works, and for other purposes; to the Committee on Ways and Means.

By Mr. CONNERY: Resolution (H.Res. 157) providing for the consideration of H.R. 4559; to the Committee on Rules.

By Mr. McFADDEN: Resolution (H.Res. 158) relative to the impeachment of certain members of the Federal Reserve Board and certain Federal Reserve agents; to the Committee on the Judiciary.

By Mr. CONNERY: Resolution (H.Res. 159) authorizing the Committee on Labor to have printed for its use additional copies of hearings on 30-hour work week; to the Committee on Printing.

By Mr. MORAN: Joint resolution (H.J.Res. 188) to authorize the Reconstruction Finance Corporation to make loans for refinancing the repair and reconstruction of buildings damaged by conflagration in 1933; to the Committee on Banking and Currency.

By Mr. CELLER: Joint resolution (H.J.Res. 189) authorizing the President to present in the name of Congress a Medal of Honor to Walter Sweet; to the Committee on Naval Affairs.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. CHAPMAN: A bill (H.R. 5756) granting a pension to Lucy Leach; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5757) granting a pension to Emily Cecil; to the Committee on Invalid Pensions.

By Mr. KLOEB: A bill (H.R. 5758) granting a pension to Clifford Lamer Otto; to the Committee on Invalid Pensions.

By Mr. MILLIGAN: A bill (H.R. 5759) granting a pension to Frankie E. Ligon; to the Committee on Invalid Pensions.

By Mr. RANDOLPH: A bill (H.R. 5760) for the relief of Andrew Boyd Rogers; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 5761) for the relief of Prentice Mead Handlon; to the Committee on Military Affairs.

By Mr. SUMNERS of Texas: A bill (H.R. 5762) for the relief of Charlie Chapman Fryer; to the Committee on Military Affairs.

By Mr. SWANK: A bill (H.R. 5763) for the relief of Frederick E. Dixon; to the Committee on the Post Office and Post Roads.

By Mr. TINKHAM: A bill (H.R. 5764) granting a pension to Addie E. Kittredge; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

1163. By Mr. BRUMM: Petition of B'Nai Israel Congregation, of Shamokin, Pa., requesting the Government of the United States to make official protest against the treatment of Jewish citizens in Germany; to the Committee on Foreign Affairs.

1164. By Mr. JOHNSON of Texas: Resolutions adopted by Hearne Chamber of Commerce, Hearne, Tex., and Buffalo Chamber of Commerce, Buffalo, Tex., endorsing President Roosevelt's public works bill; to the Committee on Ways and Means.

1165. By Mr. LINDSAY: Petition of American Fruit & Vegetable Shippers Association, Chicago, Ill., urging support of Senate bill 1406; to the Committee on Banking and Currency.

1166. By Mr. McFADDEN: Petition of the mayor and Council of the City of Pittsburgh, Pa., relative to the liberalization of the laws regulating the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

1167. Also, petition of the Khaki Shirts of America, Inc., being their demands as presented by Art J. Smith, commander in chief, and J. E. Monaghan, adjutant general; to the Committee on the Judiciary.

1168. By Mr. MURDOCK: Petition of the State Legislature of Utah, urging creation of national monument in Wayne County, Utah; to the Committee on Public Buildings and Grounds.

1169. By Mr. O'MALLEY: Petition of more than 200 members and families of the Pride of Milwaukee Lodge, urging legislation condemning discrimination against Jews in Germany; to the Committee on Rules.

1170. By Mr. WATSON: Resolution passed by the Doylestown Council, No. 40, Sons and Daughters of Liberty, favoring House bill 4114; to the Committee on Immigration and Naturalization.

1171. By Mr. WHITE: Memorial of the Legislature of the State of Idaho, memorializing Congress to enact into law Senate Joint Memorial No. 3 of the State of Idaho, calling a world conference for the immediate consideration of remonetization or stabilization of silver; to the Committee on Coinage, Weights, and Measures.

1172. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to enact laws providing for the use of ethyl alcohol in all motor fuels; to the Committee on Ways and Means.

SENATE

WEDNESDAY, MAY 24, 1933

(Legislative day of Monday, May 15, 1933)

The Senate sitting as a court for the trial of articles of impeachment against Harold Louderback, judge of the United States District Court for the Northern District of California, met at 10 o'clock a.m., on the expiration of the recess.

The managers on the part of the House of Representatives appeared in the seats provided for them.

The respondent, Harold Louderback, with his counsel, Walter H. Linforth, Esq., and James M. Hanley, Esq., appeared in the seats assigned to them.

PROCLAMATION

The VICE PRESIDENT. The Sergeant at Arms will make proclamation of the session of the Senate sitting as a Court of Impeachment.

The Sergeant at Arms made the usual proclamation.

THE JOURNAL

The legislative clerk proceeded to read the proceedings of the Senate sitting as a Court of Impeachment for the calendar day of Tuesday, May 23, when, on motion of Mr. ASHURST, and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

DIVISION OF TIME FOR ARGUMENT

Mr. ASHURST. Mr. President, I am assuming that the honorable managers on the part of the House and the honorable attorneys for the respondent have agreed among themselves as to how their time shall be distributed when the Senate is ready to hear argument.

Mr. Manager PERKINS. Mr. President, the managers on the part of the House have agreed among themselves as to how their time shall be distributed.

The VICE PRESIDENT. Have counsel for the respondent agreed as to the division of their time?

Mr. LINFORTH. Mr. President, my associate has graciously permitted me to occupy his time.

CALL OF THE ROLL

Mr. ASHURST. 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	Coolidge	Keyes	Robinson, Ark.
Ashurst	Dickinson	King	Robinson, Ind.
Bailey	Duffy	Logan	Russell
Bankhead	Erickson	Long	Sheppard
Bone	Fletcher	McCarran	Stephens
Bratton	George	McGill	Thomas, Utah
Brown	Goldsborough	McKellar	Trammell
Bulow	Gore	McNary	Vandenberg
Carey	Hale	Nye	Van Nuys
Clark	Hayden	Patterson	White
Connally	Kean	Pope	

Mr. WHITE. I am asked to announce that the Senator from Nebraska [Mr. NORRIS] and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate on official business of the Senate.

The VICE PRESIDENT. Forty-three Senators have answered to their names. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. CAPPER, Mr. HASTINGS, Mr. HEBERT, and Mr. TOWNSEND answered to their names when called.

Mr. BACHMAN, Mr. BARBOUR, Mr. BARCLAY, Mr. BLACK, Mr. BULKLEY, Mr. BYRD, Mr. BYRNES, Mrs. CARAWAY, Mr. COSTIGAN, Mr. COUZENS, Mr. DALE, Mr. DILL, Mr. FRAZIER, Mr. GLASS, Mr. HARRISON, Mr. HATFIELD, Mr. KENDRICK, Mr. LA FOLLETTE, Mr. LEWIS, Mr. MCADOO, Mr. METCALF, Mr. MURPHY, Mr. NEELY, Mr. PITTMAN, Mr. REED, Mr. REYNOLDS, Mr. SCHALL, Mr. SHIPSTEAD, Mr. STEIWER, Mr. THOMAS of Oklahoma, Mr. TYDINGS, Mr. WAGNER, Mr. WALCOTT, Mr. WALSH, and Mr. WHEELER entered the Chamber and answered to their names.

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

REFERENCES TO DOCUMENTS OFFERED IN EVIDENCE

Mr. LINFORTH. Mr. President, before we proceed this morning may I be permitted to say that the honorable Senator from Utah [Mr. KING] yesterday requested counsel to indicate the pages of the printed record where documents are contained that had been offered in evidence. In obedience to that request I should like to report that the general report and account of the receivers is to be found at page 419. The first report of the receiver on claims is found at page 458. The application of the attorneys for compensation is found at page 703.

The references I am giving are references to the bound volume of exhibits that has been referred to here.

The application of receiver for compensation is found at page 600 of that volume. The report of the receiver on claims is found at page 778. The second account of the receiver is found at page 542. The second application for attorney's fee is found at pages 749 and 775. The second application for receiver's fees is found at page 499.

Mr. McCARRAN. Mr. President, in addition to the matters just referred to by counsel I am wondering if the report of the receiver in the Russell-Colvin case, which was not printed at this hearing, is available in one of the other reports.

Mr. LINFORTH. It is available in the printed record to which I have referred at the page which I have stated.

The VICE PRESIDENT. The managers on the part of the House may proceed with the argument.

ARGUMENT ON BEHALF OF THE HOUSE OF REPRESENTATIVES BY MR. MANAGER BROWNING

Mr. Manager BROWNING. Mr. President, I desire to consume 1 hour of the time, and will appreciate it if I may be advised 5 minutes before the time expires.

The VICE PRESIDENT. Very well.

Mr. Manager BROWNING. Mr. President and members of the High Court of Impeachment, in the opening statement in this case the gentleman from Texas [Mr. SUMNERS] set out at some length the theory of the managers with regard to impeachment procedure. I only wish to supplement that with the statement that we regard an impeachment action as a defensive measure guaranteed to the people under the Constitution; that we regard the tenure of office of the Federal judiciary as a political right and not an inalienable right guaranteed under the Constitution to an individual. We regard it not only as a defensive action but as an action which has nothing to do with punitive, retributive, or vindictive justice, because the Constitution clearly sets out that the limit of punishment which can be administered by the Senate is removal from office and a denial of the privilege of holding office thereafter. The framers of the Constitution very wisely saw that in the future some men would be appointed to that high office whose conduct would not be good, and therefore they provided that it would be a tenure for life or during good behavior.

We come to a consideration of the facts in this investigation. So far as I am concerned, the particular individual under investigation is a matter of indifference. But the respondent in this case we discover at the outset conducting his office in such a way that the bar association of the city of San Francisco, Calif., representing the major part of that district, requests an investigation of his official conduct, because, as they set out, of the unfavorable notoriety that has been given to his actions connected therewith.

One of the circumstances that we propose to call to your attention, and which is embodied in the articles of impeachment exhibited by the House and shown by the proof, is the residence of the respondent. Briefly, I desire to recite to you that in September 1929, because of developments about which we have no concern, the respondent left home and decided to take up a residence elsewhere. He went to the Fairmont Hotel in San Francisco. He was a Federal judge occupying the district bench. He went there to remain, as the proof shows, and he has remained practically ever since, but he did not register in his own name. The room that he occupied was not occupied at that time, as shown by the circumstance that registration was made on that date by W. S. Leake for a guest for room 26, Fairmont Hotel, and the guest a resident of San Francisco, and the respondent has occupied that room exclusive of all other parties ever since that time.

You have heard his statement with regard to what his intentions were after that time, or in April after he went there in September, of establishing a residence in Contra Costa County. Intention is a presumption of law founded on fact. If I say to an individual, "I would not harm you for the world", and straightaway I shoot him through the heart, do you consider that my intention would be what I said or what I did? Our position is that his intention must be defined by his action. He claims to have established a residence in Contra Costa County on April 6 or April 17—whichever he insists is the proper time—in 1930, and from that date to this time he has spent 4 nights in that residence. The maid at the hotel says he is regularly at the hotel and he admits it. I take it that is a fair inference from his statement. Nobody else occupies his room, and for all that length of time—more than 3 years—he boasts of having lived in the residence 4 nights and claims that is his legal residence.

The VICE PRESIDENT. Mr. Manager BROWNING will suspend for a moment. The Chair appoints the Senator from Indiana [Mr. VAN NUYS] as Presiding Officer.

(Thereupon Mr. VAN NUYS took the chair as Presiding Officer.)

Mr. Manager BROWNING. What other circumstance is connected with this matter? The fact that he made his tax returns in San Francisco and admitted on the stand that he signed an affidavit on each of those returns that his residence was the same "as set out above", and in 1930 and 1932, at least those two I remember definitely, he swore that he was a resident of San Francisco City and San Francisco County, Calif. In my judgment this proposition of residence is exactly as he stated before the committee, as the proof shows, when he was here last January and said that he was contemplating a civil action and wanted to have the privilege of moving it to Contra Costa County if it was brought against him. He said "I firmly believe, gentlemen, if it had not been that I went over there and had that claim for residence, that suit would have been brought against me, and if I had registered in the hotel it would have been a circumstance against my residence in the other place." In effect that is what he said. In other words, he stayed at the hotel as much as he would have had he been registered, yet he, a judge on the bench, undertook to build up a fictitious, hyphenated, fly-by-night residence across the bay to defeat civil action against him in San Francisco.

It is these circumstances, connected with others to which we propose to call your attention, that we insist precipitated an investigation of this man occupying the high place of Federal judge in the northern district of California.

When he got ready to make up this fictitious residence situation and to cover up his living at the Fairmont Hotel—regardless of what his purpose might have been, that is the truth of what happened—he turned to one man that the record shows had been his confidant, had been his crony, had been his constant companion in evenings at the hotel before and after that time since 1925. It was his habit, with this man, to come in there in the evenings, and they would go apart from other people and sit and talk, almost constantly. That is the testimony of the auditor of the hotel in which it occurred.

Who is this man in whom he was confiding? In my judgment he is the man behind the curtain that was pulling the strings on this puppet of his, and the record justifies that assertion. There is only one man in the record that has opened his mouth about the reputation of Sam Leake around San Francisco, and that was brought out by inquiry by a member of the court. You will recall when Mr. Ehrmann was on the stand some Senator asked him by way of an interrogatory, "Have you heard Sam Leake discussed around San Francisco?" He said, "Yes; quite a bit." "What have you heard said about him?" In the most significant way that a man could answer he said, "If I were called upon to answer that inquiry categorically, I would say I have not heard him praised."

That, members of the court, is the record so far as the character of this man is concerned; but there is other testimony that indicates more than that his interest in this puppet of his.

For instance, for some reason unexplained in the record, Sam Leake decided that somebody might be following the judge; why? I do not know. That is not explained. What did he do? As a friendly act, he employed a private detective to see whether that was going on.

For what purpose can a Federal judge be shadowed? And why was it this man's interest to see whether or not he was being shadowed? And Leake paid for it out of his own money.

Those are just some of the circumstances connected with the contacts and the relationships of these two men; and, although that is the case, W. S. Leake made an effort in his original testimony to deny that he knew the habits of the judge, to deny that he knew where he lived. It will be found on page 219 of this record. That is, he would not answer that question when it was asked. He said, "He sleeps sometimes at the Fairmont Hotel"; and there was a labored effort on his part to conceal the information that he had regarding the matter. He claimed he did not know respondent's habits or where he lived.

There is no question in this record of the Siamese twins relationship between these two parties, and it becomes very important in view of the things that developed in the cases that have been unfolded before you.

In the first place, while the respondent was on the State bench he appointed W. S. Leake receiver or appraiser in eight different cases in the year 1927, which was the last full year of his service. In one of those, as to which you have heard testimony, the only one where we have exact information about the fees, it is shown that Leake signed his name and got pay for 100 days' service in appraising property, and was paid $500 for it. He had associated with him in that case one Guy H. Gilbert, who has appeared before you. He signed his name to the report and to the oath, and for signing his name twice he got, by allowance of the respondent, $500—$5 a day for 100 days' work. But when the respondent came into the Federal court W. S. Leake was not appointed receiver any more, yet somewhere along there he had been borrowing money from the judge several times, and the judge was not certain—you could see it from his attitude and his statement on the stand—whether Leake ever paid it back, but he said he thought he had. At one time Leake borrowed as much as $350. After the judge came into the Federal court he did not appoint Leake to any receiverships; but our theory of this case is, and I think I can establish it from the record, that Leake got his compensation from some other source, and the judge—to use the vernacular of the day—got Leake "off his back" and on the pay roll of crippled institutions that came to his court for protection.

The first case in which Mr. Gilbert was appointed was the Stempel-Cooley case, in which he collected $12,000, and got a $500 fee. He went to Mr. Leake as soon as he was appointed in that case and asked whom to name for his attorney, and Leake told him John Douglas Short, and Gilbert named him.

The next case that Mr. Gilbert got was the Sonora Phonograph Co. case. He thought he was going to name John Douglas Short in that case as soon as he got word of his appointment; but when he got to the court room he found out differently. There enter the firm of Dinkelspiel & Dinkelspiel. They are there and ready to receive this appointment as attorneys for the receiver.

Dinkelspiel & Dinkelspiel had filed the petition in that case. Dinkelspiel so states in his testimony, on page 594 of the hearings. There happens to be a rule that the respondent has introduced in this case and has offered an explanation of it by Judge St. Sure. It is printed on page 627 of the record; and the rule, quoted in this letter, is as follows:

> Receivers shall employ counsel only after obtaining an order of the court therefor.

And then Judge St. Sure's explanation is this:

> It gives the court discretion in the matter of the appointment of attorneys for the receiver, to the end that no attorney shall be appointed who for good and sufficient reasons is deemed disqualified—who has appeared for or acts for a party or for any creditor of the defendant (whether intervener or not), or for any other person interested in the cause or the estate.

In defiance of that rule, of which he offers an explanation in having Judge St. Sure say that no attorney shall be appointed who stands in that relationship, at his own discretion or his own insistence he tells Gilbert, or somebody tells him, that he must take Dinkelspiel & Dinkelspiel, who filed the petition and represented creditors in this case; and there is a strong inference in this record that they got into the case by methods that are not considered altogether orthodox or ethical by the legal profession. Be that as it may, however, the case lasted either 6 or 7 months.

Dinkelspiel says that they set forth in their report all the services they rendered, and he says that on page 595 of the record. That report shows that Dinkelspiel spent 65 hours of work in that case, and he says that is all of it; so for 9 days of 7 hours a day, and 2 hours additional, he received the sum of $20,000, and he received that over the protest of every party in interest in the case, and he received it by grant of authority from the respondent.

Think of that, gentlemen of the Senate! Sixty-five hours' work; a crippled institution going into receivership for the protection of equity, and then having their assets dissipated in any such manner as that. I ask you if that is conduct becoming a man holding that high office.

Not only that; the Dinkelspiels undertake to show that they are specialists. John Dinkelspiel testifies that they specialize in equity and bankruptcy proceedings.

"Well, Mr. Dinkelspiel, how many cases outside of the four given you by the respondent have you had?"

"Two."

"What fees did you receive?"

"In one of them, $2,000; in the other, less than $2,000."

A specialist? Of course he is, so far as the respondent's court is concerned; and this is not the only case in which he served. Why, gentlemen of the Senate, he received over $2,000 a day for the service he rendered; and I ask you, sitting as members of the high Court of Impeachment, if that is justified in a court of equity when a crippled institution comes there for protection of the law? There was not a single claim that went to litigation; there was not a single lawsuit instituted or tried; and 65 hours of service was rendered!

Mr. Gilbert in that case got $6,800, a large part of which he put in his safe-deposit box; and we will come back to trace that later.

The next case on which I want to touch is one that I think has taken up too much time in this record, I admit, and that is the Russell-Colvin matter. I am trying to discuss these cases in the order in which they occurred in court.

Of course, the Russell-Colvin case is the only one of which the respondent offers even a vestige of an explanation. He claims that he had suspicions about the way that case was brought; and that, in my judgment, is the only case in which he offers any excuse for what he did. We are not relying on that alone, but we do think our theory of that case is correct, and I will tell you why.

This was a brokerage concern. They were suspended from operation by the San Francisco Stock Exchange. If there had been any defalcations, if there had been any corrupt practices that the exchange had known about, they would not have been suspended; they would have been expelled. The record does not show that there was any misconduct so far as fraud or corruption was concerned, on the part of the members of the concern itself. The parties came into court for a receivership to see if they could not work out the situation and sell the concern as a whole. On the threshold we are met with the proposition with which the respondent undertakes to excuse himself, and that is the double filing in that case.

I say to you that the record proves that that is not an unusual occurrence. We will come to the Lumbermen's Reciprocal Association case in a little bit. The testimony of Tom Slaven showed that there was a double drawing in that case; and it was not an unusual thing at all. They drew first, and they drew Judge St. Sure, and he was out of town; so they drew again, and drew Judge Louderback. That is to be found on page 367 of the record. So it was not an unusual thing; and I believe the statement of these men when they say that they went out the day before, and they placed a petition on the desk, and Judge St. Sure's name was drawn, and they knew he was out of town, and they say the clerk told them, or someone—they do not say that Maling said it, but it is a fair inference from this record that someone in the clerk's office told them—that Judge St. Sure would not act in his absence, and no one would act for him in his absence. The clerk says that no one ever has acted in a receivership in the absence of the judge drawn since he has been clerk, from 1912. So the next morning the parties came out, and to avoid that they made a double filing, and, as it occurred, Judge St. Sure's name was drawn first, and he was out of town; and then immediately they filed the other one, and they drew Judge Louderback.

If there had been any effort to control somebody, why did they not dismiss that petition? The truth of the matter is that was an afterthought and a fictitious excuse built up after the development of this case. So they drew Judge Louderback, and they went to his quarters and recommended a man about whom there can be no question in this record with regard to his ability to carry on the business, and they presented him. Then afterward, the vital point in the matter with me, so far as the excuse of the respondent is concerned, is that he claims that he told that man to come back that day after he qualified. There are four witnesses besides Strong who swear positively that he did not do it, and none of them is impeached in this record except by the testimony of the respondent himself. There were five of them, if you please, including Strong. Strong and all those other witnesses say that nothing had ever been said about the attorneyship in that matter until after Strong qualified, and he had no idea, and the preponderance of the proof shows it, that he was expected to come back that evening; but he did talk to McAuliffe, and he said, "I was employing McAuliffe personally, and not the firm of Heller, Ehrmann, White & McAuliffe." There are two men in that town who are specialists on stock-brokerage matters, and they are McAuliffe and Lloyd Ackerman. When he came back the court began to talk to him about his lawyer; and when he told the court that he had talked to Mr. McAuliffe, the witness Strong knew, and everybody connected with the case knew, of rule 53, and they knew that no attorney could be appointed without the approval of the court. Everybody in the record understood that. Nobody contends anything different. When it was revealed to the respondent that he had actually talked to an attorney who was counsel for the stock exchange, then he said, "That is just what I was afraid of."

Was he undertaking at that time to get a competent counsel or was he afraid of the stock exchange? This record shows that the exchange had but one interest in the matter, and that was the proper and equitable and economical administration of this estate in favor of the creditors. That was the only thing that could affect them, because the seat on the exchange was security for any claims any members had against it, which claims totaled $1,200, and the seat was worth $75,000 at that time. They could not have had any other interest; and common, ordinary sense would have dictated that they could not. But they had made an estimate, or they did make an estimate, of what the legal services would amount to in the case if they handled it, and they estimated then it would not exceed $20,000, and that the receivership fee would not exceed $15,000.

Let us see if there was not a scheme. I will tell you what my theory is. I think the respondent and Leake and those who are bloodsuckers on these estates had known about this in advance—there is some evidence to that effect—and when they came in with such a competent receiver, and one so unanimously supported, they decided that perhaps they would have to take him, but that they would get what patronage they could out of the attorneyship. To show you that the respondent was stalling, that he was undertaking to put every obstacle in the way of this appointment, he required of this man a bond of $50,000 to run in favor of other creditors of the concern, such a bond as was never heard of in any other case, and the only thing it could have been for was to try to hamper him in his qualifications. Then he decided that perhaps he had gone too strongly in the matter and that he would cut it down to $10,000; but he still required it. For what purpose? For nothing in the world except to find some excuse to get out of appointing Strong as receiver.

When Strong came back, the respondent made the insistence that he had not come back the afternoon or the evening before; and Strong explained to him that he had not understood—or the other attorneys explained that that was not the understanding—that Strong had not done it in violation of anything he understood was his duty and his obligation to the court.

Now listen. The respondent fired Strong and appointed H. B. Hunter. Just before he put Hunter in he called in three of these attorneys, Thalen and Marrin and Brown, and told them that he was going to fire Strong, and he said: "I offered him as his attorney Pillsbury, Madison & Sutro, and he would not have them; I offered him Sullivan, Sullivan & Roche, and he would not have them; and I offered him Cushing & Cushing, and he would not have them." Why did he stop there? You know from this record that he fired Strong because he would not appoint John Douglas Short as his attorney; and here he was, 5 minutes before he was going to fire Strong, telling these attorneys whom he had offered him, but he said not one word about having offered him John Douglas Short. Does that have any significance to you? Of course, he was building up a pretext for his action, and he knew then that the controversy between him and Strong was over the appointment of one man, and one man alone, and that was a law clerk in the office of Keyes & Erskine getting $200 a month, with a thousand dollars a year, possibly, that he made outside of that—$3,400 in all at the outside. Yet he was the only man in San Francisco of that great bar whom he could select to carry on this matter.

In my judgment, that is all this case deserves in the way of attention with regard to the facts in the limited argument we are undertaking to make to you, except that at the

termination of this case the attorneys showed that Short had put in 1,407 hours on their application for a fee, that Erskine had put in 329 hours, and that for that amount of service they were given $46,250 out of this estate, and that the receiver was given $33,000.

They finally said that there were about 5 lawsuits filed in this case, and I think perhaps 1 of them went to trial. It was an administrative matter; it was accounting work, mostly, and for work as an accountant, which was most of the service Mr. Short claims he rendered, he has been paid over $150 a day for his services, and part of that 3 or 4 days, as you will see if you will look at that account, is charged up to the estate for time he put in compiling his account to justify a fee and for his attendance in court to defend it. This estate had to pay him $150 a day for that kind of work. The biggest service he rendered in the case was the compilation of the account he filed to justify that fee, and I want you to peruse it in the record if you please. He put down one sixth of an hour for a telephone call, 15 minutes for dictating a letter, and every movement he made he had to keep a diary entry of, and he charged for that time. That is the greatest service rendered in the case.

It turned out, at last, that on account the attorneys in the case had been allowed $51,250 and the receiver $40,500 for less than 2 years solid work on the part of either one of them. The receiver, before he went there, was getting $600 a month, and we have not been shown that he is getting anything since the receivership. The attorney was getting $200 a month. For the kind of service I have indicated from a wounded institution, the respondent allowed those exorbitant fees and took the lifeblood of people who were the claimants against this estate. They can tell you all they please about the size of it, but two thirds of this estate, or over half of it, at least, was property they held as bailor and bailee, and all they had to do was to return it to the parties who owned it.

The general creditors who had claims and who were not paid in full got $161,000. For the cost of administration the estate paid over $141,000. That is the picture. If they had gotten $10,000 more for administration, they would have split half and half, 50–50, with the creditors of that institution.

I want to mention briefly the Golden State Asparagus case, because in stepped the Dinkelspiels again, the specialists in receiverships, who had 4 under Judge Louderback and 2 from every other source.

The Golden State Asparagus Co. was another wounded institution. The parties finally agreed on Mr. Edwards as the receiver, and he was appointed. Then the respondent said, "I will give you a list of attorneys from which you can select your attorney." The list consisted of Dinkelspiel & Dinkelspiel. That is the great list in his life. So Dinkelspiel & Dinkelspiel were selected, and they went in to administer this estate. The first year they were allowed $14,000 for their services, and their legal services on this account, as shown in this record, were similar to those that had been rendered for the company over a period of several years, and they were little in excess in amount of what had been rendered, except procuring court orders. The legal services theretofore had cost that concern $679 per year, on an average, for 5 years. Yet the first year in the respondent's court Dinkelspiel & Dinkelspiel received $14,000 on account, and of course they are expecting other fees, assessed against an institution that has not anything but a lot of canned asparagus, which they cannot sell. The fee has not been fully paid, because they do not have the money with which to pay it. But the bill is there, and that institution is going to be closed out some day, and that will be a preferred claim, of course, against the estate. That fee was allowed over the protest of everybody in interest in the case who was in court.

See this picture, with the respondent on the bench, these people interested in the administration of the estate coming up and saying, "That is an excessive fee. The institution cannot stand that kind of a charge." And when one of them, a lawyer at the bar, would object to the fee, the court, in a peremptory manner, as is shown by the testimony here, would say, "You take the stand, and I will swear you and see what you testify."

The only witness shown by the record to have testified was one who said that an ample charge for that service would be $6,000. Of course, an effort is made to show that the creditors agreed to the large fee allowed. They had to, because they tell you that is the very best they could get, because they knew the attitude of the respondent in regard to these fees when they were going to certain firms and certain individuals in his court. That is the record in the Golden State Asparagus Co. case.

The next case that came along was the Prudential Holding Co. case. To my mind, what was done in that case was the most outrageous and inexcusable act on the part of respondent which appears in this record. An unknown attorney, whom he had never seen before, came up from Los Angeles to San Francisco and went to the office of Dinkelspiel & Dinkelspiel to meet a renegade vice president of the Prudential Holding Co., who had nothing to do with its operation, who knew nothing about its circumstances, and had been in the office but one time he could think of in many, many months. He said that he was in there about 2 days before. I ask you to read the statement of James H. Stephens, that vice president, and you can determine from that whether or not he knows anything at all about this or any other business. I think he was the exemplification of the dumbest individual I ever heard testify, and his testimony will show that he was.

This unknown attorney went into the respondent's court and said, "Here is a petition", and that petition on its face shows without any doubt in the world that this Federal court had no jurisdiction of that case. There was no diversity of citizenship, and it is as plain as it can be written on the face of any petition. The court read that petition, and yet that petition was only certified to on information and belief by the attorney in the case. He did not pretend to know the facts.

What did Stephens say to supplement that affidavit on information and belief? He said, "I think something ought to be done." That is as strong as he ever made it. All of us who were in business about that time thought that something ought to be done about it, but under those circumstances, and with that meager showing, the respondent granted a receivership in that case.

Whom did he appoint? Action was taken, it is shown, around 12 o'clock. It takes 40 minutes to get across the bay, yet at 10 minutes before 1 Guy H. Gilbert and John W. Dinkelspiel showed up at the office of the Prudential Holding Co. in Oakland, armed with the authority of the court, took charge of the business, turned out the secretary, and put a padlock on the door.

Now follow it a little further. That was on a Saturday. The following Monday the Prudential Holding Co. came in, by its reputable counsel, and objected to that receivership, and called the court's attention to the fact that it was shown on the face of the petition there was no jurisdiction in his court, that Stephens had not represented the company, and that those who had taken charge of the company were trespassers and had no right in there at all. Then there was a long period of stalling, time granted for filing additional arguments, and points, and authorities, and you find the Prudential Holding Co. coming in and asking for the case to be set down for hearing. The petition was filed on the 15th of August, and finally, on the 5th day of September, a petition designed to put the institution into bankruptcy was filed in the bankruptcy branch of the court, and was assigned to Judge St. Sure. The only ground alleged for bankruptcy—now get this—the only ground alleged for bankruptcy was the existence of the equity receivership, and not another ground was alleged. Then, on the 30th of September, 25 days after this petition was filed, all at once it had to be heard. Judge St. Sure was out of town, and the respondent went into Judge St. Sure's court. He appointed Guy H. Gilbert receiver in bankruptcy, and he

appointed Dinkelspiel & Dinkelspiel his attorneys in bankruptcy. Then, 2 days later, he dismissed the equity receivership on the ground that there was no jurisdiction.

I ask if there is any suspicious action on the part of the respondent or whether he is being persecuted when managers on the part of the House bring you that testimony? I am telling you that it is inexcusable. They undertook to lug in here by Kreft the proposition that additional grounds of bankruptcy were alleged, but no petition for that purpose was filed until the 14th day of October following his action on the 30th of September. It is inexcusable; it stands unexplained in this record, and I repeat that it was an effort on the part of the respondent to hold his leeches onto a wounded institution and let them suck its blood—his pets and his coadjutors, so far as the administration of the receivership in bankruptcy is concerned in the northern district of California. There is no other way to explain it.

What happened to that petition in bankruptcy? Judge St. Sure came back home, and promptly dismissed it the first time it was called to his attention. Then those in interest came in and filed the petition to rehear his action in dismissing that petition. He sat there on the bench, and said, in effect at that time, "No, I am not going over this any further; there is a bad smell about the whole thing"; and that was the end of it, and out went Gilbert and Dinkelspiel.

There is another case I want to call to your attention briefly. But one more thing occurred with regard to that case just discussed. The proof shows that as a result of all this action this institution struggled along of its own volition until April or May of this year, after the dismissal of this petition in 1931, and then it was forced to go into receivership again because of the adverse notoriety and publicity given it on account of these cases that were brought without justification, and I charge with the connivance of the respondent in the effort to try to favor those to whom he was undertaking to give a fee. That was the termination of the case, and it is now on receivership in the State of Nevada.

The next thing I want to mention is the Lumbermen's Reciprocal Association. In the beginning, I want to call your attention to the fact that this is a case where the respondent utterly defied the plain statute law of the State and the rights of a State official and then utterly defied the circuit court of appeals, which reversed him and told him the State officials were right and he was wrong.

The petition in the Lumbermen's Reciprocal Association case was filed in his court. After a few days' delay a hearing was had; there was a temporary receiver appointed, and he selected Samuel Shortridge, Jr., as the receiver and Marshall Woodworth as his attorney.

There was something peculiar about that selection, because when Tom Slaven, representing the defendant company, went out with Reisner, representing the plaintiff, in one of the conversations—and he thinks it was with the judge's secretary, and it is not denied—he was handed a slip of paper with three names on it, with the understanding that he was to select one of those as receiver in this case, and there was only one of them he had ever heard of, and that was Samuel Shortridge, Jr. But, of course, he knew what had to be done, because that was the wish of the court. That is the picture, undenied, except Reisner said he did not see the slip. Well, he did not have to see it for it to be there. Then it was that it developed on the stand that Marshall Woodworth said, "I talked to Shortridge about it within 3 or 4 days before the petition was filed." Then he said, "I went and talked to Judge Louderback before the petition was filed to see if he would select me as counsel for Shortridge as receiver, and he said he would." So the thing was fixed in advance, not by the parties in interest, not by the commissioner of insurance of the State of California, but by the respondent and Samuel Shortridge and Marshall Woodworth.

So the case was filed; but, mind you, before that, 4 days before this suit was brought, the Commissioner of Insurance for the State of California had actually taken charge of the assets under the statute of that State and was administering them; he had all his force on a salary, and there was not any charge against the estate except the fees ordinarily charged for operating in the State; there would not have been any expense of administration so far as they were concerned; but then, as soon as this petition was filed and the claim of the State commissioner was set up, the respondent issued a mandatory injunction and ordered him to bring everything in and turn it over to the receiver of the Federal court, although the State receiver, acting under a plain statute of the State, had been operating for 4 days at that time.

Now, to go further with the story. It was contested at every step of the way by the commissioner of insurance, represented by Mr. Frank L. Guerena. When the first hearing was had, Delger Trowbridge came in as a member of the Industrial Accident Commission and showed to the court that after the claim that had been allowed by him originally for Helen Lay on which the petition was based, a petition to rehear had been filed; they had revoked their former action, and the claim stood then disallowed, and was not a claim against the estate at all. That was at the first hearing. With that information the respondent continued this receivership, knowing it was based on that claim that had been absolutely eliminated, and he had knowledge of it at that time. You will find a full statement of that in Delger Trowbridge's testimony.

