrow from the Reconstruction Finance Corporation.

Mr. ROBINSON of Indiana. Mr. President, would the Senator from Florida, who has this bill in charge, be willing to accept an amendment?

Mr. WALSH. May I call the Senator's attention to this language of the committee amendment, which is the pending amendment, "or other payment, direct or indirect, in money or otherwise, for personal services."

I think the word "indirect" covers the point the Senator has in mind.

Mr. BLACK. Mr. President—

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from Indiana yield to the Senator from Alabama?

Mr. ROBINSON of Indiana. I yield.

Mr. BLACK. The amendment which I intended to offer, and which I have introduced as a bill three or four times and which I should like to read, I really believe covers the point raised by the Senator.

Mr. WALSH. My amendment was drafted by the drafting service, using the exact language of the committee amendment dealing with insurance companies, simply applying the principle to other companies.

Mr. BLACK. My judgment is that the original amendment was entirely too long and cumbersome to express the idea. My amendment reads:

After the enactment of this act the Reconstruction Finance Corporation is directed to decline to make or extend any loan to any institution or business enterprise and to buy stock in any business enterprise unless an agreement is made that while such loan is outstanding and unpaid such institution or business enterprise either singly or in combination with associated or affiliated companies, individuals, or corporations will pay no salary, or salary combined with bonus, to any officer, agent, or employee in excess of—

a certain amount. I certainly think that the point raised by the Senator from Indiana, whatever may be the ultimate form of the amendment, should be taken care of, for the reason that my investigation has shown me—and I have the facts here—that insurance officials will probably be paid

salaries by three or four different companies, and the money will be borrowed from the Government.

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

Mr. BLACK. I yield, if I have the floor.

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

Mr. ROBINSON of Indiana. I yield.

Mr. REED. As I read them there is nothing in either the committee amendment or the amendment of the Senator from Massachusetts which specifies that the compensation should be received from the applicant. Both amendments refer to any officer, director, or employee receiving compensation at a rate in excess of so much, but they do not say "from the applicant."

Mr. WALSH. Mr. President, I think the next clause, reading "unless at such time the applicant agrees", and so forth, covers that.

Mr. ROBINSON of Indiana. I think undoubtedly that language should be incorporated to limit the salary to that paid by the applicant.

Mr. REED. Otherwise the applicant could not hire one of the great and prominent lawyers who would be receiving from all sources an amount in excess of the limitation; and a man could not be an officer of two different corporations.

Mr. ROBINSON of Indiana. My theory is that, if this proposed legislation shall be enacted at all, it must be on the theory that the insurance companies should be saved; and, of course, they are not in a position to pay fees much above \$17,500 to lawyers if they are in the economic condition which is represented.

Mr. REED. What I am driving at is this: If the amendment stands, and if it is construed as the Senator from Indiana suggested, it is going to be very easy to evade it. I think it is going to be next to meaningless. I do not believe that they will have the least difficulty getting around it. I do not approve of this procedure at all; but if we are going to adopt it, we might, at least, strengthen it in the way the Senator has suggested.

Mr. ROBINSON of Indiana. I agree with the Senator; and I am glad he has that view of it.

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

Mr. ROBINSON of Indiana. Certainly.

Mr. FLETCHER. I cannot see how we can pass a law that will prohibit a man from doing anything else in the world or getting any other employment and that will deny a corporation of which he is president or vice president relief on the ground that he is getting more than \$17,500 a year from some source.

Mr. ROBINSON of Indiana. That is just the point; that is precisely what we are trying to do, I assume. We are trying to limit the officers of insurance companies in their right to receive from those companies or their affiliates more than \$17,500; otherwise why should we loan the people's money to them?

Mr. FLETCHER. The bill prohibits any corporation making application for a loan from paying to its officers excessive salaries in any way, directly or indirectly. I can see how anyone opposed to the bill, as a whole, can raise the kind of objection which has been raised, but I do not think we could make the specification any plainer than we have done in this bill, that a corporation making application shall not be permitted to pay salaries or compensation, commission, bonus, or in any other way, in excess of \$17,500 to its officers or employees. They may earn money outside.

Mr. ROBINSON of Indiana. Would the Senator be willing to accept an amendment that would provide that no loan shall be made to any insurance company, any officer or director of which receives more than \$17,500 annually from the applicant company or any of its affiliates?

Mr. FLETCHER. If the Senator wants to offer an amendment, I will consider it. What amendment does the Senator propose?

Mr. ROBINSON of Indiana. I understand that there are other amendments before the Senate now and that it would not be in order unless the Senator would be willing to

accept it; but I would suggest, in line 14, after the word "receiving", that we add the word "total"; in line 15, that we strike out the words "at a rate" and insert the words "in a sum"; and after the comma following the word "annum", that we add "from the applicant and/or any of its affiliates", so that it would read as follows:

If at the time of such subscription, purchase, or acceptance any officer, director, or employee of the applicant is receiving total compensation in a sum in excess of \$17,500 per annum from the applicant and/or any of its affiliates.

Mr. WALSH. Mr. President, for myself I cannot accept the suggested amendment. I think it would only complicate the matter and raise new difficulties. I appreciate the motive and purpose the Senator has in mind.

Mr. FLETCHER. I do not know how the suggestion of the Senator from Indiana would apply to the amendment of the Senator from Massachusetts, but, so far as I am concerned individually, I do not object to it.

Mr. ROBINSON of Indiana. I understand the Senator from Massachusetts objects to its being incorporated in his amendment.

Mr. WALSH. The difficulty with the Senator's proposal, as I understand it, is that it may prevent a man from getting two or three salaries from outside companies.

Mr. ROBINSON of Indiana. Only from affiliates of the insurance company.

Mr. WALSH. I think the language of the committee amendment is sweeping enough.

Mr. ROBINSON of Indiana. I am wondering what the purpose of this proposed legislation is, anyway. Why should we loan \$100,000,000 to insurance companies when it has been shown on this floor that such companies have been squandering the money of their policyholders which they have been holding in trust? What purpose can there be in loaning them a hundred million dollars in times like these when we have just taken \$450,000,000 away from the veterans and \$125,000,000 away from Federal workers, whose pay is low to begin with, and when industries everywhere are slashing wages? Why now should we loan \$100,000,000 to insurance companies in order to cover up their own weaknesses, some of which I hope to expose in a moment?

Mr. LONG. Mr. President, will the Senator allow me to reply?

Mr. ROBINSON of Indiana. Yes; I shall be glad to have the Senator's view.

Mr. LONG. It is to keep within the spirit of the times, to take from the weak and give to the mighty. The Senator has not got the air of the times.

Mr. ROBINSON of Indiana. I should like to have a serious answer from the Senator from Florida. What is the emergency?

Mr. FLETCHER. I have said that I do not care to raise objection to the Senator's amendment, so far as I am concerned. The emergency is that there are insurance companies that need this relief. If they should fail, their policyholders would lose the value of their policies, whereas, with a little help by subscribing for preferred stock, the Reconstruction Finance Corporation would restore them and put them upon solid ground; the Reconstruction Finance Corporation itself would be absolutely secured in making the loans, and the policyholders would be saved from serious loss. That is the whole purpose.

Mr. JOHNSON. Mr. President—

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

Mr. JOHNSON. The Senator from Indiana is speaking to the bill, and very effectively so. I have an amendment, and I wonder if he would mind if that amendment were presented, considered, and determined? It will not take a great length of time, I am sure, for I am satisfied there will be little opposition to it. In the interim, the chairman of the committee having accepted the amendment of the Senator from Indiana, perhaps there might be agreement on it otherwise. I do not want to inject myself into the discussion if it is going to proceed concerning the particular amendment that originally was offered.

Mr. WALSH. Mr. President, I wish we might dispose of the pending amendment. The Senator from Indiana is not opposed to the amendment. He would like to broaden it, as I understand, and the Senator from Florida states he is willing to broaden it so far as it applies to insurance companies. My amendment does not apply to insurance companies. I should like to have a vote on the amendment.

Mr. ROBINSON of Indiana. I have no particular objection to voting on the amendment in a few minutes, but I do want to read a letter which I have just received from a friend of the President with reference to this very matter. I think the writer of the letter points out some facts which the Senate ought to have. However, I shall be glad to yield to the Senator from California for the purpose he expressed. If he desires to offer his amendment at this time, in my time, I shall be glad to yield.

Mr. JOHNSON. I do not want to interfere with any amendment pending, but if the discussion was general in character, as it seemed to me to be, then I should like to offer the amendment which I have, which is an amendment germane to the bill, and to which I assume there will be no real objection.

Mr. FLETCHER. If I may interrupt the Senator, I will say that I will be glad to have the Senator's proposed amendment read, but it is not in order to offer it now, because there is an amendment pending.

The PRESIDING OFFICER. The Chair will state to the Senator from California that there is an amendment pending and his amendment would not be in order except by unanimous consent.

Mr. JOHNSON. I quite agree with the Presiding Officer and with the chairman of the committee.

Mr. FLETCHER. I should be glad to have the amendment read for the information of the Senate.

Mr. JOHNSON. I will wait; but I thought the discussion was taking a long range, a wide range, and we might get back to an amendment which would be thoroughly germane.

Mr. ROBINSON of Indiana. Mr. President, I have here a letter from Harrison Law, an insurance analyst, of Nutley, N.J., written under date of April 7, in which he says:

NUTLEY, N.J., April 7, 1933.

Senator ROBINSON of Indiana,
Washington, D.C.

HONORABLE SIR: I was very much interested in the brief article in the Journal of Commerce treating on the debate on the application to permit the Reconstruction Finance Corporation permission to treat further with the insurance companies. Quite a little space was given to the salaries that are paid to these insurance officials, and especially so when you consider that, while the rank and file of the various insurance companies have been so reduced that they are barely able to live, the salaries of the officials have increased either through direct increase or through affiliates, thus to hide the real condition; or, as in the organization of the Fire Co.'s executive committee, a man was taken from one of the insurance companies—in fact, the man that recommended the formation of this said committee got the job—early last year, when times were so hard, at a salary of \$100,000 per year, when he was getting only \$52,000 as president of the Continental Fire Insurance Co. Right away he started another movement which gave him a salary in addition to the above of \$25,000 as president of the Fire Co.'s adjustment bureau, which through its organization and operation did thousands out of work who had been operating as independent adjusters all over the United States.

These bureaus are affiliates of the National Board of Fire Underwriters, who are the controlling factor of the fire-insurance business in the United States. Many of the fire-insurance companies have been borrowers of the Reconstruction Finance Corporation; and the outcome of the Globe & Rutgers Insurance Co., a company with over \$50,000,000 assets and an annual income of premiums alone of \$30,000,000, shows that all insurance companies are today in a bad way through their security portfolio; yet we find that, while there were over 30 companies merged or reinsured during 1932, the clerks were the only ones that were affected, as the officials were taken care of in the mergers. In the Firemen's of New Jersey case, Mr. Bassett, the president, gets \$25,000 salary from the parent company, and his total of \$85,000 is made up through contributions from the affiliation companies. Thus when an investigation was made as to his salary no objection could be made to the payment of a president \$25,000 nor \$50,000; but, as all the nine companies are operated as a unit, he was operating all companies as the operating executive of the Firemen's—thus doing nothing individually for the other individual unit.

There are more schemes in insurance to give executives high salaries than in any other monetary operation, yet we find that

these same are catered to in all conditions of insurance work. We who have been in the business for 40 years or more are thrown out because of our inability to operate with them or because we cannot in some cases do the things that we are expected to.

Our worthy President, Mr. Roosevelt, knows personally of my work both as an insurance man and statistician, he being an ex-insurance official, so what I have said in the above can be confirmed.

In further connection with salaries, your reference to Mutual is one that will soon have to be curbed, as several of the so-called "helpers' aids", such as the Illinois Travelers, are paying exorbitant salaries to their officials and, due to the fact that their membership is so scattered, they know that they are safe from investigation and make their own salaries approved by their dummy directorate.

Yours truly,

HARRISON LAW.

Mr. President, it develops that these abuses are just as grave in the fire-insurance field as they are in the life-insurance field. I read to the Senate the other day a statement of the enormous increases in salaries and compensation of life-insurance presidents and executives. The Metropolitan Life Insurance Co., for example, paid its president in the year 1929, at the peak of the so-called "prosperity", a salary of \$175,000, but last year increased that salary to \$200,000. That was not an exceptional case. I read into the RECORD a list of insurance companies that had been increasing enormously the fabulous compensation paid to their executives. But that had to do with life insurance. Now I am discussing fire insurance, which apparently is equally bad.

We are faced now with a bill—and it is treated as an emergency—insisting that we authorize the Reconstruction Finance Corporation to loan \$100,000,000 to these same insurance companies all over the United States. What difference does it make it we provide that a salary shall not be in excess of \$17,500 when there are so many and devious ways of getting around it—for instance, by receiving \$17,500 from an applicant company, \$10,000 from an affiliate, \$10,000 from still another affiliate, and so on. The money does not go to the policyholder at all. He gets nothing. He is "the forgotten man."

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

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Florida?

Mr. ROBINSON of Indiana. I yield.

Mr. FLETCHER. The Senator raises the point that the insurance companies are paying excessive salaries. This is the only proposal before the Senate or before the House which undertakes to correct that condition, and yet the Senator opposes it.

Mr. ROBINSON of Indiana. But why give them \$100,000,000 at all? The policyholder will not get it or any of it. I challenge the Senator from Florida to show me one cent of that sum that will go to a policyholder.

Mr. FLETCHER. Very likely the insurance companies the Senator has mentioned would never apply to the Reconstruction Finance Corporation. They are probably able to carry on their affairs without any assistance from the Government or the Reconstruction Finance Corporation at all. They are companies which will not be on the application list at all.

Mr. ROBINSON of Indiana. I challenge the Senator to show me a policyholder who would draw one cent of the \$100,000,000, no matter what company it is.

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

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

Mr. ROBINSON of Indiana. I yield.

Mr. COUZENS. I think the Senator misunderstands the situation. This money, of course, is not going to the policyholders. It is to protect the insurance companies from defaulting on the outstanding policies.

Mr. ROBINSON of Indiana. I recognize that that is what the Senator thinks it will do.

Mr. COUZENS. I know it will be so.

Mr. ROBINSON of Indiana. If that is the Senator's view of the bill, that is the reason why he will favor it.

Mr. COUZENS. It is not a question of view. It is a question of fact.

Mr. ROBINSON of Indiana. My position is, based upon information in my possession, that this money will go only to prop up some of the mismanagement that has been going on in the insurance companies. It will go to overhead for a little while, and then the companies will entirely fail, and we will have the same situation we have already had with regard to several insurance companies.

Mr. COUZENS. The "propping up" is for no other purpose than to prop up the insurance policyholder; because under the bill it is provided that dollar for dollar shall be matched, and those who subscribe to stock take a position secondary to the Government, so that anybody who comes in under the provisions of the bill comes in a secondary position to the Government and will not come in at all if he fears the funds are going to be dissipated.

Mr. ROBINSON of Indiana. Even so, the Reconstruction Finance Corporation accepts the stock, and the company can fail just the same. My position is that in the end the policyholder will get no benefit. I think I can demonstrate that when we come to consider the bill proper. The Senator from Michigan is perfectly well aware of the fact that, without any warrant in law at all, many of the life-insurance companies have already suspended the cash-surrender-value provisions of their policies, suspended that part of the contract agreeing to pay cash on surrender of the policies, and are even refusing to make loans on policies. In other words, the policyholder gets nothing.

Mr. COUZENS. That is quite correct; but so has the Federal Government suspended its gold payments upon its bonds that are maturing and upon the coupons that are maturing. If the Federal Government has suspended gold payment contrary to its contract, in just what respect are some of these companies so disreputable because they have suspended certain provisions of their contracts under the exigencies of the situation?

Mr. ROBINSON of Indiana. Then they ought to be decent enough to reduce salaries instead of increasing salaries. Instead of increasing the salary of the president of the company from \$175,000 to \$200,000 a year, as was done in the case to which I have referred, after they have suspended these provisions of their contract and have injured the policyholder to the extent that he can get no money on his policy, they ought to be decent enough to reduce their own salaries instead of increasing them. They ought to be decent enough to reduce the salaries of the executives as they have reduced the wages of their other employees. But that, in the great majority of cases, they have not done.

I appreciate the great value of insurance and have always advocated it most enthusiastically. But I am anxious to protect the policyholders as far as possible against the selfish greed of the company management. That is precisely the reason I am taking the position I do on this bill.

Mr. COUZENS. But this provision does not apply to that kind of companies. If the Senator wants to condemn all insurance companies because some have misbehaved themselves, I could equally condemn the Senator from Indiana because he disagrees with some of his colleagues here. In other words, I object to the condemnation of whole groups because some of the group may have misbehaved. I am not pleading for the bill. I would much prefer to vote for a measure to repeal the whole Reconstruction Finance Corporation Act.

Mr. ROBINSON of Indiana. I will join the Senator.

Mr. COUZENS. The only reason given for this is because others who are in no more desirable position than the insurance companies are getting the benefit of the Reconstruction Finance Corporation Act. If the Senator wants to cut them all out and prevent trying to prop up any of such agencies, I am in favor of doing that, but I see no reason for excluding insurance companies from the operations of the bill when we have already taken care of the banks and railroads.

Mr. ROBINSON of Indiana. I think they all ought to be excluded. Furthermore, I think the insurance business in

the United States ought to be investigated, as was done by a committee in New York several years ago. That is the situation we have reached in the insurance business. When we come back to the bill, after having disposed of the amendment, I hope to give the Senate some facts on that particular question.

Mr. COUZENS. If the Senator will offer an amendment, a proposal to repeal the Reconstruction Finance Corporation Act or to prohibit any further loans by the Reconstruction Finance Corporation, I will gladly vote for it.

Mr. ROBINSON of Indiana. I think that would be a fair proposal. I am in great sympathy with the Senator's views in that direction. I do not care to discuss the matter any further at this time. I am willing to have a vote on the amendment. I understand the Senator from Florida is willing to accept the modification which I suggested.

Mr. WALSH. Mr. President, in view of what has been said in the course of the debate, I want to speak very briefly.

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

The PRESIDING OFFICER (Mr. COSTIGAN in the chair). Does the Senator from Massachusetts yield to the Senator from Washington?

Mr. WALSH. I yield.

Mr. BONE. When the Senator discusses his amendment, and I assume he is going to discuss it now, I wonder if he would mind discussing the angle of the situation suggested by the Senator from Indiana [Mr. ROBINSON], wherein he claims it is possible to pyramid the salaries of officers or executives of insurance companies so as to avoid the application of the provisions of the amendment which the Senator from Massachusetts has offered.

Mr. WALSH. I had not intended to discuss my amendment specifically. I desire to speak upon the general questions raised during the debate.

Mr. President, it has been said many times that the last administration which created the Reconstruction Finance Corporation and the Congress which gave its approval was corporation-minded and corporation-controlled. That impression has spread throughout the country. I desire to inquire if the Congress of the United States for one moment would listen to a proposal to loan the taxpayers' money to a railroad company or an insurance company or a bank owned by one man or two men or a limited group of men? There was no intent or purpose upon the part of Congress to loan the money to any corporation as such; but when we were told that the financial condition of railroads and of banks and of insurance companies was such that millions of Americans would have their savings wiped out because of the drastic character of the depression, because of the low ebb to which the value of securities had descended, then rather than have that catastrophe occur, rather than have that financial chaos in the country, we agreed to make loans from the Public Treasury to protect the depositors in the banks, to help keep solvent the insurance companies, and to help save those who had invested their money—in what? In institutions in which the Government itself has a solemn obligation to prevent insolvency and losses to innocent investors.

Mr. President, I cannot conceive of anything more injurious to America today than the insolvency of the insurance companies. The burden would not come merely upon us of this generation but the children of the next generation would endure unspeakable hardships as a result of the collapse of the insurance companies. To say that we can stand by and allow all the insurance companies, or half of them, or one fourth of them, to go into insolvency, and not lend some aid or assistance, is to invite disaster, is to banish hope, is to put before the next generation nothing other than darkness and despair.

We have not voted to help a single bank as such. We have not voted to help a single insurance company as such. We have not voted to help railroad companies as such. We have voted to preserve the savings of millions of Americans whose savings in these corporations were threatened with being wiped out.

What have we been passing through during this depression? What was the first result of the disastrous character of this depression? First, unemployment, the shutting down of factories, the cessation of business, as a result of which millions of our fellow men and women were made idle and some of them destitute. That was the first step. We sought to grapple with it. We found ourselves powerless. Millions of dollars were appropriated by States, municipalities, and the Federal Government to help bring relief, but we found ourselves lost in the battle to stem the progress of unemployment.

What was the next disastrous result that followed? The next disaster that came was the depreciation of securities and of bonds and of mortgages and of real estate to such an extent that almost every bank in this country, every insurance company in this country, every railroad in this country, was threatened with financial ruin.

What was the third movement in this depression? It was the possible impairment of the credit of the Government itself. That is why we have been talking so much about balancing the Budget. Why? To preserve the credit of the Government itself. Before we reached that stage, however, notwithstanding the abuses that occurred, let it be said to the credit of the man who formerly presided at the White House that he proposed that the Federal Government lend its credit to a certain extent to these financial institutions in order to prevent complete financial chaos. He proposed these loans after seeking the advice of the people of this country who were able to present to him the despair and the sufferings that would come from closed banks and bankrupt insurance companies and from the wiping out of savings. It was bad enough to have unemployment go unrelieved without adding the loss of the dollars that our people had saved through their thrift by the annihilation of their insurance policies, by the insolvency of our banks, by the depreciation of their property. To the credit of President Hoover, let it be said that he proposed, too late—it should have been done a year before—that the Government itself, rather than see these financial institutions wiped out, should loan money upon the frozen assets, the securities of these institutions that they were unable to convert into cash to meet their obligations.

There may have been abuses in the administration of these loans, but Congress is not to blame for them. Congress acted to save from financial chaos and ruin every depositor in the banks, and every policyholder of these insurance companies.

Mr. President, the Reconstruction Finance Corporation has not been the success that many of us wish it might have been, but it did save some of the banks, railroads, and insurance companies from ruin. It did prevent some of the banks and some of the insurance companies and some of the railroad companies from folding up temporarily, at least—temporarily, at least. Whether or not it has permanently saved them remains to be seen.

Now, what is the proposition we have here? To lend more money, a hundred million dollars, to the insurance companies; not to any soulless corporation, but to the men and women who hold policies in companies where they have placed their savings in order to leave something to their loved ones when they have passed out of this life. We are proposing to loan some of the taxpayers' money to save those savings and to save those securities, not because an insurance company is necessarily financially ruined now, but because its assets are not liquid; because its assets are such that today if forced to convert its securities into cash, the company would become bankrupt and the policies would be largely without value.

I refuse to have anybody impute to me that I have used my vote here merely to help soulless corporations. My effort and my desire have been to prevent a second destruction even greater than unemployment; namely, I repeat, the elimination of the savings of the people. That is why we have had to deal—disagreeable as it has been, painful as it has been—with the Reconstruction Finance Corporation, in an effort to

save these investments of our people, I repeat, in institutions in which we abandoned our legal and moral obligation to prevent waste and abuses and extravagances.

Now we are proposing to carry that further, because we know, and the Senator knows, and every member of his committee knows, the condition of the insurance companies of this country. He knows that it is a question of the turn of a hand whether many of them would be able to meet the contracts they have made with their policyholders.

Now let us come down to the question before us. Being obliged to go to the Public Treasury for loans which we are granting to protect the policyholders and the depositors in the banks, we say to the companies, "Whatever your mismanagement may have been in the past, whatever abuses you have practiced, whatever extravagance and waste you have indulged in"—and practically all institutions did this during the period of prosperity—"now, because of your distress, and the assistance we are prepared to give you, there must be one abuse eliminated; namely, the salaries you pay must be limited to what is reasonable." That is the proposition and the question we have before us. Shall we, in view of our aid, insist that one abuse, at least—the abuse of large or excessive salaries—be ended?

That is the purpose of my amendment. That is the purpose of the amendment offered by the committee presided over by the Senator from Florida. We could stay here all day and modify it and change it and amplify it, and I am sure some enemies of this legislation would like to spend the afternoon proposing changes and modifications to it, because it would help, perhaps, to destroy the policy of the committee.

I approve the committee amendment. I think they have shown good judgment in applying this limit-of-salaries principle. I hope the Senate will approve the amendment I suggest, which is to apply and broaden the principle proposed by the Senator from Florida on behalf of his committee.

Mr. FESS. Mr. President, while the Senator from Massachusetts [Mr. WALSH] was making his very eloquent and most convincing address, I sought to interrupt him simply to state that the reasons he was giving for supporting the Reconstruction Finance Corporation were a fine expression of my own attitude toward the whole proposal. I had never thought that it was in the interest of bankers, but rather in the interest of the depositors in the banks; and, so far as I know, I never voted on behalf of a railroad corporation or management, but rather for the public which depends upon an adequate railroad service, and the people who are employed in that service.

I have this question in mind after we have gone thus far: I have wondered whether we have not bent backward in our efforts. The purpose of the legislation, it seems to me, is thoroughly justified; but I am wondering whether we are not obligating ourselves in such a way that the Government ultimately will have to bear a considerable burden with the railroads, and possibly, though in a different sense, with the banks.

I sympathize fully with what the Senator from Massachusetts has said in reference to the insurance companies. It is probable that more of the savings of the American people are deposited with them than at any other one place; and if disaster to the insurance companies can be prevented by action of the Government, I shall be very quick to join in taking such action. It is a question, however, whether what we are doing will result as we hope it will.

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

Mr. FESS. I yield.

Mr. McKELLAR. I desire to ask the Senator a question.

If there were a bank large enough to meet the wants of the insurance companies, and they appeared before the president or directors or other officials of that bank and asked for loans, as the insurance companies will come before the Reconstruction Finance Corporation, which is the Government, and ask for loans, the very first thing the banker would want to know would be, "What about your overhead? Is it large? Is it extravagant? Are you paying high sal-

aries?" And under the conditions surrounding the insurance companies as we find them it is probable that no bank and no banker would let them have the money until they agreed beforehand to reduce their overhead.

Is not that exactly the same business principle that we are applying when we authorize the Reconstruction Finance Corporation to make these loans to them? Should we not require the Reconstruction Finance Corporation to make the insurance companies cut down their overhead by the reduction of salaries as provided in this amendment?

Mr. FESS. Mr. President, I should like to state to the Senator from Tennessee that I approve what he states in connection with the necessity of a bank always making an investigation as to how money that is being borrowed is to be applied, whether the loan is to be applied to some activity of a productive character, so that the money will in all probability be repaid. Banks are sometimes the subject of criticism if they are too rigid; nevertheless, a bank which does not follow that practice is lending on an unsafe basis. We have come to regard it as the function of the bank to know how money that is borrowed is to be used, and to determine whether, in the judgment of the lender, the investment would be a profitable one. I agree to that extent.

I have some hesitancy in agreeing, I may say to my friend from Tennessee, that it is wise for the Government to undertake to regulate salaries of private institutions. I know the appeal which the Senator has in mind, and it seems to be logical. Personally, I would prefer not to put a limitation of that kind on a borrower, because if a company is competent enough to pay a good salary, it ought not to be denied consideration when it comes to be a borrower. On the other hand, the company which is not capable of paying good salaries might not be a good risk for a lender. That thought must be taken into consideration also.

The idea I had in mind was that the Government, in lending its assistance—and I think it should do that—may be launching into ventures which we in time will rue. Nevertheless, I am uncompromisingly committed to the Government's rendering assistance, if that assistance can prevent the collapse of some great institution, like an insurance company, where possible injury would not be limited to the officers and managers but would be visited on hundreds of thousands of people who would lose their savings. I think we ought to bend backward in our efforts along that line.

When it came to the question of the railroads, I did not have much trepidation about the matter for this reason—that I recognized that the railroads had been financing themselves through borrowings from insurance companies, and that insurance companies are operated under State laws which limit their lending to any corporation which does not show on its returns a certain percentage of profit. When railroads had reached the stage in the collection of revenues where they were deplorably below the State requirements for the lending of money by insurance companies they were facing either bankruptcy or the necessity of finding some other way of refinancing. For that reason I did not hesitate at all. At the same time, everybody must admit that it is a venture, and that none of us knows just how we are coming out.

I give my support to this measure, believing that it is along a line that is justified.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. WALSH] to the committee amendment.

Mr. AUSTIN. 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	Bone	Carey	Dickinson
Ashurst	Borah	Clark	Dill
Austin	Bratton	Connally	Duffy
Bachman	Brown	Coolidge	Erickson
Bailey	Bulkley	Copeland	Fess
Bankhead	Bulow	Costigan	Fletcher
Barbour	Byrnes	Couzens	Frazier
Barkley	Capper	Cutting	George
Black	Caraway	Dale	Glass

Goldsborough	Logan	Overton	Thomas, Utah
Gore	Loneragan	Pittman	Townsend
Hale	Long	Pope	Trammell
Harrison	McAdoo	Read	Tydings
Hastings	McCarran	Reynolds	Vandenberg
Hatfield	McGill	Robinson, Ark.	Van Nuys
Hayden	McKellar	Robinson, Ind.	Wagner
Hebert	McNary	Russell	Walcott
Johnson	Metcalfe	Sheppard	Walsh
Kean	Murphy	Shipstead	Wheeler
Kendrick	Neely	Smith	White
Keyes	Norbeck	Steinwer	
King	Norris	Stephens	
La Follette	Nye	Thomas, Okla.	

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

EMERGENCY RELIEF OF RAILROADS (H.DOC. NO. 32)

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Interstate Commerce, and ordered to be printed, as follows:

To the Congress:

The steam railways still constitute the main arteries of commerce in the United States. At this time, however, available traffic is not sufficient profitably to utilize existing railway facilities and the supplementary facilities provided by new forms of transportation.

Our broad problem is so to coordinate all agencies of transportation as to maintain adequate service. I am not yet ready to submit to the Congress a comprehensive plan for permanent legislation.

I do believe, however, that three emergency steps can and should be taken at this special session of the Congress.

First. I recommend the repeal of the recapture provisions of the Interstate Commerce Commission Act. The Commission has pointed out that existing provisions are unworkable and impracticable.

Second. Railway holding companies should be placed definitely under the regulation and control of the Interstate Commerce Commission in like manner as the railways themselves.

Third. As a temporary emergency measure, I suggest the creation of a Federal coordinator of transportation, who, working with groups of railroads, will be able to encourage, promote, or require action on the part of carriers in order to avoid duplication of service, prevent waste, and encourage financial reorganizations. Such a coordinator should also, in carrying out this policy, render useful service in maintaining railroad employment at a fair wage.

The experience gained during the balance of this year will greatly assist the Government and the carriers in preparation for a more permanent and a more comprehensive national transportation policy at the regular session of the Congress in 1934.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, May 4, 1933.

Mr. ROBINSON of Arkansas. Mr. President, out of order I ask leave to introduce a bill based on the message just read to the Senate, which I request may be printed and referred to the Committee on Interstate Commerce.

The PRESIDING OFFICER. Without objection, the bill will be received and referred as requested.

The bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended, was read twice by its title and referred to the Committee on Interstate Commerce.

SOLICITOR GENERAL—NOTIFICATION TO PRESIDENT

Mr. LONG. Mr. President, on yesterday we confirmed the nomination of James Crawford Biggs to be Solicitor General, but no motion was made to notify the President. I ask unanimous consent, as in executive session, that the President be notified of that confirmation.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and the President will be so notified.

EXTENSION OF GASOLINE TAX AND MODIFICATION OF POSTAGE RATES

Mr. HATFIELD. Mr. President, I send to the desk an amendment to House bill 5040, to extend the gasoline tax for 1 year and to modify postage rates on mail matter, and for other purposes. I ask that the amendment be printed and lie on the desk. I shall address myself briefly to the purposes of the amendment.

Mr. President, from the farm, the factory, and the wage earner there comes a united cry appealing for relief. The supplications have been continuous since the nations of the world went off the gold standard in September 1931.

These appeals come from every section of the Republic. They were registered here before the Ways and Means Committee of the House of Representatives in January and February 1933. If anyone is in doubt, it would be easy to convince him that what I say is true. Representatives of the farmers, industrial owners, and wage earners alike appeared before the committee, registered their appeals, and waited in despair. The appeals have fallen on fallow soil.

Having lived and devoted my entire life in a profession in the great industrial middle valley section of this Republic wherein five States converge, a section with a population of 21,000,000 people, producing \$15,000,000,000 worth of finished manufactured products, producing \$1,000,000,000 worth of raw materials annually when there is a fair business condition in our country, I refuse to take second place to any man in arriving at a rightful conclusion as to what a majority of the 125,000,000 people who make up the citizenship of this great Republic need in the way of the adoption of a principle in order to bring us out of the chaos which bewilders us at the present time.

During the past 3 years all kinds of false nostrums have been suggested and adopted by a willing Congress which in their practical application have served like some great stimulant to the flagging heart of a dying man who was being overcome or overwhelmed by the toxins which circulated in his arterial system. This development of a toxic nature arose from some internal disease the cause of which was neither sought for nor dealt with. The administrations have been dealing only with the symptoms, leaving the cause, without any attempt to eradicate it.

Mr. President, the situation of the dying man overwhelmed with toxemia, whose misfortune I have portrayed, is not unlike the situation which confronts our Republic at this time and in the time that has passed since September 21, 1931, when England abandoned the gold standard and many of the other nations of the world followed soon after.

It is true there is another element which enters into the equation that has made the task more difficult and has laid a heavy hand as a contributing factor to the basic cause of our present national distress. We are all familiar with the fact; it affects the smallest and the largest units of government, and even the individual, as I demonstrated in my brief statement by way of explaining my vote on the inflation proposal in the so-called "farm relief bill."

We enjoyed the luxury of going into debt during the World War and the period following up to 1929. To attest the tremendous increase in tax burdens, permit me to refer to the State I have the honor in part to represent and to one county, the home of the greatest soft-coal field in the world, where in 1910, because of my intimate knowledge of the conduct of its fiscal affairs, I personally directed them for a period of 6 years. The yearly cost of that county administration in 1910, with 50,000 population, was \$278,885, while in 1920, with a population of 68,571, the expenses were \$1,775,268. In other words, Mr. President, there was an increase of only 43 percent in population but an increase of 536 percent in taxes levied.

I was Governor of West Virginia for 4 years, beginning March 4, 1913, and the cost of that 4 years' administration was \$13,000,000. The cost of the last 4 years' administration of that State was \$55,000,000, an increase of approximately 425 percent.

So it is easy to prove the financial revelry in which the 48 States have participated, beginning in 1910 and ending

with the stock-market debacle in 1929, and I doubt not that the same picture can be portrayed as to conditions in every district and unit of Government making up the 48 States of the Union. We are reaping the effects of that dissipation, which has added tremendously to the national burden which so appalls us today. We have been undertaking to cure the malady which is producing the poison by empirical remedies which have been provided by our Federal program, remedies which were initiated under the former administration by the establishment of the Reconstruction Finance Corporation and another financial measure to relieve our banking institutions. They have served only as stimulants. The area was too large. There were too many odds; too many leaks. The situation has continued to grow steadily worse.

On the Pacific coast we hear the complaint of the onslaught of imports from Asia; in the East we hear of imports from Canada; in the South we hear of imports from Mexico and the South American states; and we find that in the Middle Atlantic States Europe is dumping her textiles and raw materials; and yet no relief has come, notwithstanding the appeals from the industry owner and the toiler alike, when even the quotations of the importer made impossible the replenishment of vacant shelves by manufactured products.

When the new administration came into power we were told some twelve or thirteen million people were out of employment. Now it is estimated 17,000,000 is the number.

The first act of the new administration was to proclaim the bank holiday; 19,000 banks were closed, and some 6,000 remain closed today, due in many cases to depreciation of secondary reserves that are made up of bonds which when purchased were considered sound; but, because the stock market reflects their depreciation on account of the absolute necessity upon the part of the owner of sacrificing them in order to secure money, they are beaten down from their book value in many instances to one third their real value. No doubt they will be redeemed at their maturity, but the banker must take the loss as reflected on the stock market, and unless he and his associates have laid away something in the way of liquid capital to make good these depreciated values, as reflected in secondary reserves, his bank must stay closed, to his financial ruin and the utter destruction of many who patronize the institution.

The depreciation of stocks and bonds, serving as the best in the way of assets that can ordinarily be transferred into money, is due to the fact that there is a low ebb in business activity due to diminished purchasing power in the United States, and the end of the disaster is not yet in sight.

Legislative measures, one after another, have followed in rapid succession, such as banking, reforestation, dole, farm relief, involving embargoes and processing taxes on all basic farm products essential to the consumer even though he is out of work and out of money. We see as the result the leap in price of necessities of life to heights beyond the purchasing power of the consumer, in consonance, no doubt, with the theory of that great American, Woodrow Wilson, who stated, when he signed the Underwood-Simmons competitive tariff bill, that a great service had been rendered the rank and file, and who, in a speech at Detroit, wanted American industries pitted against the world. In his 14 conditions of peace he demanded that the war be continued until all economic barriers have been removed and vetoed in 1921 an emergency tariff designed to suspend the tariff law he had approved in 1913 that had cut the American pay roll more than \$100,000,000 per week.

So the idea today with the successors to the late President Wilson no doubt is competitive tariffs, even to a point of undertaking to cheapen our currency, and in conjunction therewith to solve the problems that confront us at this time by an economic conference with the nations of the world.

The 30-hour work week bill, which has passed this body, provides no protection for the toiler, not even for the reduced wage he will receive by reason of the reduction in his work hours. He may take the shorter period, according to the bill, and with it a reduction of his wage, but nations

all around us, with longer hours for labor, with products of every kind and character not unlike the products of our own toilers, may sell their cheaper products to our failing financial consuming public, with their exhausted reserves in the way of purchasing power.

Two amendments were offered for the protection of the industrial worker so that he would be assured of a parity in his home trade despite the reduction of his hours of toil. Inasmuch as he would be compelled by the adoption of the processors' tax to pay a higher price for the food he is able to purchase only at a sacrifice, an amendment was proposed under which American products should be placed on a parity with comparable foreign goods in the home market; but this was refused, Mr. President, by those who were sponsors of the farm relief bill, and by their action our own industrial workers were refused an even opportunity for the products of their toil in the greatest market of the world. With work opportunities failing and drying up in our own land, we refused by our votes to end the progress of this economic disease that has been destroying our own industrial opportunities as a nation, as well as the work opportunities for our toilers since September 1931, notwithstanding the appeals of some of us, beginning as early as April 1932, and the even earlier appeals to the then President of this Republic.

We are now to embark upon an epoch of monetary inflation, notwithstanding we are told by competent authority that there is ample money, through the operation of the Federal Reserve System, to meet any business demand that may develop within the confines of this land. We are to turn a deaf ear to this admonition and cheapen our gold dollar for the first time since the days of those two distinguished Americans, Jefferson and Hamilton, who had so much to do with laying the sound foundation upon which this Government has developed.

As to commercial treaties we are told in advance that plenary power will be asked by the Chief Executive, and under such treaties possibly weeks and months will be taken to mull over and finally arrive at a conclusion, if that be possible, as to the part we shall play in the markets of the world, although in the high tide of business our foreign trade has been only 10 percent of our total production.

How different is the picture presented by the vigilance of Europe in comparison with the attitude assumed by us toward our most sacred responsibility and duty to the welfare of our own people. No sooner had the countries of Europe gone off the gold standard than they set to work to protect what they control in a commercial and economic way.

In order to show the attitude of France since America has gone off the gold standard, I present a news item that appeared in a local newspaper last evening, and ask that it may be incorporated in the RECORD as a part of my remarks.

The PRESIDING OFFICER (Mr. GEORGE in the chair). Without objection, it is so ordered.

The news item is as follows:

FRANCE WILL TAX AMERICAN GOODS—DECREE WILL BE ISSUED WHEN DOLLAR APPROACHES 20 FRANCS

PARIS, May 3.—The Ministry of Finance has prepared to impose shortly a 15-percent surtax on American goods.

The decree, it was learned, is ready for signature, to be issued when the dollar approaches 20 francs, which officials expect.

This surtax already is effective on British and Japanese goods because of depreciated exchange.

It cannot be increased without parliamentary authority, which Premier Deladier was reported contemplating.

Mr. HATFIELD. By this clipping I wish to stress the sensitiveness, the alertness, and the wisdom of France in taking the utmost precaution to safeguard her domestic market just as soon as the American dollar shows the slightest sign of weakness in foreign markets.

Mr. President, there is no one but admits we have lost our home trade.

The distinguished Senator from Montana [Mr. WHEELER] in discussing the farm relief bill stated that it could only operate successfully by bringing about an embargo. I quote

a statement of the senior Senator from Montana as printed in the CONGRESSIONAL RECORD of April 10, 1933, at page 1427. He said:

In order to make the bill effective at all it is necessary to place practically an embargo upon all commodities. If we do not place an embargo on them, it will be impossible to make the bill effective because of the depreciated currencies of other countries.

The senior Senator from Wisconsin [Mr. LA FOLLETTE] made such a fine protective speech on April 28 that I arose from my place here in the Senate to congratulate him, but he declined to yield. His speech, however, turned upon the question of the relief of our toiling millions who are going farther into debt here at home by embarking upon an extensive plan of public construction, thereby swelling our national debt that has been heaped to full measure and is running over at the colossal sum of \$21,000,000,000.

On that occasion, the Senator from Wisconsin said:

For more than 2 years I have advocated inflation, but an inflation based upon a program to put people back to work and thus to restore mass purchasing power; for, if I may make bold to say so, I think that those who rely upon inflation alone to remedy conditions such as now confront us have become too enamored of the quantitative theory of money.

The same principle has guided me, Mr. President, ever since I have been a Member of this body, or, at least, since the debacle in the stock market in 1929. From that day down to the present time I have been interested to know whether or not the tariff rates which we adopted in the tariff legislation in 1930 were protective. In many instances I found they were, while in a few instances I found that some of the tariff rates were too low to encourage new industries, such as the chemical industry, which is a comparatively new one under the Stars and Stripes.

In connection, Mr. President, with the embargo legislation dealing with farm products, I undertook by an amendment submitted by me to put the American wage earner upon a parity with the farmer, so that the two might go hand in hand, as they must necessarily go if there is to be relief from the great depression which exists in America today.

I favor the same kind of legislation in dealing with the 30-hour week bill. I was for the measure in principle, but against it as it appeared upon the floor of the Senate, for the reason that it denied the American wage earner his opportunity to toil longer hours, but reduced him to 6 hours a day, with no protection whatever thrown about him so far as the stipend he was to receive for his labor is concerned. Not only that, but it tied his hands to the Canadian, to the Mexican, to the European, and to the Asiatic, and deprived him more and more of his opportunity to toil in the industries of America, and finally reduced his purchasing power to the bare necessities, thereby depriving him of purchasing other products not entering into everyday consumption.

It is the margin of wage paid over and above that necessary for mere existence that creates prosperity by providing additional employment in many lines of industry which cannot be classified under the three necessities—food, shelter, and clothing.

No one can foresee at this hour the destiny of our Government, because, Mr. President, the history of the present era is not unlike the history of that period when the Tower of Babel was built, when the confusion of tongues took place and no workmen could understand. We are confronted with so many doctors and so many nostrums that it seems to me our pitiful plight today is looked upon by the whole world in dismay. If we would only do the simple thing under our control, then some contentment would come. More relief than by all the treaties and economic conferences of Europe and Asia in one blessed hour would come from an act of Congress that would protect our home markets for our home people in whatever way is necessary. Then internal improvements could be considered to relieve the rest, and there would be something coming in from the already overburdened taxpayer, who would willingly contribute as far as his ability to do so would permit if he were only given a chance to earn and to be employed and to contribute as he

has always patriotically done. The bonds that were sold to save Europe and which he purchased that are now to be paid in 50-cent dollars furnish an example of his patriotism.