There came a controversy over the whole situation, and this respondent undertook to protect not the estate, not the money that came in, but Samuel Shortridge, Jr., and Marshall Woodworth, his appointees. I will show you why I say that. He allowed exorbitant expenses and he allowed $6,000 fees to each one of them. Mr. Guerena took his appeal. There were several circumstances I wish I had time to relate, but I cannot, showing that he absolutely blocked or tried to block the appeal of this case, and worked in every way he could through his office to cooperate with Woodworth and his office, even going to the extent of notifying the circuit court of appeals that Guerena was on his way over there, and to let Woodworth know when he got there. Woodworth called them after Guerena left respondent's chambers, and he could not have his information from any source except the respondent's office. The respondent did everything he could do to block the appeal. The appeal was taken, and the circuit court of appeals reversed the respondent, not in part, not on certain things, but entirely reversed him, on the ground that the State court and the State commissioner of insurance were the sole authority in the matter, and that there was no ground for the Federal court to appoint a receiver at all. Then that order came down, that mandate from the circuit court came to the respondent, and it was an outright reversal and an order to turn over everything. But he had allowed the $6,000 fee to Shortridge and the $6,000 fee to Woodworth. Listen to what he put in that order.

> Provided, however, that if within 30 days from the signing and filing of this order the attorney for E. Forrest Mitchell, State insurance commissioner of California and receiver, appointed by the State court of California as above stated, shall appeal from this order, then the further execution and performance by said receiver of this order shall be stayed until the final action by the Circuit Court of Appeals for the Ninth Circuit on said appeal or until the other or further order of this court or of the circuit court of appeals.

In other words, he attached that condition to the plain mandate of the circuit court. He admits now that it was an error, of course, but what excuse does he offer? He said, in substance, that Marshall Woodworth trapped him into making that order. What does Marshall Woodworth say about it? He says, on the contrary, "I did no such thing; I told him then that Guerena was going to appeal this case or was threatening to do so, and the order was made for that reason." What reason? For no other reason in the world except to try to deter Guerena in that appeal and try to coerce him into giving up his appeal; to try to keep him from appealing from the allowance of these fees. If that is

not in defiance of the law of the land, if that is not conduct unbecoming a district judge, then I do not know how to picture it. There is no excuse for it. The respondent does not plead ignorance. He says it was an error, and he knew it was an error, but when did he change it? He finally modified that order by stipulation some time later, after the appeal had been perfected and had gone to the circuit court and he got uneasy about it. In other words, it did not accomplish the purpose; it did not prevent the appeal on these fees; it did not keep this money in the pockets of his associates. Therefore he would reverse his action and change his order.

Can anyone maintain that official conduct of that character is conduct becoming a Federal judge? Was it not enough to arouse the people over whom was placed a man to serve on the bench for life or during good behavior? Is there cause for surprise that the Bar Association of California asked to be relieved of this man who would make an order of that kind, for no other excuse in the world except to favor those whom he had appointed to receiverships and attorneyships and to whom he had allowed exorbitant fees? I will leave it with the Senate to determine whether they think that is conduct becoming a Federal judge.

This man Marshall Woodworth appeared in one other case in this court.

The VICE PRESIDENT. The Chair wishes to call the attention of the manager to the fact that he has only 5 minutes remaining.

Mr. Manager SUMNERS. Mr. President, may I yield out of my time 10 additional minutes to Mr. Manager BROWNING?

The VICE PRESIDENT. Mr. Manager BROWNING will have 10 minutes additional.

Mr. Manager BROWNING. I thank my colleague.

There is one further thing in regard to Mr. Woodworth in this case, and that is that in a former appointment he rendered 2 months' service and got an allowance or fee of $500 from the referee who knew all about the case and had heard it. Then it was that Mr. Woodworth, being dissatisfied, appealed to the respondent and was allowed $2,000, an increase of $1,500.

Mr. Woodworth is a man who has for a long time known Sam Leake. Mr. Woodworth associated with him over a long period of years and admits his obligation to him. He says he visits his office. How many people in this record so far have not had intimate acquaintance or been in close connection with the respondent through Sam Leake or in other ways than in his court? The Dinkelspiels deny that they were acquainted with him, but their father back of them was that connection, and he was there when in the first instance the appointments were made in the Sonora case; and it was through him that the relationship existed. This record is plain on that.

Not only that, but there are very few witnesses in this record who do not have safe-deposit boxes. I want to call attention to that. Gilbert has one. That is very suspicious; and we want to call attention to some facts after a while that will show why the suspicion rests on the safe-deposit box had by him and by several other witnesses in this case. And they had money in them, too; do not forget that.

Now there is one other case I want to mention, and that is the Fageol Motors case. I will be as brief as I can. In that case another institution got into trouble, a great motor company with a capital and assets of $3,000,000, with its activities spreading over four States. They wanted to apply for a receivership. This is the kind of conduct people have a right to be suspicious of on the part of the respondent, in addition to his appointments. Now, let us trace that. They came into his court with a petition recommending a certain man for receiver because he was thoroughly acquainted with every branch of the automotive industry. Here comes Wainwright and here comes Roy Bronson and other witnesses and say, "We went to the judge's chambers to see him at the noon hour and his secretary said"—and this is undisputed, although, of course, the respondent undertakes to hide behind her by saying she never passed the word on to him. She told him everything else except the thing he wants the court to think she did not tell him. They went in there and she said, "He will be off the bench late and you will have to come back at 1:30." They left the papers and explained that they wanted her to arrange a hearing and told her who the man was they had selected for receiver, and she assured them their message would be delivered to the judge.

They came back at 1:30 and she said, "Why, the judge got off earlier than he thought and he is out at present and will not be back until 2:30. If you will come back at 2:30, he will give you a hearing." There is no mistake about that. They came back at 2:30 and passed the respondent out in the hall walking away, and when they got inside the secretary said, "He has already appointed the receiver in that case." "Who did he appoint?" "G. H. Gilbert." "Who is he?" "I don't know." "Where does he live?" "I don't know." "What is his telephone number?" "I don't know, but I will try to get it for you and phone it to you after you get to the office." That was 2:30. They walked back to their office. Gilbert said the judge's secretary, the one that gave them that message, called him at 1:30 or 2 o'clock, or somewhere between those times, and told him he was appointed receiver, and yet she was standing there in the front of the judge's chambers and telling them she did not know where Gilbert lived or what his telephone number was. The truth of the matter is they wanted to stall these people off until he had time to qualify. When they went back to the office she called them in a few minutes and told them what the telephone number was. The record shows that was after Gilbert and his attorney Dinkelspiel had appeared and qualified, and they knew they had the estate tied up in the court.

Dinkelspiel called them and said, "Gilbert has been appointed receiver and I am his attorney." The first question was, "Has Gilbert qualified?" He said, "Oh, yes." Their purpose was that if he had not qualified they would dismiss the proceeding so as to get rid of him. The alternative was that they held a conference and said, "We will talk it over, and if they will not agree to cooperate and take our advice on how to run it we are going into bankruptcy", and they did have that conference the next morning. They told Gilbert to his face, "You are not qualified and you know nothing of the business at all." You remember that their own witness, Mr. Lunstrum, who was called in and represented as a man who could be believed, said he was hired to run the business because Gilbert knew nothing about it at all. He was put there for that purpose. Gilbert was attached to it as a bloodsucker and for no other purpose in the world. That is the truth about the appointment of that receiver and Dinkelspiel. They agreed to keep their fees down or they would go into bankruptcy.

The termination of it was that the matter did go into bankruptcy, and this is the one case where the court can determine by comparison between the ideas of the respondent and of other people as to what his friends are entitled to in the way of compensation. There was as much work done in this case as in the Sonora case and the Asparagus case, said Dinkelspiel. He got $20,000 in one and $14,000 on account in the other. It was a bigger case and required more work. When the referee in bankruptcy came to fix the fee he gave Dinkelspiel & Dinkelspiel $6,000 and he gave the receiver, Gilbert, $4,500.

Members of the court, that is as much time as I can devote to the discussion of the actual facts of the record, but I do want to call attention—and I will give the page and the amount and the date—to what occurred with regard to Sam Leake's account at the Fairmont Hotel. Sam Leake testified he made $2,400 a year and that was his only income. Let us see what it is.

Leake deposited in the hotel, that he uses as a bank, since the beginning of 1928, $29,725 and has drawn out in cash over $17,000. I do not know what he has done with it. The record does not reveal, but I do know and I want to call your attention to some very significant coincidences in con-

nection with the record. When fees were paid in respondent's court, Leake's account bulged like the coming in of the tide.

Guy H. Gilbert, as receiver in the Sonora case, on February 26, 1930, got $1,556 as a fee. On February 26, 1930, Sam Leake deposited to his account in the Fairmont Hotel $250. That appears at page 464 of the record.

On May 12, 1930, Guy H. Gilbert, as receiver, drew a fee of $2,562.83. On May 17 Leake deposited in the Fairmont Hotel $550 to his account. Record, page 466.

Dinkelspiel & Dinkelspiel, attorneys for the receiver in the Sonora case, drew $15,249.43 on May 17, 1930. On May 17, 1930, Sam Leake deposited to his account in the Fairmont Hotel $400.

H. B. Hunter received a fee of $500 on June 14, 1930, and on that same date Leake deposited $50. On the 25th of that month he deposited $500.

Hunter on May 30, 1930, received a fee of $500, and Leake deposited on the 8th of the next month $80 and on the 9th of the next month $250.

Guy H. Gilbert, receiver in the Sonora case, got $2,855.64 on July 30, 1930. On July 31, 1930, Sam Leake deposited $100 in his account at the Fairmont Hotel.

Dinkelspiel & Dinkelspiel, as attorneys in the Sonora case, got $5,000 on July 30, 1930, and on July 31, 1930, Sam Leake deposited $700 in his account at the Fairmont Hotel.

H. B. Hunter got $500 on July 30, 1930, and on the 11th of the next month Leake deposited in his account at the hotel $400.

Hunter got $500 on August 30, 1930, and on September 2 Leake deposited $100 in his account at the Fairmont Hotel.

September 30 Hunter got $500 more and Leake deposited on that same day $315 in the Fairmont Hotel.

Sam Shortridge, Jr., receiver in the Lumbermen's Reciprocal case, got $3,000 on December 4, 1930, and on December 5, 1930, Leake deposited $600 in his account.

Marshall Woodworth got $3,000 on the same day, December 4, and on December 9 Leake deposited $250 more in the Fairmont Hotel.

Hunter got $500 on January 15, 1931, and on January 18 Leake deposited $500.

Sam Shortridge, Jr., got $3,000 on April 23, 1931. On April 25, 1931, Sam Leake deposited $550 in his account at the Fairmont Hotel.

Marshall Woodworth got $3,000 on April 23, 1931, and on May 18, 1931, Leake deposited $500 more.

Woodworth got $2,000 and the date is not exact, but he said sometime in the spring—March, April, or May, as I understand it—1931, and on May 29 of that same year Leake deposited $450 in his account at the Fairmont Hotel.

Keyes & Erskine got $5,000 on November 30, 1931, and on December 14, 1931, Leake deposited $400, and on December 15, 1931, he deposited $1,200.

Gilbert got $4,500, he said, some time in the summer—I think August of 1932. We can fix the date, because on August 17, 1932, Sam Leake deposited $700 in his account at the Fairmont Hotel.

Mr. President and members of the court, these are the facts as viewed by the managers. My insistence is—and I say this in closing—that the circumstances and the irrefutable facts of the record brand the respondent as a man totally destitute of the essential elements of judicial character, and as a man that those people of a sovereign State and a sovereign district should be relieved of. It is only a political right we are asking you to take away from him. I insist that under the circumstances of this record it would be unfair to let him sit in judgment over a people that have brought these circumstances and these facts to you and laid them on your conscience, to determine whether they shall be afflicted by an individual or whether they have a right to have someone administer justice in their courts of equity, their courts of bankruptcy, their courts of justice, about whom there is no suspicion and in whom they have confidence.

ADDITIONAL QUESTIONS PROPOUNDED TO THE RESPONDENT

The VICE PRESIDENT. The time of the manager has expired.

Mr. CONNALLY. Mr. President, may I submit a parliamentary inquiry?

The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. Would it be now in order for a Senator to propound a written interrogatory to the respondent about his testimony?

The VICE PRESIDENT. The Chair does not think so. The case has been closed, as the Chair understands it, unless the Senate orders otherwise.

Mr. CONNALLY. I assumed it was proper in view of the usual court practice in matters of trial before juries.

The VICE PRESIDENT. If there is no objection on the part of the respondent, the Chair will admit the question.

Mr. LINFORTH. The respondent has no objection to answering any question put to him.

The VICE PRESIDENT. The Senator from Texas will propound his question.

Mr. CONNALLY. I send several interrogatories to the desk and ask that they may be propounded.

Mr. Manager BROWNING. We did not understand the request of the member of the court.

The VICE PRESIDENT. The Senator from Texas requests permission to propound a question to the respondent. Counsel for the respondent make no objection. The clerk will propound the first question submitted by the Senator from Texas.

The legislative clerk read the first question, as follows:

Q. When testifying you said you had consulted Leake in the lobby of the Fairmont Hotel about appointing a receiver and he suggested Hunter, who was in the hotel at the time. Why did you consult Leake about selecting a receiver?

The RESPONDENT. Because I thought he could provide me with information. I was looking for a man of a particular type to represent that kind of an estate. I happened to meet him in the corridor, and I thought he was a man well informed and perhaps might be able to indicate to me someone who had those qualifications.

The legislative clerk read the next question, as follows:

Q. How did it happen that Hunter was in the hotel at the time? Was not this rather a remarkable coincidence?

The RESPONDENT. I do not know how Mr. Hunter happened to be in the hotel at that time; but he had been living at the Fairmont Hotel for some time, although I was not acquainted with him.

The legislative clerk read the next question, as follows:

Q. Did you not have an acquaintance in San Francisco? And, if so, did you not know anyone qualified to be appointed receiver?

The RESPONDENT. I probably would have ascertained from some source, if I had not secured it from Mr. Leake at that time, the information necessary to appoint another receiver. It just happens that I spoke to him, and got the information without going further. I considered this particular case an exceptional case in this, that it involved a stock-brokerage company, in which there is work to be done by a receiver far more extensive than in ordinary receivership cases.

The legislative clerk read the next question, as follows:

Q. You had several acquaintances at the bar. Why did you not make an inquiry of them as to a receiver?

The RESPONDENT. I can only answer that I happened to go up there, not for the purpose of seeking Mr. Leake but I happened to see him in the corridor, and I made the inquiry of him, and I had him give me the information which I have testified to. I probably would have gone to other sources had I not happened to meet Mr. Leake in the corridor at that time. It was information that was not necessarily information coming from an attorney.

Mr. CONNALLY. I have one other question.

The VICE PRESIDENT. The Senator from Texas propounds another question, which will be read.

The legislative clerk read the next question, as follows:

Q. What time of day did you see Hunter?

The RESPONDENT. I think the time was about 5 o'clock, as I usually remained at my chambers until 5 o'clock or later.

The legislative clerk read the next question, as follows:

Q. Did you have any arrangements to meet Hunter in the hotel, or had you had any information from Leake that Hunter would be there?

The RESPONDENT. I had no information that Mr. Hunter was going to be there, nor had I any information that Mr. Leake was going to be there, although Mr. Leake is a man of usual habits, and he was usually to be found about that time at the hotel. He is not a man that goes out. When he has finished his work, somewhere around 3 o'clock in the afternoon, he leaves his office, and he usually is at the Fairmont Hotel from that time until the following morning.

The VICE PRESIDENT. That concludes the questions.

ARGUMENT OF WALTER H. LINFORTH, ESQ., ON BEHALF OF THE RESPONDENT

Mr. LINFORTH. Mr. President, and you, gentlemen of the Senate, at the outset I desire to extend to you my thanks for the courteous treatment that I have received at the hands of the Senator from Arizona [Mr. ASHURST], who has been very considerate and very kind in regard to every request made of him by me relative to the stress under which we have been working in this matter.

I desire to say a word or two so that you will know why I am here. You no doubt have already formed the notion that the relation of attorney and client is what brought me here. In explanation of my appearance here, I wish to relate to you a story which takes me back some 45 years. At that time I was a clerk in the office of a real lawyer in the West—a lawyer of the name of Henry E. Heighton, a warm personal friend of our beloved President, Grover Cleveland. At that time it became necessary for us to employ an office boy; and a little chap about 12 years of age was employed by me in that capacity. Since then he has grown to the point where he is one of the greatest, if not the greatest, trial lawyers in the State of California, and he is the partner of the senior Senator from California [Mr. JOHNSON].

During these 45 years the relations between that man, Theodore J. Roche, and myself have been very warm and very affectionate. For some years, during the domestic troubles of the respondent, that gentleman has been his counsel, and that gentleman intended to represent him upon this proceeding; but, due to stress of trial work in the city of San Francisco, 4 days before the filing of the answer in this case, I was drafted by him in his place and as his substitute and under such conditions I could not say "no."

Those are the reasons and those are the conditions in which I have undertaken to do what little I could in the defense of the respondent upon the hearing of this matter.

At the outset it may not be amiss to have in mind the gravity of the charges here.

This proceeding affects not the money, not the liberty, not the life of the respondent. It goes further; it affects his honor. A conviction of these charges means what? Not only his removal from office but the stigma and the stain of the fact that he is prevented for all time, from now on, from ever holding an office of honor or trust within these United States. It goes further: In my humble judgment, it affects even his right to practice his profession as an attorney at law, because, if branded with the stigma that he is guilty of the charges brought against him, any court upon proper application will promptly disbar him.

So I say, and I respectfully maintain, that his whole future life, his whole future career, is in the hands of you gentlemen; for a conviction means that his honor has been destroyed and taken away.

May I inquire, What kind of a proceeding is this? Is it criminal in its nature? Is it quasi-criminal? Nobody seems to know. The authorities on the subject are not agreed. No one knows. No learned writer on the subject has told us the meaning or the definition of the charge of "high crimes and misdemeanors", charged against the respondent in these articles. Having been unable from my limited examination of the books to find any precise definition of that charge, I have invented, if I may be permitted to use that expression, a definition of my own.

The Constitution of this country provides that an appointment of this kind is for life, depending upon good behavior. So I have concluded, and I respectfully submit to you, that "high crimes and misdemeanors", so far as this proceeding is concerned, means anything which is bad behavior, anything which is not good behavior.

In my humble judgment this proceeding should be likened to a criminal one. When you come to vote you vote either guilty or not guilty. The question propounded to each one of you will be, "Is the respondent guilty or not guilty?"—the form of verdict rendered in a criminal trial and never the form of verdict rendered in a civil proceeding. So my deduction in the matter, respectfully submitted to you gentlemen, is that this proceeding, while not criminal, is in the nature and partakes of the character of a criminal proceeding.

That being so, it leads me to the next question that I desire respectfully to submit to you; and that is this: What is the degree of proof necessary in order to bring in a verdict of guilty in this case? If it is in the nature of a criminal proceeding, then the proof must satisfy you beyond a reasonable doubt. I respectfully contend and maintain that, inasmuch as the proceeding is one which partakes of the character of a criminal proceeding, that is the measure of proof required of the learned managers prosecuting this charge.

If I am in error in that, surely then the rules applicable to civil cases apply, namely, that one holding the affirmative must at least bear and sustain the burden of proof, and must, in order to prevail, prove by a preponderance of the evidence the charges made.

Before I enter into a discussion of the evidence, which I intend to do, gentlemen, in the hope that any inadvertent statements made by the learned manager who has preceded me, may be dispelled, I intend to give you a reference to the testimony in support of each statement I advance, in the hope that I may be of some assistance to those who are sitting here now, and who may not have been here when the testimony itself was introduced.

Before entering upon a discussion of the evidence, I deem it right, I deem it helpful, and I deem it just, for you to have in mind a picture of the respondent before you start to consider the evidence which has been introduced here.

Now, who is the respondent? What does the record show? He is an American through and through. He comes from American stock, his father born in the State of Pennsylvania, and his mother born and reared in the State of California, both father and mother pioneers of that great State. It is from that kind of stock this respondent sprung.

Who is he? He is a lawyer and a gentleman, educated in the public schools of San Francisco, in the University of the State of Nevada, and in the Harvard Law School. He is not only an American by birth, but he is an American at heart, one of the first, when this country was in trouble, to come to the front. The uncontradicted testimony shows that on the second day after this country declared war he volunteered and enlisted. His service as a soldier terminated only when the war was over.

What happened after that? He was elected for a term of 6 years to the Superior Court of the State of California. Reelected when that term was finished for an additional period of 6 years, 2 years of which he served. Then the honor was conferred upon him by his appointment to the Federal bench, which office he has occupied ever since. That is a brief picture of this respondent. Nobody says anything to the contrary.

Who is at the bottom of these charges? Four disgruntled attorneys, who, in my humble judgment, have misled the honorable managers in this proceeding. Bear in mind that 25 receiverships, bankruptcy and equity, have been pending

before the respondent in the 5 years he has been on the Federal bench. In the Russell-Colvin case alone, there were 700 claimants and creditors, and, notwithstanding there were 25 or more of these proceedings before the respondent in the 5 years he has been on that bench, not a single creditor in any one of those proceedings has been brought here to point a finger of suspicion at the respondent, or to say a word against him.

As a carpenter is judged by his chips, so a man should be judged by his acts, and you have this respondent here, with the testimony of the clerk of the court as to 25 receivership proceedings before him, with 700 creditors alone in the Russell-Colvin case, but not one creditor, man or woman, in any one of those proceedings has been called here to say an ill word against the respondent in his handling of any of these matters.

There is a disgruntled firm of attorneys in San Francisco, a firm made up of 5, with 3 of them here as witnesses, the fourth of them in the city of Washington but not called. I say to the gentlemen who represent the other side, with great respect for all of them, that they have been misled by this firm of disgruntled attorneys.

What is the charge, the main charge, made against us? What charge is found in the "Russell-Colvin case", so-called? I read from the articles of impeachment, as follows: "That he did willfully, tyrannically, and oppressively discharge one Addison G. Strong, in the Russell-Colvin case, in his own personal interest, and at the instance, suggestion, or demand of one Sam Leake."

Those who have attended these sessions from beginning to end know there is not a word of truth in that charge. To those who have not attended these sessions I want to demonstrate—and I use that word advisedly—the falsity of that charge.

It is conceded by everyone interested in this proceeding that Mr. Strong, first appointed as receiver, was the regularly employed auditor of the San Francisco Stock Exchange. It is also conceded that in that capacity he had also served the bankrupt concern of Russell-Colvin Co. Bear in mind that the filing of these two petitions in this proceeding simultaneously, the double filing, as it has been referred to here, the first going to Judge St. Sure's court, the second going to Judge Louderback's court, caused the respondent to be suspicious and cautious. You remember the testimony of Attorney Marrin in regard to why such a thing as that, never having happened before in 30 years, was done.

What was Mr. Marrin's explanation? His explanation was that the clerk of that court, a man whom we all love and revere, who has been our clerk for many years, told him that Judge St. Sure was out of town, and that no other judge would act for him in his absence. That is the statement of my good friend Manager BROWNING this morning, that no other judge would act for him, and that was the reason for the double filing.

So that there may be no mistake about it, let me call your attention to just a line from the testimony of that witness.

Mr. MCKELLAR. What page?

Mr. LINFORTH. I am referring to page 167.

> We asked the clerk how long Judge St. Sure would be in Sacramento, and he told us for about a week. We then asked the clerk if one of the other judges, either Judge Louderback or Judge Kerrigan, would take up the petition in the absence of Judge St. Sure, and we were told by the clerk that they would not.

At page 179, gentlemen, in the cross-examination of that witness, the following occurred—and I am reading from the top of the page, Senator MCKELLAR:

> Can you tell us whether it was a man or a woman who gave you the information that no one would act without Judge St. Sure being present?—A. My recollection is that Mr. Maling himself gave us that information.
>
> Q. That morning?—A. Yes; that morning.

That answers the suggestion of the learned manager made in his argument this morning that the name of Mr. Maling was not mentioned, and that it was not known what clerk gave the information.

Now, let us see what Clerk Maling had to say on the subject. We summoned him here by wire, as fast as we could get him, when we heard what the testimony of Mr. Marrin was on that subject. I now call your attention briefly to just a word on page 682 of the testimony of that gentleman. I read from the bottom of the page:

> Q. Upon the filing of the first complaint in that matter, which the record here shows went to Judge St. Sure's department, did you then or at any other time tell him that no judge present would act for Judge St. Sure in such a matter during his absence?—A. I have no recollection of it, and I am satisfied that he is mistaken if he thinks I said that. He must have misunderstood me, because I never would have made such a statement to any counsel to that question or answer it in that way. I have never undertaken to say what any judge would do in the matter of making an order.
>
> Q. According to your best recollection, no such conversation took place?—A. I am satisfied that if we had a conversation he misunderstood my statement, because I never would have said that.

Of course, that statement was not correct. It is similar to other statements made by other disgruntled attorneys, aiding and abetting those that I say are the originators of this proceeding, namely, those representing the San Francisco Stock Exchange. You Senators heard my friend, Mr. Manager BROWNING, this morning say that the Bar Association of San Francisco inaugurated these proceedings. He told just a half truth; he did not tell you that at the time these proceedings were initiated Florence McAuliffe, one of the firm of attorneys for the stock exchange, was the vice president of the bar association that initiated these proceedings. He did not tell you that Florence McAuliffe, the same gentleman, is now the president of that bar association.

Judge St. Sure tells you—I will not bother to read his letter, but will call your attention to it at page 627, wherein he says the practice always was in his absence or in the absence of Judge Louderback, one to act for the other. There is no dispute about that fact.

If that is the fact, and if the clerk of the court did not tell those people that the remaining judges could not or would not act, then what is the reason for the double filing? They put a question to the respondent when on the stand yesterday if they thought he was an "easy mark", and if that is why they picked him with this second filing. That is their language, not mine. The respondent answered, in substance, "I do not know what they thought, but if they thought I was that kind of a man they quickly found out they were mistaken."

I will not take the time to read the testimony of the deputy clerk of the court, Mr. Fouts, who tells you at page 680 that he ran the record back for 30 years, and found that never before had such an instance of double filing occurred in that court.

Mr. Maling, the clerk of that court, tells you that, to his recollection, such a thing never before happened in that court.

Mr. Manager BROWNING this morning asked if there was anything unusual in this filing which fell to Judge Louderback's court. Why did they not dismiss this suit and file another? But there is an easy answer to that. There is a limit to which people dare go. They went the limit in the filing of the two petitions, and they did not dare go farther.

Then they took the matter up with respondent—tried to have him appoint Mr. Strong; and the minute respondent found out about this double filing, he at once became cautious and suspicious; sent for the double filing, and refused to hear the proceeding assigned to his court unless and until they first dismissed that double filing. They agreed to dismiss but not until they heard respondent say he would accept and would appoint Mr. Strong as receiver. Having received that information, they then announced they would dismiss the first petition, which they did.

The court—and when I say "the court", Senators, I mean the respondent—told Mr. Strong when appointed he would be an officer of the court, not the representative of either party, and that he must consult him with reference to the employment of counsel. Mr. Marrin so testified. I read you just a word on that subject, and, Senators, I am reading from page 168, at the foot of the page:

The judge then said to Mr. Strong, "If you are appointed receiver by me, you realize that you will be an officer of the court, representing the court and not any of the parties; and if you are appointed as receiver, will you consult me with reference to the employment of your counsel?" Mr. Strong said that he would.

So, at the very inception of the matter, the respondent, as a careful judge, told Mr. Strong what his duties were and what he would have to do, and he acquiesced.

After telling him that, he told him, "When you are through qualifying, come back to see me."

My friends on the other side of this case said to you this morning that five witnesses denied the making of that statement. I challenge the production of the testimony of a single witness to that effect. Every witness examined admitted the judge made such a statement, and I will read you on that subject the testimony of their witness Lloyd Dinkelspiel. I read, Senators, from page 226—

I do not believe we had any further conversation until the judge said to Mr. Strong as we were going out, "After you have qualified, I want to see you," or "Come back and see me."

Could language be any planer—"after you have qualified, come back and see me"—not next week, not tomorrow, but "after you have qualified, come back and see me"?

He did not return, but he makes the excuse he did not think the judge meant that night. That testimony, Senators, is at page 192. That answer was a miserable subterfuge. He knew the judge meant that night, and his cross-examination shows that he knew the judge meant that night, because he admits before they left the courthouse that very night he called the attention of the lawyers who were with him to the fact that the judge had told him to come back, and the lawyers said it would do the next morning. That testimony is at page 206, Senators. I will not stop to read it. He knew that he was violating the promise he had made to the judge; and in this connection please have in mind that although it was late in the evening, the clerk's office, where he qualified, was only 50 feet from the judge's chambers. The judge remained waiting for him until 6 o'clock. He ascertained from the clerk's office that he had gone and the clerk's office was closed. He promised the judge he would not employ counsel without consulting him, and he told the judge that none of the counsel present were his attorneys; at the time he so told the judge, Mr. Dinkelspiel, one of the firm of Heller, Ehrmann, White & McAuliffe, attorneys for the stock exchange, was present in the judge's chambers and heard what he had said. That is found on pages 209 and 210, Senators.

When we reached that point in the cross-examination of this witness, questions were propounded to him by one of the Senators—I think by Senator LONG, of Louisiana—and I ask permission briefly to call your attention thereto. I will read just a word from pages 209 and 210 at about the middle of the page:

By Mr. LINFORTH:

Q. I understood you to say today that when you called on the judge on Thursday, the 13th, which was the day of your removal, he asked you whether McAuliffe told you not to resign.—A. He asked me if I had asked Mr. McAuliffe and if he advised me not to resign, and I said he did.

Q. And that was the fact, Mr. McAuliffe had advised you not to resign?—A. That is correct.

Mr. LONG. Mr. President, may I send a question to the desk?

The PRESIDING OFFICER. Would counsel consent to be interrupted for the propounding of a question?

Mr. LINFORTH. Certainly.

The PRESIDING OFFICER. The interrogatory will be read.

The Chief Clerk read as follows:

Now, note the interrogatory, gentlemen of the Senate:

Q. In view of your last answer, please answer this question "yes" or "no." Did you not tell the judge you would not employ any of the lawyers present, including a member of the McAuliffe firm? Then did you not, after having consulted Ackerman and receiving his acceptance, go and employ McAuliffe, a member of whose firm was present when you agreed to exclude attorneys present from consideration?

Mr. BROWNING. Mr. President, I suggest that the question should be divided.

The PRESIDING OFFICER. That is for the witness to determine. If it is not intelligible to him and he desires to have it divided, it may be done.

The WITNESS. I would appreciate that.

The PRESIDING OFFICER. The clerk will read the first part of the question.

The Chief Clerk read as follows:

"In view of your last answer, please answer this question 'yes' or 'no.' Did you not tell the judge you would not employ any of the lawyers present, including a member of the McAuliffe firm?"

A. Yes.

The Chief Clerk read as follows:

"Then did you not, after having consulted Ackerman and receiving his acceptance, go and employ McAuliffe, a member of whose firm was present when you agreed to exclude attorneys present from consideration?"

A. I was engaging Mr. McAuliffe and not his firm.

I digress for a moment to say what a miserable subterfuge this answer was—"I was employing Mr. McAuliffe and not his firm." Who were the attorneys for the stock exchange? Not Mr. McAuliffe individually, but the firm of which he was a member; but the answer, even as given, shifty as it was—and I use that expression with great respect and not intending any reflection on Mr. Strong—even as it was, it was not true and it was not correct.

What happened the next morning?

At 9 o'clock or thereabouts Mr. White, a member of this firm of attorneys for the stock exchange, appeared in the chambers of the judge. What was he there for? He then and there told the judge he had with him a petition signed by Mr. Strong for the employment, not of Mr. McAuliffe but for the employment of this firm. Mr. White, under my cross-examination, admitted the petition was for the employment of the firm and not of Mr. McAuliffe individually. May I invite your attention briefly to that testimony? I am referring to page 237 of the record:

Q. Did you tell the judge on your first visit, the day after the appointment of the receiver, that you had with you a petition for the appointment of the firm of Heller, Ehrmann, White & McAuliffe as attorneys for the receiver, Strong?—A. I did.

Q. You told him that petition was for the appointment of the firm?—A. Yes; it was.

Q. And it was for the appointment of the firm, was it not?—A. It was.

There can be no doubt, I maintain, that the judge acted in the utmost good faith. I have no doubt that Mr. Strong himself wanted to act in the utmost good faith, but he was under the power, under the control, and under the dominion of the stock exchange.

No doubt Mr. Strong intended to play fair and honest with the judge. No doubt he intended to keep his promise to the judge, but the pressure was too great. They had already succeeded in getting from the judge the appointment of their own man as receiver; and the judge, as a wise judge, and made cautious by the double filing, would not stand for the appointment of the attorneys for the stock exchange as the attorneys for the receiver. His homely expression was that it looked to him as if it were "too much of the same family", and that is the reason which he gave them at this time. The testimony, which I shall not take the time to read, will be found at pages 683 and 684 of the record.

"Too much of the same family!" Remember, at that time we had had the crash in the stock market. Stock transactions and stockbrokers at that point were not looked upon with favor. The judge, as a sensible man, knew and had a right to believe that the public would be involved to a greater or less extent in the failure of the Russell-Colvin firm, and as a cautious judge said to them, "While I give you the receivership, I want a check on it. I want to look after the attorneyship. I do not want too much of the same family in the matter."

What did he do? He talked with Mr. Strong on several occasions. Mr. Strong would agree to no one but the attorneys for the stock exchange. The judge suggested to Mr. Strong reputable, leading lawyers of San Francisco. True, he admitted when he made these suggestions he knew Mr. Strong would not accept them, that he was wedded to the stock-exchange attorneys, but he wanted to get his attitude. He wanted proof of his conduct before he removed him. He suggested such well-known firms as Pillsbury, Madison & Sutro; Sullivan, Sullivan & Roche, the firm of which your senior Senator is now a partner; Cushing & Cushing; and

others, but Mr. Strong would have no one except the stock-exchange lawyers, Heller, Ehrmann, White & McAuliffe.

Some of the members of this court have been judges in trial courts. Under these conditions, put yourselves in the position of respondent at that time. What would you do with a receiver who was defying you? What would you do with a receiver who told you he would not obey your orders, who would not counsel with you, who would not follow any suggestion you made if it did not agree with the advice received by him from the attorneys for the stock exchange? Would you not remove him? Is there a judge within these United States that has enough backbone to be a judge that would not have removed him?

Now, how did the judge act? One hundred percent a gentleman. He had appointed Mr. Strong at the solicitation of certain reputable attorneys, Mr. Marrin's firm and Mr. Brown's firm. What did the judge do? He sent for those gentlemen and told them as a matter of courtesy what had happened. He said to them he was satisfied, unless Mr. Strong changed his attitude, that he would be compelled to remove him and if he did he was thinking of appointing a Mr. Hunter. He told them his information about Mr. Hunter. He did not stop there. He went farther and said, "Will you please investigate Mr. Hunter and let me hear from you by 4 o'clock if you have any objection to him?" Not having heard from them, they not having shown him the courtesy of communicating with him, he telephoned them and asked what report, if any, they had to make as to Mr. Hunter. The reply was, "While we will not agree to him, from everything we hear he is a competent man." The respondent then appointed Mr. Hunter. Was he a competent man? Members of this court have seen him on the stand and have heard the results of his administration. Was the judgment of the respondent in selecting Mr. Hunter as receiver borne out by what has happened?

The respondent is charged with allowing, "willfully, deliberately and improperly, excessive attorneys' fees" in that case. He is charged with appointing a young man as attorney. May I tell a story about myself on the question of being young? Many years ago I was a partner of the father of the present senior Senator from California [Mr. JOHNSON]. I was quite young in those days. The father of the present senior Senator from California was then a Congressman. In the discharge of his duties as such it was necessary for him to leave California for Washington when an important case in the office came up for trial. The client was sent for. I was introduced to him as the candidate for the trial of that case. My partner, the venerable Mr. Johnson, afterward said to me, "No luck, Walter; you are guilty of the unpardonable sin of being young."

I maintain in this case, the most that can be urged against Mr. Short is that he was a young man; but, young or old, we all recognize ability and we all are willing to give credit to those who are entitled to credit, whether young or old. Who did this work for the receiver in this case? I care not whether it was Mr. Short or whether it was the older and more experienced Mr. Erskine, or whether it was both of them. What was the result?

When we had the head of the stock-exchange attorneys upon the witness stand, Mr. Ehrmann, do you recall his testimony? He was a witness upon the hearing for fees. You remember what he said? In substance, his testimony was, "the work of the receiver, the work of his attorneys, was excellent." So I say give the young man his due. The work done, out of the mouth of the opposition—the head of the opposition—was declared to be excellent. Let me read just a word in that connection.

RECESS

Mr. ASHURST. Mr. President, I rise to inquire of the honorable managers on the part of the House and the honorable attorneys on the part of the respondent if they will object to a request that I desire to make for a recess of 40 minutes? I ask unanimous consent for that purpose.

The VICE PRESIDENT. Is there any suggestion on the part of counsel for the respondent or the managers on the part of the House? Is there objection to taking a recess for 40 minutes?

Mr. Manager SUMNERS. We shall be very glad to do so.

The VICE PRESIDENT. Is there objection?

There being no objection (at 12 o'clock and 30 minutes p.m.), the Senate, sitting as a Court of Impeachment, took a recess for 40 minutes. At the conclusion of the recess the Senate, sitting as a court, reassembled.

The VICE PRESIDENT. The Chair appoints to preside for the remainder of the day the Senator from Georgia [Mr. GEORGE].

(Mr. GEORGE thereupon took the chair as Presiding Officer for the remainder of the day.)

CONTINUATION OF ARGUMENT ON BEHALF OF RESPONDENT BY WALTER H. LINFORTH, ESQ.

The PRESIDING OFFICER. Are counsel for the respondent ready to proceed?

Mr. LINFORTH. Yes; Mr. President, may I proceed?

Gentlemen of the Senate, just as we took the recess, I was referring to the fact that no matter who rendered the service in the Russell-Colvin case, whether it was the elder Mr. Erskine or the young Mr. Short, we have the testimony from the main opposition, the head of the firm of attorneys representing the stock exchange, as to the character of those services. May I read you just a word from the record, found at page 357, as to the opinion of the head of the firm of attorneys representing the stock exchange as to the character of those services? [Reading from page 357:]

Q. Did you so testify before Judge Louderback on that hearing and before he made any order?—A. I did.

Q. And was that your then opinion?—A. Based on the evidence that I heard, that was my opinion, and still is, on all the evidence that I heard given in that case.

Q. And was it your opinion at that time that the work done, both by the receiver and by his attorneys, had been excellent from every source that you had heard from?—A. From any source I had heard from, the administration had been very well carried on, excellently carried on.

Q. Both by the receiver and by his attorneys?—A. As far as I had heard.

So I submit, gentlemen of this court, in the light of that testimony, it lies in the mouth of no one to question the character of the services rendered by the receiver and by the attorneys in that matter.

So far as the amount of fees allowed is concerned, we have the testimony that was introduced before the court on the hearing of the application and we have such men as John McNabb, Albert Rosenshine, and Henry Jacobs, placing the value of the services as from $55,000 to $75,000. We have the agreement entered into by all of the parties in open court to the effect that $46,250 should be allowed.

In this connection let me call attention to the testimony of the bookkeeper of Russell-Colvin & Co. to the effect that the securities of the firm and of the customers were of the appraised value, at the time of the receivership, of $3,060,000. That will be found at page 391 of the record. The receiver actually received and handled a sum in excess of $1,000,000 in firm assets, as shown at page 391 of the record. We have the uncontradicted testimony of the receiver that from the frozen assets of this concern, which had no market value at all, he realized from the Consolidated Box Co. assets $130,000 plus; from the Coen Co. and its frozen assets, $25,500; and from the Anchorage Light & Power Co. and its frozen assets, $63,000. The record of the receivership, in a very few words, shows the secured creditors received 100 cents on the dollar; the marginal creditors received 55 cents on the dollar; the general creditors 28 cents on the dollar; and there is enough remaining to pay them 12 cents more, thus making for the general creditors 40 cents on the dollar.

Just a word further on the question of the value of the services of the attorneys and I am through, so far as that branch of the case is concerned. No question arises in the practice of the law which is more difficult to determine and on which there is a greater range of opinion than the question of the value of services. Many members of the Court of Impeachment are lawyers. Many of them have been judges. No two will agree on the value that should be given

to services rendered in any particular case. The matter is largely one of discretion. There is no proof here to justify the charge that the respondent in this case "willfully and oppressively" allowed any exorbitant or excessive fee.

We then come to the next charge in the impeachment articles and that is that respondent entered into a conspiracy with Mr. Leake in regard to the question of his residence in Contra Costa County. I have read into the record section 52 of the political code of the State of California. In our State, as in nearly all the States, the question of domicile or residence is a question of joint act and intent. In this matter the record is all one way.

The judge had a home, he had a residence, and that home and that residence was at 666 Post Street in San Francisco. Owing to unfortunate family differences, he gave up that home and temporarily went to the Fairmont Hotel in San Francisco, occupying a room in the bachelor quarters for which he paid the sum of $75 per month. When he went there to occupy that room the thought was in his mind that perhaps the family differences might be adjusted and a reconciliation might occur. At the end of about 6 months, that hope not being realized, what happened?

The judge determined upon having a legal residence, a legal domicile. He had given up his home where he resided with his wife. He was temporarily living at the Fairmont Hotel. Then after 6 months, after concluding that his hope of reconciliation was a thing of the past, he turned to the home of his brother where he had formerly lived and with whom he had formerly made his home. On the 6th of April 1930 he determined to establish his bona fide domicile in the home of his brother across the Alameda County line, a distance of 40 minutes' travel from San Francisco.

The brother and his wife were willing, and the respondent was given a room in that home and a key to the house. He moved his belongings to that home, endeavored there to live. He canceled his registration in San Francisco and registered as a voter in Contra Costa County. He made the attempt, referred to in the evidence, to occupy and reside in that home; but due to an early affliction from which he had suffered, viz, asthma, was unable to live there. Whether it was due to the plants around the place and in the house, whether it was the flowers, or whether it was the pet cat, the attacks of asthma were recurring, and he was compelled to leave, and thereafter slept in the room in the Fairmont Hotel. Residence is a question of act and intent. Having abandoned his residence at the home where he resided with his wife, he had a right in law to establish a domicile; and he established that legal residence in the county of Contra Costa, at the home of his brother, and he has voted at that place continuously from that time to this.

This brings me to the question of his relation with Mr. W. S. Leake. He had known Mr. Leake from 1908. His father before him knew Mr. Leake. Mr. Leake had been an outstanding character in the life of San Francisco. He had been a man devoting more or less of his time to politics. He had been the postmaster of the city of Sacramento. He had been the editor of one of the leading newspapers in San Francisco known as the "Call", now know as the "Call-Bulletin." Through visiting the Fairmont Hotel, where the aunt of the respondent resided, in 1918, he became personally acquainted with Mr. Leake. From then on down to the time he ran for the office of superior judge of the State of California on the second occasion in 1926, his relations with Mr. Leake were purely casual. In 1926 Mr. Leake was very helpful to him in making suggestions which aided him in his candidacy for that office.

Upon his election and upon his appointment as judge of that court, being assigned to the office of presiding judge, in 6 or 7 instances, he appointed Mr. Lake receiver in what we term "small unlawful-detainer cases." In those 6 or 7 cases, either by allowances from the respondent or other judges, Mr. Leake received a total of not more than $1,000. He received an appointment as appraiser in a petty matter in which he received a fee of $5, and also an appointment as appraiser in the matter of the Brickell estate, in which he received a fee of $500. Down to that point these are the full relations between the respondent and the witness Leake.

After his appointment as judge of the Federal court, no other appointments of any kind were made to Mr. Leake by the respondent. His associations with him from that time on were merely those of friendship; and the meetings were only those at the Fairmont Hotel, where both lived following the time the judge occupied room 26.

The circumstances surrounding the occupation of that room are fully disclosed by the record and contradicted by no one. Let me recount that situation briefly.

In September 1929 the judge unfortunately had met the parting of the ways with his wife. The separation took place that month. The judge, with grip in hand, went to the Fairmont Hotel for accommodations and quarters. It is natural that he should have gone to that place. His aunt, the sister of his mother, resided there, and had resided there for years.

In the lobby he met his friend Mr. Leake. If you knew the situation of the Fairmont Hotel you would understand it. I have lived there myself. It is a family hotel. In the evening there is a gathering of guests in the lobby, and that gathering takes place every evening. The gathering is such that each guest has his own chair, and each guest nightly occupies the same.

Mr. Manager SUMNERS. Mr. President, I do not desire to interrupt counsel, but I give notice that if this is going to be the line of argument we shall endeavor to some degree to avail ourselves of it. We say that counsel is testifying at this time. I do not desire to object. I merely desire to serve notice now that we are going to avail ourselves of that line of argument.

Mr. LINFORTH. May I add that what I have said is the record, with the exception of the statement of my own residence there. I ask that what I have said in that respect be disregarded.

Mr. Manager SUMNERS. If it will not interrupt counsel, I desire to make it clear that I have no objection to the character of argument. We simply want, when we come to our argument, to avail ourselves of the same privilege.

The PRESIDING OFFICER. Counsel will confine themselves to the record.

Mr. LINFORTH. Mr. President, I apologize for my reference to my own staying at the Fairmont Hotel and ask the Senators to disregard that. Whatever else I have said in that respect is within the record.

When Judge Louderback separated from his wife and took temporary shelter in the Fairmont Hotel in September he met his friend Mr. Leake in the lobby. What took place is the most natural thing to have occurred. The judge shrank from newspaper publicity. He hoped the separation from his wife was not permanent. He did not desire newspaper notoriety on that subject. He appealed to his friend Mr. Leake to ascertain if it was possible for him to have accommodations at the hotel without registering, so that the papers would not know that he was separated from his wife and occupying a room there alone.

Mr. Leake, who on account of the illness of his wife, had a room where he could rest—kindly and promptly suggested, "You may have my room if it is agreeable to the management of the hotel." Immediately the matter was taken up with the management of the hotel. It was agreeable to them. The respondent thereupon started to occupy the room theretofore occupied by Mr. Leake; and monthly, according to the testimony and the checks offered in evidence, paid every charge that was made against that room during his entire stay at that hotel.

The charge contained in the indictment that the respondent and Mr. Leake entered into a conspiracy for the purpose of providing a false registration in Contra Costa County to the respondent, falls to the ground without an iota of proof in support of it.

We are then met with the suggestion that contributions have been made to Mr. Leake. What is the full extent of the record on that subject?

Mr. Leake, a man of advanced years, for 20 years or more practicing the calling of Christian Science, has been living at the Fairmont Hotel. According to his testimony, he

makes no charges. He treats in his way and to the best of his ability everyone, rich or poor, who may come to him. No fees are exacted, no charges are made, but they are at liberty to make contributions, if they so see fit.

At this point I desire to apologize for being the cause of bringing that aged man across the continent in order to be a witness here. When the managers investigating this matter were in California in September of last year, the deposition or testimony of Mr. Leake was taken.

It was not completed; and counsel then representing the respondent reserved his right to cross-examine upon the completion of the direct examination. The witness was never recalled. The direct examination was never completed. No opportunity, therefore, was afforded the respondent to cross-examine. Not until February of this year were these charges made; and then, for the first time, 5 months after the testimony of Mr. Leake had been taken, the charge of conspiracy with Mr. Leake was made.

When the learned managers for the House were in the State of California, shortly before the hearing of these proceedings, in person I requested of them permission to take by deposition the testimony of Mr. Leake. I even went so far as to agree to consider the testimony he has already given as part of his testimony, with permission to supplement it on the matters that had not been testified to at the former hearing——

Mr. Manager SUMNERS. Mr. President, I should like to know if counsel claims that that is in the record.

Mr. LINFORTH. It is a matter of stipulation, Mr. President.

Mr. Manager SUMNERS. Do you mean that that is in the record?

Mr. LINFORTH. Well, you do not deny it; do you, gentlemen?

Mr. Manager SUMNERS. No; but I just want to serve notice that we are going to make the same kind of argument. That is all.

The PRESIDING OFFICER. Counsel will not engage in controversy. Counsel will confine himself to matters in the record.

Mr. LINFORTH. I shall be glad to do that, Mr. President.

Without proceeding much further, Senators, I think it is proper for me to say that we did not get the testimony of Mr. Leake when the managers were in California. Therefore we had a subpena served on him to appear here; and when the telegram came to the honorable managers—not to us—from the attending physician that Mr. Leake's health was such that he could safely come if furnished with a nurse, we then, with the responsibility resting upon us of protecting and defending to the best of our ability the honor of the respondent, asked the Presiding Officer to bring him on here, and he came.

What does the record show in regard to contributions made to him by everybody connected with this case?

Mr. Gilbert, the receiver appointed in some matters, has testified that for years his wife was a patient of Mr. Leake, and at times he, Mr. Gilbert, was also a patient; that the wife of Mr. Gilbert at times made donations of $5 to Mr. Leake, and that on one occasion Mr. Gilbert had made a donation of $150 for services that Mr. Leake had rendered to his wife.

What is the testimony of Mr. Hunter, the receiver appointed in the Russell-Colvin case, who was allowed the largest fee in any of the matters under consideration on this subject? His testimony is that he never was a patient of Mr. Leake, and that he never at any time made any contribution to him. He further testified that when Mr. LaGuardia and the others were in San Francisco they not only examined his bank account, his bank book, his checks, but they even had him open his wife's safe-deposit box, which they went through; and we are supposed to be living in the United States, in a free country! After an exhibition of that kind, opposing counsel this morning try to have you infer that Mr. Leake must have received some of the moneys referred to in the account with the Fairmont Hotel, from Mr. Hunter!

If there ever was a gentleman, it is the receiver, Mr. Hunter—efficient, competent, and courteous.

Who next? Mr. Short and Mr. Erskine, the attorneys in the Russell-Colvin matter.

Mr. Erskine says he did not even know Mr. Leake. Mr. Short says that through visiting his father-in-law and his mother-in-law, who lived at the Fairmont Hotel, he had met Mr. Leake, but his acquaintanceship with him was purely casual.

Who else? Mr. Dinkelspiel, as to whom they try to draw some inference or some connection between the date of his fees and some of the amounts credited to Mr. Leake's account in the Fairmont Hotel records. What does Mr. Dinkelspiel say? Why, he tells you, "I do not know Mr. Leake, and I never saw him." And Mr. Leake, from his chair at the point where I am now standing, at his advanced age in life, prepared and ready at any time to meet his Maker, under oath, tells you that he did not know, and had never met, either one of the Dinkelspiels.

Who else? Mr. Woodworth. He tells you that he never was a patient of Mr. Leake, and he never made a contribution of a single cent to him.

Who else? The son of the ex-Senator whom I love—my chum and my pal for nearly 50 years—the Honorable Samuel M. Shortridge. What does he say? Why, they drag from him the fact that his mother has been a semi-invalid for over 25 years; that she has been suffering from a nervous breakdown; that for more than 12 years she has been a patient of Mr. Leake's. Mr. Samuel M. Shortridge, Jr., like a son I would be proud to have, when he had any money, in consideration for what Mr. Leake had done for his mother and on account of the service he had rendered her, paid to him in different amounts, at different times, as much as $1,000.

I have gone through the record from beginning to end. I challenge the learned gentlemen representing the managers to point to anything on that subject that I have omitted.

The respondent never was a patient of Mr. Leake. Whether you agree with Christian Science or not, is not the question. Some of us believe it is helpful, others may not. Whether it is or whether it is not, is not the question before you, but the question is whether or not this respondent, or anyone connected with him has been corrupt, so far as Mr. Leake is concerned.

Are you going to decide this case, are you going to bend the head of this respondent in shame upon speculation, upon suspicion, upon conjecture or surmise, or are you going to say, "We are sitting here as judges, and upon our oaths we are going to demand the proof, and if they cannot furnish the proof, we are going to give him the benefit of what the law says he is entitled to, namely, the presumption of innocence."

What else is there, so far as Mr. Leake's connection with this case is concerned? The respondent was asked and he stated frankly that at times he had made loans to Mr. Leake in small sums, the largest being $350. My reference is to the CONGRESSIONAL RECORD of yesterday, pages 3971–3973. Why should he not? Here was a friend—one who had been good to him, one who had given him the benefit of his political knowledge at the time he was a candidate for office, one to whom he felt he could go for advice, a friend of his father's, a friend of his since 1918; when that friend was in distress, why should he not make him a loan of $50, or whatever it was? He tells you that whatever he loaned him in these small amounts Mr. Leake always repaid.

You have the full picture, so far as the relations of the respondent with Mr. Leake are concerned, and from the record—not from the statements of the opposition, but from the record as made here—you have the full relations of every person interested in any receivership, either as receiver or as counsel, with Mr. Leake.

You have, in addition to that, the statement of that venerable old man, with his hand raised to God that he would tell the truth, denying that he ever received a single cent from any one of them, and you have the testimony of

the respondent that at no time, that at no place, that under no conditions, did he ever profit to the extent of a single cent by any transaction involved in this hearing.

As against that, what have you? You have not the testimony of a single, solitary witness. You are told that Mr. Leake in 6 years, according to these reports, put in the Fairmont Hotel $29,000 to his credit. What of it? Figure it out. It is less than $500 a month, and he tells you, according to the testimony they took in San Francisco, that his donations from his practice were at least $200, and some months more, and he tells you here, from his chair of pain, that when his wife died he had no further use for his life-insurance policy, and that he canceled it and received therefrom $3,900. He tells you, in addition to that, the moneys in that account came from that life insurance, from loans from his friends, from donations from his patients, and from sales of his books.

You have it in mind, from the testimony which they took in San Francisco and which has been read here, that he has written books. He offered a set of those books to Mr. LaGuardia, who, in his way, suggested, "Give them to the judge instead." But you have before you the fact that he is an author on the subject of his practice, or his thoughts, or whatever you want to term it, in which he has been dealing for twenty-odd years. My memory may not be clear, but I think the record shows that those books have been translated in various languages. He tells you here, from this chair, that in addition to the sources of income to which I have referred, he also had the income from the sale of those books.

With that kind of a record, with not even as much as a suspicion against him, who is going to say that the respondent entered into any conspiracy with that venerable old man, and are you going to mark the respondent with the brand of shame on account of his associations or relations with that old gentleman?

Something was said this morning about Mr. Leake hiring a detective, that that was suspicious. I have just spoken of suspicion. You are not going to convict respondent on suspicion, but you should not have the slightest suspicion on the subject, if you follow the record. What is that record? The judge and his wife were separated, through unhappy differences, and the managers asked Mr. Leake, "Did you not hire a detective to shadow Mrs. Louderback?" That is on page 642, but I have not time to read it. That venerable old gentleman is not that kind of a man, and his answer was, "I did not."

"Did you not hire a detective?"

"Yes; I hired a detective."

"What did you hire a detective for?"

"I had a report that someone was shadowing the judge, and, without his knowledge, I had a detective verify whether that was so, and I paid for that out of my own pocket."

You will find that also, Senators, at page 642.

Family differences, the wife and husband separated, not knowing what the wife contemplated, not knowing what the wife might be doing, the good friend, hearing that the judge was being followed, wanted to find out whether it was so or not, and whether the wife was doing it.

Is there anything to condemn him for in so doing? If he were your friend, under like conditions, if he did a thing of that sort for you without your knowledge, and at his own expense, would you criticize him for it? Would you impeach this respondent for a thing of that kind? If you permit me to say it without any disrespect, I say it is sheer nonsense.

I have completed everything I desire to say with reference to each and every matter referred to in article I of the articles of impeachment, and the rest of the matters I shall very briefly refer to, because I take it, if the first article of impeachment, which is the main charge, falls to the ground, as my associate said, of its own weight, little time need be spent on the rest.

The second matter referred to in the articles of impeachment is the Lumbermen's Reciprocal case, so called. You heard my opponent, Mr. Manager BROWNING, this morning say something about a peculiar habit out West of three names on a list as possible receivers being handed Mr. Slavin. You heard the testimony of Mr. Reisner, who represented the plaintiff in that case, that there never was any such list, that he never saw any such list, and that he never heard of any such list. He told you, further, that Samuel M. Shortridge, Jr., was appointed receiver in that case at the suggestion of Attorney Slavin. The judge was so careful in that instance that he had both attorneys put their request in writing for the appointment of Mr. Shortridge, and that request has been offered in evidence.

Opposing counsel also said to you that the respondent, when he knew the claim of Helen Lay, upon which that action was founded, was disallowed, insisted on maintaining jurisdiction of that case. That statement is not correct. It is not in accord with the record. The record shows, not that the claim of Helen Lay was disallowed but that a rehearing merely had been granted. In other words, that tribunal had not rejected the claim of Helen Lay but had granted a petition for the purpose of rehearing and reconsideration.

The attention of the Senate was also called to the proviso clause contained in the order of December 15, 1931, relating to the surrender of the property to the State insurance commissioner. Senators, have in mind the testimony of Marshall Woodworth, to the effect that that thought originated with him, not with the respondent, and that when he drew that order he thought it proper to provide for a bond before the receiver turned over the assets of some forty-odd thousand dollars; that he had taken to the State insurance commissioner, Mr. Woodworth further testified, the draft order to Mr. Guerena, the attorney for the other side, and submitted it to him for his approval before it was taken to the judge; and the only disagreement between the two was not over the proviso clause but over the amount of the bond that should be given.

Did Marshall Woodworth tell the truth? Mr. Guerena was here, having been subpenaed as a witness by the other side, but was not called. So we have a right to assume from the fact that they did not call him and that he did not deny what Marshall Woodworth said, that the conversation related by Mr. Woodworth took place. When the order was submitted to the respondent he immediately objected to that clause. Such is the testimony of the respondent and such is the testimony of Mr. Woodworth. Nobody says anything to the contrary.

When the order was presented to his respondent what happened? He immediately said, "I do not like that clause"; but Mr. Woodworth explained to him what he meant by it; he told him that they were negotiating on the amount of the bond and the order contained a clause that it was only until the further order of the court. Accordingly respondent signed the order.

Then what happened? Within a few days—not more than 2 weeks—upon further and more mature consideration, the respondent became absolutely convinced that he had erred in including that proviso clause in the order. He is a man big enough to admit when he makes a mistake, and he sent for the counsel and said, "That order is wrong; I would correct it myself immediately, but they having taken an appeal, I doubt my power; you arrange it by stipulation and immediately get a stipulation setting aside that clause in the order." The stipulation was obtained, and the order immediately modified and set aside, and this before any record had been prepared on appeal in that case. This is the end of the second article of impeachment.

Now what is the third? The third relates to the Fageol case and to the appointment of Mr. Gilbert, who, they claim and say, was and is an incompetent man to be appointed receiver.

Let us see for a minute whether or not it is proper to say that Mr. Gilbert was an incompetent man to be appointed receiver. He had been for 35 long years in one position. As a boy, at 16, he became an employee of the Western Union Telegraph Co., and he has the record of working with that company for 35 years. For 10 years of that time he had been

the night traffic manager, in charge of the entire operating department, with approximately 150 employees under him.

As to what he did, as to his capacity, as to his ability, I am going to read you the testimony of the division superintendent and traffic man of the Western Union Telegraph Co., who appeared here as a witness. I read from his testimony at page 666:

Q. During the last 10 years of his service there what was his official position?—A. He was night traffic manager.

Q. And as night traffic manager, what were his hours?—A. From 4 p.m. until midnight.

Q. And what were his duties?—A. Well, he had charge of the entire operating department—general supervisor, you might say. He had entire charge of all of the different departments in the operating room.

Q. In that capacity did he have any employees under him?—A. Yes, he did.

Q. How many?—A. Approximately 150; sometimes a little less and sometimes more.

What kind of man is the best fitted for a receivership? Is it the man who will go into a going business and say to those in charge, "Tell me what your plans are and tell what your thoughts are and, if I approve of them, I will work with you"? Or, is the best kind of a receiver the man who turns them all out and undertakes to run the business without knowing a thing about it? James A. Wainwright, the head of the Oakland bank, the largest creditor of the company, writes this kind of a letter about Mr. Gilbert.

The PRESIDING OFFICER. Will counsel for the respondent permit the Chair to suggest that he has 10 minutes remaining?

Mr. LINFORTH. I thank the Chair. The letter to which I refer is dated July 28, 1932—I am reading from page 256 of the record:

(U.S.S. Exhibit No. 23)

JULY 28, 1932.

G. H. GILBERT, ESQ.,
Fageol Motors Co., Oakland, Calif.

DEAR SIR: It is my pleasure at this time to acknowledge my appreciation for the cooperation extended me as a representative of this bank, in the matter of the Fageol receivership.

You at all times were willing and did listen to and heed the advice and counsel of the writer and other representatives of the large creditors.

I wish you success in any future undertaking and trust that though your connection with the Fageol Co. is at an end, I may have the pleasure of seeing you in the future whenever you have occasion to be in Oakland.

With my kindest well wishes, I am yours sincerely,

JAS. A. WAINWRIGHT.

Could anybody ask for a better recommendation of a receiver than that of the vice president of that bank in Oakland?

The Prudential case is next. I can only briefly refer to it. Mr. Stephens appeared before the judge with the attorney at the time the application for the receiver was made. He announced he was its vice president. That was the only information the respondent had on the subject. He believed his statement, and, believing his statement, he made the order.

The manager on the part of the House said that Judge St. Sure, in dismissing the matter, made the remark there was a bad smell about the case, but the honorable manager told just a half-truth. He did not refer to the letter in evidence from Judge St. Sure to the effect that when he made that remark he had no reference whatever to Judge Louderback.

This concern, instead of being a $2,000,000 concern, was a "fly-by-night", if I may be permitted to use that slang expression. It had its headquarters and its offices in Oakland, and the only bank account it had was in the big little city of Reno, Nev., where it had two or three hundred dollars; and Mr. Hawkins, its counsel, told Mr. Dinkelspiel its whole assets would not amount to $250. That is at page 606 of the record, Senators. Mr. Hawkins was here and did not take the stand and did not deny this testimony.

The Golden State Asparagus Co. case is next, and the Sonora receivership matter. It will be recalled that in the Sonora receivership matter a fee of $20,000 was allowed, where the receiver had collected over $300,000 and where the parties had agreed to $17,500 as the amount to be allowed the attorneys. The court, however, allowed $20,000. It will be recalled that Mr. Edwards, as receiver, appointed through the American Can Co., testified that when the court gave him the name of Dinkelspiel & Dinkelspiel to act as attorneys, he went to his own attorneys, Chickering & Gregory, and asked them about those attorneys, the respondent having told him if the attorneys whose names he had given did not suit to come back and he would suggest another name. Chickering & Gregory said, "You cannot get finer men in that line of business", and under those conditions he employed Dinkelspiel & Dinkelspiel. That will be found at page 670. I have not time to read it.

A reference to the Brickell estate appraisement, and then I am through. That was a trifling matter. The estate was appraised at over a million and odd dollars. The three appraisers were allowed $1,750. We all know—those who have been practicing and those who have been on the bench—that usually one appraiser does the work. When this matter came before the respondent it only came before him on the settlement of the final account, and the trustee, the First Federal Trust Co., the bank which had filed the account in which the amounts allowed were set forth, testified that the account was true and correct in every respect, and having no other information the court settled it.

Every receiver appointed was a decent man. Every lawyer appointed was a competent lawyer. Every receivership was ably managed and conducted.

I close as I opened by saying it is my honest conclusion that the learned managers of the House have been misled by certain attorneys in this case. I am grateful that the case is rapidly reaching its close. I know it has been a trying task to you gentlemen to give the time that you have given to this matter with the various emergency matters pending before you.

I had occasion about 5 weeks ago to visit Mount Vernon, and there at the tomb of the immortal Washington I saw the respondent, hat in hand, head bowed, lips in prayer, paying his tribute to that great chief, because he also was a soldier. From that moment, after witnessing that event, every ounce of vitality within me has been dedicated to the cause of the respondent. Are you going to return him to his home with a brand of disapproval upon his brow? Are you going to bow his head in shame simply because in the discharge of his duty he would not yield to a firm of powerful attorneys who wanted to control a receivership? Please tell me by your verdict that such a thing cannot be done.

CALL OF THE ROLL

The PRESIDING OFFICER. The managers on the part of the House may proceed with the concluding argument.

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

The PRESIDING OFFICER. Eighty-three Senators have answered to their names. A quorum is present. The managers on the part of the House may proceed.

CONCLUDING ARGUMENT ON BEHALF OF THE HOUSE OF REPRESENTATIVES BY MR. MANAGER SUMNERS

Mr. Manager SUMNERS. Gentlemen of the court, I appear here, insofar as my own attitude in this matter is concerned, not as a prosecuting officer but as a counselor and an adviser of the Senate in connection with one of the highest duties that the two branches of the Congress can be called upon to perform. It is the duty of the House in the first instance, as is well known, to act as an inquisitorial body; and, second, to appear at the bar of the Senate having the responsibility, insofar as that appearance is concerned with reference to the judiciary of trying to preserve for this country a decent judiciary. The House has performed its part of that responsibility, except the concluding remarks which I am about to make, and from this time on the responsibility shall rest with the Senate.

I believe I may state as a matter of common knowledge that perhaps at no time in the country's history has the institution of the Federal judiciary been at a lower ebb than it is at this moment. At no time in the history of the Federal judiciary has it been more essential to have on the Federal bench men in whom the people of the country shall have implicit confidence.

With regard to the kind of a proceeding this is, referring to the discussion of counsel for the respondent, insofar as I can understand the duty of the Senate as they relate themselves to our scheme of government, it is to protect the Federal judiciary and to protect the people against those persons connected with the judiciary whose conduct arouses doubt as to their honesty. It may never be held in a free government that persons appointed during good behavior may hold office over a free people until they shall be convicted of a crime and brought before the Senate as a felon in chains. I shall never assume that responsibility before a decent, self-respecting Senate imposed by such a standard. I lay down this proposition and this standard: From an examination of the whole history of impeachment and particularly as it relates itself to our system of government, when the facts proven with reference to a respondent are such as are reasonably calculated to arouse a substantial doubt in the minds of the people over whom that respondent exercises authority, that he is not brave, candid, honest, and true, there is no other alternative than to remove such a judge from the bench, because wherever doubt resides confidence cannot be present. It is not in the nature of free government that the people must submit to the government of a man as to whom they have substantial doubt.

We do not accept that as the minimum of responsibility in this case, however. I hope in the time I have to discuss the facts in the case, only 50 minutes, that I may be excused for not following the details of the record.

My distinguished friend, attorney for the respondent, trained as is evidenced by his presentation to the Senate in the defense, in his closing remarks, notwithstanding objections quite frequently made to his testifying, tells the Senate that the respondent went down to Mount Vernon, and this astute counsel stood off to one side and watched the respondent shed tears and make a prayer at the shrine of George Washington. That is his closing statement. He is trying this case, though, before a jury of another type, trying this case before a jury of Senators who soon will sit in the final determination of this issue, and who will sit as strong men conscious of a great responsibility.

Of course, we do not want the respondent ousted if the facts do not justify the ouster; neither do we want a constituency of free men, who have resorted here to the only tribunal we have in this country for their relief, the Senate of the United States, to be unjustly dealt with; we do not want the Senate of the United States to force an officer upon an unwilling free people through the remainder of his life, a judge against whom such charges as have been brought as are embodied in the articles of impeachment, and which we have proven.

I grant that it is the first responsibility to protect the judge—to protect the judge against powerful influences. My distinguished friend for the respondent mitigates as far as he can the situation of the managers by saying that we have been imposed upon. I tell you we have not been imposed upon. We went into the community where free men live in San Francisco and from their lips heard the tales of an imposition unreasonable and intolerable among a free people. If I may say so without boasting, I do not believe there ever walked the face of the earth a group of lawyers who could carry out a design to impose upon me and my associates to a successful conclusion. It did not happen.

This record discloses that a man holds office in a community, a man of whom the people are ashamed and whose authority they resent. Why do they resent it? Look at this case from the standpoint of decent, self-respecting people, proud sons of pioneers, living out there in the West. You come into town and you say, "Where does your Federal judge live?" Now, just follow me a little bit. These are things that affect the whole situation. "Where does your Federal judge live?" Well, we find somebody who says, "We don't know; we don't know." If I wanted to talk outside of the record I could tell you some things about how difficult it was to find where this judge lived; and when we finally found where he lived, he was living under the cover of Sam Leake!

Think of a proud people thus situated! Think of any decent, self-respecting man living for 3 years in an American hotel registered under the name of another man!

That was not all. When he went on the stand, he swore that he lived at a place for those 3 years and had not slept in the room of his residence more than 3 or 4 times, once a year. I am talking about the respect of the people for the man who holds office among them. What would you think about a Federal judge of yours slipping in and slipping out of a hotel, and claiming that he was living at a place where he had not slept more than 3 or 4 times in as many years?

He claims there were some flowers there; but the main thing seems to be that they had a cat in his brother's home and he and the cat could not live at the same place, so evidently it was decided that the cat should stay and the judge should go. [Laughter.] That is the God Almighty's truth. That is the sworn testimony in this case. Do you not understand and can you not understand why the blood of a self-respecting people boiled when they have to face a situation like that?