We should awaken to a realization that all the world, our own blessed land excepted, has long since adopted as its foundation stone the law of self-preservation that both charity and protection begin at home.

Mr. President, the situation which confronts us at this hour is deplorable and has been so well portrayed by that distinguished American, Dean Donham, of the Harvard Business School, in his colloquy with the Englishman, that I venture to quote it again. He said:

I am aware that I am accused of narrow nationalism, of advocating even cultural isolation. Neither criticism is one to which I can assent. I agree with an eminent Englishman who recently said to me, "The best service you can do for Europe is to work out your own problems." Speaking specifically about that greatest curse of modern civilization, unemployment, he went on, "It is too late for us to originate solutions in England, it is too late on the Continent. It is not yet too late, but soon will be, in America. It may not yet be too late for us in Europe to learn from your experience." Still speaking specifically of unemployment, but for myself, I have no hope we can work out this problem except by isolating it at our national border, beyond which understanding and control cease.

Mr. President, this amendment, which I have been advocating since April 1932 in dealing with Europe and Asia, has for its purpose the American Congress dealing with Asia and Europe as they have dealt with us.

The diagnosis that confronts us today is, first, too much extravagance in Government; and, second, too much war; third, basic, and last, too many imports and too many quotations anywhere from 30 percent to 60 percent lower from Europe and Asia, which have dealt a deathblow to our industry and deprived the American wage earner of work opportunities because of our failure to give him an equal opportunity in the great race for the greatest trade on the face of the globe.

The Federal Reserve System shows a circulation today of \$6,319,364,000, with three billion of fiat money made available. With the President given the power to devalue the gold dollar one half, the administration is making available additional circulating medium of money amounting to \$7,000,000,000, a majority of the Congress and the Executive taking the position that we need more money and cheaper money—cheaper money for two reasons: First, get the money to the people; second, match the cheap money of other countries; which means pressing down upon the brow of labor a standard of environment on a parity with the conditions found in Europe and Asia—an attempt which in my judgment the American laboring man will resist until the last, if I am any judge of his patriotism to his country and his devotion to his home.

This seems to be the conviction of the administration, while the Federal Reserve System takes the position that it is not additional money that is needed, but more activity in industry. I make this statement based upon the fact that on February 28 the money held by the Federal Reserve amounted to \$1,632,540,000. Since that time there has been a cancellation, taking out of the circulating medium of the country \$500,000,000, the Federal Reserve Board proceeding on the theory that, due to the lack of business, we need less money. No doubt they take the position that there is only one way to get money to the individual, and that is that he must do something to earn the money. To accomplish this we must have a spurring up of the wheels of industry which will employ labor and will give labor purchasing power. Either the Congress and the Executive in their forecasts are wrong or the Federal Reserve System is wrong.

We heard last week from the lips of the distinguished Senator from Oklahoma [Mr. THOMAS] that only two industries were entitled to credit: One the brewery and the other the bottling industry, the one largely depending upon the other, for the reason that there were only two industries that had a demand for their products. It seems to me, Mr. President, that the Federal Reserve System has proven that its contentions are right. Could we by the adoption

of some legislation start the great steel and other basic industries, that in turn would call from the mines, the factories, the forests, and the furnace the products essential to these industries, then more credit would be made available by the Federal Reserve System, who are in position, we are told by the distinguished Senator from Virginia [Mr. GLASS], to expand the currency to the extent of more than \$4,000,000,000.

There is only one way that this can be accomplished, Mr. President. This situation I have been pointing out at every opportunity, even at the risk of being tiresome. What the country needs today is more business, not more money. What it needs today is embarkation upon a policy that will get the money to the individual man. The only way to accomplish that is to furnish him employment, and then by the sweat of his brow he will earn and will receive. The distribution will then take place. Then, Mr. President, will credit be established, and the circulating medium which makes possible happy and contented homes will then come.

The only way for Congress to accomplish this is to stimulate by law or regulation something that they control. There are two things outstanding and important to solve this condition. The first is to give the home trade to the American toiler. The second is to create work opportunities by internal improvements of a governmental nature.

The justification for these internal improvements to the taxpayer would be to create a protected market so that he would be enabled to bear the taxes levied for this additional burden. If the home trade had been assured and were assured to American industry, these public works for the purpose of reducing the ranks of the unemployed would be rendered unnecessary and certainly would be reduced to a minimum at the present time should the first policy be adopted.

If one group of producers is entitled to this consideration, surely another group is also. The first group and the only group that we have protected, the farm group, is wholly dependent upon the manufacturing group for the profitable sale of his products to industrial workers. If, as the Senator from Montana [Mr. WHEELER] pointed out, the only way the farmer can be protected is to bring about an embargo because of the depreciated currencies of Europe and Asia, this same principle will apply to the manufacturers of raw materials and finished products industrially—not to the point of an embargo, but to the point of an equal opportunity to serve. Europe and Asia, because of our own neglect, have driven our manufacturing industries to the point of ruin and destruction. They dare not operate, they dare not produce, unless they have a sealed and signed order. They dare not create a surplus because of the ability of the European and the Asiatic to undersell them 30 to 60 percent, driving them out of their own home market whose consuming power they ordinarily enjoy. In other words, Mr. President, the result would be a general paralysis in business that we are going to cure by having less business, by creating more money, by economical conferences.

What my amendment proposes to do is to encourage home industries by giving to them an advantage over or at least an equal opportunity with other nations in the home market. Had I my way about it, I would give to each and every workman, each and every industry in this Republic, at least the advantage of the home market. But due to the attitude of the Democratic Party and due to its liberality, its fundamental conviction regarding home trade, that it should be subjected to the competitive markets of the world regardless of the wage, regardless of the character of money paid to those who produce these competitive products with our home production, I feel I shall do more, indeed, accomplish a great achievement for the American people, if I am successful in bringing about a parity between the European and the home producer in their equal competition for our home trade.

The amendment which I am presenting is in two parts. Sections 5, 6, and 7 are what are usually referred to as a "depreciated-currency amendment." Section 8 confers a

new and different power on the President, and sections 9 to 12 contain provisions which carry into effect sections 5 to 8.

Although the question of the injury to our industries through depreciated currencies of other countries has been a live question since the latter part of 1931, it has never been directly voted on by the Senate.

In the House, in the Seventy-second Congress, hearings were twice held, and in that Congress a vote was had on a motion to discharge the committee. Since those hearings and that vote the question which was most bitterly controverted has been practically decided. It is no longer contended that depreciated currencies of other countries do not injure our commerce.

Many Senators on both sides of the aisle have stated that such injury has occurred, is occurring, and will occur; and one of the arguments—in fact, probably in the minds of some the chief argument—in favor of the Thomas amendment to the farm relief bill was that if we depreciate our currency, either by expansion of the amount of paper money in circulation or by reduction of the gold content of the dollar, it will bring about a condition which will give us a weapon against the effect of the depreciated currencies of other countries.

With the fact conceded that the depreciated currencies of other nations injure us, the question now is the best way to meet the competition caused by such depreciated currencies.

I know it is not necessary for me to recite the misery which exists in our country, and which could be very largely relieved if our factories were open. Practically every Senator who spoke at all during the Seventy-second Congress or who has spoken during this Congress has alluded to our grave situation.

Each of us sincerely wishes that the best solution be arrived at, and be arrived at speedily.

It is in that sense, and that sense only, that I speak.

I take up first the proposition that we can relieve the situation by depreciating our own currency. That proposition is easily disposed of. This is not a question of increasing our export trade, but of protecting our home manufacturers.

The argument is that by depreciating the currency we can reduce our cost, so as to prevent low-cost foreign goods from coming into our country. This is an argument in favor of still further lowering the American standard of living.

In addition there is no proof behind the assertion. Who is there here that can guarantee that the American workman will supinely consent to the reduction of his standards of living through the reduction of his wage? The exact contrary is the fact.

On April 27 I caused to be printed in the CONGRESSIONAL RECORD the statement of Hon. William Green, president of the American Federation of Labor, which pointed out that if, when, and as American depreciated currency caused a rise in price of commodity products the American workingman would insist on an increase in wage sufficient to maintain his American standard of living.

I do not favor a reduction of the American standards of living, and therefore I do not favor this argument of shutting out imports from depreciated-currency countries by reducing our standards of living through the reduction of wages.

With that question out of the way, the remaining method is legislation which will make our rates of duty mean what they say; in other words, legislation which simply restores the real figures of the Tariff Act of 1930 by imposing a tax in addition to the duties collected under the existing law equal to the difference of the invoiced value of the article expressed in the units of value of currency of such foreign country, and converted to units of currency of the United States at the standard value of currency of such foreign country as proclaimed by the Secretary of the Treasury on October 1, 1931.

This amendment has these merits:

First. It does not require any Senator who is opposed to an increase in the tariff to do violence to his principles. The rates in the Tariff Act of 1930 are the rates assumed

to be levied by law; and all my amendment proposes is to make those rates real, and in no part paper rates, as they now are.

Second. The reimposition of the Tariff Act of 1930 will reopen various industries, such, for instance, as the fishing industry on both the Atlantic and the Pacific coasts.

Third. The making real of the 1930 rates will give our country the advantage in the coming Economic Conference of having those rates as a base from which to negotiate. At present, as to all countries which have depreciated currency, our tariff rate against imports from those countries is the 1930 rate, less a cut equal to the amount by which the currency of such countries is depreciated from its October 1, 1931, standard.

For example, the Japanese yen has depreciated about 60 percent from that standard; our tariff against Japanese manufactures has been cut 60 percent, and consequently our markets are being flooded with the products of Japanese workers, with the result that our workmen are unemployed and our factories closed.

An economic conference means barter, exchange of trade privileges.

The effect of making our rates real is simply to give our representatives something real to trade with.

Unless this legislation is passed, it is useless for our representatives to discuss the tariff question at all with any depreciated-currency country.

Fourth. Where a situation is quite common to all industrial nations of the world, it avoids many questions. The remedy we should adopt is the same remedy which other nations similarly situated have already adopted. France, Belgium, Germany, and Canada, among others—all suffering from the competition of depreciated-currency countries or, in the case of Canada, from the competition of countries with currencies more greatly depreciated than her own depreciated currency—have all passed depreciated-currency legislation.

It is a remedy recognized as effective, is well understood, and in common use.

No argument is necessary to demonstrate either its usefulness or necessity.

Section 8 confers a new and very necessary power upon the Tariff Commission and the President.

Experience has taught us that some of the imports which are throwing our workmen out of employment and closing our factories are from gold-standard and depreciated-currency countries where our tariff rate is too low.

Section 8 adopts as a policy increased duties or new duties, as the case may be, to increase employment in any industry, and makes the Tariff Commission, with the approval of the President, the agent or instrument to put into effect this policy, enabling it to proceed on its own motion as well as upon the filing of petitions and adoption of resolutions by either the Senate or House, and, when satisfied by the evidence before it that such increased duty or new duties, as the case may be, will increase employment in any industry, to report to the President increased duties to effect that purpose. It relieves the Commission from the duty of being meticulously exact, and authorizes duties of 50, 75, or 100 percent, whichever the proof before it shows to be the nearest to the rate which the Commission finds necessary to increase employment in the United States.

In other words, this provision confers authority upon the Tariff Commission, with the approval of the President, to such an extent that it will be possible for the Commission to initiate proceedings and make a report, which may be approved by the President on the same day.

This power is similar to that possessed by the Canadian Council, the British Board of Trade, and the corresponding governmental bodies in France, Belgium, and Germany. Why should not the Tariff Commission and the President have this power?

We are all interested in increasing employment in every American industry.

Congress has not hesitated to confer many powers on the President during this session of Congress. Why withhold

from him the power on the report of a Commission consisting of 3 Democrats and 3 Republicans, to increase any duty, or to impose a new one, in order to carry out our expressed policy to increase employment in industry?

It is difficult to imagine, in the face of what we have so far done this session, what answer can be interposed to this suggested grant of power.

The amendment is an American amendment, intended to protect in their employment American workmen now employed; to reemploy some American workmen now unemployed; to open many a factory, once active, but now idle; and to provide an additional market for the products of the fishery, the forest, the mine, and the farm.

Mr. President, the amendment which I have sent to the desk and ask to have printed and remain on the desk is to be offered when the gasoline tax bill, H.R. 5040, is reported from the Finance Committee. It deals with giving to the Tariff Commission and the President of the United States the same plenary power in dealing with other economic and industrial problems that has been given to the President by the Congress of the United States. When the opportunity presents itself for me to go back and bring up my record, beginning in April 1932, and present to Congress the experience I have assembled in the way of facts, I am convinced that Congress will adopt this amendment. When it does adopt the amendment Congress will solve more satisfactorily the great problem which confronts the industries of America today, and will bring more gladness to the heart of each and every American wage earner, thus substituting patriotism for internationalism.

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

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

TARIFF ADJUSTMENTS TO MEET DEPRECIATED FOREIGN CURRENCIES

Mr. DILL. I submit an amendment intended to be proposed by me to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes. I ask that the proposed amendment may be referred to the Committee on Finance, printed in the usual form, and also printed in the RECORD.

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

At the end of the bill add a new section, as follows:

"Sec. 5. That part II of title III of the Tariff Act of 1930 is amended by adding at the end thereof the following new section:

"Sec. 342. Duties to offset depreciation in currency: (a) Whenever the President shall find, in the case of any foreign country the value of whose currency is depreciated 5 percent or more below the standard value of such currency as proclaimed by the Secretary of the Treasury on October 1, 1931, that by reason of such depreciation the relationship between the cost of production of domestic articles and like or similar articles imported from such foreign country is unduly affected, and that substantial injury is thereby caused to domestic producers, he shall, when he finds that the public interest will be served thereby, by proclamation specify and declare such new or additional rate or rates of duty

as he shall determine will be necessary to restore a relationship between (1) the landed cost (including duties under this section and other provisions of this act) of such articles imported from such countries, and (2) the cost of production (ascertained as provided in section 336 of this act) of like or similar domestic articles, which will be, as nearly as may be, the same as that which existed during the year prior to the time such depreciation commenced; and on and after 10 days after the date of any such proclamation such new or additional rate or rates of duty so specified and declared in such proclamation shall be levied, collected, and paid upon such imported articles.

"(b) At any time after 6 months from the date of any proclamation issued under subdivision (a) the President shall, if he finds that any such new or additional rate of duty is no longer necessary, or is greater or less than is necessary, to prevent substantial injury to domestic producers, by proclamation specify and declare either removal of such additional or new rate of duty or such reduction or increase therein as may be deemed advisable in the light of such finding; and such removal, increase, or reduction shall take effect upon the expiration of 10 days from the date of such proclamation.

"(c) It shall be the duty of the Commission to make such investigations and reports as the President may request to enable him to carry out the provisions of this section."

Mr. DILL. Mr. President, I call attention to the fact that the French Government now proposes to levy a special tariff of 15 per cent on our products unless the dollar is brought back to its full value.

ADMINISTRATION OF OATHS BY MEMBERS OF INTERNATIONAL TRIBUNALS

Mr. ROBINSON of Arkansas. Out of order, I ask leave to introduce a bill authorizing commissioners or members of international tribunals to subpoena witnesses and compel their attendance, and for other purposes. I ask that the bill be referred to the Committee on Foreign Relations.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KING. Mr. President, I make no objection; but I should like to ask the Senator from Arkansas whether that question is not so peculiarly judicial in character that the bill ought to go to the Committee on the Judiciary. I have no objection at all to its reference to the other committee.

Mr. ROBINSON of Arkansas. I shall not object to changing the reference if the Senator wishes to see that done. I ask that the reference be to the Committee on the Judiciary.

The PRESIDING OFFICER. Without objection, that reference will be made.

The bill (S. 1581) to amend the act approved July 3, 1930 (46 Stat. 1005) authorizing commissioners or members of international tribunals to administer oaths, etc., was read twice by its title and referred to the Committee on the Judiciary.

RELIEF OF INSURANCE COMPANIES

The Senate resumed the consideration of the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Massachusetts [Mr. WALSH], as modified, to the amendment of the committee. The amendment as modified will be stated.

The CHIEF CLERK. On page 3, after line 25, it is proposed to insert:

SEC. 4. The Reconstruction Finance Corporation shall not make, renew, or extend any loan under the Reconstruction Finance Corporation Act, as amended, or under the Emergency Relief and Construction Act of 1932, (1) if at the time of making, renewing, or extending such loan any officer, director, or employee of the applicant is receiving compensation at a rate in excess of \$17,500 per annum, and (2) unless at such time the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any of its officers, directors, or employees to any amount in excess of \$17,500 per annum while such loan is outstanding and unpaid. For the purposes of this section the term "compensation" includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise for personal services.

The amendment, as modified, to the amendment, was agreed to.

Mr. ROBINSON of Indiana. Mr. President, I understand that the Senator from Florida accepts the amendments I

suggested. If they have not been formally offered, I offer them formally at this time.

Mr. FLETCHER. Let the amendments be stated.

The LEGISLATIVE CLERK. The Senator from Indiana proposes the following amendments to the amendment of the committee:

On page 3, line 14, after the word "receiving", insert the word "total."

The amendment to the amendment was agreed to.

The LEGISLATIVE CLERK. Also, on page 3, line 15, it is proposed to strike out the words "at a rate" and insert "in a sum."

The amendment to the amendment was agreed to.

The LEGISLATIVE CLERK. On the same line, on the same page, after the words "per annum" and the period, it is proposed to insert "from the applicant and/or any of its affiliates."

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is upon the amendment of the committee, as amended.

The amendment, as amended, was agreed to.

Mr. FLETCHER. Mr. President, I desire to suggest the correction of one or two typographic errors.

On page 2, line 4, I move to strike out "except" and insert "exempt."

The amendment was agreed to.

Mr. FLETCHER. And I think there is a verbal correction in line 17, page 3, of the print. The word "corporation" means "corporation", of course. I move that amendment.

The PRESIDING OFFICER. Without objection, the amendment will be made. Are there further committee amendments?

Mr. JOHNSON. Mr. President, I offer the following amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. The Senator from California proposes the following amendment: To insert at the proper places the following sections:

SEC. —. That the second and third sentences of paragraph (6) of section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended, are hereby amended to read as follows: "Obligations accepted hereunder shall be collateralized (a) in the case of loans for the repair or reconstruction of private property, by the obligations of the owner of such property secured by a paramount lien except as to taxes and special assessments on the property repaired or reconstructed, or on other property of the borrower, and (b) in the case of municipalities or political subdivisions of States or their public agencies, including public-school boards and public-school districts, by an obligation of such municipality, political subdivision, public agency, public-school board, or public-school district. The Corporation shall not deny an otherwise acceptable application for loans for repair or construction of the buildings of municipalities, political subdivisions, public agencies, public-school boards, or public-school districts because of constitutional or other legal inhibitions affecting the collateral."

SEC. —. The fourth sentence of paragraph (6) of section 201 (a) of such act, as amended, is hereby amended by striking out the period at the end thereof and inserting in lieu thereof the following: "in case of loans made under clause (a) of this paragraph, and not exceeding 20 years in case of loans made under clause (b)."

SEC. —. The fifth sentence of paragraph (6) of section 201 (a) of such act, as amended, is hereby amended by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "and, in case of loans made under clause (b), shall be deemed to be so secured if, in the opinion of the Reconstruction Finance Corporation, such loans will be repaid from any source, including taxation, within a reasonable period, not exceeding 20 years."

SEC. —. The seventh sentence of paragraph (6) of section 201 (a) of such act, as amended, is hereby amended to read as follows: "The aggregate of loans made under clause (a) shall not exceed \$5,000,000, and the aggregate of loans made under clause (b) shall not exceed \$12,000,000."

SEC. —. The first sentence in section 201 (a) of such act, as amended, which follows paragraph (6) thereof is hereby amended by striking out the period at the end of such sentence and inserting in lieu thereof a comma and the following: "except that for the purposes of clause (b) of paragraph (6) of this subsection a project shall be deemed to be self-liquidating if the construction cost thereof will be returned by any means, including taxation, within a reasonable period, not exceeding 20 years."

Mr. JOHNSON. Mr. President, this amendment has a single purpose. It is to enable municipalities and school

districts to borrow from the Reconstruction Finance Corporation the sums which may be deemed appropriate by the Corporation for the rebuilding of schoolhouses in the devastated area in southern California, that devastation resulting from the recent earthquake. It happens, unfortunately, that in that disaster the schoolhouses in the district affected by the earthquake all were either wholly destroyed or damaged sufficiently to require their complete razing. It was assumed that some relief had been accorded by an amendment to the Reconstruction Finance Corporation Act in a bill which was passed by the House and by the Senate, but the Corporation ruled that it was impossible under the law to lend for the purpose of reconstructing or rehabilitating these various schoolhouses.

Mr. President, if Senators desire to see an illustration of the havoc that was wrought I have a series of photographs before me showing how the disaster affected the schools of that region. What they ask now is that they may be permitted to obtain loans upon their security, just exactly as loans are accorded upon securities of various other institutions, activities, and municipalities which may require them, and that they shall be accorded a sufficient sum to rehabilitate and rebuild the schoolhouses which have been destroyed.

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

Mr. JOHNSON. I yield.

Mr. ROBINSON of Arkansas. Reading the amendment proposed by the Senator, it appears to me that there is no limitation as to area on the loans which may be made to municipalities or political subdivisions, including school boards and school districts; in other words, while the Senator has said that the object is to enable school districts in southern California to secure funds with which to replace buildings damaged or destroyed by the earthquake, it seems to me that the amendment is so general that any school district in the United States which wished to build or repair a building might make application and stand on an equal footing, so far as the language of the amendment is concerned, with any school district in the earthquake area.