Do brave, courageous, open and aboveboard men live that way? I ask each Senator here did you ever know, since the day of your birth, a brave, courageous, self-respecting man to live in that way? Did you ever know any man to live that way who was not slick, slipping in, sliding about?

Then, you can begin to see this case over in San Francisco; and when he goes on the stand he swears that he lives in Contra Costa County—a judge of the Federal court holding up his hand to God Almighty and swearing upon his oath that he is living at a place where he has not slept more than once a year, and the only other supporting evidence is that he has a trunk over there, maybe, and mainly that he has a Tuxedo coat. I am talking about the sworn testimony in this case.

Who is this man Sam Leake? Do you know this Sam Leake? I do not say he was faking; but I do say that it is possible that Sam Leake, appearing here on a cot in that condition, was somewhat like the judge praying down at Mount Vernon so that his lawyer could come here and stand on the floor of the Senate and try to wring the tears of sympathy from mature Senators. It is the same class of stuff. I do not know whether it just happened accidentally or not.

I formed some opinion of the opinion out in that country, some opinion of the bar. You can hardly get a lawyer—I say this as a matter of common knowledge—who will raise his voice against a Federal judge. I make that statement after 20 years of observation and contact with people. You can hardly get them to do it, and you know it. Every mother's son of you knows it. If you see a bar association demanding an investigation of a Federal judge, there may

be some among them who want a controlled judge; but you never in your life saw the bar of a great city standing behind a crooked judge or a controllable judge, and you never in all the days of your life saw that bar demand the expulsion of a brave, courageous man, fit to sit on a Federal bench. It just does not happen.

It is true that one of the members of the firm complained about was at that time the vice president of the bar association, the vice president of a great bar. Is that to his discredit? Just think a little bit. Is that to his discredit? Is it not to the credit of this man McAuliffe—whom the respondent would not trust to try to hold down the expense of this administration, the man at whom counsel for the respondent points the finger of criticism, one of the four members of the firm of Heller, Ehrmann, White & McAuliffe—that he is now selected as the president of the great Bar Association of San Francisco?

Just think about that a minute. If the people of that country believed that this judge stood foursquare against powerful influences to protect the interests that he ought to have protected, they would have acclaimed him as a great man in that community; but he does not picture himself in that way.

Where do you see him next? You see him up there in the hotel, and with whom is he conferring? He is conferring with Sam Leake.

By the way, Sam Leake does not claim to be a Christian Science practitioner. Counsel have made that statement two or three times in this record. Mr. Leake does not claim to be a Christian Science practitioner. He does not claim to be connected with Christian Science. He just has an office down there. The boys just seem to happen to drift around to talk to him about receiverships and one thing and another. They just happen to drift around. He is pretty handy about advising the judge, and in the biggest case in the respondent's court, Leake named the receiver and the attorney, in effect. I say that is a fair deduction from the facts in this case.

By the way, is it not rather funny, right at a time when the judge was in a quandary as to what he was going to do in the Russell-Colvin case, that this man Hunter, afterward appointed at Leake's suggestion, just happened to come by? You may think this fellow Strong is a fool, but he has backbone. Strong was the first man named, and the judge wanted to load on to him John Douglas Short, a $200-a-month man. Strong said, in substance, "This is a big job and I want an expert to help me do it. I want this firm that are attorneys for the stock exchange, or I want another man", whom he named, and he would not take Short.

I know there is a conflict of testimony as to who said what, and when; but there is no conflict that Strong would not take Short. That is in the case, and the judge fired him out. Then, in a quandary, the judge drifted up to the hotel and just happened to find Sam Leake sitting there; and just as they were discussing who would be a good man, and the judge did not know, this man Hunter walked through the hall. Detective-story stuff! It could happen; but it is an odd coincidence. He just happened to walk through the hall; and Hunter knew about this when they were considering this matter there before the judge, because Hunter went around to Strong and said, "What are you doing here?" Strong said, "I am trying to get a job as receiver. I am being appointed receiver"; and this man Hunter, who was afterward appointed, said, "You don't need a good man, do you?" When questioned he resorted to the old resort which men resort to when they want to get out of the responsibility fastened upon them by proven testimony, and he said, "I was just talking facetiously—just sort of shooting my head off, just talking, making conversation." He was just walking through that hotel the next evening, he was just taking his afternoon exercise, and happened to be exercising right square in front of the judge and Leake when the judge was asking Leake, "Who is a good man?" Leake says he never had thought about Hunter; but just seeing him there on the spot made him think about Hunter, and he said, "There is your man"; and the judge commissioned Leake to go over and engage Hunter if he would take it—if he would take it—if he would take it!

Then another funny thing happened. Mr. Hunter just happened—that is the effect of the testimony—to drop into Mr. Leake's room, the first time he had ever been there, though they had each lived there for years, and got hold of Mr. Leake's telephone, and telephoned to this same John Douglas Short, offering the attorneyship for the receiver, but he, Hunter, would not agree to hire him to take the job until he talked to his own employer.

I say if the picture by the respondent's conduct to the people of San Francisco was that of a strong, courageous judge, who would not permit himself to be dictated to by this big bunch of lawyers, that would be fine. San Francisco would acclaim him. But when he turns away from the possibility of hiring perhaps the greatest experts on the coast to wind up a matter like this of the Russell-Colvin Co. both lawyer and receiver, the highest, best-equipped experts, against whom not one word of suspicion has been uttered in this Chamber, and I dare say not one word could be uttered. Assuming that they are honest men—and there is nothing to indicate the contrary—the horse sense of the thing to do would have been to hire these men, Hunter and McAuliffe, who had been auditors for the stock exchange and this firm of lawyers, with the exchange for 30 years, and who testified through their chief member that in his judgment the total expense would not have gone beyond $20,000 for the lawyers and $15,000 for the receiver. Instead of taking them they took Hunter and this $200-per-month law clerk, and who in the first instance wanted to take, as I remember it, $75,000 as his fee away from the people who were the creditors of that concern and stick it in his pocket.

I want to know which is the best man, and which shows the greatest character, the man who indicated that $20,000 was enough and let the poor devils who were caught in this crash have the rest, or the man insisted on by the judge who wanted to take $75,000 out of the pockets of the widows and the orphans and the impoverished people and put it in his own pocket?

Ah, yes, in spite of these great pretensions, these high claims of honorable motives, this respondent has undertaken with no avail to hide the true man that is behind them. That is what is the matter with the situation in California.

Mr. President, I will not have time to discuss all these cases. I should have liked to discuss the Sempel-Cooley case, but the Sonora Phonograph case is the next one I want to touch on.

This respondent, in undertaking to explain some of his conduct, cites rule 53 and Judge St. Sure's interpretation of the rule. Listen to this a moment, gentlemen. Judge St. Sure's testimony with regard to rule 53 is that it is a rule to prevent the employment, as attorneys for receivers, of those persons who represented claimants. In other words, if somebody came in with a lot of claims, rule 53 protected against his employment, prevents his employment.

In the Sonora Phonograph Co. case we see Dinkelspiel & Dinkelspiel "dinkelspieling" into the case, coming into the respondent's good graces. How did they get in? They got in there, bringing in their hands claims of three people against that estate. There is rule 53, there is the interpretation of Judge St. Sure, and here is this judge, hiding behind this great claim of virtue, employing Dinkelspiel & Dinkelspiel, who bring three claims there, and, representing those three claims, prosecuting against this motor company. What are they going to say to that? What is the respondent going to do about it? What is anybody going to say among you when you meet in solemn counsel to determine your duty in this case? Where is rule 53 when Dinkelspiel & Dinkelspiel appear at his chamber prosecuting claims against the Sonora Phonograph Co.? Rule 53 says they may not serve the receiver, but the respondent overrules rule 53 and appoints them attorneys for the receiver. Why, nobody knows.

This judge claims that he is actuated by the motive of appointing competent people, people in whom he can put

trust. If this judge acted, in appointing referees and trustees and attorneys, under the motive of appointing those in whom he has confidence, those whom he could trust, the people of San Francisco would acclaim him; but they know there are two things necessary to enable one person to trust another. You have to know of his ability to do the job, first, have you not? Now, just man to man, is there a man who sits before me today who ever trusted anybody to do a job whom he knew did not have the ability to do it? A man must have two things in order to inspire trust, namely, ability and integrity.

I have not a thing to say against Mr. Gilbert as a man of his trade. I presume he is a good telegraph operator. He testified he had never had any business experience except in connection with sending messages and supervising other people whose business was sending messages. I do not doubt he has that ability. But in the Sonora Phonograph Co. case, this company was engaged extensively in assembling and distributing phonographs and radios. They had a business all up and down that country—a mercantile business.

Did he pick a phonograph man? Did he pick anybody who was accustomed to buying or selling anything? Let us just use horse sense about this. Assuming the judge has horse sense, did he pick any merchant, did he pick anybody who had any training, or who could give him the slightest suspicion that he had the ability to do the job? No; he picked a telegraph operator. I have nothing to say about telegraph operators operating telegraph instruments, but it seems to me—and I say it with as much respect as I can have—that nobody with any sense would pick a telegraph operator to wind up a great mercantile business. This man Gilbert was one of Sam Leake's patients. Sam Leake may be the best man on earth, but we run into him every time we turn around with regard to these cases. But I must rush along.

With regard to the appointment of Dinkelspiel & Dinkelspiel, who showed up there with these three claims and were barred out under the rules of the court, this judge had to break down the rule of his own court to appoint them, and he knows it, and his counsel know it. He broke it down for somebody he says he never saw or heard of. And they got $20,000 for 9 days' and 2 hours' work, according to their detailed statement, 9 days of 7 hours each.

You remember there was some testimony here under which they undertook to show that they were appointed attorneys by the consent of the Irving Trust Co. This fee of $20,000 was opposed by the Irving Trust Co. and by everybody else in the case. There is that picture. They never represented the Irving Trust Co.

Can you not begin to understand how it can be that a brave people in San Francisco, and in that section of the country, cannot want this judge? Honor is not something you put on and take off like a coat. Honor is a thing which emanates involuntarily toward the object fit to be honored. If you are going to make the courts of the United States honored, you have to have them fit to be honored, and you cannot make them fit to be honored by having judges slipping in the back door, sleeping for 2 or 3 years in a room registered in the name of somebody else. Brave, courageous men do not work that way. Nobody can hold the respect of an American constituency who is not a brave, open and aboveboard, courageous man. It is this thing that strikes at the heart, it is the things proven with regard to this judge that turn wrongside out and let you see the soul of the man. It is this view that determines his standing with a grave, courageous constituency.

For the moment I am going to skip the Prudential Holding Co. case and come to as remarkable an action as has been taken in the judicial history of the United States. I make that statement without fear of any contradiction. This case shows up this judge as absolutely unfit to hold the office he has, if there were not another case in the record.

The Lumbermen's Reciprocal case was a case, insofar as this controversy is concerned, where the insurance commissioner of the great, sovereign State of California, was seeking to get possession of some eighty-odd thousand dollars and to hold it for the beneficiaries in California. There came immediately an uncompromising struggle, a fight to the death, between this judge, seeking to hold this case under the administration of Samuel Shortridge and his attorney, and this insurance commissioner of the State of California, seeking to get hold of those funds and administer them without a dollar of expense, to save every dollar of it for the poor people, maimed and halting, who had a right to draw on these funds for physical compensation.

Just get that picture, and you can begin to understand why these California people feel as they do. Just look at it. Here they are, these men who have been working in industry, injured this way, that way, the other way; a vigilant, honest official of the State of California, its insurance commissioner, moving as rapidly as he could to get hold of those funds and to hold them for California people; and this judge, fighting every inch of the ground to hold those funds, to be spent, as far as he could accomplish it, with Samuel Shortridge and Samuel Shortridge's attorney. That was the issue. There is no human being who can read that record and not conclude that that was the issue, whether this insurance commissioner should hold the funds and distribute them under his general powers, or whether the funds should be under the control of Samuel Shortridge, who charged $11 a day for his food, and undertook to deduct it from money that belonged by right, as the courts later decided, to the man with one arm off, or the man crippled for life, or whatever it was. I am telling you God Almighty's truth, as your record will disclose.

This commissioner in California had good stuff in him. He did not bend his knee to a great Federal judge. He took the case to the court of appeals. The case came back with a mandate, a solemn mandate, from the appellate court to the respondent here to turn over these funds to the insurance commissioner of California.

Now, listen to this. This judge put a condition on the mandate of the appellate court that that mandate should not go into effect if those representing the commissioner dared to appeal to the appellate court, dared to question the fees he had allowed to his favorite out of the funds over which he had no jurisdiction. Just let that soak in a minute. I would put him off the bench if he had not done another thing than that. Yes; he struck that condition out afterward when he saw this case going to the court of appeals, and he did not want to get the "hiding" that he knew the court would give him, and it would have been something worth reading if it had ever gone up to the court of appeals and had come out with that sort of a cracker tied on to its mandate.

I understand I have but 5 minutes' time remaining, and I am merely going to touch on two other cases. I will refer first to the Fageol Motors Co. case. In that case the representatives of all the parties-in-interest assembled. They picked as good an automobile man as that section of the country afforded from what we can find out about it. They wanted, being a going concern, to save their business. The respondent refused the man they wanted. Whom did the respondent select as receiver? He chose then some telegraph operator to run a great automobile business. There are some things that common sense will not tolerate us to conclude, and common sense will not tolerate us to conclude that he did not have any more sense than to do that.

I say that with just as much respect as I can have under the circumstances, and yet the Senate is asked to put back on the bench in perpetuity over a free people that kind of a man. I tell the Senate if they do it, the days of the existence of the Federal courts in America are numbered. This people—this free people—will not stand to have no control over their Federal judges unless the Senate will protect them. The bar association has taken the chances of incurring the displeasure of this judge; the witnesses have taken the chances. They come first to the other House, and have come now to the Senate as the last resort. If this body will not make it possible for the people to be safeguarded; if they will not protect the people; if, instead of looking at the situation of a sovereign people, they look at the spectacle of a

man weeping at the grave of Washington, where may the people find protection? I would weep, too, anywhere if my lawyer needed to retail my tears. If I thought it would enable me to retain my job, I would have my lawyer sitting around behind a convenient bush where he could see and tell you about it, as though you were "two-by-four" jurors sitting in a justice's court.

I am not going into details—for I find my time is about up—with regard to the fees in the bankruptcy cases. I will call attention, however, to two very significant transactions. One is a case where the referee allowed a fee of $500. Those to whom the fee was allowed appealed to the respondent, and he allowed them a fee of $2,000. There is a very interesting thing, too, about the fees of Dinkelspiel & Dinkelspiel. They have the right name. In the Fageol Motors case, as to which they testified they did as much work as they did in the case where they got $20,000 by action of the respondent, they were allowed $6,000 by another man who passed on the value of their services. And in this case with regard to Short, we find him drawing in 1 year more than he would make in 13 years in his ordinary employment. I know there are some lawyers who like to have big fees; some of them may be in the Senate; I do not know; but I say that when a judge comes to act in a case involving the interests of widows and orphans, people who are not getting a hundred cents on the dollar, who are not, in fact, getting 25 cents on the dollar, he has no right under his oath to give a man employed as receiver a thousand percent above that which he receives for his usual employment. When a judge does that he is taking money that belongs to unfortunate people and handing it to somebody who is getting more than he ever got before in his life.

Mr. President and gentlemen of the Senate, my time has ended. I thank you for your close attention. I do not believe I will tell about anybody crying or praying. I will just go off and do the best I can and pray that you will do what is right, and I know that you are going to do it.

The PRESIDING OFFICER. The time of the manager has expired.

DELIBERATION WITH CLOSED DOORS

Mr. ASHURST. I move that the doors of the Senate be closed for deliberation.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arizona.

The motion was agreed to.

The managers on the part of the House and the respondent and his counsel withdrew from the Chamber.

The galleries having been cleared, the Senate (at 3 o'clock and 5 minutes p.m.) proceeded to deliberate with closed doors.

At 4 o'clock and 45 minutes p.m. the doors were reopened.

The respondent, Harold Louderback, with his counsel, Walter H. Linforth, Esq., and James M. Hanley, Esq., appeared in the seats provided for them.

The managers on the part of the House appeared in the seats provided for them.

Mr. GLASS. Mr. President, on the advice of the distinguished chairman of the Judiciary Committee, the Senator from Arizona [Mr. ASHURST], I am taking the first and last opportunity to say that I shall ask the Senate to excuse me from voting on these various articles of impeachment, for the reason that other public duties have made it impossible for me to be present and hear more than fragments of the testimony adduced in this proceeding, and none of the arguments presented. Therefore I feel that under my oath I am not so advised as to be able to render a verdict as a juror, and I shall ask the Senate to excuse me from voting.

The VICE PRESIDENT. Without objection, the Senator from Virginia will be excused.

Mr. ROBINSON of Arkansas. Mr. President, the senior Senator from Illinois [Mr. LEWIS] is absent on account of illness. He requested me to ask the court to excuse him from attendance and from voting on the various articles.

The VICE PRESIDENT. Without objection, the Senator from Illinois will be excused.

Mr. ROBINSON of Arkansas. The Senator from South Carolina [Mr. BYRNES] is unavoidably absent and asks to be excused. He is detained on public business.

The VICE PRESIDENT. Is there objection to the request of the Senator from South Carolina? The Chair hears none.

Mr. ROBINSON of Arkansas. I have been requested to state that on these votes pairs will not be arranged or recognized.

Mr. LA FOLLETTE. Mr. President, on behalf of the Senator from New Mexico [Mr. CUTTING], I desire to announce that he is detained from the Senate because of a slight indisposition. He asks to be excused on that ground.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from New Mexico is excused.

Mr. HEBERT. Mr. President, I am asked to announce that the Senator from Ohio [Mr. FESS] has been called from the city, and I am requested to say that, if present, he would vote "not guilty."

I am also requested to announce that the Senator from Vermont [Mr. AUSTIN] has also been called from the city on important business, and I am directed to say that, if present, he would vote "not guilty."

I am also asked to announce that the Senator from South Dakota [Mr. NORBECK] is absent on account of illness, and that the Senator from Pennsylvania [Mr. DAVIS] is also absent on account of illness. I am not advised how the latter Senators would vote if present.

Mr. ROBINSON of Arkansas. Mr. President, I am also requested to announce that the Senator from Oklahoma [Mr. GORE] is unavoidably absent and asks to be excused from attendance and voting.

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

Mr. COPELAND. Mr. President, I desire to have the record of the court show that yesterday I received unanimous consent to be excused from voting. I explained that, on account of illness, I had been away from the Senate, and had heard none of the testimony, and because of that the Senate excused me, but I desired to have the court record note of the fact.

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

Mr. SHIPSTEAD. Mr. President, I will now renew my request to be excused from voting on the first four articles of impeachment, all the articles except article 5.

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

Mr. COSTIGAN. Mr. President, without any disposition to shirk any proper public responsibility, I desire to ask the Senate to release me from voting on any article except article 5. There have been various unavoidable interruptions, due to public business, which have prevented as close attention to some of the testimony as I deem necessary. Article 5 is the one article on which, on consideration, I now feel justified in voting.

The VICE PRESIDENT. Is there objection to the request of the Senator? The Chair hears none, and it is so ordered.

Mr. ASHURST. Mr. President, I send the following order to the desk, ask that it be read, and request immediate consideration.

The VICE PRESIDENT. The clerk will read the proposed order.

The Chief Clerk read as follows:

Ordered, That upon the final vote in the pending impeachment of Harold Louderback, the Secretary shall read the articles of impeachment separately and successively, and when the reading of each article shall have been concluded the Presiding Officer shall state the question thereon as follows:

"Senators, how say you? Is the respondent, Harold Louderback, guilty or not guilty as charged in this article?"

Thereupon the roll of the Senate shall be called, and each Senator, as his name is called, unless excused, shall arise in his place and answer "Guilty" or "Not guilty."

Mr. BARKLEY. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BARKLEY. Does any Senator have the right to ask to be excused from voting on the roll call on any article, or

must he make the request in advance of the reading of the first article?

The VICE PRESIDENT. The Chair is of opinion that a Senator can ask to be excused from voting on any article at any time.

Is there objection to entering the order just submitted by the Senator from Arizona? The Chair hears none, and the order will be entered.

Mr. ASHURST. Mr. President, I send another order to the desk and ask for its consideration.

The VICE PRESIDENT. The clerk will read the order.

The Chief Clerk read as follows:

Ordered, That upon the final vote in the pending impeachment of Harold Louderback, each Senator may, within 2 days after the final vote, file his opinion in writing to be published in the printed proceedings in the case.

The VICE PRESIDENT. Is there objection to entering the order? The Chair hears none, and the order will be entered.

Mr. ASHURST. Mr. President, I ask that the clerk, in accordance with the order heretofore entered, read the first article of impeachment.

The VICE PRESIDENT. The clerk will read the first article of impeachment.

The Chief Clerk read as follows:

ARTICLE I

That the said Harold Louderback, having been nominated by the President of the United States, confirmed by the Senate of the United States, duly qualified and commissioned and while acting as a district judge for the northern district of California did on divers and various occasions so abuse the power of his high office that he is hereby charged with tyranny and oppression, favoritism and conspiracy, whereby he has brought the administration of justice in said district in the court of which he is a judge into disrepute, and by his conduct is guilty of misbehavior falling under the constitutional provision as ground for impeachment and removal from office.

In that the said Harold Louderback on or about the 13th day of March 1930, at his chambers and in his capacity as judge aforesaid, did willfully, tyrannically, and oppressively discharge one Addison G. Strong, whom he had on the 11th day of March 1930 appointed as equity receiver in the matter of Olmsted against Russell-Colvin Co., after having attempted to force and coerce the said Strong to appoint one Douglas Short as attorney for the receiver in said case.

In that the said Harold Louderback improperly did attempt to cause the said Addison G. Strong to appoint the said Douglas Short as attorney for the receiver by promises of allowance of large fees and by threats of reduced fees did he refuse to appoint said Douglas Short.

In that the said Harold Louderback improperly did use his office and power of district judge in his own personal interest by causing the appointment of the said Douglas Short as attorney for the receiver, at the instance, suggestion, or demand of one Sam Leake, to whom the said Harold Louderback was under personal obligation, the said Sam Leake having entered into a certain arrangement and conspiracy with the said Harold Louderback to provide him, the said Harold Louderback, with a room at the Fairmont Hotel in the city of San Francisco, Calif., and made arrangements for registering said room in his, Sam Leake's, name and paying all bills therefor in cash under an arrangement with the said Harold Louderback to be reimbursed in full or in part in order that the said Harold Louderback might continue to actually reside in the city and county of San Francisco after having improperly and unlawfully established a fictitious residence in Contra Costa County for the sole purpose of improperly removing for trial to said Contra Costa County a cause of action which the said Harold Louderback expected to be filed against him; and that the said Douglas Short did receive large and exorbitant fees for his services as attorney for the receiver in said action, and the said Sam Leake did receive certain fees, gratuities, and loans directly or indirectly from the said Douglas Short amounting approximately to $1,200.

In that the said Harold Louderback entered into a conspiracy with the said Sam Leake to violate the provisions of the California Political Code in establishing a residence in the county of Contra Costa when the said Harold Louderback in fact did not reside in said county and could not have established a residence without the concealment of his actual residence in the county of San Francisco, covered and concealed by means of the said conspiracy with the said Sam Leake, all in violation of the law of the State of California.

In that the said Harold Louderback, in order to give color to his fictitious residence in the county of Contra Costa, all for the purpose of preparing and falsely creating proof necessary to establish himself as a resident of Contra Costa County in anticipation of an action he expected to be brought against him, for the sole purpose of meeting the requirements of the Code of Civil Procedure of the State of California providing that all causes of action must be tried in the county in which the defendant resides at the commencement of the action, did in accordance with the conspiracy entered into with the said Sam Leake unlawfully register as a voter in said Contra Costa County, when in law and in fact he did not reside in said county and could not so register, and that the said acts of Harold Louderback constitute a felony defined by section 42 of the Penal Code of California.

Wherefore the said Harold Louderback was and is guilty of a course of conduct improper, oppressive, and unlawful and is guilty of misbehavior in office as such judge and was and is guilty of a misdemeanor in office.

The VICE PRESIDENT. Senators, how say you? Is the respondent, Harold Louderback, guilty or not guilty as charged in this article? The secretary will proceed to call the roll, and as the name of each Senator is called, he will rise in his place and deliver his vote.

The legislative clerk proceeded to call the roll.

Mr. ROBINSON of Arkansas (when Mr. PITTMAN's name was called). The Senator from Nevada [Mr. PITTMAN] has been engaged in the performance of other duties and has been unable to attend during the taking of testimony, and asks the Senate to excuse him from voting.

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

Mr. ROBINSON of Arkansas. I ask that the message of the Senator from Nevada relating to the subject be incorporated in the RECORD.

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

The message is as follows:

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., May 24, 1933.

Hon. JOSEPH T. ROBINSON,
United States Senate.

MY DEAR SENATOR: For the past 6 weeks, by direction of the President, I have been engaged in the informal conferences held by our Government and representatives of various other governments in preparation for the London conference. These duties have occupied my entire time and made it impossible for me to attend the sessions of the Senate during that period and to listen to the evidence in the impeachment proceedings.

I therefore respectfully request you, on my behalf, to ask the Senate to excuse me from casting my vote in such impeachment proceedings.

The President having appointed me one of the delegates of our Government to the London conference, it will be necessary for me to be absent from the Senate during the remainder of the session. I therefore request, also, that you ask the Senate to excuse me from further attendance at the Senate during the remainder of the session.

With regards, I am, very respectfully,

KEY PITTMAN.

Mrs. CARAWAY (when her name was called). Mr. President, I should like to be excused from voting on this article.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Arkansas is excused from voting.

The roll call was concluded.

The VICE PRESIDENT. The clerk will recapitulate the responses of Senators.

The legislative clerk recapitulated the vote, which was as follows:

GUILTY—34

Bachman	Capper	Kendrick	Sheppard
Bankhead	Clark	La Follette	Stephens
Barkley	Connally	McAdoo	Thomas, Okla.
Black	Couzens	McGill	Thomas, Utah
Bone	Dill	McKellar	Van Nuys
Brown	Duffy	Neely	Walsh
Bulkley	Erickson	Norris	Wheeler
Bulow	Frazier	Nye	
Byrd	Hayden	Pope	

NOT GUILTY—42

Adams	Goldsborough	McCarran	Smith
Ashurst	Hale	McNary	Steiwer
Bailey	Harrison	Metcalf	Townsend
Barbour	Hastings	Murphy	Trammell
Bratton	Hatfield	Patterson	Tydings
Carey	Hebert	Reed	Vandenberg
Coolidge	Kean	Reynolds	Wagner
Dale	Keyes	Robinson, Ark.	Walcott
Dickinson	King	Robinson, Ind.	White
Fletcher	Logan	Russell	
George	Long	Schall	

ABSENT, NOT VOTING, OR EXCUSED—11

Austin	Cutting	Glass	Pittman
Byrnes	Davis	Gore	Shipstead
Costigan	Fess	Norbeck	

The VICE PRESIDENT. On the first article of impeachment 34 Senators have voted "guilty" and 42 Senators have voted "not guilty." Less than two thirds having voted in favor of his guilt, the Senate adjudges that the respondent, Harold Louderback, is not guilty as charged in the article.

The clerk will read the next article.

The legislative clerk read as follows:

ARTICLE II

That Harold Louderback, judge as aforesaid, was guilty of a course of improper and unlawful conduct as a judge, filled with partiality and favoritism in improperly granting excessive, exorbitant, and unreasonable allowances as disbursements to one Marshall Woodward and to one Samuel Shortridge, Jr., as receiver and attorney, respectively, in the matter of the Lumbermen's Reciprocal Association.

And in that the said Harold Louderback, judge as aforesaid, having improperly acquired jurisdiction of the case of the Lumbermen's Reciprocal Association contrary to the law of the United States and the rules of the court did, on or about the 29th day of July, 1930, appoint one Marshall Woodward and one Samuel Shortridge, Jr., receiver and attorney, respectively, in said case, and after an appeal was taken from the order and other acts of the judge in said case to the United States Circuit Court of Appeals for the Ninth Circuit and the said order and acts of the said Harold Louderback having been reversed by said United States Circuit Court of Appeals and the mandate of said circuit court of appeals directed the court to cause the said receiver to turn over all of the assets of said association in his possession as receiver to the commissioner of insurance of the State of California, the said Harold Louderback unlawfully, improperly, and oppressively did sign and enter an order so directing the receiver to turn over said property to said State commissioner of insurance but improperly and unlawfully made such order conditional that the said State commissioner of insurance and any other party in interest would not take an appeal from the allowance of fees and disbursements granted by the said Harold Louderback to the said Marshall Woodward and Samuel Shortridge, Jr., receiver and attorney, respectively, thereby improperly using his said office as a district judge to favor and enrich his personal and political friends and associates to the detriment and loss of litigants in his, said judge's court, and forcing said State commissioner of insurance and parties in interest in said action unnecessary delay, labor, and expense in protecting the rights of all parties against such arbitrary, improper, and unlawful order of said judge; and that the said Harold Louderback did improperly and unlawfully seek to coerce said State commissioner of insurance and parties in interest in said action to accept and acquiesce in the excessive fees and the exorbitant and unreasonable disbursements granted by him to said Marshall Woodward and Samuel Shortridge, Jr., receiver and attorney, respectively, and did improperly and unlawfully force and coerce the said parties to enter into a stipulation modifying said improper and unlawful order and did thereby make it necessary for the State commissioner of insurance to take another appeal from the said arbitrary, improper, and unlawful action of the said Harold Louderback.

In that the said Harold Louderback did not give his fair, impartial, and judicial consideration to the objections of the said State commissioner of insurance against the allowance of excessive fees and unreasonable disbursements to the said Marshall Woodward and Samuel Shortridge, Jr., receiver and attorney, respectively, in the case of the Lumbermen's Reciprocal Association, in order to favor and enrich his friends at the expense of the litigants and parties in interest in said matter, and did thereby cause said State commissioner of insurance and the parties in interest additional delay, expense, and labor in taking an appeal to the United States Circuit Court of Appeals in order to protect their rights and property in the matter against the partial, oppressive, and unjudicial conduct of said Harold Louderback.

Wherefore said Harold Louderback was, and is, guilty of a course of conduct oppressive and unjudicial and is guilty of misbehavior in office as such judge and was, and is, guilty of a misdemeanor in office.

The VICE PRESIDENT. Senators, how say you? Is the respondent Harold Louderback guilty or not guilty as charged in this article?

Mr. BARKLEY. Mr. President, during the testimony on this article I was absent from the Senate because of duties on a committee of the Senate, which I regarded as sufficiently important to justify me in absenting myself. For that reason I ask to be excused from voting on this article.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Kentucky is excused from voting on article II.

Mr. ADAMS. Mr. President, I should like to make the same request, and for the same reason as expressed by the Senator from Kentucky.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Colorado is excused from voting on article II.

Mr. DILL. Mr. President, I desire to make the same request, for the same reason as stated by the Senator from Kentucky.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Washington is excused from voting on article II.

Mr. GEORGE. Mr. President, for the same or similar reasons I desire to be excused from voting upon this article.

The VICE PRESIDENT. Without objection, the Senator from Georgia is excused from voting on article II.

Mr. COUZENS. Mr. President, for the same reasons stated by the other Senators, I desire to be excused from voting on this article.

The VICE PRESIDENT. Without objection, the Senator from Michigan is excused from voting on article II.

Mr. CAPPER. Mr. President, I ask to be excused from voting on article II.

The VICE PRESIDENT. Without objection, the Senator from Kansas is excused from voting on article II.

Mr. BULKLEY. Mr. President, I make the same request, that I may be excused from voting on article II.

The VICE PRESIDENT. Without objection, the Senator from Ohio is excused from voting on article II.

The clerk will proceed to call the roll, and each Senator when his name is called will rise in his place and deliver his vote.

The roll call was called.

The VICE PRESIDENT. The clerk will recapitulate the vote.

The legislative clerk recapitulated the vote, which was as follows:

GUILTY—23

Bankhead	Caraway	McCarran	Pope
Black	Duffy	McGill	Russell
Bone	Erickson	McKellar	Stephens
Brown	Frazier	Neely	Thomas, Utah
Bulow	La Follette	Norris	Walsh
Byrd	McAdoo	Nye	

NOT GUILTY—47

Ashurst	Goldsborough	Long	Steiwer
Bachman	Hale	McNary	Thomas, Okla.
Bailey	Harrison	Metcalf	Townsend
Barbour	Hastings	Murphy	Trammell
Bratton	Hatfield	Patterson	Tydings
Carey	Hayden	Reed	Vandenberg
Clark	Hebert	Reynolds	Van Nuys
Connally	Kean	Robinson, Ark.	Wagner
Coolidge	Kendrick	Robinson, Ind.	Walcott
Dale	Keyes	Schall	Wheeler
Dickinson	King	Sheppard	White
Fletcher	Logan	Smith	

ABSENT, NOT VOTING, OR EXCUSED—19

Adams	Capper	Dill	Lewis
Austin	Costigan	Fess	Norbeck
Barkley	Couzens	George	Pittman
Bulkley	Cutting	Glass	Shipstead
Byrnes	Davis	Gore	

The VICE PRESIDENT. On the call of the roll of the Senate upon the question whether the respondent is guilty or not guilty under the charge in article II, those voting guilty number 23 and those voting not guilty, 47. Less than two thirds having voted in favor of his guilt, the Senate adjudges that the respondent, Harold Louderback, is not guilty as charged in this article.

The clerk will read the third article of impeachment.

The Chief Clerk read as follows:

ARTICLE III

The said Harold Louderback, judge aforesaid, was guilty of misbehavior in office, resulting in expense, disadvantage, annoyance, and hindrance to litigants in his court in the case of the Fageol Motors Co., for which he appointed one Guy H. Gilbert receiver, knowing that the said Gilbert was incompetent, unqualified, and inexperienced to act as such receiver in said case.

In that the said Harold Louderback, judge as aforesaid, oppressively and in disregard of the rights and interests of litigants in his court, did appoint one Guy H. Gilbert as receiver for the Fageol Motors Co., knowing the said Guy H. Gilbert to be incompetent, unfit, and inexperienced for such duties, and did refuse to grant a hearing to the plaintiff, defendant, creditors, and parties in interest in the matter of the Fageol Motors Co. on the appointment of said receiver, and the said Harold Louderback did cause said litigants and parties in interest in said matter to be misinformed of his action while said Guy H. Gilbert took steps necessary to qualify as receiver, thereby depriving said litigants and parties in interest of presenting the facts, circumstances, and conditions of the said equity receivership, the nature of the

business, and the type of person necessary to operate said business in order to protect creditors, litigants, and all parties in interest, and thereby depriving said parties in interest of the opportunity of protesting against the appointment of an incompetent receiver.