Mr. JOHNSON. Mr. President, first answering what has been said by the Senator from Arkansas as to limitations, on page 3, line 3, the limitations in amount are fixed by the language:

The aggregate of loans made under clause (a) shall not exceed \$5,000,000, and the aggregate of loans made under clause (b) shall not exceed \$12,000,000.

As to the purpose generally we are amending paragraph 6 of the law. Paragraph 6 reads:

To make loans to nonprofit corporations, with or without capital stock, organized for the purpose of financing the repair or reconstruction of buildings damaged by earthquake in the year 1933 and deemed by the Reconstruction Finance Corporation economically useful.

It is not unnatural that the Senator should have overlooked that provision, because it was an amendment to the Reconstruction Finance Corporation Act, which was passed quite hurriedly, as a matter of relief to the earthquake district just after the earthquake occurred.

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

Mr. JOHNSON. I yield.

Mr. FESS. Is not the section which the Senator just read broad enough to include what he wants to do?

Mr. JOHNSON. No; the Reconstruction Finance Corporation has ruled explicitly that it will not cover it, and, while I do not speak authoritatively—although my colleague in Congress, the Representative from Long Beach, can—the Reconstruction Finance Corporation is not averse, as I understand, to this measure. Indeed, a part of it was transcribed or written by the counsel for the Reconstruction Finance Corporation and written partly by the legislative counsel of the House.

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

Mr. JOHNSON. I yield.

Mr. KING. I want to repeat, if I may be permitted to do so, the suggestion made by the able Senator from Arkansas.

It seems to me that this amendment would not be restricted to the region to which the Senator from California refers, and the Senator will have in mind the fact that there has been considerable propaganda brought to the attention of the Senate, at least to the attention of some Members of the Senate, in favor of the Federal Government making extensive loans for the building of schoolhouses and the repairing of schoolhouses. In other words, the school districts and the States, counties, and local communities are now trying, it seems to me, to unload upon the Federal Government a duty and responsibility which belongs to the States.

One other suggestion. A subcommittee has been appointed to consider a bill which is now pending in the Committee on the Judiciary. I happen to be chairman of the subcommittee. That bill calls for measures which will relieve municipalities of their obligations, and the Senator must know that a large number of municipalities now have defaulted upon their bonds, not only in the payment of interest but in the payment of principal.

There is no protection in the amendment offered by the Senator, and it seems to me that even if municipalities have defaulted or may default in their bonds, the Reconstruction Finance Corporation is bound to accept them as collateral, regardless of the fact that repudiation of the bonds may promptly follow.

Mr. JOHNSON. Mr. President, the query presented, outside of the very excellent remarks made by the Senator from Utah, was as to restricting to the devastated area, as I understand, the particular expenditures. That is my desire. I should like to see that accomplished.

Mr. ROBINSON of Arkansas. Mr. President, I wish to reiterate the statement I made a few moments ago. If the amendment is restricted so as to make certain that it will apply only to the earthquake area, I shall not oppose it; but the language which is actually employed in the amendment is so broad that, whatever may have been the provisions and purposes of the original measure which is sought to be amended, this language would warrant an interpretation that it authorizes loans to school boards generally.

Mr. JOHNSON. Mr. President, I am very glad to accept the suggestion of the Senator from Arkansas; but may I remind him again that I have in my hand the joint resolution which added a new paragraph to the Reconstruction Finance Corporation Act. It amended paragraph 6. It is an addition to the Reconstruction Finance Corporation power, and it reads:

6. To make loans to nonprofit corporations, with or without capital stock, organized for the purpose of financing the repair or reconstruction of buildings damaged by earthquake in the year 1933 and deemed by the Reconstruction Finance Corporation economically useful.

If we turn to the amendment I have submitted, it will be found that we first amend the second and third sentences—that is, the two sentences following that which is descriptive of the purpose of the original amendment; then we follow with the fourth sentence of paragraph 6, amending it, then with the fifth sentence of paragraph 6, and in each instance the purpose of paragraph 6 is described in the first sentence, and none of it is attempted to be modified or altered in any degree.

I should be very glad, however, because we have but a single purpose here, to place in the amendment any restriction which may be suggested by the Senator from Arkansas or the Senator from Ohio, who have spoken to me upon the subject, or any other Senator, so that the amendment may apply alone to the area affected by the earthquake.

Mr. FESS. Mr. President, I think it could be easily provided for by attaching a proviso.

Mr. JOHNSON. Will not the Senator suggest the proviso?

Mr. ROBINSON of Arkansas. I think the language suggested by the Senator, if incorporated in his amendment, would accomplish the purpose I have in mind. I have had little opportunity of studying the proposition, but the more

I read it the greater appears the uncertainty that it is limited to earthquake areas.

Mr. JOHNSON. Would not the Senator make a suggestion as to where he thinks the change should come appropriately? I will be very glad to insert it, because the only purpose I have is the one I have stated.

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

Mr. JOHNSON. I yield.

Mr. VANDENBERG. Would this meet the situation, to add a final sentence, reading as follows:

Nothing herein contained shall apply to any area except the area defined in the first sentence of paragraph 6 of section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended.

Mr. ROBINSON of Arkansas. I think that would serve the purpose. I was just about to make a similar suggestion.

Mr. JOHNSON. I should be very glad to perfect my amendment by adding the words suggested by the Senator from Michigan. Will not the Senator give that addition to the clerk?

Mr. VANDENBERG. To add the following language at the end of the amendment:

Provided, That nothing herein contained shall apply to any area except the area defined in the first sentence of paragraph 6 of section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended.

Mr. FLETCHER. I think that very much improves it; otherwise, it would be too broad.

Mr. JOHNSON. I accept the amendment.

Mr. FLETCHER. The question in my mind is whether the words "*Provided*, That nothing herein contained" could be construed to refer to the section to which it is added or to the whole act.

Mr. VANDENBERG. It could read "nothing contained in this amendment."

Mr. COUZENS. Or "in this section."

Mr. VANDENBERG. There are several sections.

Mr. JOHNSON. What is the last section of the bill, may I ask the Senator from Florida?

Mr. FLETCHER. The last section of the bill is section 5.

Mr. JOHNSON. Very well. My amendment, then, would embrace section 6, section 7, section 8, section 9, and section 10; and the amendment to the amendment should be made specific and apply to this amendment.

Mr. VANDENBERG. Then the amendment would read, Mr. President:

Provided, That nothing contained in sections 6, 7, 8, 9, or 10 shall apply to any area except the area defined in the first sentence of paragraph 6 of section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended.

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

Mr. KING. Mr. President, I should like to ask the Senator from California a question.

Mr. JOHNSON. Will the Senator permit me to number the sections? They are not now numbered.

Mr. KING. Certainly.

Mr. JOHNSON. I modify the amendment by numbering the sections, respectively, 6, 7, 8, 9, and 10.

Mr. KING. I inquire of the Senator from California what he understands to be the meaning of the words "obligations accepted hereunder shall be collateraled (a) in the case of loans for the repair or reconstruction of private property"? What is meant by "private property" in this instance?

Mr. JOHNSON. That is a mere rewriting of the law; the language is not changed at all.

Mr. KING. It is not the introduction of a new element of obligation?

Mr. JOHNSON. No. Here is the law that has been passed—I will ask the Senator to follow me—on the point to which the Senator has just referred:

Obligations accepted hereunder shall be collateraled (a) in the case of loans for the repair or reconstruction of private property.

That has already been passed and this is just a rewriting of it.

Mr. KING. I might add that I think it a very unwise provision to give the credit of the Government of the United States for such private purposes.

Mr. JOHNSON. But it has been written in the law.

Mr. KING. I should like to make a further inquiry. I ask the Senator whether or not the school districts or the municipalities have defaulted in the payment of their bonds or interest?

Mr. JOHNSON. The Representative in Congress from that district tells me not one has done so.

Mr. KING. Is the credit, then, of these cities and municipalities and school districts good?

Mr. JOHNSON. It is good except for the times; that is all.

Mr. KING. Because, as I said a moment ago, with a large number of municipalities which unfortunately are, or, at least, they claim to be, bankrupt and are appealing for relief and want to go into bankruptcy, it would seem a little unjust if we were to extend credit to corporations that were already bankrupt and were defaulting upon their obligations.

Mr. JOHNSON. These are not in that category.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California, as modified.

The amendment, as modified, was agreed to.

Mr. DILL. Mr. President, I desire to offer an amendment which I think the Senator from Florida will be willing to accept when I explain it.

When we passed the bankruptcy bill permitting the railroads to go into court and have trustees appointed to manage the properties during the pendency of the proceedings we made no provision for the Reconstruction Finance Corporation to loan money to such trustees. The law already provided that loans might be made to receivers. On March 19, Mr. Jesse Jones, the acting chairman of the Reconstruction Finance Corporation, wrote me a letter calling attention to this fact, and said he thought the legislation clearly implied the intent of Congress that such loans should be made but that there was nothing in the statute that authorized the Corporation to make such loans. I have drawn an amendment which I think meets that situation which I will send to the clerk's desk and ask to have read.

The PRESIDING OFFICER. The amendment offered by the Senator from Washington will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

That an act entitled "An act to provide emergency-financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes", approved January 22, 1932, and amended by an act approved July 21, 1932, be further amended by adding at the end of section 5 thereof the following: "*Provided further*, That the Corporation may make said loans to trustees of railroads which proceed to reorganize under section 77 of the Bankruptcy Act of March 3, 1933."

Mr. DILL. Section 5 is the section which provides for loans to railroads and to receivers.

Mr. FLETCHER. I can see no objection to the amendment; I think it makes a very proper correction. As the Senator has stated, the law applies to receivers of railroads, and I see no reason why it should not apply to trustees under that act. Furthermore, it seems to be favored by the Reconstruction Finance Corporation, and I have no objection to it.

Mr. DILL. I ask unanimous consent to insert in the RECORD as a part of my remarks a copy of a letter from Mr. Jones to myself under date of March 19.

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

RECONSTRUCTION FINANCE CORPORATION,
Washington, March 19, 1933.

HON. CLARENCE C. DILL,
Chairman of Committee on Interstate Commerce,
United States Senate, Washington, D.C.

DEAR SIR: Our legal department has called my attention to a possible question which has arisen as to the power of the Reconstruction Finance Corporation to make a loan to a trustee in bankruptcy for a railroad company appointed pursuant to section

77 of the amendment of March 3, 1933, to the national bankruptcy act.

Under this section provision is made for the court to appoint a receiver of the court, referred to therein as a "trustee", for a railroad company which has become subject to the act.

Under the provisions of the Reconstruction Finance Corporation Act of January 22, 1932, this Corporation is limited with respect to railroad loans to loans "to aid in the temporary financing of railroads and railways engaged in interstate commerce, to railroads and railways in process of construction, and to receivers of such railroads and railways." There is no language in the Reconstruction Finance Corporation Act which would specifically permit a loan to be made to a "trustee" appointed under the national bankruptcy act as amended by the act of March 3, 1933.

If it is the intent of Congress that the Reconstruction Finance Corporation should make loans to a trustee for a railroad company, I think all doubt on the question should be removed, if possible, by an appropriate statutory amendment.

I enclose for your consideration a brief memorandum which discusses the relevant provisions of the two statutes above referred to, and also a short tentative draft of an amendment which might logically be inserted at the end of clause (3) of paragraph (c) of section 77 of the aforesaid act of March 3, 1933.

Yours very truly,

JESSE H. JONES, *Acting Chairman.*

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. DILL].

The amendment was agreed to.

Mr. DILL. Mr. President, I have another amendment which I drew with a view to offering it to this bill. It is the amendment which provides that before any more loans shall be made to a railroad the Interstate Commerce Commission shall determine the question of its financial structure being such as to allow the railroad to continue operating on its own earnings without coming to the Government for further loans. I have conferred with the Senator from Florida about the amendment; he feels that it would rather complicate the bill, and, in light of the fact that a similar provision is in the railroad bill which was introduced today, I think I will not offer the amendment but will ask that it may be printed as a part of my remarks in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The proposed amendment is as follows:

Amendment intended to be proposed by Mr. DILL to the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies, viz: At the proper place, insert the following:

"That an act entitled 'An act to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes', approved January 22, 1932, as amended by an act approved July 21, 1932, be further amended by adding at the beginning of section 5 thereof the letter (a) and by adding at the end of said section the following:

"(b) The Corporation shall make no loans to a railroad for the purpose of paying interest on funded debt, taxes, or wages to regular employees not employed on new construction, deferred maintenance, or new equipment, until the railroad corporation making application for loan—

"(1) has provided that for a period of at least 2 years no official, executive officer, or employee of the railroad shall receive a salary greater than \$25,000 per year; and

"(2) until the Interstate Commerce Commission shall have fixed the amount of capital stock and bonded indebtedness of the railroad and the number of vice presidents and executive officers which in the opinion of the Commission will enable the railroad thereafter to provide for its own capital needs without additional loans for interest on funded debts, taxes, or wages to regular employees and also until the railroad has complied with such findings: *Provided*, That if the amount of stock and bonded indebtedness of the railroad fixed by the Commission is less than the amount outstanding, then the railroad may reduce its stocks and bonds to that amount either by agreement of its security holders or by proceedings under the provisions of section 77 of the Bankruptcy Act of March 3, 1933. Loans under this subsection shall be made for such period as the Commission may fix, but not to exceed 15 years, and shall constitute a preferred security of the railroad."

Mr. BULKLEY. Mr. President, I am advised that in the State of Ohio, as well as in other States, very substantial funds have been accumulated to pay losses in connection with workmen's compensation acts. Such funds are in large part invested in municipal bonds, most of which will ultimately be good, but at the present moment, being somewhat

under a cloud, they have rather a questionable market, and it is not always possible to make a ready sale of such securities. I am going to offer an amendment to permit the Reconstruction Finance Corporation to make loans to such State insurance funds, the loans, of course, to be secured by adequate collateral.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, after line 5, it is proposed to insert the following as a new section:

SEC. —. Section 5 of the Reconstruction Finance Corporation Act, as amended, is amended by adding at the end thereof the following new paragraph:

"The Reconstruction Finance Corporation is further authorized and empowered to make loans to any State insurance fund established or created by the laws of any State for the purpose of paying or insuring payment of compensation to injured workmen and those disabled as a result of disease contracted in the course of their employment, or to their dependents. As used in this paragraph, the term 'State' includes the several States and Alaska, Hawaii, and Puerto Rico."

Mr. BULKLEY. I hope the Senator from Florida will accept the amendment.

Mr. FLETCHER. Mr. President, I think it is a very meritorious proposal, and, so far as I am concerned, I have no objection to it.

Mr. HATFIELD. Mr. President—

Mr. BULKLEY. I yield to the Senator from West Virginia.

Mr. HATFIELD. Should not the Senator add the word "injury"? The word "disease" is mentioned, but in most cases compensation is paid on account of injury.

Mr. BULKLEY. The amendment reads:

Compensation to injured workmen and those disabled as a result of disease.

Mr. HATFIELD. I did not catch those words when the amendment was read.

Mr. KING. Mr. President—

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

Mr. BULKLEY. I yield.

Mr. KING. Mr. President, I did not catch the full meaning of the Senator's statement. The loans are to be made by the Reconstruction Finance Corporation under the proposed amendment to whom and for what purpose and upon what security?

Mr. BULKLEY. The loans will be made to State funds established for such purposes as I have outlined and on the security of whatever investments the State funds may have. Usually the security would be municipal bonds.

Mr. KING. Would the State be responsible for the obligation thus created or sought to be created?

Mr. BULKLEY. I think the fund itself would be responsible and that adequate security would be provided in each case.

Mr. KING. Is it not a fact that many of these funds are either exhausted or so impaired that it will be impossible to meet obligations against them?

Mr. BULKLEY. My amendment does not provide any exception to the rule under which the Reconstruction Finance Corporation always operates, namely, that its loans must be adequately secured. If any fund is so impaired that it cannot post adequate security or collateral, this amendment would not help it.

Mr. KING. The Senator knows that against some of these funds which have been obtained through contributions by corporations or in part by the employees obligations have been incurred and the funds are wholly inadequate to meet the obligations. The point I am making is, are we not putting the Government in the position of loaning money against a fund that does not exist; that is, nebulous and evanescent?

Mr. BULKLEY. The amendment which I have offered would not be subject, I think, to that criticism; it applies only to State insurance funds, and, as I have said, does not make any exception to the rule that adequate security must be given. The fund, for instance, in the State of Ohio is

about \$37,000,000, and no such amount as that would need to be borrowed, and perfectly adequate security can be given for any loan that may be made.

Mr. KING. As I understand the Senator, there has been a fund created and those in charge have loaned the fund and taken collateral; they have invested it in what they considered good securities.

Mr. BULKLEY. They have invested, as I have said, in perfectly good municipal securities, but now, with the defaulting of some interest, they find themselves short of cash, and also without a ready market for the securities.

Mr. KING. Mr. President, I can only say that the Federal Government is now being made the catch-all for municipalities, States, private corporations, and industrial corporations. Where they cannot get credit, the Federal Government, under the Reconstruction Finance Corporation Act and amendatory provisions, is to be made, in the language of the street, "the goat." That expression is not quite appropriate, but it is to be the instrumentality to carry all these organizations through the period of depression, many of which will never be able to pay to the Government the money which they are obtaining. I think we have gone too far. This is just as meritorious as, and, perhaps more meritorious than many of the suggestions which have been made and which have been incorporated into the law. Already demand is being made for all sorts of investments and loans. Three persons today have been to see me. They want loans to develop mining operations and business enterprises and to extend the activities of municipalities, when the municipalities are unable to meet their obligations. If we are not very careful, Mr. President, we will soon be at the brink of the precipice, so far as the credit of the United States is concerned.

Mr. BULKLEY. The Senator's argument, of course, goes to the whole principle of the Government advancing money at all. I am pleased to hear him admit that the suggestion which I have made is more meritorious than most other suggestions which have been already adopted.

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

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

Mr. BULKLEY. I yield.

Mr. HEBERT. The State funds are operated under State laws providing for their establishment and maintenance?

Mr. BULKLEY. Undoubtedly.

Mr. HEBERT. Those who have charge of the funds are State appointees, are they not?

Mr. BULKLEY. Undoubtedly.

Mr. HEBERT. It seems to me there might be some obstacle in the way of incurring obligations on behalf of States by those who have charge of the funds.

Mr. BULKLEY. That is unquestionably true. If the State board having charge of the funds has no authority to borrow, then the loan cannot be made, but that is no reason why a loan should be denied to a board in another State which has legal authority to borrow.

Mr. HEBERT. Does the Senator know whether or not those having charge of the fund in the State of Ohio, for instance, have authority to borrow?

Mr. BULKLEY. I am informed it could be done immediately, and I have no doubt it can be done in other States. Any State could qualify so as to borrow under these terms.

Mr. HEBERT. The funds now in the hands of this activity are invested in municipal bonds, I understood the Senator to say?

Mr. BULKLEY. I so understand.

Mr. HEBERT. And there is no possible way of raising cash by putting up the bonds as collateral?

Mr. BULKLEY. The market for the bonds is bad, and sales are not considered desirable. Banks are in such a condition that they do not like to extend themselves, and it seems appropriate that the Reconstruction Finance Corporation be authorized to make the loan.

Mr. HEBERT. Under the law creating the fund in the State of Ohio, what occurs where the fund is deficient? Of course, the Senator is familiar with conditions there.

In other words, where there is not sufficient money to take care of its obligations, then what occurs under the law creating the fund? Does the State undertake by itself to provide funds?

Mr. BULKLEY. There is no question of deficiency of assets. If those in charge of the fund sell the municipal bonds, they will take an undue loss, but they can get the money to pay the obligations. No question of insolvency is involved.

Mr. HEBERT. The fund is amply able to take care of the situation?

Mr. BULKLEY. Oh, there is no question about that.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

Mr. KING. Mr. President, I would like to ask the chairman of the committee whether he believes the amendment on page 3 is sufficiently clear and mandatory to compel payment in cash into the treasury of the insurance companies seeking a loan before they may obtain the loan? The language is not very clear.

I am sure that is the intention. It is intended, of course, that they shall subscribe one half of the stock and pay in cash that subscription into the treasury of the corporation before there is any obligation upon the part of the Reconstruction Finance Corporation to extend any credit. If the Senator is satisfied with that language, although I think it might be made more mandatory, I shall not complain.

Mr. FLETCHER. Mr. President, I think the language is sufficient. The Reconstruction Finance Corporation must be satisfied that the borrowers are in a position to contribute their half before the Reconstruction Finance Corporation will subscribe the stock. I think it is clear enough and strong enough.

Mr. KING. I should have preferred an amendment providing that the cash shall be paid into the treasury of such applicant before any loan or purchase of stock shall have been consummated.

Mr. FLETCHER. I would rather not make it so drastic as that. It might be that many of the companies could not absolutely pay the cash at once, but they are in a position to do it before the loan is made.

Mr. KING. I hope the Senator does not mean to discredit in advance the solvency of these corporations, so that they will not be able to meet the subscription?

Mr. FLETCHER. No; they are not insolvent, but this is calling upon them to go out among their stockholders and solicit each one of them to contribute additional capital to the corporation so it can proceed. That is going to be rather a difficult task. I have had many letters from companies which would like to come under the provisions of the bill, but which say they cannot do it, because they cannot raise the money. They will be closed out for that very reason. But the committee felt it was fair and just and insisted upon the amendment. We have had more criticism of that provision than any other part of the bill, because it is going to be very difficult for some of the smaller insurance companies to raise additional capital now. It is a very difficult thing to do. Some of them will be closed on that account. I would not like to make it so drastic as to make it impossible for nearly all of them to take advantage of it.

Mr. KING. I want it so drastic that the loan will not be extended or the stock purchased by the Reconstruction Finance Corporation, and then have them find that the corporation is unable to put up its share of the new stock which it has subscribed. We know that there is "many a slip twixt cup and lip." Some insurance companies, doubtless animated by a desire to survive and obtain their share of the hundred million dollars, will make strong representations to obtain a loan and to induce the Reconstruction Finance Corporation to subscribe capital stock and pay for it, of course. No doubt, so animated, they will make many such representations and they will rely upon claims made or assurances given by individuals that they will subscribe, and after the Government has subscribed and paid its money and

extended credit, some of those who have given the assurances will fail to respond, and we will not get the half of the total amount which was to be paid in by the stockholders of the applicant.

Mr. FLETCHER. But the bill provides that the Reconstruction Finance Corporation shall not subscribe for, purchase, or accept as collateral for loans under this bill preferred stock until they are satisfied. The Reconstruction Finance Corporation must first be satisfied.

Mr. KING. Then the Senator understands that the bill provides that no loans may be made unless stock shall be subscribed equal to the loans which are made?

Mr. FLETCHER. Yes; that is my understanding.

Mr. KING. That is to say, if loans are made, the stock must be subscribed by stockholders of equal amount to the loans made, or if preferred stock is purchased by the Reconstruction Finance Corporation, then the stockholders of the applicant must subscribe an equal amount of the preferred stock?

Mr. FLETCHER. Yes.

Mr. COUZENS. Under a previous act an insurance company could borrow without having to put up any money for the purchase of common stock.

Mr. KING. But this is a better protection for the Government.

The VICE PRESIDENT. The clerk will state the next amendment.

The LEGISLATIVE CLERK. The committee proposes, on page 4, line 10, to strike out the word "such" and insert the word "any", and in line 11, to strike out the word "persons", so as to make the section read:

SEC. 5. The right to alter or amend or repeal this act is hereby expressly reserved. If any provision of this act, or the application thereof to any person, firm, association, or corporation, is held invalid, the remainder of the act, and the application of such provision to any other person, firm, association, or corporation, shall not be affected thereby.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Wisconsin proposes, at the proper place in the bill, to add a new section, as follows:

SEC. —. Section 5 of the Reconstruction Finance Corporation Act, as amended, is amended by adding at the end thereof the following new paragraph:

"The Reconstruction Finance Corporation is further authorized and empowered to make loans to any fund created by any State for the purpose of insuring the repayment of deposits of public moneys of such State or any of its political subdivisions in banks or depositories qualified under the law of such State to receive such deposits. Such loans may be made at any time prior to January 23, 1934, and upon such terms and conditions as the Corporation may prescribe; except that any fund which receives a loan under this paragraph shall be required to assign to the Corporation, to the expense of such loan, all amounts which may be received by such fund as dividends or otherwise from the liquidation of any such bank or depository in which deposits of such public moneys were made. As used in this paragraph, the term 'State' includes the several States and Alaska, Hawaii, and Puerto Rico."

Mr. LA FOLLETTE. Mr. President, the amendment which I have submitted was offered by former Senator Blaine in the last session of Congress as an amendment to the Wagner bill. The amendment was adopted and the bill passed the Senate, but, as Senators will remember, the measure was not acted upon by the House of Representatives.

In my own State as the depression deepened the surety companies, which normally issue bonds against public deposits, withdrew from that field. The State, having a provision in its constitution which prohibits it from going into debt and issuing bonds, proceeded in the only manner available to it to protect the deposits of public moneys on the part of municipalities, towns, villages, and school districts, by creating a public corporation which performed the func-

tions carried on in normal times by the surety companies, and set up a charge of 2 percent to be paid into the fund against the daily balances carried in the public deposits.

The Reconstruction Finance Corporation holds that the existing law does not permit it to make loans of this character. Senators will see at once from the provisions of the amendment that it is merely permissive; that is, it grants the Corporation authority to make loans to funds of this character assuming that the corporation is satisfied that the provision for the payment of dividends received from the banks is adequate and properly amortized to repay the loan.

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

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

Mr. LA FOLLETTE. Certainly.

Mr. COUZENS. How much is now in the Wisconsin fund? Is there some money in the fund?

Mr. LA FOLLETTE. I cannot give the Senator the exact information as to how much is in the fund at the present time, but money has been paid in continuously during the time this plan has been in operation. What is desired is to make a loan so that some of the public funds may be freed in order that the municipality or the town or the school district may have access to its funds pending liquidation of the banks.

Mr. COUZENS. In other words, the Reconstruction Finance Corporation security will be only the pledge of the banks to pay into this fund?

Mr. LA FOLLETTE. That coupled with the fact that of course the depository fund will be repaid as the banks are liquidated. In other words, they will receive dividends just like other depositors.

Mr. COUZENS. So there is no actual security to pay, except the pledges?

Mr. LA FOLLETTE. The actual security will be an assignment by the corporation of its proportion of whatever dividends the Reconstruction Finance Corporation determines to be necessary in order to protect it.

Mr. COUZENS. Does the Senator know of any other State that has a like arrangement?

Mr. LA FOLLETTE. I cannot answer the Senator's question, but I would like to say that the Reconstruction Finance Corporation is today making or has been in the past making loans to private surety companies which have performed this function. It seems to me it would be only equitable, where a large public corporation has been organized for this purpose, that it should have the same access to the facilities of the Reconstruction Finance Corporation that a private surety corporation organized for profit may have.

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

Mr. LA FOLLETTE. I yield.

Mr. COUZENS. On that feature, the Reconstruction Finance Corporation Act uses the words "adequate security." I do not remember that the Senator's amendment had that language in it.

Mr. LA FOLLETTE. It amends section 5 to the extent of permitting the Corporation to make loans to funds of this character; but, of course, it is not in any sense mandatory upon the Corporation to make such a loan if, in its judgment, the assignments of these future dividends are not sufficient, in the judgment of the Corporation, to protect them.

Mr. COUZENS. Mr. President, would the Senator object to having those banks which are in the future to pay dividends put up some of their assets as security for these loans? I am afraid this amendment is opening the door wide to accepting simple pledges which may or may not be paid, depending upon the methods of liquidation of the conservators or the receivers. The Government cannot control the actions of the receivers or the conservators, and in the meantime it has no security.

Mr. FLETCHER. Mr. President, if the Senator will allow me—

Mr. LA FOLLETTE. I yield.

Mr. FLETCHER. It seems to me this amendment does not belong on this bill.

Mr. LA FOLLETTE. It is a little late for the Senator to raise that objection against amendments; and may I say that this amendment was debated previously and agreed to by the Senate. The same objection that the Senator now raises to this amendment might be raised to other amendments which have already been offered, and which he has accepted.

Mr. FLETCHER. I do not think that is the case at all. This is a proposition for the Federal Government to loan to some State corporation, as I understand. The Senator refers to it as a public corporation. I presume it is a corporation in which the State owns the stock. Is that the idea?

Mr. LA FOLLETTE. Yes.

Mr. FLETCHER. The State owns the stock of a corporation, and that corporation needs some money to liquidate some claims that are made against it, and it wants to come here to borrow that money. I do not see why the State cannot wait until these contributions or assessments come in, and go on with the matter in the regular way. I do not see why the Federal Government should undertake to loan money to such a corporation which is in need of money and which has no assets except some kind of pledge or other from banks, or something of the sort. I do not know just the nature of it. It seems to me a mysterious sort of arrangement.

Mr. LA FOLLETTE. It is on a perfectly sound basis.

Mr. FLETCHER. I do not see what security the Government is going to get.

Mr. COUZENS. Mr. President, will the Senator from Wisconsin yield to me?

Mr. LA FOLLETTE. I yield to the Senator from Michigan.

Mr. COUZENS. Has the Senator a copy of the amendment in his hand?

Mr. LA FOLLETTE. Yes.

Mr. COUZENS. If the Senator will read on line 5, I wonder if it would be satisfactory to the Senator to have it read as follows:

The Reconstruction Finance Corporation is further authorized and empowered to make loans, if adequately secured, to any fund—

Mr. LA FOLLETTE. I will modify my amendment as suggested by the Senator from Michigan; and may I say, in response to the suggestion of the Senator from Florida, that I certainly have not made myself clear if I have left him under the impression that there is anything mysterious or nebulous about the function which this corporation has performed. It was organized to take up the functions of the private security companies, which withdrew from the field, and it was the only means available whereby the State could discharge its responsibility of affording to public funds deposited by municipalities, townships, and school districts a protection to which all such funds are entitled if there is to be any protection at all to that type of deposits.

There is nothing shocking about this suggestion. The mere fact that this corporation was organized by the State is no reason why it should not be given the same opportunity to secure loans from the Reconstruction Finance Corporation as private corporations engaged in the same business.

Mr. FLETCHER. I can conceive of a State desiring to protect the funds of its school districts, and so forth; but it has the same means of protection that the Federal Government has for protecting its funds. It can require the deposit of its bonds to protect the deposits. To take the obligations of some corporation to insure the deposit of public funds, however, is another matter.

Mr. COUZENS. I think this applies to past acts, and is not comparable to making new deposits. That is the reason why I am in favor of the amendment.

Mr. FLETCHER. I shall not make any objection to it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin, as modified.

The amendment, as modified, was agreed to.

The VICE PRESIDENT. Without objection, the clerk will be authorized to renumber the sections.

Mr. KING. Mr. President, I move to strike out the figures "\$100,000,000" and to insert in lieu thereof "\$50,000,000". I should like to strike out the whole appropriation.

Mr. WALSH. Will the Senator explain his amendment?

Mr. FLETCHER. The Senator will realize that this is not an act of appropriation at all.

Mr. KING. It is an authorization.

Mr. FLETCHER. It enables the borrowing power of the Reconstruction Finance Corporation to be increased to this extent, but that does not mean that this \$100,000,000 shall be appropriated at all. It does not mean that they are going to use it. It does not mean that they will have any occasion to use it, really; but it is put in here so as to protect the Corporation, and so as to limit the extent to which they may enlarge or expand their borrowing power. It is a limitation on the borrowing power of the Corporation to this extent for this purpose. It is not an appropriation at all. They may never use it.

Mr. ROBINSON of Indiana. Mr. President, I think it is practically appropriated. I read from the bill:

The amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by \$100,000,000, in order to provide funds to carry out the provisions of this act.

So I think it is provided for.

Mr. KING. Mr. President, I agree in part with what my dear friend from Florida [Mr. FLETCHER] has said. It is a limitation, but a limitation obviously for the purpose of enabling the Reconstruction Finance Corporation to go to the limit; namely, \$100,000,000. My proposition is to fix the limitation at \$50,000,000 instead of \$100,000,000.

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

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

Mr. ROBINSON of Indiana. I am wondering if the Senator from Utah himself knows, or if the Senator from Florida knows, or if anybody can answer the question as to how much is needed. What is the emergency? Just how much money do these companies need?

Mr. FLETCHER. The Reconstruction Finance Corporation told us that they would like to have that amount of leeway to provide the necessary funds. No one knows exactly what the demands may be.

The VICE PRESIDENT. Will the Senator from Utah permit the Chair to call attention to the fact that the amendment proposed by him is to an amendment which has already been agreed to.

Mr. FLETCHER. I was going to make that point.

The VICE PRESIDENT. In order to consider the Senator's amendment, there must be a reconsideration of the committee amendment that has been agreed to.

Mr. KING. Mr. President, in the haste with which we are putting these measures through, sometimes when we are called from the Chamber to attend committee meetings an amendment is adopted, but there never is any objection to reconsideration. I ask unanimous consent that the vote by which the \$100,000,000 was inserted be reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none; and the motion to reconsider is agreed to.

Mr. KING. Now I renew the offer of my amendment, if it is necessary.

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

Mr. KING. I yield to the Senator from Michigan.

Mr. COUZENS. I do not desire to interfere with the chairman of the committee; but I was present when the testimony was given by the directors of the Reconstruction Finance Corporation, and personally I can see no objection to making the amount \$50,000,000. If they expend it, they

can come back here and ask for more; but, frankly, I do not think they are going to make any purchases at all of preferred stock under the act because of the difficulty of raising money for common-stock purchases.

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

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the committee amendment as amended.

Mr. TYDINGS. Mr. President, I should like to ask the chairman of the committee whether or not the committee considered the proposition of lowering or striking out entirely the provision which compels the companies to match any money subscribed for stock in the case of insurance companies?

Mr. FLETCHER. We have just been thrashing out that matter here for nearly an hour.

Mr. TYDINGS. I mean in the committee itself?

Mr. FLETCHER. Yes.

Mr. TYDINGS. The committee is unanimously opposed to doing that?

Mr. FLETCHER. The committee is in favor of what has been reported here.

Mr. TYDINGS. The reason why I asked the Senator the question is that I have been asked to offer an amendment to that effect, and I did not want to have it appear that I was reluctant to do so; but in view of the fact that the committee seems to be unanimously opposed to any such amendment I see no use in offering the amendment, because evidently it would be defeated.

Mr. FLETCHER. I will say to the Senator that the Senator from Utah proposed an even more drastic amendment.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill as amended.

Mr. ROBINSON of Indiana. Mr. President, I do not desire to delay the Senate, and shall not do so except for a very few minutes to express my opposition to the policy involved in the bill.

I think the measure has been very greatly improved by a number of the amendments which have been added, particularly the last one, as a result of which the gross amount has been reduced to \$50,000,000. Therefore, what remains for discussion is the question of policy, especially at the present time.

I assume that the bill will pass. Most of those on the floor will vote for it. I shall vote against it because I believe there is no emergency that requires its passage. In these days of depression, when everybody groans under tax burdens, and when we are making stupendous efforts to balance the Budget, it seems to me a foolhardy thing to arrange to loan even \$50,000,000 to the insurance companies of the country, which, in my judgment, in the great majority of cases are in whatever financial straits that may surround them largely because of their own mismanagement.

In the midst of this depression, Mr. President, the insurance companies of the country, after having ground down their employees to reduced wages and reduced salaries and reduced commissions, have at the same time, without permitting their policyholders to know anything about it, increased the salaries of their executive officers to enormous heights—heights never even heard of during the best days of so-called "prosperity." That was inexcusable, of course. That casts suspicion on their efforts now to borrow money from the Treasury of the United States or from the Reconstruction Finance Corporation.

Mr. President, I have a letter from William F. Streich, a life-insurance consultant of Philadelphia. I cannot vouch for the truth of all that is contained in this letter. I assume, however, that he states the facts. If what he says is true, the pending bill should be defeated; in any event, so far as it may apply to life-insurance companies, and we

have found from other evidence submitted to the Senate that conditions are equally bad with the fire-insurance companies.

I shall read from this communication only a small part of all that it contains:

Before getting to the main subject I will dispose of the question you raised relative to Reconstruction Finance Corporation advances to insurance companies claimed to be absolutely necessary for protection of the policyholders. In my opinion the appropriation of \$100,000,000 for this purpose, as proposed in the Fletcher bill, is like dropping 10 drops into a leaking 10-gallon bucket of water, and would serve no other purpose than furnish additional working capital for the sole purpose of defraying acquisition costs of new business. These loans to life-insurance companies have no relation to the existing emergency. No solvent insurance company is in need of funds for capital purposes unless construed to mean need for working capital. Insolvent companies should be treated in the same manner as are banks not up to the standard of solvency, irrespective of whether such companies furnish an amount of capital equal to that for which application is made to the Corporation, or whether the compensation to any officer, director, or employee of the applicant be \$17,500 per annum or even less. The Reconstruction Finance Corporation advances that have been made to insurance companies have not had the effect they were intended to have, as evidenced by the two outstanding cases—the indemnity concern which recently went to the wall in New Orleans immediately after an advance of over \$1,000,000, and the Illinois Life of Chicago immediately after having received, as I remember, \$1,500,000, not to mention numerous other cases on the verge of being thrown into receivers' hands.

It was as late as March 10 last that it was declared at the annual congress of the Life Underwriters Association of the City of New York that, "despite the depression the current income of life-insurance companies was 50 percent more than is needed to pay all death claims, maturing endowments, and annuities, together with payment of loans on policies or surrender for their cash value." Why should these companies, therefore, ask for loans except it be for the purpose above stated—working capital for the sole purpose of defraying acquisition costs of new business. If not this, the only construction to be placed upon their requests for loans from the Reconstruction Finance Corporation is their desire for capital for manipulation and to cover reckless extravagances which have become habitual with these institutions, all to the detriment of the policyholders.

Now to get to the point. In one of his messages to the Fifty-ninth Congress, President Theodore Roosevelt accurately stated facts when he said this: "The great insurance companies afford striking examples of corruption. . . . It has been too clearly shown that certain men at the head of these large corporations take too little note of the ethical distinction between honesty and dishonesty, they draw the line this side of what may be called law honesty, the kind of honesty necessary in order to avoid falling into the clutches of the law."

That description given by President Roosevelt of the culprits of those days exactly fits the manipulators of the more than \$20,000,000,000 today belonging to over 60,000,000 beguiled policyholders. In some respects life-insurance conditions are worse now than they were prior to the New York legislative investigation in 1905-6.

In their usurpation of bank and trust functions, and by exercising the privilege granted them by State insurance superintendents, in obedience to orders given them by the companies themselves, these concerns, just now when thousands of policyholders are in dire need of funds, are holding up cash-surrender values and are denying policy loans against the cash and loan values set forth in the policy contracts. And this they are doing in the face of paying salaries to company executives three times and more than the salary paid to the President of the United States. Moreover, the stock companies are paying dividends ranging from 15 percent to 25 percent, plus stock dividends, to their stockholders. Not only this, but salaries to executives of mutual companies have been increased despite decrease in dividends to policyholders in these same companies, in some instances as much as 50 percent.

In other words, right at the time when they were increasing all these salaries they were discontinuing the payment of dividends to their stockholders.

Besides the extravagances just mentioned, ocean-going steamers are chartered for excursion conventions, at which agents are instructed how to lure the public into giving up in excess of twice the premiums required to cover the insurance risk assumed by the companies.

I promised the Senate I would not detain Members for any considerable length of time, and therefore I skip large portions of this letter and will try to pick out some of the salient paragraphs:

Adequate reserves are a prerequisite to all forms of life insurance, but cash values created by excessive premiums are not.

So-called "cash values" virtually are deposits unwittingly made by the insured with the companies. They are available only as policy loans or upon surrender of the policies.

I pointed out a moment ago that while they were raising their own salaries to enormous heights they discontinued making payments to their policyholders, even though they were impairing the obligations of contracts in doing so.

When loans are taken the insurance is reduced by the amount of the loan. When policies are surrendered for the "cash value" the insurance is automatically canceled. If a loan has not been taken, the cash values are applied by companies as part of the face amount of policies when the policies become payable under death claims. Hence, again, the principle held by life-insurance actuaries that cash values are self-insurance.

Finally, Mr. President, is this exceedingly pertinent paragraph, which I bring to the attention of the Senate:

This condition calls for a Federal investigation like that by the New York legislative committee in 1905-6 previously mentioned, because methods no less reprehensible than those brought to public attention during that investigation are again in evidence.

Mr. President, I shall read no more from the letter at this time.

I would like to suggest, in conclusion, that I dislike the policy of purchasing securities from these insurance companies for a number of reasons. The Federal Government has utterly no control over insurance companies. The Supreme Court of the United States has held that insurance is not commerce. Therefore each State is the arbiter of the question. Each State decides what companies may be permitted to sell insurance within its domain. Generally speaking, an insurance commissioner of a State handles that work. We have no authority for regulating insurance companies. They are purely State institutions, but they now come to the Congress and to the Federal Government and ask for a hundred million dollars in loans.

If they are in a bad way today, Mr. President, I have no doubt that in the great majority of instances their difficulties are due to their own mismanagement. Therefore, as a matter of policy, and because I do not think it is needed at this time, I shall vote against the bill and shall not attempt to delay final consideration or a final vote.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill, as amended.

The bill, as amended, was ordered to be engrossed for a third reading and to be read a third time.

The bill was read the third time and passed.

PRESERVATION OF VALUABLE HISTORIC DOCUMENTS

Mr. ROBINSON of Arkansas. Mr. President, the able and efficient Secretary of the Senate has brought to my attention a number of old public documents, some of which are of great value. These documents are now in the files of the Secretary of the Senate. They include the numerous messages of the first President to the Congress, which are the originals, bearing the signature of George Washington himself.

Mr. President, among these messages is Washington's first inaugural address, a document of very great value. It is in bad condition and needs to be cared for very promptly.

There are also the certificates of the electoral votes of the Thirteen Original States for the first election of a President and Vice President.

The conference report and several drafts of the first 12 amendments submitted, constituting the Bill of Rights.

A message from the National Assembly of France in regard to the assembly wearing mourning for 3 days as a mark of respect to Benjamin Franklin.

A report of the Secretary of War on the Military Establishment, dated 1789.

A full report of Charles Thomson, appointed by Congress to notify General Washington of his election as President, a description of his visit to Mount Vernon, his speech to General Washington, the latter's reply, and a statement respecting their journey northward to New York.

Various amendments and conference reports dealing with the bill providing for a permanent seat of government in Washington.

Mr. President, these are only a few of the documents on file. There are many others, such as the original messages

from the earlier Presidents—Washington, Adams, Jefferson, and others—in their own handwriting, and most of the messages bearing the signatures of their authors.

There is also a letter from Louis XVI of France.

Mr. President, among these very important and interesting papers is a letter from General Washington to Baron von Steuben, dated at Annapolis, December 23, 1783, and the letter concludes with this paragraph:

This is the last letter I shall ever write while I continue in the service of my country. The hour of my resignation is fixed at 12 this day, after which I shall become a private citizen on the banks of the Potomack, where I shall be glad to embrace you, and to testify the great esteem and consideration with which

I am, my dear Baron

Your most obedient and affectionate servant,

G. WASHINGTON.

In order that proper care may be taken of these very valuable documents, I submit a resolution and ask its reference to the Committee to Audit and Control the Contingent Expenses of the Senate. It will be necessary to expend a small sum from the contingent fund of the Senate. The amount has been left blank in the resolution, with the expectation that the Committee to Audit and Control the Contingent Expenses of the Senate will insert such sum as it finds necessary.