Wherefore the said Harold Louderback was and is guilty of a course of conduct constituting misbehavior as said judge and that said Harold Louderback was and is guilty of a misdemeanor in office.

The VICE PRESIDENT. Senators, how say you? Is the respondent, Harold Louderback, guilty or not guilty as charged in this article? The clerk will proceed to call the roll, and each Senator when his name is called will rise in his place and deliver his vote.

The Chief Clerk proceeded to call the roll.

Mrs. CARAWAY (when her name was called). I desire to be excused from voting on this article.

The VICE PRESIDENT. Without objection, the Senator from Arkansas stands excused.

Mr. COUZENS (when his name was called). I ask to be excused from voting on this article because of absence in committee meetings.

The VICE PRESIDENT. Without objection, the Senator from Michigan stands excused.

The roll call was concluded.

Mr. BARKLEY. For the same reasons expressed by me on the vote on the former article I ask to be excused from voting on this article.

The VICE PRESIDENT. Without objection, the Senator from Kentucky stands excused.

The clerk will recapitulate the vote.

The Chief Clerk recapitulated the vote, which was as follows:

GUILTY—11

Black	Dill	La Follette	Nye
Bone	Frazier	McKellar	Stephens
Bulow	Kendrick	Norris	

NOT GUILTY—63

Adams	Dickinson	Long	Sheppard
Ashurst	Duffy	McAdoo	Smith
Bachman	Erickson	McCarran	Steiwer
Bailey	Fletcher	McGill	Thomas, Okla.
Bankhead	George	McNary	Thomas, Utah
Barbour	Goldsborough	Metcalf	Townsend
Bratton	Hale	Murphy	Trammell
Brown	Harrison	Neely	Tydings
Bulkley	Hastings	Patterson	Vandenberg
Byrd	Hatfield	Pope	Van Nuys
Capper	Hayden	Reed	Wagner
Carey	Hebert	Reynolds	Walcott
Clark	Kean	Robinson, Ark.	Walsh
Connally	Keyes	Robinson, Ind.	Wheeler
Coolidge	King	Russell	White
Dale	Logan	Schall	

ABSENT, NOT VOTING, OR EXCUSED—15

Austin	Costigan	Fess	Norbeck
Barkley	Couzens	Glass	Pittman
Byrnes	Cutting	Gore	Shipstead
Caraway	Davis	Lewis	

The VICE PRESIDENT. On the third article of impeachment 11 Senators have voted "guilty" and 63 Senators have voted "not guilty." Less than two thirds having voted in favor of his guilt, the Senate adjudges that the respondent, Harold Louderback, is not guilty as charged in the article.

The clerk will read the next article.

The legislative clerk read as follows:

ARTICLE IV

That the said Harold Louderback, judge aforesaid, was guilty of misbehavior in office, filled with partiality and favoritism, in improperly, willfully and unlawfully granting on insufficient and improper papers an application for the appointment of a receiver in the Prudential Holding Co. case for the sole purpose of benefiting and enriching his personal friends and associates.

In that the said Harold Louderback did on or about the 15th day of August 1931, on insufficient and improper application, appoint one Guy H. Gilbert receiver for the Prudential Holding Co. case when as a matter of fact and law and under conditions then existing no receiver should have been appointed, but the said Harold Louderback did accept a petition verified on information and belief by an attorney in the case and without notice to the said Prudential Holding Co. did so appoint Guy H. Gilbert the receiver and the firm of Dinkelspiel & Dinkelspiel attorneys for the receiver; that the said Harold Louderback in an attempt to benefit and enrich the said Guy H. Gilbert and his attorneys, Dinkelspiel & Dinkelspiel, failed to give his fair, impartial, and judicial consideration to the application of the said Prudential Holding Co. for a dismissal of the petition and a discharge of the receiver, although the said Prudential Holding Co. was in law entitled to such dismissal of the petition and discharge of the receiver; that during the pendency of the application for the dismissal of the petition and for the discharge of the receiver a petition in bankruptcy was filed against the said Prudential Holding Co. based entirely and solely on an allegation that a receiver in equity had been appointed for the said Prudential Holding Co., and the said Harold Louderback then and there willfully, improperly, and unlawfully, sitting in a part of the court to which he had not been assigned at the time, took jurisdiction of the case in bankruptcy and though knowing the facts in the case and of the application then pending before him for the dismissal of the petition and the discharge of the equity receiver, granted the petition in bankruptcy and did on the 2d day of October 1930 appoint the same Guy H. Gilbert receiver in bankruptcy and the said Dinkelspiel & Dinkelspiel attorneys for the receiver, knowing all of the time that the said Prudential Holding Co. was entitled as a matter of law to have the said petition in equity dismissed; in that through the oppressive, deliberate, and willful action of the said Harold Louderback acting in his capacity as a judge and misusing the powers of his judicial office for the sole purpose of benefiting and enriching said Guy H. Gilbert and Dinkelspiel & Dinkelspiel, did cause the said Prudential Holding Co. to be put to unnecessary delay, expense, and labor and did deprive them of a fair, impartial, and judicial consideration of their rights and the protection of their property, to which they were entitled.

Wherefore the said Harold Louderback was, and is, guilty of a course of conduct constituting misbehavior as said judge and that said Harold Louderback was, and is, guilty of a misdemeanor in office.

The VICE PRESIDENT. Senators, how say you? Is the respondent, Harold Louderback, guilty or not guilty as charged in this article?

The clerk will proceed to call the roll, and each Senator, as his name is called, will rise in his place and deliver his vote.

The Chief Clerk proceeded to call the roll.

Mr. GEORGE (when his name was called). Mr. President, in the discharge of official duties I was away from the Senate during most of the testimony on this article. I have not had an opportunity to read it fully. I ask to be excused from voting.

The VICE PRESIDENT. Without objection, the Senator from Georgia stands excused.

The roll call was concluded.

The VICE PRESIDENT. The clerk will recapitulate the responses of Senators.

The legislative clerk recapitulated the vote, which was as follows:

GUILTY—30

Barkley	Connally	McAdoo	Sheppard
Black	Couzens	McCarran	Stephens
Bone	Dill	McGill	Thomas, Okla.
Brown	Erickson	McKellar	Thomas, Utah
Bulow	Frazier	Neely	Walsh
Byrd	Hayden	Norris	Wheeler
Caraway	Kendrick	Nye	
Clark	La Follette	Pope	

NOT GUILTY—47

Adams	Dale	King	Schall
Ashurst	Dickinson	Logan	Smith
Bachman	Duffy	Long	Steiwer
Bailey	Fletcher	McNary	Townsend
Bankhead	Goldsborough	Metcalf	Trammell
Barbour	Hale	Murphy	Tydings
Bratton	Harrison	Patterson	Vandenberg
Bulkley	Hastings	Reed	Van Nuys
Byrnes	Hatfield	Reynolds	Wagner
Capper	Hebert	Robinson, Ark.	Walcott
Carey	Kean	Robinson, Ind.	White
Coolidge	Keyes	Russell	

ABSENT, NOT VOTING, OR EXCUSED FROM VOTING—12

Austin	Davis	Glass	Norbeck
Costigan	Fess	Gore	Pittman
Cutting	George	Lewis	Shipstead

The VICE PRESIDENT. On the fourth article of impeachment 30 Senators have voted "guilty" and 47 Senators have voted "not guilty." Less than two thirds having voted in favor of his guilt, the Senate adjudges that the respondent, Harold Louderback, is not guilty as charged in the article.

The clerk will read the next article of impeachment.

The Chief Clerk read as follows:

ARTICLE V (AS AMENDED)

It is intended by article 5 to charge, and it is charged, that the reasonable and probable result of Harold Louderback's action in his capacity as judge in making decisions and orders in actions pending in his court and before him as said judge and by the

method of appointing receivers and attorneys for receivers, by appointing incompetent receivers and attorneys, by his relationship and transactions with one Sam Leake, and by the relationship and transactions of the said Sam Leake with such appointees of the said respondent made possible and probable by the action and attitude of the said Harold Louderback, and by displaying a high degree of indifference to the interest of estates and parties in interest in receiverships before him and in his court, and by displaying a high degree of interest in making it possible for certain individuals and firms to derive large fees from the funds of such estates, has been to create a general condition of wide-spread fear and distrust and disbelief in the fairness and disinterestedness of the official actions of the said Harold Louderback and to create by his said acts, deeds, and relationships, contrary to his individual and official duty, a favorable condition and a cause for the development naturally and inevitably of rumors and suspicions destructive of public confidence in and respect for the said Harold Louderback as an individual and a judge to the scandal and disrepute of his said court and the administration of justice therein and prejudicial generally to the public respect for and public confidence in the Federal judiciary. Wherefore, the said Harold Louderback was and is guilty of misbehavior as such judge and of misdemeanors in office.

It is hereby alleged and charged that the conduct of said Harold Louderback as alleged in articles I, II, III, and IV, and as hereinafter alleged, in its general and aggregate result has been such as reasonably and probably calculated to destroy public confidence insofar as he and his court is concerned in that degree of disinterestedness and fidelity to judicial duty and responsibility which the public interest requires shall be held by the people in the Federal courts and in those who administer them, and which for a Federal judge to hurt or destroy is a crime and misdemeanor of the highest order.

First, specifying as indicative of and disclosing the character and judicial attitude of said Harold Louderback revealed by his acts and official conduct to the people among whom he has jurisdiction, and the cause for the loss of public confidence of the bar and people of the northern district of California, and particularly of the city of San Francisco, where the principal business of such court is transacted, on or about December 19, 1929, the said Harold Louderback appointed one Guy H. Gilbert receiver of the Sonora Phonograph Co., a going concern extensively engaged in the business of receiving and distributing radios and phonographs, the said Guy H. Gilbert being a personal and political friend of the said Harold Louderback, and an intimate friend and financial contributor to one Sam Leake, hereinafter referred to, the said Harold Louderback knowing at the time of such appointment that the whole training and experience of the said Guy H. Gilbert had been as operator and employee of a telegraph company, and the said Harold Louderback at the time of such appointment knowing with certainty that the said Guy H. Gilbert was without qualification to discharge the duties of such receivership, that the said Guy H. Gilbert was appointed such receiver by the said Harold Louderback without regard to the interest of such estate in receivership and in disregard thereof and of the interest of creditors and parties in interest and in violation of the official duty of the said Harold Louderback. That the said Gilbert after said appointment continued in his regular and usual duties and employment as employee of said telegraph company, drawing his accustomed salary during his employment of approximately 6 months as such receiver, and received for such services from the funds of the estate of said Sonora Phonograph Co. the sum of $6,800, all of which facts became the subject of newspaper comments and matters of common knowledge throughout and beyond the northern judicial district of California to the hurt of public confidence in the said Harold Louderback, judge of said court, and to the hurt and standing of the Federal judiciary. It also became a matter of newspaper comment in connection with that receivership matter and others, that theretofore, about 1925 or 1926, the said Gilbert had been appointed by the said Harold Louderback when the said Harold Louderback was a judge of the Superior Court of California, an appraiser of certain real estate, the said Harold Louderback well knowing at the time of such appointment that the said Gilbert was without any qualification to appraise the value of such real estate, and in truth the said Gilbert never saw said real estate and that the said Gilbert did not undertake to assist in the appraisal of said real estate, only signing the report which was presented to him, for which services he was allowed the sum of $500.

The said Gilbert was also theretofore appointed receiver by Harold Louderback in the Stempel-Cooley case in 1929, bankruptcy, collecting during 3 or 4 months $12,000 rents, for which he was allowed a fee of $500. In this matter, after conversation with the said Sam Leake, the said Gilbert appointed as his attorney one John Douglas Short, who was an employee in the law office of Erskine & Erskine.

The said Short was afterward, in March 1931, appointed attorney by one H. B. Hunter, receiver in what is known in this proceeding as the Russell-Colvin Co. case, and which will hereinafter be specified with reference to. In the said Russell-Colvin case the said H. B. Hunter, having been appointed such receiver by the said Harold Louderback, at the suggestion of the said Sam Leake, who theretofore had suggested to the said Gilbert the appointment of the said John Douglas Short in the Stempel-Cooley case, and the said H. B. Hunter, after his appointment as such receiver, appointed the said John Douglas Short as his attorney in said Russell-Colvin case, the said Harold Louderback allowing the said John Douglas Short the sum of $50,000 on account as attorney for said receiver, H. B. Hunter.

Preceding the appointment of the said H. B. Hunter in the said Russell-Colvin case, the said Harold Louderback had appointed one Addison G. Strong to be receiver therein, who because he would not designate as his attorney the said John Douglas Short as claimed by the said Addison G. Strong, or either the said John Douglas Short or certain other attorneys as claimed by the said Harold Louderback, the said Addison G. Strong was summarily dismissed as receiver and the said Hunter appointed in his stead, who on the same day of his said appointment as receiver by the said Harold Louderback tendered to the said John Douglas Short the attorneyship in said receivership matter.

On the 25th day of March 1931 one W. L. Hathaway, father-in-law of the said John Douglas Short, advanced as a loan to the said Sam Leake the sum of $1,000 in cash, and 2 days thereafterward the said John Douglas Short, in an involved family transaction, paid to the said W. L. Hathaway from the compensation received as attorney in the Russell-Colvin Co. matter the sum of $5,000. Three months later the said Hathaway gave to the said Leake the further sum of $250.

When the said Harold Louderback appointed the said H. B. Hunter, as aforesaid, receiver in the said Russell-Colvin Co. case at the suggestion of the said Sam Leake, and the said Hunter in turn appointed the said John Douglas Short attorney for him in the Russell-Colvin Co. case, he, the said Harold Louderback, resided at the Fairmont Hotel in a room registered and held in the name of the said Sam Leake, such arrangement being effected in conspiracy between the said Harold Louderback and Sam Leake to aid the said Harold Louderback in carrying out a certain plan and design, the said Harold Louderback pretending to reside in Contra Costa County while actually and in fact residing in the city of San Francisco at the Fairmont Hotel in a room registered in the name of the said Sam Leake, the purpose and design of which arrangement having to do with the possible venue of a legal action which the said Harold Louderback contemplated might be brought against him. To further strengthen and add color to this pretended residence in Contra Costa County the said Harold Louderback registered as a voter in said Contra Costa County in violation of the laws of California, all of which transactions by the acts and conduct of the said Harold Louderback are involved in and mixed up with the official status and standing and transactions of the said Harold Louderback and are known to the people of the northern district of California and beyond such district to the disgrace and discredit of his office and to the hurt of public confidence therein and of the Federal judiciary. Thereby, as a result of such transactions, putting himself under obligation to, dependent upon, and under the influence of the said Sam Leake in a manner and to a degree utterly inconsistent with that required by the public interest of a Federal judge; and thereby putting himself, the said Harold Louderback, in an attitude with regard to obedience to law and the rights granted to litigants by the law and with regard to the standards of open candid conduct necessary to preserve for the public official that respect and confidence required by the public interest within the meaning of the provision of the Constitution requiring of Federal judges good behavior as a condition upon which their tenure of office depends. That said conduct is bad behavior and constitutes a forfeiture of the right of the said Harold Louderback to hold his, the said office of judge of the northern district of California.

In August 1931 the said Harold Louderback, without a hearing, upon a petition verified by an attorney "upon information and belief" and without bond of indemnity, granted an equity receivership for the Prudential Holding Co., a concern engaged in extensive real-estate transactions, and appointed the said Guy H. Gilbert as receiver, who in turn designated Dinkelspiel & Dinkelspiel as his attorneys. The first information the company had of the matter was when Gilbert and Dinkelspiel & Dinkelspiel appeared in the office of said Prudential Holding Co. to take charge of its affairs. The petition filed without truth or justification was resisted by said Prudential Holding Co., but the said Harold Louderback refused to dismiss the equity receivership matter until an application for receivership in bankruptcy was applied for, which application was based upon the grounds of the said equity receivership, wrongfully entertained. The bankruptcy matter fell in the division of Judge St. Sure, one of the judges of the said northern district of California. During the temporary absence of Judge St. Sure, the said Harold Louderback, sitting in Judge St. Sure's division, named the said Gilbert and Dinkelspiel & Dinkelspiel receiver and attorneys, respectively, in the bankruptcy matter, and 2 days later dismissed the equity receivership. Upon the return of Judge St. Sure to his division, he, Judge St. Sure, promptly dismissed the bankruptcy proceeding because no insolvency was shown. No fees were allowed by Judge St. Sure.

The proceedings in the matter and the facts, transactions, and statements therein became a matter of general knowledge within and beyond the said northern district of California, with its reasonable and probable and inevitable consequence to arouse dread and apprehension of the court and judicial power possessed by the said Harold Louderback on the part of the people generally and particularly of those whose property might be seized upon through the instrumentality of such court, and generally to make said court disrespected and hateful. The said Dinkelspiel & Dinkelspiel had theretofore and over the protest of the parties in interest, on the ground that it was excessive, been allowed a fee of $20,000 by the said Harold Louderback in the Sonora Phono-

graph Co. case, in which case they had also been associated with the said Gilbert, appointed by the said Harold Louderback as receiver therein.

Some 6 months after the appointment of the said Gilbert and Dinkelspiel & Dinkelspiel as receiver and attorneys, respectively, in the said Prudential Holding Co. case, to wit, on the 17th day of February 1932, they were appointed by the said Harold Louderback receiver and attorneys, respectively, in the Fageol Motors Co. case. This company was known in the said northern district of California as one of the more important concerns in that part of the country. It had assets of $3,000,000 book value and liabilities amounting to $1,700,000 with automobile manufacturing, assembling plants, branch offices, properties, and extensive operations in California, Washington, Oregon, and Utah. The said Harold Louderback knew and the people of that community knew at the time the said Guy H. Gilbert was appointed as receiver of said Fageol Motors Co. that the said Guy H. Gilbert was utterly without qualification to discharge the duties of said receivership. That said appointment of said Gilbert and said Dinkelspiel & Dinkelspiel was made in tyrannical and oppressive disregard of the rights and interest of the parties in interest, of the duty to conserve the assets of said company, and in disregard of his duty by the said Harold Louderback to the Government which had commissioned him to be one of its judges. That the facts and circumstances surrounding the appointment of the said Gilbert, as receiver, and the said Dinkelspiel & Dinkelspiel, attorneys, in said receivership matter and the method of procedure therein on the part of the said Harold Louderback inevitably as a necessary consequence were prejudicial to the judiciary and was to the scandal and disrepute of the court presided over by the said Harold Louderback and to the administration of justice therein, in that the said Fageol Motors Co. getting into financial difficulty the principal creditors of said company and the representatives of said Fageol Motors Co., after full conference and consideration, decided by agreement to apply to the Federal court for a receivership and after careful consideration agreed upon Edward Fuller, of Oakland, a former official of the Chevrolet Motor Co. with extensive experience and demonstrated business and financial ability not only in the automobile business but in other matters of large proportions. Pursuant to said agreement, on the 17th day of February 1922, the papers were all prepared carrying out the plan agreed upon by Fageol Motors Co. and its creditors and the petition for receiver was filed in the Federal court of the northern district of California. By plan of assignment determined by drawing numbers from a bag, this matter fell to the said Judge Louderback, there being three judges of said district.

The parties in interest, representatives of the company and of the principal creditors, went to his chambers to see the said Judge Louderback with the papers in said matter, arriving shortly before the time for the noon recess of his court, but were advised by the clerk of the said judge that the noon recess would be delayed until 12:30, the said clerk asking what it was desired to see the judge about, and was told that it was the receivership matter of the Fageol Motors Co., that the persons present represented the company and the larger creditors of said company, and that they had agreed upon Edward Fuller as a proper person for receiver, and to advise the judge of that fact, and that it was desired to discuss the matter with him at 1:30 p.m. At that time the parties in interest returned to see Judge Louderback and were told that Judge Louderback had got off for lunch earlier than anticipated, had some engagement, and would not return until 2:30. At 2:30 the parties in interest returned and were told by the clerk of the said Harold Louderback that Judge Louderback had already appointed the said Gilbert in said matter, and that Judge Louderback was not there. In this matter the said Dinkelspiel & Dinkelspiel were also appointed attorneys for said receiver. The parties in interest, under threat of going into bankruptcy, which action would probably have ousted the said Gilbert and Dinkelspiel & Dinkelspiel entirely, effected an agreement with the said Gilbert and Dinkelspiel & Dinkelspiel by which other representatives chosen by the said parties in interest were to have effective control of the business and legal matters of the said motors company, the said Gilbert and Dinkelspiel & Dinkelspiel offering no obstruction to said representatives. The said Dinkelspiel & Dinkelspiel accepted under the circumstances from the assets of said company the sum of $6,000, and the said Gilbert received approximately the same amount. The facts and circumstances connected with this matter show to the people of said district that the said Gilbert and Dinkelspiel & Dinkelspiel were not selected by the said Harold Louderback primarily because he deemed the said Gilbert and Dinkelspiel & Dinkelspiel best qualified to administer said estate but resulted in large degree from the desire of the said Harold Louderback to procure for the said Gilbert and Dinkelspiel pecuniary benefits from the assets of this concern which had been driven by financial difficulty to seek the protection of the court of the said Harold Louderback, all of which facts and circumstances received general publicity in the said northern district of California to the scandal and disrepute of the court of said district, and when taken in connection with the explanation and excuse offered by the said Harold Louderback for the appointment of the said Gilbert as receiver in this matter and in other matters where the public knew the said Gilbert was utterly unqualified, that he, the said Harold Louderback, in so appointing the said Gilbert was acting under the control of a sense of judicial responsibility requiring him to appoint persons known to him of efficiency and integrity to manage the affairs of estates in receivership, which explanation and excuse also has been given wide publicity in said district, the reasonable and necessary and inevitable result of the claim of such high motive under the circumstances was to create the impression and public belief that the said Harold Louderback was attempting by such claim to hide his lack of such actuating motive and to hide his real motive for making such appointments by an insincere and hypocritical claim of having been actuated by them, to the disgust and humiliation of the people of the northern district of California and to the hurt of the public interest.

In September 1930, in the court of the said Harold Louderback, an equity receivership petition was filed in the Golden State Asparagus case, seeking an economical conduct of the business while its obligations were being adjusted. When the receiver was appointed the said Harold Louderback agreed to submit to said receiver a list of attorneys from which he could name his counsel; but the list was not furnished. Instead the said Harold Louderback designated as attorney for said receiver the said Dinkelspiel & Dinkelspiel without reference to the receiver. The legal work connected with the conduct of the receivership was not appreciably more difficult or voluminous than that incident to the ordinary running of the business, which had theretofore cost the business less than $1,000 per year. The said Harold Louderback allowed the said Dinkelspiel & Dinkelspiel $14,000 on account, while he denied the uncontested application for $1,500 each, reasonable fees, made by the attorneys for plaintiff and defendant who had performed the only substantial legal services rendered in the case, when they prevented a forced sale of the property. These attorneys in an effort to protect the assets of the said Asparagus Co. had opposed the payment of the fees allowed to Dinkelspiel & Dinkelspiel on the ground that they were excessive. These acts of said Harold Louderback were well known to the public in and beyond said northern district of California, and cumulatively added to the disrespect, apprehension, and public contempt.

In the Lumbermen's Reciprocal Association equity receivership, a Texas insurance corporation doing business in California, the company getting into financial difficulty, the Insurance Commissioner for the State of California seized the assets of said company in the State of California for the benefit of California policyholders. It was determined as a matter of procedure to ask for an equity receivership with the plan that said insurance commissioner be appointed so as to permit him to continue to hold said assets and administer them without extra cost for a receiver and resultant diminution of the company's California assets. Instead, however, the said Harold Louderback designated one Samuel Shortridge, Jr., as receiver. Thereupon, the official of the State of California took proper steps to terminate proceedings in the Federal court. The said Harold Louderback enjoined the insurance commissioner from proceeding under the laws of the State of California.

Appeal was taken to the Federal Circuit Court of Appeals and reversal had on the ground of lack of Federal jurisdiction, and the property ordered to be turned over to the officials of California. To this order and mandate of the Circuit Court of Appeals the said Harold Louderback without any authority of law imposed a condition that said order and mandate should be complied with, provided there be no appeal taken from the order made by him, the said Louderback, allowing a fee of $6,000 to the said Shortridge and his attorney. All of which facts and circumstances became published and known in said northern district of California. By such acts the said Harold Louderback exhibited himself to the public as being willing to obstruct the officials of the State of California in their effort to conserve for citizens of California the assets of said insurance company which they had impounded, willing to assert a jurisdiction which he did not possess, willing to defy a mandate of the circuit court of appeals and attach an illegal and unconscionable condition to said mandate in order to penalize and discourage the exercise of a constitutional right of appeal for the definite and obvious purpose of making sure so far as possible by such illegal action and coercion, that the said Shortridge and his attorney would be paid from the assets of said insurance company so impounded, the fees which he, the said Harold Louderback, had allowed, all to the scandal and discredit of the said Harold Louderback and his court and prejudicial to the dignity of the judiciary.

Wherefore, the said Harold Louderback has been and is guilty of high crimes and misdemeanors in office and has not conducted himself with good behavior.

During the reading,

Mr. McADOO. May I ask that the reading clerk proceed a little more slowly? We do not get the reading at all here.

The VICE PRESIDENT. The clerk will read as requested.

After the conclusion of the reading of the article,

The VICE PRESIDENT. Senators, how say you? Is the respondent, Harold Louderback, guilty or not guilty of the charges in this article? The Secretary will proceed to call the roll, and as the name of each Senator is called, he will rise in his place and deliver his vote.

The legislative clerk proceeded to call the roll:

Mr. COSTIGAN (when his name was called). Mr. President, on further review and consideration and for the same reasons assigned in respect to the first four articles of impeachment, I reluctantly ask to be excused from voting on the pending article.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Colorado is excused from voting on article V.

The roll call was concluded.

The VICE PRESIDENT. The clerk will recapitulate the vote.

The legislative clerk recapitulated the vote, which was as follows:

GUILTY—45

Adams	Clark	McAdoo	Stephens
Bachman	Connally	McCarran	Thomas, Okla.
Bankhead	Couzens	McGill	Thomas, Utah
Barkley	Dill	McKellar	Trammell
Black	Duffy	Murphy	Tydings
Bone	Erickson	Neely	Van Nuys
Brown	Frazier	Norris	Wagner
Bulkley	George	Nye	Walsh
Bulow	Hayden	Pope	Wheeler
Byrd	Kendrick	Russell	
Capper	King	Sheppard	
Caraway	La Follette	Shipstead	

NOT GUILTY—34

Ashurst	Fletcher	Logan	Schall
Bailey	Goldsborough	Long	Smith
Barbour	Hale	McNary	Steiwer
Bratton	Harrison	Metcalf	Townsend
Byrnes	Hastings	Patterson	Vandenberg
Carey	Hatfield	Reed	Walcott
Coolidge	Hebert	Reynolds	White
Dale	Kean	Robinson, Ark.	
Dickinson	Keyes	Robinson, Ind.	

ABSENT, NOT VOTING, OR EXCUSED FROM VOTING—10

Austin	Davis	Gore	Norbeck
Costigan	Fess	Lewis	Pittman
Cutting	Glass		

The VICE PRESIDENT. On article V, 45 Senators have voted "guilty" and 34 Senators have voted "not guilty." Less than two thirds having voted in favor of his guilt, the Senate adjudges that the respondent, Harold Louderback, is not guilty as charged in the article.

That completes the articles of impeachment, and, with the permission of the Senate sitting as a court, the Chair will enter in the record the following judgment, which the clerk will read.

The legislative clerk read as follows:

JUDGMENT

The Senate having tried Harold Louderback, judge of the District Court of the United States for the Northern District of California, upon five several articles of impeachment exhibited against him by the House of Representatives, and two thirds of the Senators present not having found him guilty of the charges contained therein: It is therefore

Ordered and adjudged, That the said Harold Louderback be, and he is, acquitted of all the charges in said articles made and set forth.

ADJOURNMENT SINE DIE

Mr. ASHURST. I move that the Senate sitting as a Court of Impeachment in the case of Harold Louderback adjourn sine die.

The motion was agreed to; and (at 6 o'clock and 5 minutes p.m.) the Senate sitting as a Court of Impeachment adjourned sine die.

LEGISLATIVE SESSION

The Senate, pursuant to the order for the recess entered on Saturday, May 20, resumed legislative session.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 5661) to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 753. An act to confer the degree of bachelor of science upon graduates of the Naval, the Military, and the Coast Guard Academies;

H.R. 4014. An act to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated, in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to provide for the protection of the watershed within the Carson National Forest for the Pueblo de Taos Indians of New Mexico and others interested, and to authorize the Secretary of Agriculture to contract relating thereto; and to amend the act approved June 7, 1924, in certain respects;

H.R. 5152. An act granting the consent of Congress to the State Highway Commission of Virginia to replace and maintain a bridge across Northwest River in Norfolk County, Va., on State Highway Route No. 27;

H.R. 5173. An act granting the consent of Congress to the State Highway Commission of Virginia to maintain a bridge already constructed, to replace a weak structure in the same location, across the Staunton and Dan Rivers, in Mecklenburg County, Va., on United States Route No. 15;

H.R. 5476. An act to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.;

H.R. 5480. An act to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes; and

H.J.Res. 159. Joint resolution granting the consent of Congress to a compact or agreement between the State of Kansas and the State of Missouri authorizing the acceptance for and on behalf of the States of Kansas and Missouri of title to a toll bridge across the Missouri River from a point in Platte County, Mo., to a point at or near Kansas City, in Wyandotte County, Kans., and specifying the conditions thereof.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of the Veterans' National Rank and File Convention assembled at Washington, D.C., praying for the immediate cash payment of adjusted-service certificates (bonus); postponement of the enforcement of the so-called "Economy Act" until the next session of Congress, and the granting of immediate adequate cash relief for and a moratorium on all debts and foreclosures on homes and belongings of workers and small farmers, the protection of small depositors, without discrimination as to race, color, nationality, or creed, and also full Federal insurance for all against unemployment, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted at the World Trade League two-way-trade dinner, New York City, N.Y., favoring the negotiation of reciprocal tariff agreements with other nations looking toward the speedy restoration of international trade, which was referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by the Commissioners' Court of Brooks County and the Kiwanis Club of Tulia, Swisher County, in the State of Texas, endorsing the program of President Roosevelt and favoring the adoption of a public-works program for unemployment relief providing highway construction in the State of Texas, which were referred to the Committee on Finance.

He also laid before the Senate a letter from J. A. McCulgan, committee secretary, Carpenters' Local Union No. 302, Huntington, W.Va., relative to the fitness and qualifications of George I. Neal for possible appointment as United States attorney for the southern district of West Virginia, which was referred to the Committee on the Judiciary.

He also laid before the Senate a letter in the nature of a petition from G. H. Mehrhoff, of Bogalusa, La., praying for a continuation of the investigation of the Louisiana sena-

torial election of 1932 and also 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.

Mr. OVERTON presented a telegram from the Thirteenth Annual State Convention of Disabled American Veterans, New Iberia, La., requesting a careful review by Congress of new regulations and Executive orders relating to veterans relief, and also postponement of adjournment of Congress "until definite reply from President", which was referred to the Committee on Finance.

Mr. COPELAND presented memorials of sundry citizens of Brooklyn and New York City, N.Y., remonstrating against the treatment of, and alleged outrages committed against, members of the Jewish faith in Germany, which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Holy Name Society of St. Xavier's Roman Catholic Church, of Brooklyn, N.Y., protesting against the recognition of the Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Warehousemen's Association of the Port of New York, Inc., New York City, protesting against the passage of Senate bill 158, the 6-hour day and 5-day week bill, or any other legislation prescribing a definite limit of the hours of any working day, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by Council No. 33, Sons and Daughters of Liberty, of Harriman, and Stars and Stripes Council, No. 32, Sons and Daughters of Liberty, of Islip, in the State of New York, favoring the passage of the so-called "Dies bill", fixing the quota for the admission of alien immigrants to the United States, which were referred to the Committee on Immigration.

He also presented a resolution adopted by the Women's Good Government Club of Lynbrook, Long Island, N.Y., opposing the lifting of the ban on immigration into the United States, which was referred to the Committee on Immigration.

He also presented a resolution adopted by Finger Lakes Post, No. 961, Veterans of Foreign Wars of the United States, Cortland, N.Y., favoring the compulsory military training of young men in colleges, etc., so as to aid in maintaining the national defense, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by the board of directors of the American Exporters and Importers' Association, New York City, N.Y., protesting against participation of the Government in the building of the St. Lawrence-Great Lakes deep waterway project, which was ordered to lie on the table.

He also presented a resolution adopted by the Brotherhood of Railway Clerks of Bison City Lodge, No. 922, Buffalo, N.Y., protesting against the passage of the so-called "railroad relief bill" in its present form, which was ordered to lie on the table.

He also presented a petition of sundry citizens of New York City, N.Y., praying for the adoption of amendments to the railroad relief bill, suggested by the Railway Labor Executives' Association, which was ordered to lie on the table.

REPORTS OF THE COMMITTEE ON NAVAL AFFAIRS

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

S. 1103. An act to authorize the Secretary of the Navy to proceed with certain public works at the Naval Air Station, Pensacola, Fla. (Rept. No. 92); and

S. 1104. An act to authorize the Secretary of the Navy to proceed with certain public works at the Naval Air Station, Pensacola (Corry Field), Fla. (Rept. No. 93).

INVESTIGATION OF BANKING OPERATIONS

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably with an amendment Senate Resolution 70, and I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The Senator from South Carolina asks unanimous consent for the consideration of the resolution reported by him, which will be stated.

The CHIEF CLERK. Senate Resolution 70, by Mr. FLETCHER, continuing Senate Resolution 56, providing for an investigation of banking operations and sales of securities, and increasing the limit of expenditures therefor, submitted by Mr. FLETCHER on the 4th instant.

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

Mr. McNARY. Mr. President, I inquire what is the amount of money involved?

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 1, line 10, it is proposed to strike out "$25,000" and insert "$20,000."

Mr. McKELLAR. Mr. President, for what does the resolution provide?

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

Mr. McNARY. Mr. President, I think, in view of the disorder, that the resolution ought to go over until tomorrow.

The VICE PRESIDENT. On objection the resolution will be placed on the calendar.

BILLS INTRODUCED

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

By Mr. NEELY:

A bill (S. 1755) for the relief of Albert Kimble; and

A bill (S. 1756) for the relief of William K. Snodgrass; to the Committee on Military Affairs.

By Mr. TYDINGS:

A bill (S. 1757) to amend an act entitled "An act to incorporate the Mount Olivet Cemetery Co. in the District of Columbia"; to the Committee on the District of Columbia.

By Mr. FLETCHER:

A bill (S. 1758) for the relief of B. E. Dyson, former United States marshal, southern district of Florida; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 1759) granting the consent of Congress to the Mill Four Drainage District, in Lincoln County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith; to the Committee on Commerce.