The VICE PRESIDENT. The resolution will be received and referred as indicated.

The resolution (S.Res. 73) 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 is authorized to expend from the contingent fund of the Senate such sums as may be necessary, not to exceed \$——, for the purpose of adequately providing for the preservation of old documents on file in the Senate Library.

TERM OF DISTRICT COURT AT ORLANDO, FLA.

Mr. LONG. Mr. President, I wish to ask unanimous consent for the present consideration of a local bill, which has been reported from the Committee on the Judiciary by the Senator from Florida [Mr. FLETCHER]. It is Senate bill 687, Order of Business 48. I ask unanimous consent that it may be considered at this time.

There being no objection, the bill (S. 687) providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla., was considered, ordered to be engrossed for a third reading, read the third time and passed, as follows:

Be it enacted, etc., That a term of the District Court of the United States for the Southern District of Florida shall be held annually at Orlando, Fla., on the first Monday in October: *Provided*, That suitable rooms and accommodations for holding court at Orlando are furnished without expense to the United States.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to.

EXECUTIVE MESSAGES REFERRED

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

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are in order.

Mr. BULOW, from the Committee on Civil Service, reported favorably the nomination of Harry B. Mitchell, of Montana, to be Civil Service Commissioner, vice Thomas M. Campbell, resigned, which was placed on the calendar.

He also, from the same committee, reported the nomination of Lucille F. McMillin, of Tennessee, to be Civil Service Commissioner, vice Jessie Dell, resigned, which was placed on the calendar.

THE CALENDAR

The VICE PRESIDENT. If there be no further reports of committees, the calendar is in order.

The legislative clerk announced Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932, as first in order on the calendar.

Mr. VANDENBERG. I ask that the treaty go over.

The VICE PRESIDENT. The treaty will be passed over.

TREASURY DEPARTMENT

The legislative clerk read the nomination of J. F. T. O'Connor, of California, to be Comptroller of the Currency.

Mr. FESS. Mr. President, on behalf of the Senator from Oregon [Mr. McNary], I suggest that that nomination go over at least until Monday.

Mr. ROBINSON of Arkansas. What was the suggestion?

Mr. FESS. That the nomination of Comptroller of the Currency go over until Monday.

Mr. ROBINSON of Arkansas. Very well.

Mr. FESS. I make the suggestion at the request of the Senator from Oregon.

Mr. ROBINSON of Arkansas. Will the Senator be ready to proceed with the consideration of the nomination then, if an executive session shall be held on that day?

Mr. FESS. So far as I am concerned, I will be.

The VICE PRESIDENT. The nomination will be passed over.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Hugh S. Gibson, of California, to be Ambassador Extraordinary and Plenipotentiary to Brazil.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Warren Delano Robbins, of New York, to be Envoy Extraordinary and Minister Plenipotentiary to Canada.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Laurence A. Steinhardt, of New York, to be Envoy Extraordinary and Minister Plenipotentiary to Sweden.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Cavendish W. Cannon, of Utah, to be secretary in the Diplomatic Service.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of James S. Moose, Jr., of Arkansas, to be secretary in the Diplomatic Service.

The VICE PRESIDENT. Without objection, the nomination is confirmed. That completes the calendar.

JED C. ADAMS—NOTIFICATION TO PRESIDENT

Mr. CONNALLY. Mr. President, on yesterday the nomination of Jed C. Adams to be a member of the Board of Tax Appeals was confirmed. It had not been my purpose to ask unanimous consent that the President be notified, but, in view of the fact that the Senate will probably adjourn or take a recess until next Monday, I should like to ask unanimous consent that the President be notified.

The VICE PRESIDENT. Is there objection?

Mr. COUZENS. Mr. President, the Senator from Oregon [Mr. McNary] is not present and there was an understanding that such request would not be made.

Mr. CONNALLY. I withdraw the request.

NOTIFICATION TO PRESIDENT OF DIPLOMATIC NOMINATIONS

Mr. COSTIGAN. At the request of the Senator from New York [Mr. Wagner], who is necessarily absent on official business, I ask unanimous consent that the President be notified of the confirmation of the nominations of Mr. Robbins and Mr. Steinhardt. I do not know whether or not the request conflicts with the desire of the Senator from Michigan.

Mr. COUZENS. Mr. President, we have heretofore had difficulties by reason of having notified the President before the rule has been complied with, and I think it ought to be observed.

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

Mr. COUZENS. I will have to object.

The VICE PRESIDENT. Objection is made.

The Senate resumed legislative session.

ADDRESS BY SECRETARY HULL BEFORE INTERNATIONAL CHAMBER OF COMMERCE

Mr. HAYDEN. I ask unanimous consent to have printed in the CONGRESSIONAL RECORD and referred to the Committee on Finance an address by the Secretary of State, Hon. Cordell Hull, delivered before the American section of the International Chamber of Commerce on May 2.

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

ADDRESS OF THE HONORABLE CORDELL HULL, SECRETARY OF STATE, AT DINNER OF THE AMERICAN SECTION OF THE INTERNATIONAL CHAMBER OF COMMERCE, HOTEL MAYFLOWER, WASHINGTON, D.C., MAY 2, 1933, 9:30 P.M.

Mr. Toastmaster, members of the International Chamber of Commerce, ladies, and gentlemen, it is a high compliment to be invited to address this assemblage of outstanding business men, and I am correspondingly grateful for your invitation. I am greatly pleased to be able to bear testimony to the fine record in many respects that the International Chamber of Commerce, under the leadership of the American section, has made since its meeting in Rome soon after the war, in support of the fundamentals of sound post-war economic policies. Your responsibilities to the general public were never greater than today. The leadership and statesmanship of no other generation were ever subjected to a more serious challenge than is ours by the existing domestic and world difficulties. They will successfully meet that challenge, in my judgment, according to their disposition to recognize the fact that new conditions, new forces, and new ideas have come into our national life since the World War which cannot longer be ignored without serious risk of further business disaster. And, too, all must recognize that we are really living in a new age, which calls for more modernized and modified economic policies. Humanity simply cannot continue indefinitely to endure existing chaotic depression conditions. Civilization itself will ultimately be seriously undermined.

There should by this time be such important points of general agreement as the following:

All nations for many years prior to 1929 pursued the same fatal policy of extreme economic nationalism. Every nation alike was engulfed by the awful panic conditions which began in 1929. Each nation, during the past 3½ years, has been struggling single-handed to restore satisfactory domestic prosperity without regard to the prostrate business conditions in the balance of the world, but thus far without results at all satisfactory. The policy of economic isolation thus universally pursued since 1920 as an infallible guaranty of prosperity, was helpless either to prevent the most destructive business depression on record or to halt or cure it after it came. World conditions, contrary to isolationist predictions, did crash into the internal situation of each country and upset and paralyze its domestic economy.

It is now clear that no nation can live and thrive by itself. The proponents of the policy of economic isolation are now silent as to this world effect, but are still unable to offer any basic remedy for business recovery except this broken down and discredited policy. They can only point to its colossal failure as a guaranty of its future ability to improve business conditions. And yet these blind forces of short-sighted isolation here and elsewhere continue to criticize and to ask a world which has become impoverished and bankrupt under their leadership to continue to heed them and their ruinous policies. The tragedy is that supine and credulous people in numerous countries today still allow them to conduct their governments under this policy of extremism, while all continue to slide further toward insolvency and economic ruin. The limitations of human suffering cannot much longer tolerate this suicidal leadership in any country.

It is high time for an awakening and a disillusionment on the part of those accustomed blindly to cling to preconceived notions or ideas.

Each nation by itself can to a moderate extent restore business conditions by the adoption of a sound and comprehensive fiscal, financial, and general economic program. I am strongly of opinion that the present national administration from the outset has endeavored thus to conceive and as rapidly as possible carry into effect such a broad domestic program for business recovery. I feel, too, that it is entitled to, as it will doubtless receive at every stage, the whole-hearted cooperation of you and other financial and business leaders throughout the Nation. Such united effort will assure improvement in business conditions here at home, including a restoration of confidence, and this in turn will react most favorably upon the broader movement for world recovery.

Every nation must supplement its domestic program with a basic international economic program of remedies for business recovery. These would embrace the reduction of trade barriers, the stabilization of exchanges and currencies, and monetary standardization, all of which would permit a healthy increase of prices of primary commodities bought and sold in world markets.

I need not here detail and describe the universal effects of the present depression. President Hoover accurately stated these world conditions when in August 1932 he summed them up as to America as follows:

"The past 3 years have been a time of unparalleled economic calamity. They have been years of greater suffering and hardship than any which have come to the American people since the aftermath of the Civil War."

The people of all nations must now realize that they are fundamentally worse off, in every material sense at least, than they were 12 years ago, and that, therefore, nothing is more obvious than the necessity to demand new policies and new leadership. These unthinkable results constitute the most damaging and damning indictment that was ever brought against a single economic policy. The United States was the workshop of the world during the war, and should have maintained that relative position since that time. In 1920 it had the foundations soundly laid for the greatest commercial and financial expansion of all time. The Venetian, the Dutch, and the English, with their vast commercial power, would have suffered by comparison with the wonderful expansion within the grasp of America. As these trading countries, to their great enrichment, gathered and brought to their shores the wealth and civilization of every race and clime, so did the wealth of the world lie at the feet of America. But it was not to be ours.

The obsolete pre-war economic theory that prevailed here and elsewhere, ignored our transformation from a debtor and young undeveloped country to the greatest creditor and surplus-producing nation in history. It ignores the fact that today our public and private foreign indebtedness of \$28,000,000,000, with annual payments of interest and installments aggregating \$1,250,000,000, is due this country, and that nations and individuals can only pay external indebtedness in gold or services or by the establishment of favorable trade balances, whether with the creditor country or with other countries with whom trade is more profitable.

This suicidal theory further is to continue to build our tariff and commercial policy around the sole idea of safeguarding the home market, with no serious thought or concern about our vast surplus-producing capacity of twenty to thirty billion dollars and several millions of unemployed wage earners. It is likewise indifferent to the emigration of 2,000 plants to foreign countries, involving billions of American dollars, and throwing still additional American wage earners out of employment. The theory finally is to separate the home market from the world market, avoiding all semblance of competition, and to create a monopoly in the home market, under which arbitrary prices are artificially fixed which bear no relation to those of other countries. Every other nation is expected to pursue a like policy. The opposing view, while disclaiming extreme economic internationalism, on the other hand, would challenge extreme economic nationalism and launch this country upon a sane, practical middle course. It would supplement our impregnable home market with adequate foreign markets for our ever-increasing surpluses.

The opposing view, following 1920, also contemplated moderate tariffs and liberal commercial policy, calculated to secure not only foreign trade but the fullest measure of employment at high wages, increased production at lower cost, and suitable profits to capital. It taught that the only way to provide full employment of labor and capital at home is to sell our surplus, and that the Nation was equipped with every superior facility for great commercial expansion.

If, as has been the universal practice since the war, each country strenuously endeavors to produce as nearly as possible all that it consumes, regardless of costs, and so offers every sort of artificial stimulus, and at the same time restricts all trade with other nations to the very minimum, the equilibrium between production and consumption would soon be destroyed and the processes of exchange and distribution would break down. This is precisely what occurred in 1928-29, and the collapse would have come years earlier save for our huge foreign loans and other temporary saving agencies. It was inevitable that governments would thus be pauperized, wage scales wrecked, prices dislocated, currencies depreciated, and agriculture and labor impoverished.

The innocent myth that high tariff and other obstructions to finance and trade between nations insures full employment of labor and high wages, with high living standards, is utterly destroyed when we recall that the three countries with the most extreme trade barriers—America, Germany, and Italy—have around 20,000,000 unemployed wage earners. American wage earners have suffered losses of pay below the level of 1929 aggregating near \$45,000,000,000. When will they become disillusioned as to isolation and discover that the restoration of a normal and steadily increasing international finance and trade is the key to sound and stable domestic prosperity here and everywhere?

The restoration of these international trade activities is patently wise in the light of even a few of the governing facts. The trade of the world, according to the pre-war rate of gain, would have been \$52,000,000,000 for 1932, compared with the actual and shamefully nominal amount of \$16,500,000,000. Suppose that all nations today were profitably exchanging surpluses with each other to the extent of this huge loss of \$35,500,000,000—who is

simple or brazen enough to deny that the world almost immediately would be blessed with a full measure of sound-business prosperity? America's share of these trade losses approaches \$6,000,000,000, and who can well overestimate the effects of this amount of exports of our immense surpluses of foodstuffs, raw materials, and manufactures?

The fact that our Nation only exports an average of 8 to 10 percent of its annual surplus production has been deliberately used overtime by the extreme economic isolationist to mislead and deceive millions of credulous American citizens. No one knows better than each member of your organization that this is an utterly false implication and that, on the contrary, from 20 to 50 percent of the production of great staple industries, such as cotton, tobacco, wheat, hog products, copper, oil, coal, automobiles, machinery, tools, and a long list of others must be exported and sold abroad unless stagnation and price slumps are to result at home from the dammed-up surpluses, which in turn have the effect most seriously to undermine the entire economic structure of the Nation. Our national prosperity is directly dependent upon that of these great surplus-producing and exporting industries.

The public must learn that trade between nations does not mean the displacement, more or less, of established home production and trade of one country by that of another. International trade is chiefly barter, or a mutually profitable exchange of surpluses by different countries, either directly or in a triangular manner. It specially contemplates, too, that an enterprising nation goes out into the world and locates and develops new markets for its surpluses. Resolute action is required to accomplish this purpose. The public must realize that, in addition to exchange between countries of commodities the purchaser does not produce, there is a large range of necessary or desirable commodities, the production of which is not economically justifiable, or which are produced in wholly minor quantities compared with home demands. There are many assortments and kinds of novelties, specialties, patterns, and other articles not competitive either materially or at all with home production, which Americans widely seek. There can profitably be a further exchange of commodities under the doctrine that this and other countries cannot justify the prevailing policy of artificial protection for any individual business that is patently inefficient on account of antiquated plant, inflated capital structure, or incompetent management. All efficient industries would thereby be placed upon a much healthier and more prosperous basis. The gradual and careful readjustment of the excesses in tariff and other trade barriers to a reasonable and moderate level would not contemplate either unreasonable or excessive competitive imports against an efficient domestic industry operated under normal conditions on the one hand nor monopolistic price advantages at home on the other.

The very small percentage of imports that might thus become possible would enable other countries in return to purchase our more burdensome surpluses, such as automobiles, textiles, machinery, agricultural products, minerals, and a large range of others. Trade among nations is really a mutually profitable affair. This policy, as the opposition often unfairly charges, does not contemplate no tariffs, nor even low tariffs, but a reasonable, moderate, decent level of tariffs, in lieu of existing rank and wild excesses and discriminations. The Buffalo speech of William McKinley even visualized such moderate level.

The far-reaching effect of international trade is further understood when we recall that most South American countries must export and sell abroad from 30 to 50 percent of their total production; England must sell 25 percent; Germany, 30 percent; Canada, 30 to 35 percent; Australia, 30 percent; New Zealand, 40 percent; and Japan, 45 to 60 percent. America must look mainly to those countries to purchase her surplus foodstuffs, raw materials, and finished manufactures. A slump on the international market, from any cause, with a serious drop of export prices and values, can cause a breakdown of the entire economic and financial life of these large exporting countries, and this in turn paralyzes our own foreign trade, and, as has been demonstrated during this panic, cuts in half our production and trade among ourselves here at home and throws millions of wage earners out of employment.

Probably 75 to 80 percent of the 2,000,000,000 population of the world are living below the poverty line. This means a lack either of adequate food or clothing, or both. This was the actual state of living standards even when the panic broke in 1929.

Shall the greatest financial, industrial, and surplus-producing Nation shirk and renounce the opportunities and responsibilities of economic leadership, leaving the living standards of most of the world population virtually on a level with the ground, withdrawing from most all world business relations and pursuing the permanent policy of living within and unto itself? Who will be the first leader to make the ignoble confession that American leadership is incapable of carrying our living standards and industrial and other phases of civilization to any higher summit? What second- or third-rate country would step to the front and take the place of America? Worst of all, what would soon happen to our 124,000,000 population thus retiring to seclusion from the world? The Nation soon would become decadent.

The view is eternally sound that our home market must be supplemented by a growing foreign trade for the purpose of stable and desirable domestic prosperity. If high wages were a mere matter of legislative enactment, as the opposition asserts every country generations ago would have enacted high wages and high living standards. When each country uses every means to block each other's exports, peoples can neither sell nor buy each other's

surpluses, with the result that both trade and purchasing power are dried up. I fear the policy of extreme isolation as the greatest danger to world peace and as more seriously threatening the world with bankruptcy than war itself.

NATHANIEL MACON—ARTICLE BY WILLIS G. BRIGGS

Mr. BAILEY. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Willis G. Briggs and published in the National Republic on the life of Nathaniel Macon, the first Member of Congress from North Carolina.

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

"CINCINNATUS OF AMERICA"—THIS TITLE WAS GIVEN TO THE DISTINGUISHED SOUTHERN STATESMAN, NATHANIEL MACON, BY THOMAS H. BENTON—TERMED "LAST OF THE ROMANS" BY PRESIDENT JEFFERSON

By Willis G. Briggs in the National Republic

Many extraordinary things, particularly in contrast with the modes of today, might be related of Nathaniel Macon (1758-1837). "The last of the Romans", Thomas Jefferson called him. "With the single exception of General Washington there is not one of your times who will stand so fair with posterity as yourself", wrote John Randolph in 1828. "Mr. Macon was the real Cincinnatus of America", says Thomas H. Benton in his Thirty Years' View. "No man in American history left a better name than Macon", is the verdict of the historian Henry Adams.

Macon's service in Congress covered 37 continuous years: 24 years in the House (Speaker three terms) and 13 in the Senate, voluntarily retiring in 1828. He was the recipient of the sister State Virginia's 24 electoral votes for Vice President in 1825 and twice declined a seat in the Cabinet. Yet throughout this long career he never sought public office, never solicited a vote, never made a political speech on the hustings, never asked the appointment to office of anyone at the hand of the Executive, but on the other hand always maintained his independence, claimed that he was a member of no political party, refused to attend the then customary congressional caucuses, and consistently declared that it was a matter of indifference to him who filled the appointive offices so long as the holders were honest and competent. "Independent, unambitious, free from intrigue, true to his convictions, kindly, and honorable," Henry Adams describes him. "A man of independent views and upright character, of frugal tendencies in public and private so constantly reelected as in later years to be called the 'Father of the House'", says the historian Schouler. His frugality, even parsimony, in matters of governmental expenditures, were his preeminent characteristics. "Let it ever be remembered that the public money in all countries is drawn from the sweat of the people", Macon constantly reminded his colleagues.

The annals of Macon's youth can be briefly told. About 1730 Gideon Macon left "the exhausted lands" of Virginia and acquired several hundred acres on Shocco Creek, a tributary of the Roanoke, in what was then a part of Granville but is now Warren County, N.C. In Gideon's home, surrounded by primeval oaks, the first house in all that section with the luxury of glass in the windows, behind the solid shutters, on December 17, 1758, the sixth child was born and named Nathaniel. When only 5 he was orphaned by the death of his father. By him the boy was devised about 600 acres of land and 3 Negroes. His mother did not neglect Nathaniel's education. When 15 he became a student at Princeton, in New Jersey. While there he served several months in the militia, but when, on account of the war with England, Princeton closed, Macon returned to his home on Shocco Creek and spent 2 years reading law and studying English history.

In most sections of North Carolina the Revolutionary struggle, on account of numerous loyalists and Tories, assumed the proportions of civil war. Lord Cornwallis overran South Carolina preparatory to invasion of North Carolina. With this threatened disaster at hand, Macon enlisted as a private. He refused the proffered bounty, rejected a commission as lieutenant, and would neither then nor subsequently accept compensation in any form for his military services, which he considered merely the performance of his duty. Following the Battle of Camden, he was in camp with Sumner's army on the banks of the Yadkin when, without his knowledge, the people of Warren County elected him to the State senate, called to convene January 1781.

Macon determined to ignore the summons and continue a private in the ranks, but General Green, then in command, hearing of the circumstances, called young Macon to his tent and with some difficulty finally persuaded him that the path of his duty led from the army to the halls of legislation. Beginning his long public career at the age of 23 as a member of the State senate in 1781, the policy of his youth was characteristic of his later years. His first concern was inspection and rigid examination of all public accounts. There must be no waste of the people's money. Moreover, the currency must be maintained on a sound metallic basis. Shifting sands of inflation were no basis for stable prosperity.

In 1783 Macon married Hannah Plummer, of Warren County, and there upon his 600-acre farm, called "Buck Springs", on Hub-quarter Creek, 12 miles north of Warrenton, N.C., and sufficiently isolated so that the owner "could not hear his nearest neighbor's dogs bark", he built, partly with his own hands, the dwelling which remained his home throughout his long and distinguished career. That house is still standing, doubtless the most unique

house in America. It was the "big house" of the plantation, yet it is just 16 feet square, ample fireplace, entrance by 2 doors opposite each other, and 2 windows set nearly 6 feet from the floor, with a wine cellar underneath the house. Fifty feet from the "big house" was another exactly like it except larger chimney and fireplace with crane for pots and kettles, the lower room being used by the family as sitting room and kitchen, while later his two daughters occupied the upper room. The farm road led between the two houses and on one side a short distance away stood quarters, neat and well built, for the Negro slaves, and on the opposite side the barns, stables, and outhouses. The only money crop of the plantation was tobacco, of which from 2 to 3 hogsheads a year were produced. Of course, there was a blacksmith shop, a weaving room, and other equipment which helped to make the little farm a world unto itself. Here all lived together pretty much as one family. When home from Congress Macon worked with his Negroes in the field, topped his tobacco, and helped feed his stock, in which he always took keen pride and kept in best condition.