By Mr. COPELAND:

A bill (S. 1760) for the relief of the Snare & Triest Co., now Frederick Snare Corporation; and

A bill (S. 1761) for the relief of the Globe Shipping Co., Inc., of New York, N.Y. (successors of the Globe Shipping Co.); to the Committee on Claims.

A bill (S. 1762) granting a pension to Margaret Nicholson; to the Committee on Pensions.

AMENDMENT TO HOME LOAN BILL

Mr. GORE submitted an amendment intended to be proposed by him to House bill 5240, the so-called "home loan bill," which was ordered to lie on the table and to be printed.

AMENDMENTS TO PUBLIC WORKS BILL

Mr. FLETCHER and Mr. McNARY each submitted an amendment, and Mr. BANKHEAD submitted two amendments, intended to be proposed by them, respectively, to Senate bill 1712, the industrial control and public works bill, which were severally referred to the Committee on Finance and ordered to be printed.

REFUNDING OF UNITED STATES GOVERNMENT BONDS AT LOWER RATE OF INTEREST

Mr. BONE submitted a resolution (S.Res. 85), which was ordered to lie on the table, as follows:

Whereas the Government of the United States finds it necessary to undertake a program of public works in order to afford employment for its unemployed citizens, and current revenues are insufficient to provide adequate funds for this program; and

Whereas great sums of money are being paid to the holders of war time and other Government obligations to maintain a rate

of interest in excess of that now justified by the credit of the Government of the United States of America; and

Whereas the British treasury has successfully converted its war-time obligations from a rate approximating 5 percent per annum to a rate of less than 3½ percent per annum, effecting a saving of $38,000,000 a year by an appeal for voluntary reduction in interest paid to the holders of its bonds; and

Whereas the French treasury, by appeal to the patriotism of the French bondholders, also succeeded in bringing about a substantial reduction in the interest rate on its outstanding obligations; and

Whereas the Government of the United States has demonstrated its ability to borrow at less than the present average price of its outstanding obligations, particularly war-time obligations; and

Whereas an appeal to patriotic holders of Government obligations, particularly war-time obligations, to convert their bonds into new bonds bearing a lower and more equitable yield would, if successful, tend to equalize the burden which must be borne by all sections of the country in the hour of national difficulty; and

Whereas practically all other elements of the country, excepting only the creditors of the Government of the United States, have either been called upon or compelled to contribute toward the maintenance of the national credit; and

Whereas reduction of the interest burden would strengthen the national credit and greatly increase the borrowing power of the Government of the United States; and

Whereas the Government of the United States is faced with the immediate necessity of finding additional sources of revenue with which to pay interest on expenditures made necessary by the national emergency; and

Whereas many of the holders of Government obligations pay no taxes on the income derived from these obligations; and

Whereas creditors of the Government of the United States have generally been insistent upon rigid national economy, not, however, including reduction in interest on Government obligations; and

Whereas such a reduction is consistent with a program of national economy and with prevailing prices for Government money: Therefore be it

Resolved, That the Senate of the United States request, and it hereby does request, the Secretary of the Treasury of the United States to call immediately upon holders of United States Government bonds, particularly those issued to finance the World War, to exchange their bonds for new bonds of an issue to be known as the new Liberty Loan of 1933, and bearing a lower rate of interest, which would effect a saving as nearly as possible sufficient to service such additional loans as may be made necessary by the pending public-works program, and by such other emergency needs of the Government as the President may see fit to prescribe, such conversion loan to bear interest, however, at a rate not less than the rate paid to depositors in United States Postal Savings banks.

"WHAT ABOUT GOLD?"—ARTICLE BY F. A. VANDERLIP

Mr. WHEELER. Mr. President, I ask unanimous consent to have inserted in the CONGRESSIONAL RECORD a very interesting article by Frank A. Vanderlip, a well-known financier and economist, published in the Saturday Evening Post, on gold and its historical position in our monetary system.

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

[From the Saturday Evening Post, May 27, 1933]

WHAT ABOUT GOLD?

By Frank A. Vanderlip

There are few words so deeply ingrained in our minds as is this word "gold." It has had deep-rooted significance in human thinking for 3,000 years. The uses of the metal have become so complex that it is doubtful if the most highly trained specialists have more than a vague conception of its complete economic ramifications. But the word has an elemental concept in every mind; gold is the epitome of wealth.

If I were asked to recommend a course of reading designed to give one as complete knowledge as possible regarding gold, I would not start with any book on economics nor any address made by a banker. I would rather head the list with such a book as Frazier's Golden Bough, which is an anthropological study of primitive psychology, particularly a history of superstitions and social taboos. The reason for that is that to understand the subject of gold first requires a mental housecleaning. One ought to get rid of preconceptions, of misconceptions, economic superstitions, and hereditary beliefs. That is extremely difficult and has been accomplished by few among the whole breed of economists and bankers, to say nothing about the layman's state of mind. Veritable golden streets in paradise rest on no better foundation than do many soberly regarded, orthodox views concerning the functions of gold in our present-day economy.

HOW HARD MONEY BEGAN

As our conception of gold has its roots running back nearly 3,000 years into history, it would be useful to reflect on the primitive economic origin of that conception.

When men passed out of the barter stage, in which goods could only be exchanged for other goods, it was obviously necessary to invent some means for giving a common price measure to all those things desirable to exchange, one for another. The precious metals, naturally, became such a price measure. They were inherently desirable. They had numerous advantages. Their rarity prevented sudden additions to the total stock; they offered a compact storehouse of value; they could be easily transported or stored; being homogeneous, they could be divided; they were easily recognized and not readily simulated. So it was the natural thing after flocks and herds ceased to be a common measure that the precious metals should begin to perform that function. The earliest coinage we know about was begun by the Greeks in the seventh century, B.C. There had been material advance in civilization and great social development before mankind got out of the barter stage and started to develop anything like a price system as we know it.

Throughout primitive time, so it came about, after man abandoned shells, sheep, and cattle as measures of value in exchange for other things, the money used was hard money. It was coined copper, silver, and gold; and its function was easily understood.

The next step grew out of the necessity for the safe-keeping of any hoard of coin. Thieves might break in and there was need of strong boxes. The safest strong boxes were the property of the goldsmiths, so it naturally came about that men would take coin to a goldsmith in whom they had confidence and leave it with him. Written receipts for the deposited coin was the next obvious step. If there was general reliance on the probity of the goldsmith, those paper receipts became in a sense the equivalent of the gold itself. Instead of drawing out the gold when wanted, such a receipt might be as acceptable for the time being as the actual gold coin which had been warehoused in the goldsmith's strong box. The amount of the receipt might not correspond with the size of a particular payment, and it came about that the individual would write an order on the goldsmith. Up to the time of that phase, the goldsmith, who was ultimately to become the banker, was merely a warehouseman; but the goldsmith's receipts were in circulation and were performing the function of money. There was then, or should have been, always an amount of gold in the strong box equal to the receipts that were outstanding.

Let us try to picture what was the next phase, for it was an important step. Let us imagine a small cargo of rugs arriving at a Mediterranean port. Suppose there were two wealthy and experienced merchants who were prepared to compete for the cargo, and who each had, in his own or in the goldsmith's strong box, the gold necessary to complete the transaction. There were thus two competitors, and the resulting price would have been within the range of their particular ideas of value.

Now, let us suppose that there was also a shrewd, adventurous, and successful young merchant, confident he could successfully resell the rugs, but lacking sufficient gold to make the original purchase. Reflecting on this situation, eager to develop his business, he conceived an economic invention. He may have looked toward the goldsmith, whose coffers were filled with other people's coin, against which there was outstanding an equal amount of the goldsmith's receipts. These receipts were "as good as gold"; they were passing from hand to hand; few were presented, and the actual gold lay there uncalled for.

PAPER GIVEN FOR GOLD

Our adventurous young merchant convinced the goldsmith that if he would loan him, not gold but merely a written receipt for gold, he could compete for the rugs. He convinced the goldsmith that when the owner of the cargo of rugs had completed their sale he in turn intended to purchase another cargo of goods in the local market; that this same gold receipt would be the means by which the sale of the rugs and the purchase of the new cargo were to be consummated; and that the gold itself was likely to remain untouched. The receipt the merchant borrowed would thus in turn be used by the original rug seller to buy other goods; and in due course, after the rugs had been retailed, the debt, with interest, would be paid and there would be profit both to the merchant and the goldsmith. It was impressed upon the goldsmith's mind that if he thus wrote a receipt for gold it would not mean that someone would come with it and demand coin, but that the order would circulate as other orders were circulating—as money—and could be canceled as the rugs found ultimate purchasers. The goldsmith agreed to the plan, and modern commercial-deposit banking was born.

A NEW BURDEN LAID UPON GOLD

Now, let us trace the effect. Instead of two competitors for the rugs there were three. The total purchasing medium of the community had been increased.

Higher prices resulted because a new man came into the field with buying ability. Increased buying power had been created by credit. A new factor in price making had been created which clearly tended to advance the price. The goldsmith was recompensed for this gold order and he found the business safe and profitable. He expanded the plan.

The goldsmith could increase the amount of these orders as long as he kept on hand a sufficient supply of coin to make it safe for him to have outstanding more orders than he held gold. In order to be safe, the amount of such orders had to be limited and held within sound limits by that element of safety—an adequate gold reserve. That is exactly what is meant by the fateful percentage in modern bank statements which is called "the percentage of reserve to liability."

Here we see a new burden laid upon gold; a new function that it must perform. In addition to serving as a medium of exchange—that is to say, becoming the one commodity compared to which the worth of all other commodities was related—and in

addition to its being a storehouse of wealth, it became a reserve upon which to base that form of credit by which the goldsmith had more receipts for gold outstanding than he had gold in his strong box. Coins and the receipts for coins could now be exchanged for every other sort of property. If one did not wish to buy other property for the time being, both the coins and the receipts became a store and representative of wealth. So we now see three functions of gold.

As trade developed between different communities and different countries, the goods brought into a community substantially balanced the goods taken out; but if the total goods brought into a country exceeded in value the total taken out, there was a net deficit that must be settled in something other than goods. That could be settled by the shipment of gold.

There was a regulatory action here that was important. The country that imported more than it exported, having to settle the difference in gold, immediately experienced a profound effect arising from that drain on its gold stock. Gold was the money basis. Its abundance meant higher prices; its scarcity meant lower prices. The country that shipped gold in sufficient amount experienced a sharp fall in the prices of all things. That made it a poor place for other countries to ship their goods to and, conversely, a good market for foreigners to buy in. Thus that country's balance of trade was automatically regulated; if it bought too much and shipped too little, settling the difference in gold, the loss of the gold depressed prices, the country bought less and sold more, and thus restored its trade balance. We have now considered gold used in four ways—as a medium of exchange, as a storehouse of value, as a reserve against bank deposits, and as a means for settling foreign-trade balances.

Let us come forward a few hundred years and examine our own money today. First, we have exactly the same type of paper that the goldsmith originally issued—warehouse receipts. As metal was more unwieldy than paper and as we grew used to the convenience of paper money, the Government issued gold and silver certificates. They represented gold and silver coin actually deposited in the Treasury, against which the Government issued its receipts.

A gold certificate, on which is printed the statement that there has been deposited gold in the Treasury which will be returned on demand in exchange for the certificate, meant that anyone holding such a gold certificate was free to make that exchange. The contract was the simplest and plainest of agreements. The gold had been deposited in the Treasury, a receipt had been given for it, just as the early goldsmiths gave receipts, and on surrender of the receipt the gold was to be handed over. That was not an easy contract to change. In effect it was changed by the emergency legislation passed early in March, although we still professed to be on the gold basis.

WHEN EVERYBODY WANTS HIS MONEY

What had happened was that the public had made a run on gold. Many millions of gold were being withdrawn in exchange for paper currency which bore the promise that it was exchangeable for gold. People had long preferred to have a paper representative of gold instead of gold itself. They now became fearful that the banking situation, plus the fact that the Government was spending more than it obtained from taxes, would lead to further issues of paper currency by the Government or by the Federal Reserve banks, and they preferred to have the veritable gold coin to any promise to pay gold coin. This demand for gold came in such a rush that it seemed impossible that it could be met, great as was our supply of gold.

Emergency legislation was hurriedly passed under which the President directed that no more gold should be paid out, that none should be shipped abroad except under special licenses, that all gold coin held by individuals should be returned, and severe penalties were suggested compelling such return. More than 500 millions of gold were returned in exchange for paper money which still legally promised that it was convertible into gold. Instead of the Government frankly breaking that promise when it was found impossible to keep it, it was made a crime to hoard gold. It was still declared that we were on a gold basis.

All forms of money in this country have been legally convertible into gold, either directly or indirectly. This was explicitly provided by a law passed in 1900, but that conversion has actually broken down.

Practically all debt obligations of the Government are also payable in gold by their terms. That obligation has broken down. In spite of that fact, nine hundred millions of Treasury notes were sold on the 15th of March, and those notes still contained the provision that they were payable in gold of the present standard. This was a curious example of anthropological taboo, illustrating the adherence in form to an engagement regarding which there was in fact no true intention to discharge the obligation.

A function of money which is of the greatest importance in a capitalistic economy is its value in relation to deferred payments. Let us think just what that means. All debts payable at some future time are deferred payments: Life-insurance policies, old-age annuities—every form of obligation that is a definite agreement to pay a given number of dollars at a future date comes under this head. Whoever parts with his money today with the expectation of getting it back at some future time is vitally concerned with the future value of the dollar. It is important to get back the dollar with interest, but it is just as important to know what goods that dollar will then buy.

Suppose one is contemplating providing for old age by purchasing an annuity. He knows what his dollars are worth in exchange for things today, and he is inclined toward the presumption that the dollars will be substantially as valuable, will purchase relatively the same number of things, 20 or 30 years hence.

If all instinct for thrift and careful provision for the future is not to be destroyed, it is necessary that the long-range value of the dollar should not change substantially from the present value. We are inclined to believe that it will not and to make sacrifices of purchasing ability today in order to insure that at some time in the future we may have the same purchasing ability plus the accumulation of interest.

As a matter of fact, we have no such assurance of the dollar's unchanging value. The record of the price level and our experience are vivid proofs of this. Nevertheless we go on as instinctively as bees store up honey, parting with our present dollars in the instinctive belief that the dollars we hope to get back will, in general, have the same command over the acquisition of goods as did the dollars we invested. A part of that belief is tied up with our traditional feeling that gold is gold; that the same number of grains of gold that constitute a dollar today will, if maintained as the standard dollar, insure the stability of the dollar through a generation and provide the same quantity of things in exchange that they do now, if we will only hold to the same number of grains of gold. We have seen the value of those grains of gold nearly double in the 3 years of the depression. We saw it almost cut in two in the years of the Great War and those immediately following. But most people cling to the belief that a dollar redeemable in a fixed number of grains of gold is an unchanging standard, cling to it with the persistence with which a primitive mind clings to a superstition.

I remember a calculation which I made in 1920 to illustrate what was then going on in the way of a changing value of the dollar. The position was the reverse of what we have recently experienced. Prices were rising, or gold was depreciating, whichever way one chooses to regard it.

This was my calculation: A thousand dollars placed in a savings bank and left to accumulate at compound interest will double in about 18 or 20 years. If a person had placed a thousand dollars in a savings bank in 1902 he would have had $2,000 in 1920. For his original thousand dollars he could have bought a given amount of general goods. After 20 years of abstinence, such a depositor in a savings bank, undertaking to buy the things he could have originally bought with his thousand dollars, would have found that he was unable to buy twice as much for two thousand as he could originally have bought for one thousand. The distressing fact was that to have bought what he could originally have purchased for a thousand dollars he would have to add to the two thousand accumulated in his savings account an additional thousand. The reason for that is that the price index, which in 1900 was 56.1, had advanced in 1920 to 154.4, nearly 200 percent.

The advance in the value of the dollar in the past 3 years has not been so great as was the decline in the period I have been reviewing, but it has been sufficient to illustrate vividly the opposite side of the picture. The man who borrowed money in 1929 is at almost as great disadvantage as was experienced by the creditor in the period of rising prices. During all that time, however, the dollar represented the same number of grains of gold.

There is general understanding that the course of prices is influenced by the quantity of money. The economists have embodied that in what they term the "quantity theory of money." In its simplest form, this means that in an isolated community having a steady volume of business and doing all that business on a cash basis where the matter of bank credits is not involved, there is a direct relation between the price level and the volume of currency. In other words, in such a community where all other influences are cut off, if the volume of currency is doubled, prices will be doubled, and if the volume is halved, prices will be cut in two.

That is a simple theory, easily understood. It should not be too readily applied to more complex conditions. In practice, when we introduce all the complexities of bank credit as a purchasing medium, and the complications of velocity—the greater or less speed with which money circulates—the practical results bear little apparent relation to the volume of money. Of course, it is obvious that if there is a sufficient increase in a country's currency, prices will advance. We saw that when a postage stamp in Germany cost 600,000 marks. No one should, however, accept the simple statement of the quantity theory of money and expect, in our complex order, to see an exact relationship between prices and the volume of currency.

POST-WAR BURDENS ON GOLD

Our traditional faith in gold is buttressed by a long experience prior to the outbreak of the Great War, in which the gold standard, operated by highly expert English bankers, functioned with a fair degree of satisfaction. The memory of much of that period is the foundation of the economic thinking of most mature business men. It is true that England has been off the gold basis for 36 of the past 136 years, but, nevertheless, there was so long a period during which London was the financial center and the world's clearing house, and the English bankers managed the gold standard with such effectiveness that it has left the belief firmly ingrained in the minds of men who were in business during the latter part of that period that an unchangeable gold standard is the foundation cornerstone of the monetary system, that any criticism of it is heretical, and that any proposal to change it is dangerous and harebrained.

There are some features connected with the post-war situation, however, which need to be considered before one can too hope-

fully believe that it is possible to go back to such an orderly working of the gold standard as characterized a long period prior to 1914. There have been new obligations placed upon gold which must in the future be controlled if the gold standard is again to work with the smoothness with which it once did.

I have already tried to explain some of the fundamental obligations which lie on gold: Its use as currency, as a storehouse of value, as a reserve basis against paper currency, and as a reserve control on the banker, limiting him from keeping more loans upon his books than his reserve of currency to meet the probable currency withdrawals will warrant. This last function, let it be remembered, is just the same limitation that was placed upon the goldsmith issuing more receipts for gold than his store of actual coin made it safe to do. Then there is the regulatory function which comes into play when a country's imports exceed its exports.

We have found, since the Great War, that this function is not working well. It has been interfered with by a general movement throughout the world to increase customs barriers. Instead of permitting a normal flow of gold to correct a trade balance, tariff barriers, quotas, and import licenses have been devised to keep out goods and to force gold shipments in their place. We have ourselves offered a notable illustration of this attempt, but similar political theories have become almost world-wide, and gold now flows from one country to another impelled by motives quite apart from settling normal trade balances.

Since the war, there have come into play still other impressive obligations upon gold. During the time prior to the war, when England was managing the gold standard, that country was practically the only important investor in foreign securities. If a country needed to ship gold in order to balance its foreign trade, England would frequently accept debt obligations, either of the government or of individuals in the country concerned, instead of compelling an adjustment by gold shipments. Her growing wealth permitted her to do this on a large scale. At the outbreak of the war, she had accumulated an equivalent of $20,000,000,000 in such foreign obligations. During and since the war, there grew up a great mass of internationally owned securities. Such securities can be thrown back upon a market and turned into a demand upon gold having no reference to foreign trade, but they do turn into an absolute command over the country's gold base.

We do not have much accurate information of the amount or whereabouts of such internationally owned securities, and less knowledge of the psychology of the owners of such obligations. That is to say, we do not know what motives may move them to return securities to the markets of the countries in which they originate.

If a central bank has foreign deposits which may be withdrawn, it knows something in regard to the amount of gold which it must hold free as a reserve against those deposits. But such a central bank never knows what demands may fall upon it resulting from the return to its national markets of securities held by foreign investors. The close margin by which we came near going off the gold basis in June 1932, was largely the result of foreign holders of American securities throwing those obligations onto our market.

FLIGHTS OF CAPITAL

Another even more incalculable factor has arisen from the growing practice of central banks keeping deposits in other central banks. In doing that, they have pyramided the obligation on identical masses of gold. The gold is first held as a reserve against obligations of the central bank which has the actual gold in its vaults. If its deposits include balances of other banks, the same gold may be counted as a reserve against the obligation of those foreign banks.

Another incalculable strain has been put upon gold by the amount of liquid capital belonging to timid, shrewd individuals which is moved from one country to another seeking economic safety. If an individual exports liquid capital from one country to another, the effect upon the exchanges is the same as if goods had been exported, but in the operation there is no relation to the movement of goods. A flight of capital, motivated by fear, could push a country off the gold basis even while its export of commodities still left it with a favorable trade balance.

This freedom in the movement of timid liquid capital, together with the incalculable movement of internationally owned securities—neither of these movements being related to the balance of trade resulting from a country's normal imports and exports—has brought into the management of the gold standard forces which are comparatively new in finance. It should be noted that the debts growing out of the war, and having no relation to current trade movements, are a part of those new forces.

The operation of all the obligations which have been heaped upon the gold standard has caused one country after another to abandon it, until there are only six countries that can, even by a stretch of the imagination, be considered on a gold basis—France, Switzerland, Holland, Belgium, Italy, and Poland. Even they are only nominally on a free gold standard, all having one form or another of restriction, none permitting the use of gold in general circulation and none offering completely free exchange of currency for gold. After it was declared criminal, in the United States, to hold gold and after regulations prohibiting its export except under license, we still nominally claimed to be on a gold basis, until the license restrictions were so sharply defined in April as to make such claim absurd. Nearly all countries that have abandoned the gold standard, and part of those that are nominally left on it, have already devaluated their currency. That is to say, they have reduced the amount of gold represented by the unit of their national currency.

PERHAPS AN EINSTEIN NEEDED

France has about a quarter of all the monetary gold in the world—a store second only to our own. But a French franc now represents about one fifth as much gold as it did before the franc was devaluated. Belgium reduced the value of her standard even lower than did France; Italy not quite so low. It has been the common course since more than 30 nations went off the gold standard ultimately to change the amount of gold which each currency nominally represents.

Orthodox thinking about money and prices is shackled by superstition, by long usage and practices, by both national and individual selfishness, by the wholesome fear of change. Few of the orthodox thinkers have either the breadth of technical expertness or the scientific habit of mind that will permit them to take a fresh and clear view. Not many heads of great banks have a contemplative mental habit. If they did, they would not be the heads of great banks. It is expecting too much to hope that there will come from the overburdened brains of practical bankers a vision of the true functions of gold and of money. It is like expecting the high priests of a superstition-filled religion to reform its theology. Anything that the orthodox financiers agree is radical thinking quickly wilts in the atmosphere of the banking room. There might come forth a Martin Luther banker, but he would find it very difficult to nail his defy to the bronze doors of the banking cathedral.

Even that does not make me hopeless that we may come to a better understanding of gold and all that hinges upon it. In the past 30 years we have seen the basis of our fundamental conception of physics, of our understanding of the very nature of matter, undergo profound change. Perhaps we need an Einstein who will develop a theory of economic relativity. It is certainly true that it would be more useful to evolve an exact, understandable, convincing formula covering all the functions of gold, than it would be to discover how to make the alchemists' dream come true.

RECESS

Mr. ROBINSON of Arkansas. I understand that there are a number of important committee meetings to be held in the morning. I, therefore, move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 8 minutes p.m.) the Senate took a recess until tomorrow, Thursday, May 25, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 24, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Thou to whom we turn as our loving Heavenly Father, accept our praise and our gratitude for Thy loving providence at the beginning of another day. We pray for that understanding, for that vigor of thought, and for that conviction that shall be ours as we meet the challenge of the problems of this day. Strengthen us, our Heavenly Father, so that we shall be altogether adequate to approach every question. We thank Thee for life, for its visions, for its privileges, and for its possibilities. O urge us to grasp it with energy that fires and with wills that flame. Gracious God, may we share Thy thoughts, and let Thy sense of justice and goodness possess us. Each day may our lives be of some real service to the world, made so by the spirit of Him who was earth's humblest servant, man's greatest friend, and Master of all. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 4014. An act to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated, in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation

of other permanent economic improvements as contemplated by said act; to provide for the protection of the watershed within the Carson National Forest for the Pueblo de Taos Indians of New Mexico and others interested, and to authorize the Secretary of Agriculture to contract relating thereto; and to amend the act approved June 7, 1924, in certain respects;

H.R. 5152. An act granting the consent of Congress to the State Highway Commission of Virginia to replace and maintain a bridge across Northwest River in Norfolk County, Va., on State Highway Route No. 27;

H.R. 5173. An act granting the consent of Congress to the State Highway Commission of Virginia to maintain a bridge already constructed to replace a weak structure in the same location, across the Staunton and Dan Rivers, in Mecklenburg County, Va., on United States Route No. 15; and

H.R. 5476—An act to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 284. An act authorizing the conveyance of certain lands to school district No. 28, Deschutes County, Oreg.;

S. 813. An act to remove the limitation on the filling of the vacancy in the office of senior circuit judge for the ninth judicial circuit;

S. 860. An act for the relief of George W. Edgerly;

S. 879. An act for the relief of Howell K. Stephens;

S. 1129. An act to amend sections 361, 392, 406, 407, 408, 409, 410, 411, and 412 of title 46 of the United States Code relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof;

S. 1514. An act authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss.;

S. 1518. An act providing for waiver of prosecution by indictment in certain criminal proceedings;

S. 1548. An act for the relief of Harry Flanery;

S. 1562. An act granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct a bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del.;

S. 1564. An act to revive and reenact the act entitled "An act authorizing the Great Falls Bridge Co. to construct, maintain, and operate a bridge across the Potomac River at or near Great Falls", approved April 21, 1928;

S. 1581. An act to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc.;

S. 1587. An act to amend an act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever", approved February 28, 1929, as amended, by including Roger P. Ames among those honored by said act;

S. 1634. An act to provide for the redemption of national-bank notes, Federal Reserve bank notes, and Federal Reserve notes which cannot be identified as to the bank of issue;

S. 1659. An act to authorize an increase in the number of directors of the Washington Home for Foundlings;

S. 1724. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.;

S. 1727. An act for the relief of Earl A. Ross; and

S. 1728. An act for the relief of Frank Ross.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 753) entitled "An act to confer the degree of bachelor of science upon graduates of the Naval, the Military, and the Coast Guard Academies."

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5480) entitled "An act to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes."

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday may be dispensed with today.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

PUBLIC WORKS BILL

Mr. POU, from the Committee on Rules, reported the following resolution (H.Res. 160) for printing in the RECORD under the rule:

House Resolution 160

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 5755, a bill to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 6 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PERMANENT REHABILITATION OF THE AMERICAN VETERANS

Mrs. JENCKES. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the lady from Indiana?

There was no objection.

Mrs. JENCKES. Mr. Speaker, I wish at this time to invite the attention of the House of Representatives to the present status of the American veteran. And in doing so, perhaps a woman's viewpoint might be helpful.

At 12 o'clock noon on Saturday, May 13, a group of veterans from the State of Indiana visited my office and appealed to me to assist them in a predicament they were in.

They came to Washington to attend the 1933 bonus encampment which was arranged by veterans. A committee had been organized, known as the "Liaison Committee of the Rank and File." This committee was in charge of the registration of veterans who were to be the guests of the Government at Camp Fort Hunt through governmental facilities provided at the request of President Roosevelt.

The veterans, upon arriving in Washington, learned that certain members of the committee in charge of affairs at Fort Hunt were acknowledged Communists. The veterans refused to recognize a committee whose membership contained Communists, and they had spent several days and nights trying to cause the removal of the Communists from the committee, without success. They advised that the objective of communism is contrary to all established principles upon which the Government of the United States was founded.

They preferred to endure the hardships of going without food or shelter rather than surrender their ideals of protection of the principles of our American Government. They presented a petition to me, signed by over 200 men, a number of them being honor-medal men.

I then personally visited the veterans at Seaton Park. A group numbering approximately 500 men were assembled there without food, shelter, or sanitary accommodations. The ground was wet and soggy and a misting rain was fall-

ing, and the men were in a very deplorable condition and were subject to the dangers incident to exposure to the elements.

I immediately conferred with the White House, the Metropolitan Police, and the Veterans' Administration officers, and after much effort was able to secure the whole-hearted cooperation of all concerned, and an order was issued at 7 p.m. to permit the men to enter Fort Hunt on an independent basis, unattached to the liaison committee. I personally addressed the men in Seaton Park and urged them to go immediately to Fort Hunt and cooperate with the officials there. Their compliance with my suggestion made me very happy, because I knew they would be protected from the elements and would find good food awaiting them, and that was my immediate concern. I desire at this time to pay tribute to them for their steadfast adherence to their patriotic ideals in face of the hunger and suffering they were enduring. Several of the men were accompanied by women members of their families, and the women were adequately provided for through arrangements made by the Metropolitan Police.

On Sunday I visited the men at Fort Hunt, and they advised me they appreciated and were grateful to President Roosevelt for his consideration and interest. They also advised me they would follow the President's suggestions. This, I am happy to report to the House of Representatives, they did in every instance.

In the face of spoken and printed propaganda circulated by the Communists deriding the efforts of the President and the Congress and in opposition to the vote of the majority of the convention these veterans gratefully accepted President Roosevelt's offer of temporary relief in the reforestation work, and their patriotic and loyal action soon won followers from the left wing of the encampment, so that when Camp Fort Hunt was closed as a bonus encampment the change was made in a dignified American manner, creditable to the President and the veterans alike.

During the progress of the convention the right wing felt they could not agree with the conclusions of the convention and desired to present their petition to the President in person. They asked my assistance in arranging an appointment, which I made, and the veterans were pleased with the cordial reception accorded them.

I have today received a communication from the leaders of that group of the 1933 bonus encampment which opposed the attempt to mix communism with veteran affears. It is this group who approved the President's suggestions with reference to the veterans accepting temporary assistance in the reforestation camps.

The letter is as follows:

WASHINGTON, D.C., *May 22, 1933.*

Mrs. VIRGINIA E. JENCKES,
Member of Congress, Washington, D.C.

MY DEAR MRS. JENCKES: Now that the 1933 bonus encampment at Fort Hunt has passed into pleasant memories of the American veterans, it is proper and fitting that an expression from the right wing of the 1933 bonus encampment should be made in order to truthfully and authoritatively state the position of those veterans who desired to petition their President and their Government who believe in the American Constitution and who are opposed to the affiliation of the Communist Party in American veteran affairs. With this thought in mind, we, the committee, who have cooperated with you and other governmental officials, desire to make this official statement, and we respectfully request you to transmit same to the Congress:

(1) We affirm our allegiance to our Government and we will support its institutions.

(2) While we are suffering destitution and privations, we place the security of our Government above our own needs and requirements, and we hereby plead with our President and the Congress as a first step toward a permanent rehabilitation of the American veterans to take such steps as are necessary to prevent the inroads of communism in the affairs of our veterans, our Army, Navy, and Marine Corps, as well as governmental employees.

(3) It is our very sincere belief that permanent rehabilitation of the American veteran can be best accomplished by the immediate payment, all or in part, of the adjusted-service certificates, the immediate care and hospitalization of those veterans who are physically incapacitated, the adoption of such laws or regulations which would permit or require the employment of veterans in industry under control of the Government or Federal employment.

(4) Having complete faith in our President, Franklin Delano Roosevelt, who served with us in the World War, we petition his thought and consideration for our urgent needs and necessities with the hope that, in the plans for the rehabilitation of the Nation from the depression, will be included a comprehensive and just plan for the rehabilitation of the destitute and incapacitated veteran on a permanent basis.

We respectfully submit this appeal with the hope that we may be accorded consideration promptly.

VETERANS' CONVENTION, RIGHT WING,
Composed of Delegates from All Veterans Organizations.
Mike Thomas, chairman; Albert Wood, John H. Newlin, Robert Dessoff, C. A. Titterington, E. B. McDade, John P. Dear, Guy Williams.

Now, my colleagues, you have heard an appeal which certainly deserves the sincere thought of all of us who are interested in all phases of our Nation's rehabilitation.

The permanent rehabilitation of our veterans and their restoration to their place in American citizenship should be and must be a very definite part of our national effort toward bringing prosperity back to the American people.

We have given the President of the United States wide authority and power to do any and all things necessary to face our Nation toward prosperity. And we are proud of his masterful leadership which has already recorded benefits for the people. And I ask you, my colleagues, is it not important to again invest our President with wide authority to do any or all things necessary to restore our veterans to their place in our American citizenship?

We all, especially we women, remember how we sent our soldier boys away to war, with the anxious hours and the scanning of the casualty lists, the relief when the names we loved were not there, and the distress of all those days of uncertainty. They went forth and rendered an everlasting service to their Nation and the world. But what did they come back to? The annual blooming of the poppies asks us that question each year. The rows and rows of white crosses over in Arlington ask us the same question. And the American women are trying to find the answer. And I believe if the Congress will again express its confidence in Franklin Delano Roosevelt and confer the necessary authority and power to act upon him, he will assume this added burden of solving the problems of the American veteran. The veterans have faith in him. He was their comrade during the World War. They recognize him now as their Commander in Chief. They will follow him. His solicitation for their welfare is demonstrated by a comparison of the way the 1932 and 1933 bonus delegations were received here in Washington. So, before our House of Representatives takes any action, let us confer with the President and offer him our support and cooperation in any or all plans which he might now have, or will have, in the immediate future for the permanent relief of the American veteran. I therefore suggest that a motion to appoint a committee to wait on the President for this purpose be made, and that the committee cooperate with the President in an effort to develop the permanent rehabilitation of the American veteran along with and as a part of the Nation's recovery.

If this can be accomplished, we will provide a patriotic inspiration for oncoming generations of defenders of our American homes. [Applause.]

OUR MERCHANT MARINE AND THE OCEAN MAIL CONTRACTS

Mr. BACON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. BACON]?

There was no objection.

Mr. BACON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statistical synopsis on the subject of our merchant marine and the ocean mail contracts as a supplement to the speech I made on this subject in the House on Wednesday, May 10:

I. THE UNITED STATES AS A MARITIME NATION

A. Out of the 11 first acts of Congress, 5 related to shipping. In 1796 American ships carried 92 percent of our trade. Between 1820 and 1860 we were supreme on the sea, carrying 77 percent of our trade.

B. Civil War and westward expansion caused a decline in American shipping. American standards of living and higher costs put us at a disadvantage. Sectional politics killed attempts at adequate subsidies for merchant marine. Deficiency of ships for auxiliary service shown in Spanish-American War. Deficiency again

demonstrated in world cruise of White Squadron, 1908. During decade before World War we carried only 10 percent of our foreign trade.