While not a member of any religious denomination, Macon always said that he was of the "Baptist persuasion", studied the Bible assiduously all his life, and on preaching days, then held on Saturday, he always worshipped in a Baptist meeting house attended by his Negroes. To his young disciple, Bartlett Yancey, in 1821 Macon wrote: "The whole Bible contains great knowledge on the principles of government. The rising generations forget the principles and maxims of their fathers, hence the destruction of free government in every age."

Each Sabbath morning when the master of Buck Springs was home all people on the plantation, white and black, dressed in their best clothes, were required to assemble at the "big house" for worship. Macon read and explained some chapter in the Bible and the Negroes had their part, praying and singing. On the subject of slavery Macon, unlike his friends Jefferson and Randolph, considered it the logical and desirable status of the races (Congress in 1807 enacted statute to make effective the prohibition of importation of Negroes for slaves. Bidwell of Massachusetts moved to amend the forfeiture clause "that no person be sold as a slave by virtue of this act." This amendment was defeated by Speaker Macon breaking the tie vote of the House). Macon did not believe in emancipation or colonization, but did hold and practice a patriarchal relation, bound by ties of affection. Even when his land holdings had perhaps trebled he never owned more than 75 slaves and the welfare of each was his personal concern. Speaking of this intimate attachment he once related a circumstance of one of his friends, sending a slave across the Atlantic to transact a business matter for the master in London. Slavery on the great plantations of the further South and Southwest, under overseers, probably presented a very different condition. The mistress of Buck Springs was described as a woman of rare charm, but she died in January 1790 before her husband began his congressional career and is buried at their home. Although Macon was only 34 years old when widowed he remained so wholly devoted to the memory of his Hannah that he never married again. His only son died in infancy.

When North Carolina finally ratified the Constitution of the United States, November 21, 1789, Nathaniel Macon, without solicitation on his part, was elected the first Representative in Congress from his district and took his seat October 26, 1791. His services during the administrations of Washington and Adams were marked by closest attention to public business and punctilious attendance upon every session. Indeed he was soon recognized as the best parliamentarian in the House.

In 1796, instead of increased salaries for public officials, Macon advocated reduction of salaries. Public servants should keep within their incomes and set a salutary example by plain and simple living. From 1796 until 1815 the per diem of a Congressman was \$6 and the mileage \$6 for every 20 miles traveled. Macon fought every effort for an increase, declaring that \$6 per day while serving was ample pay, and he was scrupulous to collect only his actual mileage. In 1815 when the compensation was made \$1,500 per annum, with a proportional reduction for any cause but sickness and in 1817 when the pay was changed to \$8 per diem and \$8 for every 20 miles traveled, both increases were opposed by Macon. Richard Rush, the American Ambassador to England under Monroe, says that the great English jurist reformer Jeremy Bentham told him in London in 1818 that the success of the United States Government would largely depend upon paying her officials low salaries. Bentham predicted that constant efforts would be made to increase the same but simplicity and direct responsibility could only be maintained by vigilance of the people in keeping the pay of public servants low. Macon fully shared this opinion. Expensive embassies abroad were not, Macon thought, in keeping with the simplicity of this Republic. America, too, would be better off if some of these plenipotentiaries from Europe never set foot on our shores. Lavished expenditures for fortifications he held of doubtful value. Given his way, no vessel of war should leave American waters without express sanction from Congress. A large standing army in time of peace was an unnecessary drain on the public purse.

In the last half of John Adams' administration Macon was chairman of the House Committee on Claims. For a claim to run the gantlet of his committee was like the proverbial camel passing through the eye of a needle. An appropriation of \$14,000 to repair furniture for the President was a horrible waste of public funds. Macon later even begrudged his friend President Jefferson the postage on his letters. The proposition for a national university he successfully fought. Expenditure of \$70,000 for a granite

monument to General Washington was wrong in his opinion because it would prove an auspicious precedent for future memorials; besides, he added:

"If we decline raising a mausoleum to Washington, no man who succeeds him can ever expect one raised by the Government to his memory."

However, the bill passed by a vote of 45 to 37. But 16 years later when Governor Miller, by authority of the North Carolina Legislature, commissioned Macon to procure a suitable statue of Washington he entered heartily into the work and, by the aid of Thomas Jefferson, secured a marvelous piece of workmanship of Italian marble by Canova, which was placed in the rotunda of the North Carolina capitol, but was tragically destroyed when the capitol burned in 1832. Advocating the repeal of the Judiciary Act of 1801, Macon would, if for no other reason, be for repeal if thereby he could save the people even \$1,000.

He opposed the gift of \$4,000 to the daughters of Count de Grasse, and cast the solitary vote in Congress against the gift to Lafayette. He was uncompromisingly against any man accepting a gratuity from the Government, either as gift or pension. When the lobbyists for French spoliation claims were besieging Congress in 1856 one of Thomas H. Benton's last speeches was against these importunate claimants. Benton declared that he learned his lesson of senatorial responsibility and policy at the feet of the venerable Nathaniel Macon; that Macon, when considering any claim against the Government, conceived his position as legislator to be analogous to that of a judge on the bench, and no one dared to privately solicit Macon's support.

When the Sixth Congress met in 1799, with the Federalists still in control, Theodore Sedgwick, of Massachusetts, was chosen Speaker by only 6 votes over Macon. The Presidential election of 1800 being thrown into the House of Representatives, Macon was one of the 6 Republicans against 4 Federalists from North Carolina, and was thus able to cast the vote of his State for Jefferson. However, he listened to Jefferson's inaugural address March 4, 1801, with misgivings, fearful lest the President might be misled into some extravagance, but a few weeks later the master of Buck Springs was reassured by a letter from President Jefferson stating, "We shall push you to the uttermost in economy."

When the Seventh Congress convened in December 1801, the temper of the House was such that Macon was easily chosen Speaker, not as a partisan, for Macon declared if there were two parties he belonged to neither, but as a fair and impartial judge who best knew the precedents of the House. Besides geographical considerations recommended Macon to the favorable consideration of the northern adherents of Jefferson. The New England historian, Henry Adams, sums up the geographical situation at the time of Macon's election as Speaker thus:

"In some respects North Carolina, though modest in ambition and backward in thought, was still the healthiest community south of the Potomac. Neither aristocratic like Virginia and South Carolina, nor turbulent like Georgia, nor troubled by a sense of social importance, but, above all, thoroughly democratic, North Carolina tolerated more freedom of political action and showed less family and social influence, fewer vested rights in political power, and less tyranny of slave-holding interests and terrors than were common elsewhere in the South. The best qualities of the State were typified in its favorite representative, Nathaniel Macon."

The liberality of Macon in debate was frequently illustrated. Although the author of a bill in 1799 to repeal the sedition laws, he was free from personalities, declaring on the floor of the House in 1802 "Sooner than attempt to destroy the fame of these worthies (Adams, Hamilton, Marshall, etc.), to whose talents and exertions we owe our independence, I would cease to be an American." Justice Story, in his address on John Marshall, speaks of the acrimonious debates, 1799-1800, as "forever memorable in our political annals", and adds, "No man came out of the struggle with more distinction than Mr. Macon." Senator Otis, of Massachusetts, in debate with Macon in the Senate in 1820, asserted for his opponent a "real friendship and sincere affection" and "respect inspired by his honorable character", although "we have broken together many a political lance." Furthermore, while Macon was Speaker he expressed himself against the impeachment of Judge Chase, who had brought upon his head the wrath of all Jeffersonians by his enforcement of sedition statutes while riding the southern circuits. Macon did not believe a judge impeachable for political harangues before grand juries, though in bad taste. However, Chase was impeached by the House but acquitted by the Senate on every count, much to the chagrin of John Randolph, of Roanoke, who was manager on the part of the prosecution, but clearly in vindication of Macon's judgment.

Immediately upon his election as Speaker in 1801 Macon appointed his friend, the brilliant but eccentric John Randolph, of Roanoke, Chairman of the Ways and Means Committee. The Damon and Pythian friendship of these two men is one of the remarkable incidents in American annals. Macon was 15 years Randolph's senior. Macon stood about 6 feet, well proportioned, always strong and robust. Randolph was almost grotesquely peculiar in physique, but possessed an arresting and commanding personality, coupled with incomparable powers of sarcasm in debate. In his dress Macon always wore a double-breasted suit of best navy blue, turnover top boots, and immaculate linen. Randolph appeared in long black coat, a great white scarf about his throat. In 1802 Speaker Macon and Randolph lived together in a small house near where the Treasury Building now stands in

Washington. Nearby they kept their horses. The journey from Buck Springs to the National Capital, 250 miles, Macon always made on horseback, while Randolph came the less distance from his home in his coach, bringing his pack of dogs with him. Both were hunters and delighted in following the hounds. Macon and Randolph differed frequently, but opposing convictions never even strained their devotion one to the other.

Following the census of 1800 Randolph and Macon disagreed as to the ratio for congressional representation, for Macon desired a ratio so small that every man might know personally his Congressman. Furthermore, Macon seems to have agreed with Alexander Hamilton's view that it would be preferable for Presidential electors to be chosen by congressional districts instead of by the States at large, and the electors were so chosen in North Carolina until 1816. After three terms Macon in 1807 relinquished the Speakership without a contest, "dragged down by Randolph's weight."

To regard Macon's career as simply a series of negatives is an error on the part of many historians who mention him at all. (His name does not even appear in the index of Woodrow Wilson's History of the United States.) Upon the very threshold of Jefferson's administration and long before Bonaparte surprised his minister, Talleyrand, and defied his blood brothers by proposing to sell to the United States the immense Louisiana Territory, to which his country held a rather dubious title, Macon had expressed himself as strongly favoring the purchase of Louisiana; also Florida and Canada, provided, of course, the prices were within the country's means. The necessary appropriation to pay France \$15,000,000 for Louisiana had no opposition from him, though he agreed with Jefferson's private view that the Constitution contained no provision for the acquisition of territory and that an amendment to this purport might be desirable. However, when it came to governing the people of the newly added empire whom the Napoleonic treaty provided should be incorporated into the United States under the United States Constitution, Macon did not agree with John Randolph, Caesar Rodney, and others that Congress could empower the President to exercise all functions of government over the peoples of that vast territory; this theory of territorial government too nearly resembled despotism for Macon's approval.

The maintenance of local self-government undefiled was the very cornerstone of his creed. His conviction remained so strong on this point that 20 years later he was the only southern Senator who voted against the admission of Missouri as a State because certain legislative provisions by the State were required by Congress as a prerequisite to statehood. His conception that the Missouri compromise was unconstitutional was also in accord with the Dred Scott opinions of Chief Justice Taney and Justice Campbell more than 35 years later.

A century elapsed after the Louisiana territorial government debate before the Supreme Court of the United States in the so-called "Insular cases" (1901-5) held that lands acquired ceased to be foreign territory without being incorporated into the United States, and that until such incorporation Congress might withhold from the inhabitants thereof rights guaranteed by the Constitution to its citizens (*Puerto Rico v. Topia*, 254 U.S. 633), the Court then fully adopting the prior views of Chief Justice White. In fact, in 1829 John Marshall in the *Canter* case held that Congress could so provide a system of government for the Florida Territory. However, Macon's course in the acquisition and government of the Louisiana Territory was at least consistent in that he apparently maintained (1) that territorial expansion by the United States was necessary and should be consummated; (2) that the Constitution of 1789 had not provided for such expansion; (3) that territory acquired by purchase or otherwise was the joint property of all the States comprising the Union; (4) that being owned by the States the constitutional guarantees applicable to the States equally applied to the acquired lands and the inhabitants thereof, and particularly was this true under the Napoleonic treaty.

Certainly Macon escaped the inconsistencies of Randolph, who was extreme in his State-right theory, yet contended that the President or Congress, the National Government, could govern territory outside the domain of the States without constitutional authority or constitutional limitation thereon. Moreover, Macon was as nearly right as the Federalists, who asserted in the Senate that the Constitution only applied to the territory embraced within the Thirteen Original Colonies at the time of its adoption, and the Nation could apply a different system, if needs be, to either subsequent territories or possibly to new States. The incorporation idea long afterward advanced by Chief Justice White and finally adopted by the Court proved to be the golden mean between the two extremes, and is alone consistent with the now accepted theory that the United States is a nation.

Macon supported the embargo during Jefferson's administration, considering it the alternative to war, and was chairman of the House Foreign Relations Committee under Madison when the famous Macon bill no. 2 was enacted. This act was not written by Macon, however, but the authorship is ascribed to John Taylor. Convinced that American rights could not be secured by peaceful means and opposed to the unpatriotic attitude of New England, Macon heartily supported the Government in the declaration of and prosecution of the War of 1812, even voting for the required appropriations. This display of his patriotism is the more marked because he had not been an especial admirer of Madison, whom Jefferson made his heir apparent. In fact, prior to the election of 1808, Macon had expressed his preference

as successor to Jefferson for either Gallatin, of Pennsylvania, the then Secretary of the Treasury, or for Clinton, of New York, above Madison.

Perhaps Macon is more responsible for the adoption of the twelfth amendment to the Constitution than any other one man. In December 1803, Senator De Witt Clinton, of New York, introduced the proposed amendment, which would allow the Presidential electors to vote for candidates for President and for Vice President instead of simply voting two names and the one having a majority in the electoral college becoming President and the next highest Vice President. The bill barely received the necessary two thirds in the Senate (22 to 10), and in the House the vote in January 1804 stood 83 to 42, 1 short of the required two thirds. It was not customary for the Speaker to vote except in case of a tie, but Macon had the Clerk record him "aye" and thus the bill passed. Macon's State was the first to ratify the amendment, but 12 other States acted favorably (New Hampshire failed to act, and Massachusetts, Delaware, and Connecticut rejected it), so that the amendment became effective in time for the 1804 election. (Twelfth amendment has fulfilled the prophecy of its Federalist opponents in that it nationalized political parties, lessened the importance of the office of Vice President, and has largely confined the choice for President to the larger and more important States, the support of which is deemed necessary for success.)

Notwithstanding the importunities of his friends in 1828, Macon resigned his seat in the Senate and as trustee of the State university and as justice of the peace, he having reached the allotted age of three score as stated by the Psalmist. He intended to let the next 10 years be the Sabbatical period of his life. Accordingly he retired to his Buck Springs farm, but continued to maintain a lively interest in local affairs, particularly in the young people of the community. When his admirers wanted to give a barbecue dinner in his honor, however, he declined, stating that he had never attended one of these big affairs. Like his friend Jefferson, he had entertained serious misgivings as to Andrew Jackson's presidential qualifications and had publicly criticized the latter's high-handed and unconstitutional course in Florida and favored the election of Crawford in 1824. There is evidence that John Quincy Adams would have endorsed Macon as his running mate in 1828. After Jackson's inaugural in 1829, his course, particularly with respect to the United States Bank, won Macon's approval and he soon declared that no one could have convinced him that General Jackson would render to the people the service he did.

When the election of 1836 approached the Whigs made a desperate fight in North Carolina, and in August 1835 elected their candidate for governor. The chances were that Van Buren would lose the vote of the State. Macon had come from his retirement to represent his county in the State constitutional convention of 1835, serving without compensation, and was unanimously elected chairman of that body, where he presided to the satisfaction of all sides. In the constitutional convention of 1835 Macon stood with Judge William Gaston in removing political disabilities from Catholics and Jews. With the ill results from a union of church and state fresh in his mind, he declared: "The mixture of politics and religion is the very essence of hypocrisy." Macon more than anyone else is responsible for putting an end to the pernicious practice of treating at elections, then held on muster day for the local militia.

Hence, when the Van Buren prospects seemed so gloomy, Macon was imperturbed to permit the use of his name to head the Democratic electoral ticket. This he finally consented to do and his aid thus given not only enabled Van Buren to carry North Carolina but was of great help to the Democratic ticket in other sections of the country.

The death of Macon, June 29, 1837, has become an epic, characteristic of his life. He had been ailing for a short while but on that June morning he recognized the approaching sunset of his earthly pilgrimage. He rose at his accustomed hour, bathed and shaved himself, ate his breakfast, sent for his physician, and, inquiring the amount of his bill, paid the same in full. Then he summoned the undertaker, made all arrangements for his burial, stipulated that those who attended the funeral should, according to the then-existing custom, be furnished dinner and grog. He requested that his old friend, elder of the little Baptist meeting house where he had long worshipped, might preach the funeral sermon. He also picked out the spot for his burial on a piece of sterile ground where no one would wish to plow, and directed that his grave should be marked only by a pile of flint rock, stones which no one could use for building. The undertaker, after these directions, was paid in advance and dismissed. About noon, all arrangements having been completed, Macon went to bed and quietly died. The heap of rough stones on the strip of barren ground near his Buck Spring house, the scene of the joys and sorrows of his long life, alone marks his final resting place.

Compared with contemporaries like Washington, the incomparable; Hamilton, Jefferson, Adams, Marshall, Webster, Clay, and Calhoun, perhaps Nathaniel Macon was neither an intellectual giant, nor a great orator, nor a brilliant debater, nor a fascinating leader, but by his common sense, his industry, his probity, his unflinching devotion to duty, he was a powerful figure in our national life for 40 years. As an exemplification of those stern precepts of rigid economy, of unostentatious democracy for the individual and the State, the career of Nathaniel Macon must ever remain preeminent.

Sources: Dr. W. E. Dodd's Macon (1903); Wheeler's History (1856); Peele's Distinguished North Carolinians; Benton's Thirty Years; History, by Henry Adams; Judge Thomas M. Pittman's address on Macon (1902); Schouler's History; Annals of 1-20 Congresses; Raleigh Register (1799-1835).

ADDRESS BY HON. HARRY B. HAWES BEFORE THE IZAAK WALTON LEAGUE

Mr. WALCOTT. Mr. President, I present an address delivered by Hon. Harry B. Hawes before the Izaak Walton League at Chicago, Ill., April 27, 1933, on the subject of The League and Legislation, which I ask may be published in the RECORD.

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

Mr. Chairman, this annual national convention of representatives from 33 States of the Union speaks for an association which issues its monthly paper, employs experts, and in more than half of the States of the Union has not one but many chapters. It is, therefore, what might well be called a "grass-roots" organization. Its ramifications extend into local communities and down to the man who carries the rod and the man who carries the gun.

My subject is The League and Legislation.

Legislation in Washington at the present time is going through a unique crisis approximated only by that of war time.

Under ordinary circumstances conservation of our wild-life resources is presented to the proper committees of the House and the Senate, translated into statute law, accompanied by necessary appropriations, and subject, of course, to the approval of the President.

At the moment unusual powers are being delegated to the President, because we are facing the gravest financial and unemployment situation in our history.

Millions of men and women are without employment and dependent upon State, municipal, and national agencies for the necessities of life.

Farms are abandoned with their mortgages long overdue. Foreclosures have been forcibly resisted. Thousands of banks are closed, interest on drainage bonds goes unpaid, flood-control projects are curtailed or delayed. Factories are idle, wages cut, interest payments passed, the incomes of both rich and poor have shrunk. Private enterprises have reduced salaries, dismissed employees, and curtailed expenses. Now cities, States, and the Nation are doing the same things. The facts of the situation can hardly be exaggerated.

In such an emergency the granting of extraordinary powers to the President has been approved first by the Congress and now by the whole Nation.

IMPORTANCE OF RIGHT ADMINISTRATION

The outcome of this grant of power is necessarily dependent upon the genius and understanding of those who will be selected by the President to administer his program under it.

If the men selected by him as administrators have conservation in mind, have been students of the subject, and have had experience, then our conservation movement will be as successful as other industries in our national life.

Uncertainty in a national crisis means national prostration. The Nation has demanded decisiveness from our President. That is what Franklin D. Roosevelt is giving us. Drifting does not appeal to him nor to the American people. They even prefer mistakes to a policy of "do nothing." A mistake demonstrated as such may be corrected. So at least we can say that we are on our way. We are heading for something definite. The President is deciding, and his decisions are looking to solutions.

Our program can be served by the President's initiative and vision if conservation is recognized; if conservationists are consulted.

What is the attitude of President Roosevelt toward conservation? To answer this question intelligently, we must consider the uncertain conditions in Washington. Many friends of the President—in fact, the leaders of the Nation—are refraining from discussing appointments or subjects of lesser import with him. They are waiting until the major problems are solved. It has not been deemed considerate to ask the President or the members of his Cabinet to discuss subordinate matters while major problems are awaiting action and solution. So, like many others, I have refrained from calling at the White House or intruding upon Cabinet members with advice and suggestions until the emergency programs are met. In my opinion, there will be time enough to do this when Congress has finally decided upon the full extent of the power with which it will clothe the President. At this time patriotic Americans are expected to "sit steady in the boat."

But I can at least express a personal opinion of the President's attitude.

PRESIDENT ROOSEVELT SYMPATHETIC

Somewhat more than a year ago, when he was Governor of New York, I called on him in relation to his campaign, and he inquired why I had announced a year before that I would not be a candidate for reelection to the Senate. When I told him that I expected to devote part of the remaining years of my life to conservation, he expressed approval. He said it was a great public work; that it was a matter in which he had been interested during all his life, and that during his administration as Governor of New York he had given practical attention to conservation.

Later, on a western trip with him during the Presidential campaign, the matter again came up. He reiterated his previous approval of my course and said he wanted to help and that he would help.

I believe I can state that the President intends, as part of his program, and at the proper time, to give consideration to the wishes of the 6,000,000 men who take out hunting licenses, to the 7,000,000 men and women who take out fishing licenses, and to the annual amount of money expended for these sports, estimated at \$650,000,000.

I believe I can state with certainty also that our President is conservation-minded, and that he will include in his broad national program a proposal for conservation and respect the views of the patriotic men and women who have devoted themselves so unselfishly and so whole-heartedly to this national cause.

We may rely upon him. We may trust him, I know, when the test comes in the administration of laws and policies.

The point I make is that it is not legislation but administration and official personality that most immediately concerns us in the matter of conservation.