II. THE ECONOMIC IMPORTANCE OF AN ADEQUATE MERCHANT MARINE

A. Our exportable surplus:

1. We have the largest exportable surplus in the world—$4,809,000,000 (1927).

2. National economy requires that 10 percent of our production be sold abroad.

3. Employment curve closely follows foreign-trade curve for this reason.

4. Economic self-sufficiency a myth; general prosperity depends upon foreign trade.

B. Relation of merchant marine to export trade:

1. Ships our best salesmen; will carry our trade and find new markets.

2. Foreign ships will favor foreign goods in competition with ours.

3. Establishment of new lines to new ports will develop fresh markets.

4. Following table demonstrates these propositions—comparison of merchant marine in 1914 with 1927, showing increased sales:

Trade	Number of ships engaged in—		Volume of commerce with—	
	1914	1927	1914	1927
Africa	None	19	$47,000,000	$200,000,000
South America	5	89	347,000,000	1,000,000,000
Orient-Pacific coast	5	140	380,000,000	1,800,000,000

Percent of increase in trade between 1914 and 1927: Africa, 325 percent; South America, 190 percent; Orient-Pacific coast, 380 percent.

5. By having a merchant marine we are enabled to participate in international steamship conferences and thus to influence freight rates and eliminate discrimination.

C. Dependence upon foreign carriers puts us at mercy of events beyond our control:

1. If dependent, withdrawal of foreign carriers forces economic isolation on us.

2. Example of effects of foreign war, showing rise in freight rates:

At outbreak of World War, freight rates on American goods rose as follows: Cotton, per hundredweight, from 35 cents to $11; flour, per hundredweight, from 10 cents to $1; wheat, per bushel, from 8 cents to $1.36. General average: tenfold increase.

This resulted in a paralysis of our commerce, at disastrous loss, because we had no ships to handle it.

III. INCREASE OF AMERICAN SHIPPING DURING AND SINCE THE WORLD WAR

A. At outbreak of war we had only 19 ships in overseas trade.

B. War needs required unprecedented building program.

1. Increase from 22 shipyards employing 50,000 men to 212 shipyards employing 350,000 men. Of these 76 built steel vessels.

2. War shipbuilding program produced 2,300 vessels of 9,400,000 tons total.

Ships otherwise acquired raised this to 2,500 vessels of 10,250,000 tons.

3. Cost of this construction was $3,500,000,000—an extravagant sum to meet our deficiency in merchant shipping.

C. Comparison of our 1914 merchant marine with that in 1932:

Trade route	Number of vessels		Gross tonnage	
	1914	1932	1914	1932
United States-Europe	6	193	69,212	1,194,159
South America	4	169	24,011	403,341
Pacific coast-Far East	6	87	75,615	706,103
United States-Africa	None	20	----------	113,417
Pacific coast-Australasia	3	19	18,495	117,576
Total overseas	19	388	187,333	2,534,595
Nearby, Caribbean, West Indies, Canada	66	164	322,938	747,427
Grand total	85	552	510,271	3,282,022

2. During 1921–30 our ships carried 900,000,000 tons of overseas commerce, valued at $74,000,000,000, a substantial part of our national income. This, had we not had the means of selling abroad, would have been a loss to the producers of this country.

3. During this same period our merchant marine derived $3,000,000,000 in revenues from passenger and freight traffic.

4. Had we then remained at the pre-war level of our carrying trade, 10 percent of our commerce, we would have lost in shipping revenue the difference between $3,000,000,000 and $900,000,000, or $2,100,000,000.

5. Regular services were established between 60 American ports and 550 foreign.

D. In spite of this increase in our American-borne trade since 1914, we still carry a smaller proportion of our water-borne commerce than any other western nation, including Greece. Yet our own trade is so profitable that 42 nations have entered their ships to compete for it.

IV. OUR MERCHANT MARINE REQUIRES A SUBSIDY IN ORDER TO SURVIVE

A. Subsidies must not be considered as economic paternalism toward an unjustifiable phase of economic activity. The benefits to be derived from an adequate merchant marine are disproportionately in excess of the cost of compensating for higher American costs in construction, fixed charges, wages, and subsistence of crews. (See VI–E.)

B. A large measure of Great Britain's wealth was derived from the trade carried in her ships. Before the World War she dominated ocean trade, as follows: British shipping carried 52 percent of total sea-borne commerce, 92 percent of her empire trade, 63 percent of the trade between the Empire and others, 30 percent of the trade between foreign countries. Thus she gained huge revenues from the interchange between the other nations. Today England carries 60 percent of her trade, 45 percent of world trade, 30 percent of our trade.

The United States carries 30.5 percent of our trade, 3.4 percent of world trade.

Reasons assigned to Britain's shipping success are these: (a) A strong industrial position with access to raw materials; (b) a far-flung empire with coaling stations and seaports; (c) large coal exports compensating for return loads of goods for consumption; (d) governmental support of shipping in the knowledge of its national value.

C. The increase in our foreign shipping from the World War until 1932 (indicated in sec. III) was not an uninterrupted growth. It commenced with the war, slumped seriously, and was revived by the Merchant Marine Act of 1928, affording reasonable subsidies to compensate for the differentials in American shipping costs.

1. After the stimulus of the war years and until the Merchant Marine Act of 1928 American commerce in American ships declined as follows:

Our foreign trade in American vessels:	*Percent*
1921	51
1925	44
1926	34
1927	32

2. During this period no new American ships were placed in our overseas trade, while 800 foreign ships entered it, increasing their proportion of the trade to and from 47 of our 59 principal ports.

3. By March 1928 of our 212 war-time shipyards only 12 were left, chiefly inactive, and in that year they only produced 2 percent of the years' new tonnage. During 1921–27 we built only 2 out of 307 modern motor ships, and only 40 vessels out of a world total of 1,039 of over 4,500-ton vessels, totaling 7,900,000 gross tons.

Over 200 major industries have a direct interest in shipbuilding (90 percent of cost of a ship goes to labor).

D. The revival created by the Merchant Marine Act, granting postal payment and construction loans at low interest.

Under the provisions of this act, 43 contracts were made for the construction of 54 vessels, the conditional building of 12 more, and the reconditioning of 58 others. It is estimated that this program provided employment for 40,000 men.

V. BENEFITS TO NATION ACCRUING FROM SUBSIDIES DISPROPORTIONATELY LARGE

A. The difference between revenues from carrying 10 percent of our water-borne commerce, as in 1914, and carrying one third of it amounted to $2,100,000,000. (See III–C–4.) This amount was added to our invisible trade balance.

B. This direct annual saving of national income amounted to 10 times the cost of the 1928 legislation.

C. The average annual operating loss of the Fleet Corporation was cut from $40,431,000 during 1921–26 to $6,346,000 in 1931, or a saving of $34,000,000—twice the cost of the merchant marine legislation in 1931.

D. Capital expenditures for replacement during the next 10 years would have been $500,000,000. This otherwise public liability has been transferred to private concerns. By January 1941, 500 out of 553 ships would have passed the 20-year age of usefulness and would have required scrapping.

E. Withdrawal of postal subsidies would have forced us back to Government operation of the merchant marine at great operating losses.

F. Upon all loans authorized for construction under the 1928 act, totaling $148,000,000, an effective rate of 4 percent interest has been received, and the benefits of this have cost the Government nothing. (Under the 1931 amendment no loans were to be made at less than 3½, and prior to that only 12 loans had been made at less than 3 percent.)

F. (a) Britain has Government loans outstanding of $472,000,000 for shipbuilding.

G. Less tangible, but still more important, has been the development by American shipping of great new markets for our exports. (See II–B–4.) This means a valuable investment in the future of our trade. But if our vessels were to be withdrawn from this trade, foreign commerce would be certain to take over these outlets for surplus.

VI. MISLEADING PROPAGANDA THAT WE ARE UNECONOMICALLY OVERBUILDING FOR UNPROFITABLE TRADE

A. Source of propaganda: Nations that are outbuilding us to get this trade.

1. Great Britain, outbuilding us 9 to 1 in tonnage; 13 to 1 in number of ships.

2. In all, 42 nations placed, 1921–27, 800 new ships in our trade, to our none.

B. American foreign trade most profitable in world.

1. Largest exportable surplus—$4,809,000,000.

2. During 1921–30, passenger and freight revenues in our trade totaled $9,000,000,000; $6,000,000,000 of this to foreign shipping; only $3,000,000,000 to ours.

C. Is foreign competitive building economical?

1. It is acknowledged that ships of more than 25,000 gross tons and of 21 or more knots are uneconomical; fixed charges and operating costs exceed possible revenues.

2. Four foreign nations have placed 18 vessels exceeding both these tonnage and speed limits in trade since 1926; 9 of these exceed 40,000 tons. They are: Great Britain 5, totaling 196,082 tons; France 5, of 207,755 tons; Italy 5, aggregating 189,493 tons; Germany 3 ships with tonnage of 128,963. Recent foreign ships of these classes total 722,293 tons.

D. Have we similarly built, as charged, uneconomically?

No. During this period we have not launched a single ship exceeding these speed and size profitable limits.

E. The United States must build to overcome an overwhelming inferiority in tonnage.

1. We carry smaller proportion of our export trade than any other western nation, including even Greece and Japan.

During 1922–31, 42 nations participated in our foreign trade in the following proportions, excluding tankers:

	Imports, tons	Percent	Exports, tons	Percent	Imports and exports, tons	Percent
American vessels	75,728,000	31.0	95,977,000	30.1	171,705,000	30.5
British carried	70,141,000	28.8	98,630,000	31.0	168,771,000	30.0
Others carried	98,140,000	40.2	123,865,000	38.9	222,005,000	39.5
Total	244,009,000		318,472,000		562,481,000	

2. Compared with Great Britain, our ocean-going tonnage is only one half as great. Our tonnage in foreign trade is only one sixth as great as England's.

Further, in sea-going ships of 12 knots or more we have 180, Great Britain 1,034; of 16 knots or more we have 37, Great Britain 158; of 18 knots or more, we have 12, Great Britain, 37; of 20 knots or more we have 5, Great Britain 16.

3. Of the six great maritime powers we are at a great disadvantage either as to actual tonnage, speed within economical limits, or approaching obsolescence.

Taking totals and averages for the six maritime powers, vessels of 2,000 tons or more:

We own 15.5 percent of 10,008,837 tons passenger and freight vessels; 32.5 percent under 10 years; average of all countries, 41.7 percent.

We own 22.2 percent of 23,687,600 tons freight ships; 1.1 percent under 10 years; average of all countries, 25.8 percent.

We own 42.5 percent of 5,753,976 tons tankers; 11.3 percent under 10 years; average of all countries, 33.6 percent.

Break-down by nations, all types of ships

Country	Gross tons	Percent owned by each country	Percent under 10 years old	Percent of tonnage, speed 12 or more knots
United States	[1] 9,252,300	23.5	9.1	28.4
Great Britain	17,882,581	45.3	42.6	56.0
Japan	3,257,346	8.3	21.3	49.6
Germany	3,291,141	8.3	42.8	65.2
Italy	2,852,869	7.2	28.4	44.9
France	2,914,176	7.4	29.2	57.4
Total and average	39,450,413	100.0	31.0	49.1

[1] Only 3,282,000 tons of this in foreign trade, exclusive of tankers.

These tables show a disproportionately small tonnage in each class but tankers, a tremendous inferiority as to speed, and a rate of obsolescence more than three times the average.

F. We are not building to compensate this deficiency and approaching retirement.

In past decade these six nations built vessels of 15,000 tons or more as follows:

	Number of vessels	Gross tons
United States	11	226,071
Great Britain	49	1,036,216
Japan	3	51,448
France	10	288,845
Italy	12	344,340
Germany	10	262,911
Total	95	2,209,831

In other words, far from overbuilding in relation to other nations, we are building less in proportion to our trade needs and to our inferiority.

G. While the other great powers are adding new tonnage we are scrapping or laying up greatest amount of obsolescent ships without replacement, as follows: 1922–31:

Country	Tonnage scrapped	Tonnage laid up
United States	[1] 2,560,000	3,588,000
British Empire	2,388,000	3,340,000
Italy	855,000	619,000
France	773,000	931,000
Japan	215,000	256,000
Germany	147,000	1,103,000
Others	892,000	2,863,000

[1] 700,000 more tons to be scrapped, making 3,260,000.

World surplus tonnage, about 14,000 tons.

About 14,000,000 tons are over 20 years old.

United States has practically no tonnage over 20 years old. (The *Leviathan* was built in 1913.)

Most of old obsolete tonnage sold by Great Britain at low prices to lesser nations.

H. Motives for propaganda against American construction while other nations build excess of uneconomical ships:

1. At Washington arms conference, 1922, we agreed to surrender our naval supremacy in capital ships and scrapped 850,000 tons building or completed. Ratios accepted impliedly extended to other naval vessels. Competition for naval supremacy therefore transferred to merchant tonnage suitable for auxiliary service. World War proved value of convertible cruisers.

2. Economical vessels suitable for profitable ocean trade not suitable for high-speed war use. Tendency, therefore, to build large, fast, unprofitable ships with heavy Government subsidy. (This is a century-old policy of European governments. Some of the great merchant vessels of privately owned lines have been built with postal subsidies and low-interest construction loans from governments, vid. *Mauretania* and *Lusitania*.)

3. Expense of these auxiliary merchantmen greatly reduced if they can find and keep profitable trade. Bulk of such trade lies in American commerce.

4. Thus, after we have sacrificed our naval supremacy, concealed foreign navies are competitively built and supported at our expense.

5. Were the United States, by economical and profitable expansion of her merchant marine, to regain and to hold a respectable share of her carrying trade, her foreign commerce would no longer be taxed for the support of foreign navies.

6. Hence it follows that other maritime powers will exert every influence to discourage the support of an American merchant marine.

J. Accused of overbuilding, we are outbuilt by foreign powers which propose to achieve naval expansion at the expense of our foreign commerce. But by equipping ourselves to carry a legitimate share of our trade we may assure ourselves of the old and new markets that will absorb the exportable surplus upon which the health of our national economy must rest.

VII. A MERCHANT MARINE ADEQUATE TO OUR TRADE NEEDS WILL ALSO, WITHOUT HIGH COST, SERVE NATIONAL DEFENSE

A. Our foreign policy is based upon disarmament, and our domestic policy has prevented building our Navy even up to treaty strength. One billion dollars would now be required even for this.

B. In merchant vessels capable of conversion for naval use and having a speed of 15 knots or better we had (in 1928) only 70 inferior vessels, as compared with 227 superior vessels of this type owned by Great Britain and as compared with a great superiority of the other naval powers.

Under the Merchant Marine Act of 1928 we may build such a fleet of convertible merchant ships at small cost to the Government and to the great advantage of our foreign commerce.

C. Overseas communication in war time is as important as overland railways. It is proven (sec. II–C–2) that dependence upon foreign merchantmen is ruinous in time of crisis. An adequate merchant marine is therefore essential to our national safety (Boer War; Spanish War; English coal strike, 1926; World War).

D. The Merchant Marine Act of 1928 provides for national defense under the following terms imposed upon vessels built under its provisions:

1. They must be built in accordance with naval specification.

2. They must remain under the American flag during 20 years (their useful life).

3. They must be of the most modern design, with the most economical machinery.

4. No damages shall be collectible as the result of their requisition for war.

5. Two thirds of their crews and all of their officers must be American citizens. This means the creation of a trained nucleus available for naval duties in war time.

E. The construction of an adequate number of merchant vessels will keep open shipyards, manned by skilled labor, available in a national emergency. It will be a great aid to the unemployment problem. More ships are needed to adequately care for our foreign trade.

THIRD DEFICIENCY APPROPRIATION BILL, 1933

Mr. BUCHANAN. Mr. Speaker, I call up the conference report on the bill (H.R. 5390) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, and I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. BUCHANAN]?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5390) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 10, 11, and 19.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 8, 9, 12, 15, 16, 17, 18, 21, 22, 23, and 25, and agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: Transpose the matter inserted by said amendment to precede line 1 on page 3 of the bill, amended to read as follows:

" BUREAU OF RECLAMATION

" Palo Verde Valley, Calif.: The unexpended balance of the appropriation of $50,000 for the protection of Palo Verde Valley, Calif., contained in the Second Deficiency Act, fiscal year 1932, approved July 1, 1932, shall remain available for the same purposes during the fiscal year 1934."

And the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In line 1 of the matter inserted by said amendment strike out the words " War Department ", and in line 5, after the figures " $3,632.14 ", insert the following: " in all, under the Treasury Department, $15,792.58 "; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the last five lines of the matter inserted by said amendment insert the following: " Total, audited claims, section 4, $110,030.92."; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 7, and 14.

J. P. BUCHANAN,
EDWARD T. TAYLOR,
W. A. AYRES,
JOHN TABER,
ROBERT L. BACON,
Managers on the part of the House.

SAM G. BRATTON,
CARTER GLASS,
KENNETH MCKELLAR,
FREDERICK HALE,
HENRY W. KEYES,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5390) " making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes ", submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On no. 3: Appropriates $5,000, as proposed by the Senate, for maintenance of the Senate Office Building.

On no. 4: Makes not to exceed $400,000 of the working capital of the Government Printing Office for the fiscal year 1934 available, as proposed by the Senate, to enable the Public Printer to comply with the provisions of law granting 15 days' annual leave of absence with pay to employees.

On nos. 5 and 6, relating to the Bureau of Indian Affairs: Appropriates $10,000 from the funds of the Indians of the Truxton Canyon Reservation, Ariz., to be expended in the eradication of scabies in livestock; and continues available during the fiscal year 1934 the unexpended balance of the appropriation made for the fiscal year 1933 from tribal funds for attorneys' fees and expenses for the Menominee Tribe of Indians of Wisconsin.

On nos. 8, 9, 10, and 11, relating to the Department of State: Makes available by transfer, as proposed by the Senate, the additional sums of $60,000 for the fiscal year 1933 and $20,000 for the fiscal year 1934 for salaries of Foreign Service officers while receiving instructions and in transit; strikes out the authority, inserted by the Senate, for the use of not to exceed $1,500,000 to make expenditures arising in connection with fluctuations in rates of exchange between March 1, 1933, and June 30, 1934; and strikes out the appropriation of $10,000, inserted by the Senate, to pay the expenses of the American group of the Interparliamentary Union.

On no. 12: Appropriates $21,000, as proposed by the Senate, for flood control on Lowell Creek, Alaska, for protection of the city of Seward.

On no. 13: Continues available for the fiscal year 1934, as proposed by the Senate, the unexpended balance of the appropriation for the fiscal year 1933 for flood protection of the Palo Verde Valley, Calif., and transfers the item to the appropriate place in the bill.

On no. 15: Appropriates $4,519.92, as proposed by the Senate, for the payment of authorized damage claims certified to Congress after the bill had passed the House.

On nos. 16, 17, 18, 19, 20, 21, and 22, relating to judgments of United States courts: Appropriates for the payment of judgments rendered against the United States and certified to Congress for appropriation after the bill had passed the House. Textual corrections are made in the appropriating paragraphs to conform to the certifications.

On no. 23: Appropriates $719,670.55 for the payment of judgments of the Court of Claims certified to Congress after the bill had passed the House.

On nos. 24 and 25: Appropriates $110,030.92 and $13,569.10, respectively, for the payment of audited claims allowed by the General Accounting Office and certified to Congress for appropriation after the bill had passed the House.

The committee of conference report in disagreement the following amendments of the Senate:

On no. 1: Appropriating $9,000 to pay the widow of Thomas J. Walsh, late a Senator from the State of Montana; $9,000 to pay the widow of R. B. Howell, late a Senator from the State of Nebraska; $20,000 for miscellaneous expenses of the Senate; and $22,275 for additional police for the Senate Office Building.

On no. 2: Appropriating $8,500 to pay the widow of Clay Stone Briggs, late a Representative from the State of Texas.

On no. 7: Making $70,000 of unexpended balances of appropriations available for expenses of the United States for participation in the Seventh International Conference of American States to be held in Montevideo, Uruguay.

On no. 14: Paragraph 6, section 201 (a), of the Emergency Relief and Construction Act of 1932 (Public Resolution No. 2, approved March 23, 1933), authorized the Reconstruction Finance Corporation to make loans for financing the repair or reconstruction of buildings damaged by

earthquake during the year 1933. This amendment proposes to extend the scope of the authority to include buildings damaged by "tornado or cyclone" without increasing the total amount of loans authorized by the paragraph.

J. P. BUCHANAN,
EDWARD T. TAYLOR,
W. A. AYRES,
JOHN TABER,
ROBERT L. BACON,
Managers on the part of the House.

Mr. BUCHANAN. Mr. Speaker and Members of the House, if you will give me your attention for a minute I will render you an accounting of the stewardship of the conferees on the part of the House.

This bill, as it passed the House, carried a total appropriation of $45,891.44. As it came back from the Senate it carried a total of $1,004,597.55, or an increase by the Senate of $958,706.11. However, it is only fair to the Senate to state that the large increase in this bill made by that body was caused principally by judgments of the United States courts and the Court of Claims, audited claims allowed by the Comptroller General, and damage claims authorized by law and settled and certified by the heads of departments. Those items aggregate $853,931.

In addition to them, there is an item of $20,000, put on by the Senate to cover expenses of the impeachment trial of Judge Louderback. There are also 15 additional police provided for the Senate Office Building, amounting to $22,275. Maintenance of the Senate Office Building is $5,000. There is a total for the Senate's expenses of $47,275. The other items agreed to by the House are to be met by the use of funds already appropriated. Not to exceed $400,000 of the working capital of the Printing Office is made available to grant 15 days' leave with pay to the employees of that office to which they are entitled under the law and which the employees of all other departments get.

That comprises the Senate items of increase in the bill to which your conferees agreed. There are some that we did not agree to. For instance, we objected to and struck out the appropriation of $10,000 for expenses of delegates to attend the Interparliamentary Union. We thought that was not necessary and that now was not the proper time to spend money for that proposition. The Budget sent up an estimate to permit the use of $1,500,000 of State Department appropriations, to pay the difference in exchange in foreign countries before we went off the gold standard and after we went off the gold standard, to the employees in foreign service and on account of other expenses. That we cut out. The Senate added that amendment, based on the Budget estimate. I can see no reason why this Government should pay employees of the State Department the difference in the value of the American dollar in foreign countries before we went off the gold standard and after we went off the gold standard. If we paid in that Department, why should we not pay the difference in every other department? For instance, the Departments of Agriculture and Commerce, the Coast Guard, the Public Health Service, the Army, Navy, and other agencies have foreign service and foreign service employees. The following table is a list of these services:

Table showing average number of employees of the United States Government in foreign countries and total expenditures for maintaining the principal services during the fiscal year 1933

	Number of employees	Total expenditures
Department of Commerce (Bureau of Foreign and Domestic Commerce)	178	$1,164,000
Tariff Commission	6	29,000
Treasury Department (Bureau of Customs)	94	376,000
Labor Department (Immigration Service)	81	223,000
Treasury Department (Public Health Service)	180	321,000
State Department	3,850	9,800,000
War Department [1]	70	340,000
Navy Department	16	104,000
Agriculture Department	68	188,000
Total	4,543	12,545,000

[1] Does not include officer or enlisted personnel assigned on foreign station.

Therefore, to make an appropriation for the State Department to pay the difference in the exchange value of the American dollar in foreign countries before and after we went off the gold standard would require us to make appropriations to pay the difference to the employees of every other department. Not only that, but if we paid employees in Foreign Service the difference in the purchasing power of the American dollar before we went off the gold standard and afterward, why should we not pay it to the employees in the United States as well? Therefore when the Senate put on this amendment I called the conferees of the House together, summoned a representative of the State Department, and conducted a hearing. As a result, your conferees were unanimous in turning down that appropriation. [Applause.]

Now, if there are any questions which any gentleman desires to ask about this bill, I shall be glad to try to answer them.

Mr. McFARLANE. I should like to ask the gentleman a question with reference to amendments 8 and 9. I heartily approve of the statements which the gentleman just made regarding amendment no. 10, but I notice under amendments 8 and 9 we are appropriating for Foreign Service officers $80,000; $60,000 under amendment no. 8 and $20,000 under amendment no. 9. I should like an explanation of that.

Mr. BUCHANAN. That is the usual and customary practice on change of administration. There is a complete set of high officials in our Foreign Service to be appointed by the Democratic administration, to take the place of those now representing us in foreign countries, appointed by the Republican administration.

All these new appointees have to go through several weeks of instruction before they go to their posts to manage the affairs of our country diplomatically, as they call it. As far as I am concerned, I do not believe in diplomacy, I believe in speaking right out in meeting and defining a nation's position, but that is not the practice of the nations of the world. So this money is necessary to pay the salary of the new appointees while they are going through their period of instruction in this country and while they are en route to their foreign posts.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. McFARLANE. Is there anything in it in the way of additional gratuity to those who will be retiring from the Foreign Service whose positions will be taken by the new appointees? It says something about incidental expenses, office and living quarters in the Foreign Service.

Mr. BUCHANAN. No; they just hold on there until the time comes for them to come back.

Mr. TAYLOR of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. TAYLOR of Tennessee. I should like to have the gentleman's interpretation of the section in reference to the Reconstruction Finance Corporation.

Mr. BUCHANAN. That section will come up for discussion later, and a separate vote will be had upon it. Suppose we defer discussion of the matter until then?

Mr. TAYLOR of Tennessee. That is satisfactory.

Mr. BUCHANAN. Does the gentleman from New York desire any time to explain the conference report?

Mr. TABER. Not at present.

Mr. BUCHANAN. Then, Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment no. 1, page 2, line 3:

"To pay to Nieves Maria P. C. Walsh, widow of Hon. Thomas J. Walsh, late a Senator from the State of Montana, $9,000.

"To pay Alice C. Howell, widow of Hon. R. B. Howell, late a Senator from the State of Nebraska, $9,000.

"For miscellaneous items, exclusive of labor, fiscal year 1933, $20,000.

"Police force for Senate Office Building, under the Sergeant at Arms: 15 privates at the rate of $1,620 per annum each, fiscal year 1934, $22,275."

Mr. BUCHANAN. Mr. Speaker, I move to recede and concur with an amendment.

The Clerk read as follows:

Mr. BUCHANAN moves that the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with the following amendment:

"In lieu of the matter inserted by such amendment insert the following:

"'SENATE

"'To pay to Nieves Maria P. C. Walsh, widow of Hon. Thomas J. Walsh, late a Senator from the State of Montana, $8,500.

"'To pay to Alice C. Howell, widow of Hon. R. B. Howell, late a Senator from the State of Nebraska, $8,500.

"'Appropriations for the allowance of an amount equal to a year's salary at the rate payable to a Senator or Representative at the time of his death are authorized hereafter only for the following dependents of any Senator or Representative who dies during his term of office: (a) The widow, if such sum is necessary for her support and/or the support and education of her dependent child or children, or, if there be no widow, (b) the dependent child or children (or the legal guardian thereof) if such sum is necessary for the support and education of such child or children. Any appropriations made hereunder shall be disbursed, respectively, by the Secretary of the Senate and the Sergeant at Arms of the House of Representatives. This paragraph shall not be applicable to any widow who succeeds her husband in Congress. The term "Representative" as used herein includes Representatives, Delegates, and Resident Commissioners.

"'For miscellaneous items, exclusive of labor, fiscal year 1933, $20,000.

"'Police force for Senate Office Building, under the Sergeant at Arms: 15 privates at the rate of $1,620 per annum each, fiscal year 1934, $22,275.'"

Mr. SNELL. Mr. Speaker, if I understood the amendment correctly, I make the point of order against it for the reason that it goes beyond the purview or right of the committee on conference, because it takes into consideration matters that were not in dispute between either House.

Mr. BUCHANAN. Will the gentleman reserve the point of order a moment? I want to see if I cannot induce him to withdraw it.

Mr. SNELL. I shall be pleased to withhold the point of order to allow the gentleman to explain the amendment.

Mr. BUCHANAN. My amendment only cuts out the abuses in this custom. The gentleman will recall without my mentioning names the case of a Senator who died some years ago who had no wife, who had no dependents, but who had a niece. He was extremely rich and left his niece a million dollars by his will.

In spite of that, under the custom we now have, the Senate allowed a year's salary ($10,000) to that niece out of the Treasury of the United States. This amendment is designed to prevent that sort of abuse.

Again, if a Member dies and his wife is elected to Congress to succeed him, under the present system she gets an allowance of a year's salary and also the pay of her office. This amendment merely cuts out that year's allowance and authorizes these appropriations in future only where they are necessary for the support of dependents. It settles the question forever so it will not be coming up every Congress.

Mr. SNELL. Let me say to the gentleman from Texas that I entirely agree with every statement he has made. Individually, I never was in favor of the whole proposition, and I would be willing to have it cut out.

Mr. BUCHANAN. So would I.

Mr. SNELL. But I believe it should either be cut out entirely or that each Member should be treated exactly alike. I do not think there is any reason for going into the question of whether I have 1 child or 4 children, or whether I leave my widow any property. The question is whether you are going to do it. As a matter of fact, there is nothing in the law that authorizes these appropriations and they are subject to a point of order at any time.

Mr. BUCHANAN. I should be pleased to cut out the whole business and should be pleased if another appropriation like this never was made. My amendment was only in the interest of economy. In the regular procedure, of course, if the gentleman insists upon his point of order I concede that it is good.

Mr. SNELL. I may say to the gentleman I am just as much for economy as he is and I am willing to vote now to strike it all out, but I am not willing to make flesh of one and fowl of another. I think each Member should be treated exactly like every other Member. That is my position. I will join the gentleman in cutting it out now and in cutting it out for all time if he wants to be a real economist.

Mr. BUCHANAN. I will give the gentleman an opportunity to vote that way. I ask the Speaker to rule on the point of order.

The SPEAKER. The Chair holds the proposed amendment carries additional legislation to the Senate amendment, and the Chair sustains the point of order.

Mr. BUCHANAN. Mr. Speaker, I move to concur with an amendment.

The Clerk read as follows:

Mr. BUCHANAN moves that the House recede from its disagreement to the amendment no. 1, and agree to the same with the following amendment: In lieu of the matter inserted by the Senate amendment insert the following:

"SENATE

"For miscellaneous items, exclusive of labor, fiscal year 1933, $20,000.

"Police force for Senate Office Building, under the Sergeant at Arms: Fifteen privates at the rate of $1,620 per annum each, fiscal year 1934, $22,275."

Mr. TAYLOR of Colorado. Mr. Speaker, I rise to make a preferential motion.

Mr. Speaker, I move to recede and concur in the Senate amendment.

Mr. BUCHANAN. Mr. Speaker, on that I move the previous question.

The previous question was ordered.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GOSS. If this motion to recede and concur is adopted, the language of Senate amendment no. 1, as passed by the Senate, in its entirety would be agreed to, would it not?

The SPEAKER. That is correct.

Mr. CARPENTER of Kansas. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CARPENTER of Kansas. If this motion is carried, does that mean that these widows are given the money carried in the Senate amendment?

The SPEAKER. Yes.

Mr. CARPENTER of Kansas. For myself I want to protset against this practice, and I should like to have an opportunity of voting against a continuance of the practice of giving widows of Representatives and Senators this money that the widows of no other class of people get.

Mr. SEARS. Regular order, Mr. Speaker.

The SPEAKER. The question is on the motion of the gentleman from Colorado [Mr. TAYLOR] to receive and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 2. Page 2, line 14:

"HOUSE OF REPRESENTATIVES

"To pay Lois Slayton Woodworth Briggs, widow of Clay Stone Briggs, late a Representative from the State of Texas, $8,500."

Mr. BUCHANAN. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. BUCHANAN moves that the House recede from its disagreement to Senate amendment no. 2, and agree to the same with the following amendment: "After the sum '$8,500' add a comma and the following: 'to be disbursed by the Sergeant at Arms of the House.'"

The motion was agreed to.

The SPEAKER pro tempore (Mr. WOODRUM). The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Page 4, line 18:

"DEPARTMENT OF STATE

"Seventh International Conference of American States, Montevideo, Uruguay: Not to exceed $70,000 of any appropriation made for the Department of State for the fiscal year 1934 is hereby made available for the participation by the United States in the Seventh International Conference of American States to be held in the city of Montevideo, Uruguay, including personal services without reference to the Classification Act of 1923, as amended, and rent, stenographic reporting and translating services by contract if deemed necessary, without regard to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5); traveling expenses (and by indirect routes if specifically authorized by the Secretary of State); hire of automobiles; purchase of necessary books and documents; stationery; official cards; newspapers and periodicals; printing and binding; entertainment; equipment; and such other expenses as may be authorized by the Secretary of State, to remain available until June 30, 1934."

Mr. BUCHANAN. Mr. Speaker, I move to recede and concur in the Senate amendment.

Mr. BLANTON. Will the gentleman yield to me?

Mr. BUCHANAN. Mr. Speaker, I yield to my colleague the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, the motion to recede and concur in the Senate amendment, as made by my colleague, is a preferential motion and takes precedence of all others. But for this I would move to disagree to this amendment, which seeks to appropriate $70,000 out of the Public Treasury to permit certain officials of the State Department to take a round-about pleasure trip to Montevideo, Uruguay. In my opinion, this is just another junket, pure and simple. This time it is a $70,000 junket. Week before last it was a $250,000 junket proposed by our friend from New York, Dr. SIROVICH, which might have cost as much as $500,000, but we defeated that one and killed it by a vote of this House, which saved that money for the people. Last week it was another $250,000 junket that was proposed by our good friend from New York [Mr. CELLER], and the Speaker sustained my point of order against it and we killed it and saved the money in the Treasury. Last Saturday it was a $48,500 junket which our other good friend from New York [Mr. BLOOM] tried to get through, but by a vote of the House we struck out the enacting clause of the bill and killed it and saved that $48,500 for the people.

I know that my good friend and colleague from Texas [Mr. BUCHANAN], the distinguished chairman of the great Appropriations Committee of this House, is for economy and is against junkets; and it is my belief that he would never agree to this proposal to appropriate this $70,000 were it not for the fact that it was requested by the State Department. There are numerous officials in the State Department who are always wanting to take trips in foreign countries. I wish that all of you knew just how many trips abroad some of them have made, and just how much was spent on such trips. And when officials from these various departments want to go abroad, they find some way of getting their plans approved by the White House. And whenever any Member takes the floor to oppose their plans, he not only has to go up against some committee but some of the department chiefs themselves will try to hamstring him.

I call your attention to what happened on this floor last Saturday, when I made the motion to strike out the enacting clause and kill the bill to spend $48,500 attending an Institute of Agriculture in Rome, Italy. My friend from New York [Mr. BLOOM] read what he claimed was a telephone message which he said had just come from Mr. Carr, Assistant Secretary of the State Department, in which he claimed Mr. Carr said:

If Mr. BLANTON discusses further information received by him from the Department of State about expenditures for the institute, I suggest you request that he read the letter to the House, and any statement that may have accompanied it. In his debate of yesterday he misstated facts that were communicated to him.