My subject (for 20 minutes) is The League and Legislation. This naturally involves what might be termed the "ideal" in legislation, the completed National and State program which is the goal. But for the few years immediately ahead we must be controlled in our ambitions by the unusual conditions prevailing in our Nation and by the necessity of recognizing conditions and building a program which will make allowance for an abnormal and distressing situation.

BENEFITS TO BE SOUGHT

Accordingly, in asking for National and State aid, we must face the facts.

Individuals, clubs, and associations can be of assistance in our work, but the problem is too great to be handled privately or by purely local agencies or endeavors. It must be solved by the State and National Governments.

So our work must be persistent, intelligent, educational, persuasive. Our objectives are simple when understood, but there must be no slack in the effort to attain them. Our conservation calls for decision, even in the midst of these hard times.

There is now being proposed a 30-hour week, which means 6 hours a day for 5 days—2 days out of 7 to be devoted in part to the home, the church, and the outdoors.

What shall be done with this extra leisure? Shall it be spent in idleness or in healthful recreation? Healthful recreation is found very largely in the outdoors. Especially is this true for the urban citizens who now far exceed the number of suburban or rural residents.

The farmer is asked to curtail production. That means fewer acres under cultivation. What is to be done with these idle acres? Shall they yield only weeds and harbor predators, or be made a source of revenue for the farmer and a source of pleasure for his friends? If he utilizes his land for profit, why can we not assist and advise him, or in return for his privilege of hunting or fishing give him some hospitality that we may devise?

The President, in a congressional act for relief of unemployment, is authorized to carry on works of a public nature in connection with the reforestation of public lands, State as well as Federal. Specific mention is made of flood control, so the act covering both forests and waters, embraces such matters as soil erosion, pollution of streams, and development of game refuges and sanctuaries.

Conservationists have special cause for welcoming and applauding President Roosevelt's program of reforestation. Along with all other citizens we welcome it as a plan for relieving unemployment. As members of this great organization, we see in it also a recognition of the principles of conservation and a magnificent initiative on the part of the Executive that should lead to Federal expansion of conservation efforts in general.

This work of improvement and reclamation can be carried out on all State and National properties, including Army and Navy reservations. In addition there is a vast acreage of cut-over land now lying idle which, with the consent of its owners, might be developed into permanent forests and made into breeding places and habitations for game of all kinds.

The United States Supreme Court has decided in numerous cases that game preservation comes under the inherent police power of the States, and the State has the right to legislate concerning it as a valuable food supply, and for the general welfare.

Under our Migratory Bird Act and our treaty with Canada (which, by the way, should be extended to include Mexico), our Federal Government not only has the right but also the moral as well as the legal duty to protect migratory game birds.

So, too, control over navigable streams is lodged with the Federal Government. The issuance of permits to dam or bridge these streams is a Federal prerogative and function.

Land used for spillways in connection with flood control, especially where a flood occurs only once in 5 or 7 years, can be prepared for both fish and game during the intervening years; and, as these floods (while immeasurably disastrous to property and lives) last only for short periods, they do not present insuperable impediments to this useful purpose.

EVILS TO BE CORRECTED

The pollution of our streams is a continuous menace to our national health. There is no reason why this artificial contamination should not be prohibited and the waters of our rivers and lakes kept clean for drinking and bathing and at the same time be made habitable for edible fish.

For example, the water of the Potomac River (which passes our National Capital) is a threat to health, an offense to the eye, a proof of somebody's incompetence, a cause of humiliation, not only to residents of Washington and its environs but also hundreds of thousands of visitors.

The 6,000,000 hunters and 7,000,000 fishermen I have mentioned pay their own scores. From their pockets comes the cost of conservation. It is not borne by the general taxpayer.

A forest of regrowth timber is a congenial breeding place for birds and animals. It can be made habitable at this time with little or no expense. These regrowth forests will be undisturbed for many years—at least for another quarter of a century. Meanwhile they can become perfect sanctuaries for wild life of all kinds. In providing these forest haunts for birds and animals and clean waters for fish we shall at the same time be furnishing to our people the means of wholesome, healthful recreation and no inconsiderable source of food.

Under the powers given to the President this can be done without burdensome cost to our taxpayers.

Now is the time to use the unemployed in this work as well as in reforestation. It will increase the number of jobs; it will enhance the health, the pleasure, and the food supply of our people. They may also be usefully employed on marginal lands in the creation of wild-life sanctuaries and recreational as well as wilderness areas, in the devising of game covers, in the control of predators, in the supplying of food for birds, animals, and fishes.

How can this be done? By the creation of an advisory committee consisting of experts, men of the knowledge and experience of O'Malley and Radcliffe in the matter of fishes, men like Redington, Sheldon, and Henderson in the matter of birds and animals.

Or, if the President should prefer, there might be a volunteer committee selected by the officers of the Izaak Walton League, the American Game Association, More Game Birds, the Audubon Society, and various other such organizations, and representatives of the Senate committee on conservation of wild-life resources.

This is a brief statement of what the President may do without appreciable cost to the Nation.

CONGRESSIONAL ACTION JUSTIFIED

After Congress has disposed of its major problems, it should pass a revised Federal migratory-bird stamp bill to raise money for the purchase of additional sanctuaries and refuges for our migratory birds through fees paid by the sportsmen of America. The measure should be introduced now and pushed for final passage. This duck stamp bill will pay its way—the whole cost of its operation. It will entail no financial obligation upon State or National Government. Only sportsmen will pay.

It is unnecessary for me to advise this convention that the national conservation situation is deplorable. With only 24 national game wardens, with no money for the purchase of sanctuaries, with curtailment of funds and personnel in all branches of Government having functions with regard to conservation, the situation could hardly be worse than it is.

In the time you have allotted to me I cannot go into details. I have merely tried to point out the things the President may do, the things that Congress may do.

With an awakened sentiment, supported by the millions of men and women who pay for the pleasure and privilege of using a fishing rod or a gun, we can go far and accomplish much. We can do these things if the program is practical and not too ambitious for a period of distress like the present.

We may count upon our President. We may rely on Congress too, once it sees the need and the opportunity.

We must not fail, however, to repeat the warning that when the fishing rod is put away and the gun hung upon the rack, the greatest forces back of conservation will have become inert.

IMPROVEMENT OF CONDITIONS IN PAPERBOARD INDUSTRY

Mr. WALSH. Mr. President, I ask unanimous consent to have printed in the RECORD the plan of the National Paperboard Association for improving conditions in the industry.

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

PLAN OF NATIONAL PAPERBOARD ASSOCIATION FOR IMPROVING CONDITIONS IN THE INDUSTRY

(Approved by executive committee Apr. 26, 1933; approved by western groups at meeting Apr. 27, 1933; approved by eastern groups at meeting May 1, 1933)

The members of the National Paperboard Association, comprising over 90 percent in numbers and volume of paper-board manufacturers, have approved the following statement and have requested its submission to the President of the United States:

The paper-board industry is a large and important one, employing approximately 50,000 persons. During the year 1932, and so far this year, it has operated at about 50 percent of capacity. (This statement is based upon complete and accurate statistics, which have been audited.)

Prices are demoralized to an extent which precludes profitable operation, and this condition has forced economies which have reduced wages and the number employed in harmful degree.

The members of this industry favor a 6-hour day in this emergency. They favor the payment of adequate wages. They favor

the elimination of and a curb upon the unsound and the unfair in merchandising practices and prices, which bring chaos to business and a reduction in employment and wages.

Notwithstanding the above, the members of this industry oppose Government regulations of the hours of labor, of wages, and production. It is the opinion of the members of this industry that before the United States Government embarks upon the regulation of business other and probably safer remedies should be attempted.

Before industry is condemned and it is deprived of all freedom of action, it should be remembered that under laws now being proposed industry will be required to do those things which under existing laws it has been refused the privilege to do voluntarily. The many should not be penalized for the sins of the few, over whom all control has been denied to industry.

The members of this industry believe that if business will be permitted to act voluntarily, hours of labor will be reduced, employment will be increased, adequate wages will be paid, and industry stabilization—all to the public good—can be secured.

We recognize that any industry-stabilization plan which has the power to effect the necessary cures includes the power to abuse; that, therefore, for the protection of the public, governmental supervision is necessary. On the other hand, we believe that such governmental supervision will be better than direct regulation through statutory regulation of hours of labor, wages, production, and other business details. It is our opinion that the Government cannot embark upon such program of regulation without it developing new abuses, the curing of which will call for continued additional governmental control until a full license system will be in force and all liberty of the individual will be lost.

The members of this industry therefore respectfully request the enactment of a law that during the period of emergency (as the same may be declared by the President) the operations of the Sherman antitrust law shall be suspended with respect to any plan submitted to and approved by the President, acting through a bureau or representatives to be designated, which shall be responsible to the President, provided such plan shall have the approval of at least 75 percent in numbers and volume of the particular industry; that in case any such plan is so approved, it shall be binding upon and enforceable against all members of the industry; that the approving body may withdraw its approval at any time if operations under the plan shall be deemed to produce results harmful to the public welfare; that any such plan shall, as a condition to approval, contain therein provisions, which are fair and reasonable, covering hours of labor, rates of pay, and other protective features as may be necessary to safeguard the interest of the public.

As illustrative of the above, this industry, if legislation such as the above be enacted, will submit a plan which will, among other things, include the following:

1. A 6-HOUR DAY

(NOTE.—This would mean four 6-hour shifts on paper machines for 24 hours of continuous operation, in place of three 8-hour and two 12-hour shifts now prevailing. It is estimated that this will put 12,000 to 15,000 more men to work in this industry.)

2. ADEQUATE WAGES

We will agree that this wage for 6 hours shall not be less than the 1929 wage for 8 hours, adjusted—plus or minus—to the cost of living in 1929 as compared with the cost of living at any time hereafter prevailing, all as may be necessary so that the wage shall be proportionate and the purchasing power equivalent to that prevailing in 1929.

This will increase the cost of production. It is assumed that the Government will take action as appropriate to protect industries in this country from competition from foreign countries.

3. PRICE LIMITATION

A limitation on prices as may be necessary to prevent unreasonable profits and unfairness to the public.

4. STABILIZATION

The plan will not include agreements as to prices or limitations upon production. Allocation of customers, protection of existing volume, or trade position will not be included. The plan will, however, contain provisions which will operate as a curb upon demoralizing price cuts and other practices now recognized as damaging to industries and to public welfare.

Through recognition of, and adherence to, the principle that each member of the industry should control excess capacity, which is in proportion to the industry's excess capacity, individual operations of capacity in excess of the industry percent will be subject to a progressive tax at an amount per ton to be hereafter determined. The amount of this tax will be so fixed as to operate as a deterrent to volume seeking through unsound price concessions, but will not be so large as to preclude full and free competition under normal, healthy merchandising policies and prices. Penalties in the form of a tax will be applied as protective of wage levels and hours of labor.

5. ADMINISTRATION OF TAX FUND

This tax will be paid to trustees, and its collection will be enforceable by the trustees. These trustees shall be persons approved by the Government. Tentatively it is proposed that the industry shall appoint one, the Secretary of Labor shall appoint one, and the two so appointed shall choose the third. Broad discretion should be given the trustees as to the use of any fund so

created. One purpose would be to use the fund as an unemployment fund; another purpose—all in the discretion of the trustees—would be the payment of rental for paperboard mills and properties, this by way of relieving the pressure of excess capacity and aiding through the depression companies which are facing operating difficulties. In case an operating mill should be so leased or carried by this fund, it is proposed that such taking over should be conditional upon the absorption by the industry of the labor of any property so shut down. This would permit of some control of capacity and the relieving of the pressure upon the industry of excess capacity, without at the same time giving the industry power to create capacity shortage. By such use, it is believed that the fund would operate to maintain employment and thus reduce the need of its use for unemployment.

It is appreciated that governmental supervision of operations under any plan is essential in order that its true effect and fairness in operation can be known. This industry will welcome such supervision.

Further details will be included as may be necessary and deemed proper for the benefit of capital invested, those dependent for their livelihood upon the industry, and the public.

The foregoing is not intended to cover details but to set forth the broad outline of the plan proposed.

Respectfully submitted.

NATIONAL PAPERBOARD ASSOCIATION,
By WILLIAM P. JEFFERY, Chairman,
No. 1 Wall Street, New York City.

CURRENCY REFORM—ADDRESS BY SENATOR BYRNES

Mr. ADAMS. Mr. President, I ask that there be printed in the RECORD a very able and concise address upon the Thomas amendment to the farm bill, delivered over the radio by the junior Senator from South Carolina [Mr. BYRNES] on May 3.

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

Ladies and gentlemen of the radio audience, the House of Representatives today by a vote of 307 to 86 agreed to the so-called "Thomas inflation amendment" added by the Senate to the farm relief bill, making it certain that within a week this amendment will become law. The object of this amendment is to increase price levels. This purpose it seeks to accomplish by giving to the President the power to resort to three different proposals. The first directs the Secretary of the Treasury to enter into agreements with the Federal Reserve Board and the Federal Reserve banks, under which agreement the banks will purchase Government obligations to the extent of \$3,000,000,000.

This proposal is sound. It constitutes what is called "open-market purchases" by the Federal Reserve banks. It will result in putting \$3,000,000,000 of Federal Reserve notes into circulation. As these Federal Reserve notes find their way into the banks, they can be counted as a part of the reserves of the banks and make it possible for commercial banks to secure additional credit from the Reserve banks. In this way the expansion of credit under this proposal will exceed \$3,000,000,000. The proposal is safe. It is at all times under the control of the Federal Reserve Board, a group of men whose conservatism is recognized. They are directed to prevent any undue expansion. At any time they believe there has been sufficient expansion, they can sell all or a part of the approximately \$2,000,000,000 of Government securities now held by Federal Reserve banks, which will have the effect of contracting credit just as the purchase of Government securities will have the effect of expanding credit. The criticism directed at this proposal is that it causes the officials of the Federal Reserve System to adopt a policy not initiated by them. Whenever the Government of the United States determines upon a policy of raising price levels, the Federal Reserve banks should cooperate with the Government. Should they cooperate in this policy, it is my opinion that the President will never resort to any of the other alternatives in this measure. Should they refuse to cooperate, then the President of the United States is authorized to resort to proposal no. 2, under which the Secretary of the Treasury would cause to be issued \$3,000,000,000 of Treasury notes to be used solely for the purpose of purchasing interest-bearing obligations of the Government.

The effect of this would be exactly that which is sought to be accomplished through the Federal Reserve banks under proposal no. 1. As these notes were used to purchase Government obligations, there would be an expansion of credit. Practically, it would mean that the Government would substitute a non-interest-bearing note, which is a demand obligation, for an interest-bearing bond, which is a time obligation. The bond would be canceled so that the debt of the Government would not be increased. Behind the note, just as in the case of the bond, there would be the faith and credit of the Government of the United States. The retirement of the bonds would result in an annual saving to the Government of approximately \$120,000,000 interest. The expansion is controlled not only by the limitation of the amount of notes but by the creation of a sinking fund, and annual appropriations are made of an amount equal to 4 percent of the outstanding notes for the retirement of such notes, so that the entire issue would be retired within 25 years. Critics express fear that these notes would not be accepted at par because not redeemable in gold. Today we are off the gold standard. The notes you have in your possession cannot today be redeemed in gold. Therefore there

is no practical difference between the notes presumed to be redeemable in gold and the notes to be issued under this proposal.

Critics further express the fear that we will suffer the experience of Germany with its marks. They forget that in Germany there was no control of the issue of marks and no annual appropriation for retirement; that Germany had just been through a disastrous war and its resources were practically destroyed; that while Germany was hopelessly in debt, the United States is a creditor nation; that while the marks were used to pay current expenses, these notes are to be used to retire interest-bearing obligations of the Government; that while no effort was made to balance Germany's budget, the Budget of the United States is balanced. A government that can control its expenditures can control the inflation of its currency.

There is another power conferred upon the President by the terms of the bill. It would authorize him to fix the weight of the gold dollar if, as a result of an investigation, he finds it is necessary for the protection of our foreign commerce against the effect of depreciated currencies of other governments. It cannot be reduced more than 50 percent. As long as gold payments are suspended by the Government and you cannot demand the gold dollar, even from the Treasury of the United States, the question as to the weight of the gold dollar loses some of its importance. There has been a race among governments to cheapen money in order to obtain an advantage in international trade. Thoughtful persons agree that there must be an end to this competition. There must be an agreement by governments fixing the value for the currencies of every government in international trade. In any conference held for the purpose of stabilization of currencies our Government will be in much stronger position by reason of the increase in price levels, which has resulted from the introduction of this legislation and by reason of the power given to the President by this proposal.

While I have heard some men criticize this measure, I have yet to hear one offer a substitute. They would let deflation continue. The deflation of the past three and a half years not only destroyed values but destroyed the morale of the people. The introduction of this measure effectively stopped the deflation. It has increased the price of all commodities. The increased buying power of more than 30,000,000 people living on the farms of the Nation has increased the sales by chain stores and mail-order houses. It has increased the production of steel and today thousands of men are returning to work in the industries of the Nation. More than \$500,000,000 in farm loans are held by banks of the Nation, whether open or closed. The increased prices of agricultural products has increased the price of farm lands, and this, with the increase in the value of the securities held as collateral by the banks, will make possible the opening of many banks now in the hands of conservators, thereby saving millions of dollars to the depositors.

The increase in the price of agricultural commodities, if it continues, may even make it unnecessary for the Department of Agriculture to resort to the allotment features of the agricultural relief bill. The employment of men in industry may make unnecessary a public-works program on the extensive scale at first planned, and certainly should result in reducing expenditures for the relief of the destitute and hungry.

In the face of this improvement in the business world, some politicians, who for the past 3 years have dictated the policies of the Government, are preaching the doctrine of despair. Last fall they declared that bad as things were, they might be worse. Today they prophesy that conditions will be worse. Unhappy are their days. I picture them presenting the blessings of deflation to a man who, as a result of the introduction of this amendment, has just sold his cotton or wheat at a profit, has paid his note at the bank, and is returning home with money in his pocket and hope in his heart. I sympathize with their plight as they tell the laborer who is today employed for the first time in 2 years that the dollar he earns will not purchase as much as it formerly did, for the American workingman knows that only with the end of the cruel policy of deflation can there be any demand for labor, and only with the demand for labor can there be an increase in wages.

It is urged that it will injure the holder of bonds and other investments with fixed income. This is true. For instance, the man who in 1918 purchased a \$500 Liberty bond could at that time secure this amount of money by selling 4 bales of cotton, because cotton was then selling for 25 cents a pound, or \$125 a bale.

Ten days ago if this investor sold his \$500 bond, he could with the proceeds of the sale purchase 20 bales of cotton, because cotton was selling for \$25 a bale. As a result of the introduction of this measure, cotton has increased in price from 5 cents to 8 cents a pound. This man who holds a \$500 bond which he bought with the proceeds of four bales of cotton in 1918, could today secure for his \$500 only 12 bales. The same illustration could be made as to every agricultural commodity. The plight of this investor does not arouse great sympathy. He is not entitled to have the Government continue a policy of deflation in order to enable him today to purchase with his \$500 five times as much as he could have purchased with it in 1918. The inability of the debtors of the Nation to discharge their obligations at the price level prevailing for the past 3 years has demoralized business and threatened the very structure of our Government. As banks failed, as corporations went into bankruptcy and families were driven from homes, unrest and fear gripped the people.

Today, under the leadership of President Roosevelt, hope has supplanted fear. Action has supplanted inaction. Something is

being done, and try as they will, the politicians cannot destroy the confidence of the people in the leadership of the President. They know that when the President was inaugurated on March 4, every bank in the Nation was closed, and with intelligence and courage he proceeded to place our banking system on a solid basis; that he found a Treasury with a huge deficit, increasing at the rate of \$5,000,000 a day; and, in 30 days, he had balanced the Budget without levying additional taxes upon the people. The people have no fear and cannot be frightened into believing that Franklin D. Roosevelt will exercise the discretion placed in him so as to permit any wild inflation or unwise expansion. They trust him. Their confidence is not misplaced.

RECESS TO MONDAY

Mr. ROBINSON of Arkansas. If there be no further business, I move that the Senate take a recess until 12 o'clock noon Monday.

The motion was agreed to; and (at 4 o'clock and 9 minutes p.m.) the Senate took a recess until Monday, May 8, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 4 (legislative day of May 1), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Dave Hennen Morris, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Belgium, and also Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Luxemburg.

UNDER SECRETARY OF THE TREASURY

Dean G. Acheson, of Maryland, to be Under Secretary of the Treasury, in place of Arthur A. Ballantine, resigned.

UNITED STATES CIRCUIT JUDGE

Francis A. Garrecht, of Washington, to be United States circuit judge, ninth circuit, to succeed Frank H. Rudkin, deceased.

UNITED STATES ATTORNEY

George E. Hoffman, of Florida, to be United States attorney, northern district of Florida. He is now serving in this position under an appointment by the court.

PUBLIC HEALTH SERVICE

The following-named assistant dental surgeons to be passed assistant dental surgeons with the grade of passed assistant surgeon in the Public Health Service, to rank as such from the dates set opposite their names:

Ray P. Breaux, July 21, 1933.

James F. Lewis, July 21, 1933.

Thomas L. Hagan, July 22, 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 4 (legislative day of May 1), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Hugh S. Gibson to be Ambassador Extraordinary and Plenipotentiary to Brazil.

ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARY

Warren Delano Robbins to be Envoy Extraordinary and Minister Plenipotentiary to Canada.

Laurence A. Steinhardt to be Envoy Extraordinary and Minister Plenipotentiary to Sweden.

SECRETARIES IN THE DIPLOMATIC SERVICE

Cavendish W. Cannon.

James S. Moose, Jr.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 4, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O God, our everlasting Father, we have in Thee the source and the magnificent disclosure of all those virtues by which we live, by which love is sanctified and true friendship made. The whole soul of gratitude incites the song of praise. Hear