I immediately challenged it, and I quote the following colloquy from page 3832 of last Saturday's RECORD, to wit:

Mr. BLANTON. I challenge that purported statement from Mr. Carr, and I challenge any Member here to produce such an assertion signed by him. I know that Mr. Carr would not sign such an assertion. Every quotation I made yesterday from his letter was absolutely correct, and I have his letter here to prove it. I challenge him or anyone else to show any misquotation. He cannot do it to save his life.

Mr. BLOOM. I am only reading the message that Mr. Carr sent.

Mr. BLANTON. You have no such statement signed by Mr. Carr. I challenge you to produce such a one over his signature. Here is the letter from Mr. Carr dated May 17, 1933, and if you will compare it with the quotations I made from it yesterday, now in the RECORD, you will see that I did not misquote him in any particular. He cannot show a single quotation that is incorrect. He cannot do it to save his gizzard. [Laughter.]

As a matter of fact, the following is the only part of Mr. Carr's statement that I had quoted in my speech last Friday, and every word of it had been quoted correctly, and the quotation appears on page 3765 of last Friday's RECORD, as follows, to wit:

Mr. BLANTON. To give you an idea of just how each delegate we send to Europe spends public money that we take from the people back home in taxes, I remember that on May 8, 1928, there was held in Rome, Italy, what the Italian authorities called an International Conference on Literary and Artistic Property. Of course, we had to attend it. There is always somebody who wants to attend. As a United States delegate there was a Mr. Thorvald Solberg, already employed on a salary, and he is an able, capable man, and I have high respect and regard for him, and the following is a correct statement of the expenses of his trip to Rome, which I got direct from the State Department, to wit:

Steamship fare, New York to Cherbourg, and railway fare, Cherbourg to Paris and return	$634.00
Railroad fare, Washington to New York	8.14
Pullman fare, Washington to New York	1.88
Miscellaneous traveling expenses and per diem allowances in Europe	633.39
Total	1,277.41

And that $1,277.41 for Mr. Thorvald Solberg's junket abroad was paid out of the Public Treasury with tax money wrung from the pockets of taxpayers whose shoulders are overburdened.

When on Sunday morning in reading the RECORD I found that Mr. BLOOM had published the purported statement from Mr. Carr that was wholly untrue, I immediately wrote to Mr. Carr and enclosed him the RECORD for both Friday and Saturday, and called his attention to the fact that in the matter I had quoted from his letter, every word was quoted correctly, and I requested of Mr. Carr that he correct the erroneous statement attributed to him, and I have received a letter from him acknowledging that I had not misquoted his letter and apologizing for his action. Omitting all of his extended reasons for telephoning the committee, which are not pertinent to the retraction, I read that part of his letter which does retract his unjust assertion, to wit:

DEPARTMENT OF STATE,
Washington, May 23, 1933.

The Honorable THOMAS L. BLANTON,
House of Representatives.

MY DEAR MR. BLANTON: I have your letter of May 21, and I regret more than I can tell you the construction placed upon a telephone message which Mr. BLOOM read to the House on Saturday during the debate upon House Joint Resolution 149. I wish to assure you at the outset that I had no thought whatsoever of alleging that you had misstated the facts which I had communicated to you in my letter of May 18. You made only one quotation from my letter, and that was correct. You have always been entirely fair with me, and I have no reason whatever to presume that you would consciously misstate any fact I might communicate to you. * * * If I was in error in the course I took, I am extremely sorry and apologize. Certainly, I had no intention to doing more than to assist the chairman in getting all the facts clearly before the House.

Very sincerely yours,

WILBUR J. CARR.

The above shows that my confidence in Mr. Carr was not misplaced. I deem him one of the most efficient officials in the service of the Government. You will note his statement—

You made only one quotation from my letter and that was correct.

This shows that a great injustice was done me last Saturday when Mr. BLOOM read into the RECORD a telephone message from Mr. Carr that I had misstated facts, the precise words being—

In his debate of yesterday he misstated facts that were communicated to him—

when Mr. Carr himself now frankly admits that I made only one quotation from his letter and that was correct.

But the question now before us is whether we are going to spend $70,000 for a conference at Montevideo, Uruguay. Are we in such splendid financial condition that we have $70,000 cash to throw away on such a conference? Are our people free from burdensome taxes? Have we met all of our financial obligations? Have we plenty of money to spend freely? Are all of our American citizens happy with lucrative jobs? Are all of our disabled American veterans being treated justly and generously? Are they all happy and satisfied? These are questions that have been running through my mind during these closing days of Congress, when so many different kinds of junkets are being almost daily proposed.

Mr. KELLER. Will the gentleman yield?

Mr. BLANTON. I am sorry that I have not the time. Otherwise I would gladly yield to my friend.

Our great President just now is using every effort in his power to economize and get this Government back on its feet financially. You have voted to sustain him. You have voted to take away from the disabled soldiers of the World War a part of their compensation that they need and which their wives and little children sadly need for their support. You voted to take away from the Spanish-American veterans a part of their compensation that they need to support their wives and children, when they are disabled and unable to work. We must correct the many injustices which have been done to our veterans before we vote to spend $70,000 on a junket to Montevideo, Uruguay.

Mr. O'MALLEY. Will the gentleman yield?

Mr. BLANTON. I am sorry, but I have not the time.

Mr. KELLER. We do not know what the gentleman is talking about.

Mr. BLANTON. I am talking about the unwisdom of these $70,000 junkets. I am trying to stop this proposed spending of $70,000 to attend a conference at Montevideo, Uruguay. In my judgment, it is a $70,000 junket. It is unnecessary. Now, does the gentleman know what the issue is?

Mr. KELLER. No; because the gentleman is talking about something else.

Mr. BLANTON. Incidentally, I have mentioned that we must first correct the great injustices which our Veterans' Administration has done our veterans before we spend $70,000 on a junket to Montevideo, Uruguay. The time has come when we must appeal to the President to adjust these injustices and to right these wrongs, for I know that the President is sympathetic and I have confidence in him.

I hope we will stop this $70,000. The House did not put it in this bill. It could not have been put in the bill here in the House. It would have been subject to a point of order, and I would have made a point of order against it and would have stopped it, but in another body, the Senate can put in all kinds of legislation in an appropriation bill and we cannot stop it. But we can vote it out.

Mr. BUCHANAN. Will the gentleman yield?

Mr. BLANTON. Always to my distinguished chairman.

Mr. BUCHANAN. As a matter of fact, this is a request of the President through the Budget, and, as a matter of fact, it is authorized by treaty between the United States and all the Americas.

Mr. BLANTON. Mr. Speaker, I have been hearing that "treaty" business for nearly 20 years, every time I have tried to stop one of these junkets.

Mr. BUCHANAN. This is the first time the gentlemen has heard it from me, and it is the truth.

Mr. BLANTON. Simply because we have minor treaties authorizing conferences, does not compel us or any other country to spend $70,000 attending a conference. I have been trying to stop these so-called "junket trips" for nearly 20 years and every time the excuse is offered that some little treaty requires it. If there is, we have the right now to stop spending the sum of $70,000 on a junket to Montevideo. All of the South American countries would be glad, for it would save them money they cannot afford to spend.

Mr. BRITTEN. Will the gentleman yield?

Mr. STUDLEY. The Senate agreed to it.

Mr. BLANTON. The gentleman has not yet found out how they do things over there. Possibly some one Senator put it over.

There is going to be called up here under a special rule today a bill to provide an additional $50,000,000 to be loaned to insurance companies. There was a provision in that bill to not loan any money to any insurance company that paid any of its officials a salary larger than $17,500. But the Committee on Banking and Currency has stricken such limitation from the bill and left it entirely to the discretion of the Reconstruction Finance Corporation. In such connection I want my colleagues to remember that in 1929 the Equitable Life Insurance Co. paid its president, Mr. T. I. Parkinson, a salary of $75,000, and in 1932 it increased his salary to $100,000 per annum. The Prudential Insurance Co. is paying its president, Mr. E. H. Duffield, an annual salary of $125,000. In 1929 the New York Life Insurance Co. paid its president, Mr. T. A. Buckner, a salary of $100,000 per annum, and in 1932 it increased his salary to $125,000 per annum. The Mutual Life Insurance Co. of New York in 1929 paid its president, Mr. David F. Houston, a salary of $100,000 per year, and in 1932 it increased his salary to $125,000 for that year. In 1929 the Metropolitan Life Insurance Co. paid its president, Mr. E. F. Ecker, a salary of $175,000, and for the year 1932 it increased his salary to $200,000 per year. A salary of $200,000 per annum is too much; $200,000 per annum is not earned as a salary. It is outrageous; and especially is it outrageous when these companies are coming now to the Government of the United States to get laws passed so they can borrow an additional $50,000,000 so that they can continue to pay such unreasonable and inexcusable salaries.

And when I think of such a situation as the above, and then think what has been brought to light yesterday and today about the house of Morgan, it makes my blood boil to think that disabled American soldiers who brought home victory from France, have been cut off from compensation, and are now suffering because it is claimed we are unable to pay them. It makes my blood boil to think that the Veterans' Administration is now demanding of veterans of the Spanish-American War, 35 years after it is over, that they produce evidence sufficient to prove that their disabilities are of service origin. I have just received a letter from Mr. Charles S. Taylor, rehabilitation officer of the Disabled American Veterans of the World War, of Dallas, Tex., in which he says:

> In addition to the cases I cited to you in my former letter, I want to refer to you a few more actual battle casualties which came to my attention the past week. Without going into detail any more than to state that these cases were all battle casualties, the following cuts were effected:
>
> $50 cut to nothing.
> $40 cut to $20.
> $100 cut to $40.
> $34 cut to $8.
> $29 cut to $20.
> $34 cut to $8.
> $50 cut to $20.
> $81 cut to $40.
> $15 cut to $8.
> $50 cut to $20.
>
> This bears out the statement in my last letter that the cases cited were just about the same as is happening to all battle casualties. The new rating schedule is to blame for this and not the President's instructions. While the President's instructions allow $20 extra per month for the loss of a hand, foot, or eye, in making the rating schedule this original $20 was taken into consideration and the degree of disability lowered accordingly. In one of the cases cited above the man has five separate disabilities all due to gunshot wounds received in action. Under the new rating schedule 3 of these show a 25-percent disability, 1 a 15-percent, and 1, 10-percent. The method of combining disabilities under the new rating schedule allows this man a total of $40 for all five of these disabilities.

Does not the above make your blood boil? It does mine. And the following are the headlines in this morning's press:

> J. Pierpont Morgan and his 19 multimillionaire partners paid no income taxes whatever to the Government in 1931 and 1932.

And then, the subheadlines:

> $21,071,862 written off as losses in 2 days in January 1931.

And then, the following interesting news item in today's paper:

J. P. Morgan testified today that he paid taxes in England in 1931 and 1932, the years in which he paid no income tax in the United States.

They say that Andrew W. Mellon and associates profited about $400,000,000 from the war. They say that because of the war Morgan and his associates increased their holdings about $600,000,000. They say that there are numerous other multimillionaires who increased their holdings a total of several billion dollars because of the war. I am in favor of passing a law that will make each and every one of them dig up these undeserved and unearned profits of the war, and use same to pay the adjusted-compensation certificates which are a debt of honor due our veterans.

We must have a general house-cleaning respecting these Mellons, Mills, Meyers, and Morgans, and take from them the reins of government, and preserve this Republic for the people once more. As Christ whipped the money changers from the temple, we are looking to the President of the United States to keep his pledge, and see to it that every department of this Government is absolutely free of such contaminating influence. I have confidence in the President. You have confidence in him. The people of the United States have confidence in him.

In conclusion, let me state that we should not allow this $70,000 to be spent on this proposed junket to Montevideo. We ought to keep it in the Treasury. We need it for other purposes. It will mean much to the disabled veterans whose compensation the Veterans' Administration is cutting deep and cruelly. I am standing by the President, but I am at the same time doing what I believe he wants to do—seeing that justice is done our soldiers of this Republic.

Mr. BRITTEN. Mr. Speaker, I desire to submit a unanimous-consent request.

The SPEAKER pro tempore. The time is under the control of the gentleman from Texas.

Mr. BUCHANAN. Mr. Speaker, I yield 3 minutes to my colleague the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I guess I am about as hard-boiled as anybody in the House in regard to spending money. I believe that it will be a great damage to the United States if we are not represented at the Pan American Conference at Montevideo.

The Pan American Union was organized by the governments, with the idea that the American states standing together would create a better feeling.

Now, for us to say that we will not send a delegation there would be ridiculous. It would destroy the good will that we might have with every South American country. It would be absolutely ridiculous for us to say that we would not spend a few thousand dollars which it costs to provide for the American representation at this conference.

Frankly, if it was a matter where we could save money and get along I would be in favor of saving the money. But this is a case where if we spend $70,000 it will return to us many thousandfold in good will that will be created among the different countries.

Mr. MAY. Will the gentleman yield?

Mr. TABER. Yes.

Mr. MAY. Does not the gentleman think that we could save this $70,000 and devote it to the hospitals of the country to take care of the sick veterans?

Mr. TABER. We have more hospital facilities now than we need.

Mr. BRITTEN. Will the gentleman yield?

Mr. TABER. Yes.

Mr. BRITTEN. I have been reliably informed within the last few days that when the President of the United States invited the diplomats of other countries to call on us during the past 30 days their expenses were paid out of the contingent fund of the State Department.

Mr. TABER. I never heard of it, and I do not see why they should do that.

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Speaker, I am glad to have the criticism of the gentleman from Texas [Mr. BLANTON]. I am glad to stand here and hear him say that we are going to correct the mistake we made heretofore. I am glad he called attention to the fact. The gentleman from Texas voted for the so-called "economy bill."

Mr. BLANTON. The gentleman is not with the President.

Mr. KELLER. I am endeavoring to serve the people of my country. I am going to help them if I can. The gentleman from Texas has had a change of heart, I am glad to say.

Mr. MOTT. Will the gentleman yield?

Mr. KELLER. Yes.

Mr. MOTT. I was going to ask the gentleman from Texas [Mr. BLANTON] when he mentioned the matter and suggested that the time had come for Congress to correct the mistake it had made, how he proposed to correct it.

Mr. BLANTON. We are going to give back a part of the compensation to the veterans.

Mr. MOTT. You cannot do anything now for the veterans, for you have turned it all over to the President of the United States. In order to do anything for the veterans now, you will have to go to the President.

Mr. KELLER. I want to say that I know the difference between good economy and bad economy. The gentleman from Texas [Mr. BLANTON] does not. I think we ought to carry out our contract with the South American states. I do not believe that in the name of economy we should stop all expenditures. That is bad economy, and we ought to carry out our treaty obligations.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Does the gentleman want to speak on the bill?

Mr. McFADDEN. Yes.

Mr. BUCHANAN. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania.

Mr. McFADDEN. Mr. Speaker, I am heartily in favor of this appropriation. I believe it is a part of wisdom on the part of the United States to enter into these understandings and these meetings with the South American countries. I am fearful, however, that we have lost our great opportunity by not having a closer relationship with these countries, while we have been occupying our time with European troubles and involvements. I think it is well for us at all times to keep a close relationship with peoples of North and South America. Therefore I am heartily in favor of this proposition.

I should like, however, to call the attention of the House to the situation in respect to our further involvements abroad in these conferences. At present we have at Geneva an unofficial ambassador, Mr. Norman H. Davis, who yesterday attempted to speak for the United States and did further involve the United States in a consultative pact. That which Secretary Stimson started to do and failed to do Mr. Davis has done.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that the gentleman is not speaking to the amendment.

Mr. McFADDEN. I am speaking to the question of these conferences.

Mr. O'CONNOR. But this is a particular conference provided in this bill, and the gentleman promised when he took the floor that he would confine his remarks to this matter.

Mr. McFADDEN. I am confining my remarks to the question of these conferences.

The SPEAKER pro tempore (Mr. WOODRUM). The gentleman from Pennsylvania will proceed to discuss the matter before the House, which is Senate amendment no. 7.

Mr. McFADDEN. If I am deprived of discussing other conferences, then, of course, I shall have to desist.

The SPEAKER pro tempore. The gentleman yields back the remainder of his time.

Mr. McFADDEN. Mr. Speaker, inasmuch as I was not permitted to say what I intended to say, under leave which

has been granted to extend my remarks, I am taking advantage of it because of what has happened in Washington today. Before the Senate Banking and Currency Committee a preferred list of friends who are permitted to sit in on underwritings and deals of J. P. Morgan & Co. to the advantage of themselves and oftentimes to the detriment of the public was disclosed. Among others the name of Norman H. Davis was listed in this confidential relationship between J. P. Morgan & Co. and this preferred group.

For the past several years I have been calling attention to the work abroad, under four Presidents, of Norman H. Davis, and I have pointed out that in this capacity he was the representative of the international banking group, headed by J. P. Morgan & Co., and that he was not the representative of the American people but the agent of these international banking houses appointed by Presidents. I have pointed out how he has sat in unofficially, and sometimes officially, but always present at these great international conferences which dealt with armistice, war debts, Versailles Treaty, meetings at London, Paris, Geneva, and wherever international meetings involving the United States were held. This disclosure in the Senate Banking and Currency Committee today into the affairs of J. P. Morgan & Co. shows the close relationship that exists between this firm and Mr. Davis.

Yesterday at Geneva Mr. Davis made an announcement to the Disarmament Conference which involves the United States in European affairs to a greater extent than it has ever heretofore been involved, and to this involvement I am free to say that a majority of the people of the United States are opposed.

During the Hoover administration Mr. Davis was supposed to be the personal representative of President Hoover. When the Roosevelt administration came in, and, in fact, prior to March 4, Mr. Davis was called into conferences held by and between Presidents Hoover and Roosevelt.

Wall Street is a very versatile institution. It has in turn promoted wars, railroads, industries, and governments—and it has always made money for itself. Now it is adventuring in a new field. It is seeking new profits under the protection of the dove and the olive branch. Wall Street is about to incorporate the international conference industry.

As a preliminary step in this new program of financial flotation, Wall Street has its attorneys on the ground in the persons of Norman H. Davis and his adviser, Allen W. Dulles, to so organize the conference industry or the peace industry that securities based upon either or both can be sold directly or otherwise to the public. The past history of Wall Street does not encourage any conclusion that an object other than profits can be the impelling force behind its actions.

Sullivan & Cromwell, attorneys at law, have in the course of their practice approved the legal construction of a great many securities which have been sold to the American public. Among the many corporations whose securities they have shaped and recommended for investment have been the Goldman-Sachs structure, sold up to $209 and now quoted at $2; Central States Electric, sold up to $83 and now quoted at $1.50; and North American Co., sold up to $186 and now quoted at $16. An examination into the conduct of the Goldman-Sachs enterprise would disclose dubious operations by J. P. Morgan & Co. and the Goldman-Sachs officials which resulted in huge losses to the investing public and the defrauding of the Government of vast sums which should have been paid as income tax by the insiders.

Sullivan & Cromwell have evidently served their Wall Street clients well, but the cost of that service to the American public has been something that few of us would care to see repeated.

Allen W. Dulles, partner in the law firm of Sullivan & Cromwell, is the legal and economic adviser to Norman H. Davis, who in turn is an unconfirmed but nevertheless active ambassador to the Economic Conference and the Disarmament Conference. Mr. Dulles seems to enjoy the status of an unconfirmed counsel to an unconfirmed ambassador.

These unconfirmed representatives of our interests must have some impelling reason for their expenditure of energy. Since neither this body nor the Senate has given either gentleman any authority to discuss the affairs of the United States with the representatives of foreign nations, they must draw their authority from some other source. In the case of Mr. Dulles, his membership in the firm of Sullivan & Cromwell suggests that the clients of that firm are his inspiration. One may be pardoned for presuming that Wall Street is going into the conference business in a really big way.

The conference industry has been a costly one for the people of the United States—even more costly than the promoted practice of speculating in so-called "securities." In both the inspiration is the same—the profit of someone other than ourselves. The coming conferences are to deal with foreign trade, we are told. For every dollar of merchandise we have exported in the past dozen years we have also exported more than a dollar in American money, money that is never coming back to us.

It is pleaded that foreign trade will restore our prosperity. Foreign trade ruined our prosperity. Our exports came to an end because we could no longer afford to lend to the foreign buyer the money to pay for our goods. The foreigner did not pay the bills for our exported wares; we paid them.

The object of the pending London conference is stated to be the opening of our markets to foreign exporters. The real object—which is not stated—is to discover new means of milking the shrunken resources of the American people into foreign pockets. I would be glad to be told of any international conference in which we have participated in the past 25 years which has brought us anything but disaster.

Peace? Yes; we want peace and the world wants peace; but peace is not born in conferences with war lords.

Speaking of the London Economic Conference, and supplementing what I have said on the floor of the House during the past 2 days, I now want to quote an Associated Press article appearing in the Washington Post this morning under a London headline, May 23:

> British financial circles expect currency discussions now pending in Washington to result in a triangular stabilization agreement between the United States, France, and Great Britain. * * *
>
> O. M. W. Sprague, British representative in Washington, is considered here to be the mouthpiece of Montagu Norman, Governor of the Bank of England, in the currency talks. It was recalled that when Mr. Norman went to the United States last year, his efforts at disguise and secrecy failed to save him from publicity and attention.

The New York Times of today says, in speaking of the printed inflation started by Secretary Woodin, under a Washington date line:

> Coincidentally Mr. Woodin announced the appointment of Prof. O. M. W. Sprague, hitherto an adviser to the Bank of England, as financial and economic adviser to the United States Government, with the rank of executive assistant to the Secretary of the Treasury.

The query naturally arises, Is Sprague with England or the United States?

The article further states that before these announcements were made Governor Black of the Federal Reserve System conferred with Governor Harrison of the New York Federal Reserve Bank and Gov. Roy A. Young of the Federal Reserve Bank of Boston.

Another report indicates that Professor Sprague may be sent to London either as a delegate or as an expert to participate in the London Economic Conference. And, again, whom is Sprague to represent? The Bank of England or the United States Treasury?

It is well for us to understand that during the past 3 years Professor Sprague has been the economic adviser of Montagu Norman, Governor of the Bank of England, and has been advising the operations of the British stabilization fund which is practically the British Treasury, and the operation of this fund has been detrimental to the best interests of the United States in that it has affected the price of the dollar and price levels.

These incidents, together with the fact that if the United States enters this London Economic Conference, it will be almost wholly unprepared to cope with the elements which will be in control, and I am thoroughly convinced that this conference should not be participated in by the United States, as the accomplishments will not be beneficial but, on the contrary, will be detrimental to the best interests of the people of the United States.

May I say that if we must have conferences, if this habit of sitting around tables and talking in whispers has seized upon us with such a grip that the addiction is incurable, let us confer among ourselves upon our own affairs. Perhaps we can find solutions to some of our domestic problems and perhaps by practice we may acquire sufficient skill to take care of ourselves away from home.

Mr. Speaker, these men whose names are discussed as our representatives in the coming conferences will not be representative of our people. They will be representative of the class which has despoiled our people. Can we look to them to guard our interests? They have not guarded us in the past. The pressure of the changing times has led the wolf to pose as a sheep dog—but he is still a wolf. We will receive no benefits until the demands of Wall Street have been satisfied—and when has Wall Street ever been satisfied?

Let us set our own house in order before we undertake to instruct the neighbors in their economic housekeeping.

Is our recurring activity in foreign affairs based upon the Old World political principle that a foreign war is the surest remedy for domestic discontent?

These are not my questions. They are the questions which are in the minds of millions of Americans who at this hour are weighing us in the balance of their opinion. Men and parliaments alike are weighed on the scales of their performance.

Wall Street has been very active in public affairs of late. The public has grown chilly toward what are playfully called "investment" offerings and the one-time important revenue from commissions on the sales of securities has dwindled to only a trickle of the former torrent. But Wall Street is a versatile institution. It adapts itself to the times. When it cannot sell, it buys. When it cannot buy, it borrows. When it cannot borrow, it lends. When it cannot lend, it collects. It always conducts itself so that it makes money.

Legislative action to reduce its profits in any one field has the effect only of forcing it to seek another field; profits always avoid control, because control may operate to restrict profits. From time to time gentlemen from Wall Street come here to tell us that we must not restrict profits.

I have from time to time criticized the course of financial events. On January 14, 1932, I said in the House that the Reconstruction Finance Corporation was designed to be an aid to bankers and not to be a remedy for unemployment or a financial relief for the public.

On February 17, 1932, the Interstate Commerce Commission made public a statement from the Missouri Pacific Railroad, which said that J. P. Morgan & Co. had refused to cooperate with the railroad by extending the maturity of one half of a debt to the Morgan house which was to be due on April 1, 1932.

There was some discussion of the fact that the Missouri Pacific Railroad borrowed money from the Reconstruction Finance Corporation and then turned that money over to J. P. Morgan & Co. in payment of that debt.

On March 31, 1933, the Missouri Pacific Railroad filed a petition in bankruptcy, stating its liabilities at $40,589,330, of which $23,134,800 represented the railroad's debt to the Reconstruction Finance Corporation. Evidently the railroad borrowed public money to pay its private debts and then went into bankruptcy, leaving the problem of reimbursing the Reconstruction Finance Corporation to that latter corporation to solve. The only solution the Reconstruction Finance Corporation can offer is to lay the unsecured portion of the burden on the taxpayers of the country.

Wall Street, in this instance, represented by the House of Morgan, has demonstrated its versatility. It has the money. The Reconstruction Finance Corporation has the notes of a bankrupt.

I do not believe that the Congress should expend any part of our scanty public funds for the expenses of Mr. Dulles, Mr. Davis, or any other of the ambassadors of Wall Street in developing the profit possibilities of the conference industry, nor do I believe that the Congress, the Executive, or the country should be bound by the outcome of their maneuvers. I also believe that our domestic troubles will tax our powers to such an extent that we had best refrain from taking on any more of the load of international grief which has already nearly broken our backs.

Further, I believe that the international relations and negotiations of the United States should be conducted by men who have official warrant of authority direct from Congress. We provide liberally for our State Department and our Diplomatic Service. I am unable to see the necessity of also bearing the cost of fruitless European conferences, which to date have accomplished nothing but to add to our troubles.

To send abroad a stream of unofficial, semiofficial, and official delegates, observers, advisers, and experts would seem to be an imputation that our selected ambassadors and other officials of the State Department are not competent to perform their duties—an imputation which appears to be an injustice to those gentlemen and to the executive who selected them.

Mr. BUCHANAN. Mr. Speaker, the first conference of the "all-Americas", which includes Canada, Mexico, and all of the South American countries, was held in 1889, and was called by Mr. Blaine, then Secretary of State. It resulted in great good and tended to bring the nations of all the Americas together in harmony and good will. The next conference was held in the City of Mexico in 1901, the next in 1906, the next in 1910, the next in 1923, and the last one in 1928, and these conferences were held at various places in various countries. At one of these conferences a convention was adopted in which the delegates recommended to their respective nations that these conferences be held every 5 years, to encourage trade relationship, to solve transportation and other problems, and to suggest proper treaties and the settlement of difficulties between the different countries of this hemisphere. This is merely carrying out that treaty formally ratified in every country, that the conference would be held every 5 years. These conferences have resulted in great good, and in consideration of the problems that now confront us all, I think we should stand together.

Mr. McCLINTIC. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. McCLINTIC. Will the gentleman say that this proposed conference could or would perform a service that is not now being taken care of by the Pan American Union?

Mr. BUCHANAN. It could and does. They work in perfect harmony with the Pan American Union. In fact, the Governing Board of the Pan American Union is the Board that calls the conference. This same conference has been postponed for 12 months. If we had the right to call it, and I investigated that, I would ask that they postpone this for a year and not call it at the present time, but the power to call it is not vested in this Nation but in the Governing Board of the Pan American Union, and if they call it and hold it, we ought to be represented. Otherwise we will undo all the good that we have done in the past years in bringing the Americas together.

Mr. McCLINTIC. Is the gentleman in a position to say whether or not the countries in South America that are now either in revolution or have had their government overthrown could find delegates to a conference of this kind in proper mind to participate in such a conference?

Mr. BUCHANAN. I think when turmoil and dissention are dividing any country in South America that is the time to have a convention to pour oil on the troubled waters.

Mr. GRIFFIN. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. GRIFFIN. I am in favor of this amendment, but I question the wisdom of the language in lines 5 and 6, which seems to give permission to the delegates to travel by indirect routes. What is the idea of that?

Mr. BUCHANAN. That is the idea of the State Department, and that is one of the provisions that caused this amendment to be brought to the House for a vote, because it is legislation on an appropriation bill. That compelled me to bring it back for a vote. Otherwise I would have agreed to this appropriation in conference.

Mr. GRIFFIN. Cannot the House vote on it now?

Mr. BUCHANAN. Oh, it is such a small matter that it is not worth while sending the matter back to conference. It is not going to amount to anything.

Mr. GRIFFIN. I am afraid it opens it up to criticism by our friend from Texas [Mr. BLANTON] that it may prove itself to be a junket.

Mr. BUCHANAN. If you travel the most direct route, you would have to go direct from here to the place where the convention is held. Our delegates may desire to travel through another country and meet that country's delegates and have a preliminary meeting. They could not do that without this authority.

Mr. GRIFFIN. They might go to Geneva, and that would be a junket.

Mr. BUCHANAN. It is a great advantage.

Mr. BLANTON. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. BLANTON. My colleague knows that as my chairman I follow him on practically everything, but the gentleman himself says he would like to put this off for a year if he could. Does not the gentleman from Texas know that if this Congress of the United States would refuse to appropriate this $70,000 there would not be any such conference held this year?

Mr. BUCHANAN. No; I do not.

Mr. BLANTON. Other countries would follow suit, and they would save their money and put this off until next year or the year after, and we would save $70,000 for the taxpayers of the United States.

Mr. BUCHANAN. No. The gentleman from Texas does not know it would not be held. Neither does the other gentleman from Texas know it would not be held. If it is not held, the money is not spent, and there is no harm done. If it is held, we are represented there. So what harm can be done?

Mr. BLANTON. But if we appropriate $70,000 the other countries will feel as if they have to do the same thing, when it would be best for all of these countries to save their money this year and not have the conference.

Mr. BACON. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. BACON. I am informed the State Department considers this conference of the utmost importance.

Mr. BUCHANAN. Absolutely, and so does the President of the United States.

Mr. BACON. And I am informed the President of the United States considers it of the utmost importance, and he is very anxious that this conference should be held. In these times of turmoil and trouble, if we can do a little to help the peace and good will of North America, I think we should do it.

Mr. BUCHANAN. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I am not so very enthusiastic about most international conferences. In fact, I do not look for much good from any of the European international conferences. As I said in the House the other day, we generally get it in the neck. I am afraid in the coming European conference we will lose our shirts, and we may come home like Mr. Gandhi; but this is a different matter. This is a conference with South America. I not only think it is highly important that we should attend and participate but I believe it is for the best interest of our country, particularly in these days when the British Empire is holding imperial trade conferences and giving preferential rates to all parts of its Empire, and France is doing the same thing. I think this Pan American conference would be very helpful. I am going to make this statement, although I am a protective Republican, I always have been, and hope to always continue to be; but I believe if we are going to make any concessions in the way of trade and reduction of tariff rates it ought to be on the American continent. It ought to be toward South America, Canada, and Cuba; and if they can consider matters of this kind before this Pan American conference, I believe it will be for the best interest of all American people on this continent and for all people in our own country.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. BUCHANAN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Texas [Mr. BUCHANAN] to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 14. On page 7, beginning in line 7, insert:

"RECONSTRUCTION FINANCE CORPORATION

"That paragraph (6) of section 201 (a) of the Emergency Relief and Construction Act of 1932 is amended so as to read as follows:

"'(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, tornado, or cyclone in the year 1933 and deemed by the Reconstruction Finance Corporation economically useful. Obligations accepted hereunder shall be collateraled (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, and (b) in the case of municipalities or political subdivisions of States or their public agencies, by an obligation of such municipality, political subdivision, or public agency. The corporation shall not deny an otherwise acceptable application for loans for repair or reconstruction of the buildings of municipalities, political subdivisions, or their public agencies because of constitutional or other legal inhibitions affecting the collateral. The collateral obligations may have maturities not exceeding 10 years. Loans under this paragraph shall be fully and adequately secured. No loan hereunder shall be made after December 31, 1933. The aggregate of the loans made under this paragraph shall not exceed $5,000,000.'"

Mr. BUCHANAN. Mr. Speaker, I move to recede and concur with an amendment.

The Clerk read as follows:

Mr. BUCHANAN moves that the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with the following amendment: In line 8 of the matter inserted by said amendment, after the word "earthquake", insert the word "fire."

The SPEAKER pro tempore. The question is on the motion of the gentleman from Texas [Mr. BUCHANAN].

The motion was agreed to.

On motion by Mr. BUCHANAN, a motion to reconsider the vote by which the motion was agreed to was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. KVALE. Mr. Speaker, I ask unanimous consent to address the House for 4 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota [Mr. KVALE]?

There was no objection.

Mr. KVALE. Mr. Speaker, this morning's RECORD contains an earnest, forceful, and constructive statement by the gentleman from Texas [Mr. KLEBERG] with reference to the Economy Act as it applies to veterans. One statement, or, rather, a quotation in that statement of the gentleman from Texas has aroused my curiosity. That will be found on page 4023 of the RECORD. That statement reads:

There are no funds available to pay return transportation for beneficiaries discharged.

That is, discharged from veterans' hospitals and from soldiers' homes.

I have tried to reconcile that statement that no funds are available to pay return transportation of veterans discharged from soldiers' homes and hospitals, with the statement which appeared in last night's news reports of the payment of return transportation to those who had been in attendance at the bonus convention of the B.E.F.

The article in last night's paper stated that the transportation was being supplied, not out of the fund which would apply as a lien against the bonus of those veterans, the remaining half of which is unpaid, but out of the general funds of the administration. I thought if those funds were available for that purpose, certainly similar funds should be available to pay for the destitute, disabled, sick, and discouraged men who are turned out of these hospitals and homes as a result of the operation of this act.

Mr. FISH. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. FISH. I am sure the gentleman is correct, because not only do they use those funds for that purpose, but I understand they used those funds to hire the hall here at $300 a day in which to hold the convention, and they paid $1,000 a day to bring truck loads of delegates to the meeting.

Mr. KVALE. I hope the gentleman will have regard for my limited time; I have only 4 minutes.

Mr. FISH. I am asking by what authority of law that was done.

Mr. KVALE. I am coming to that.

Mr. KLEBERG. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. KLEBERG. I have in my hand by coincidence a letter from a veteran evidently completely patriotic and unusually patient despite his plight, on this proposition, which I hope the gentleman will see fit to include in his extension of remarks, if he asks that permission. This letter is in support of your statement.

Mr. KVALE. I appreciate my colleague's interest and cooperation. Will the gentleman make the request or does he want me to make it?

Mr. KLEBERG. I wish the gentleman would make the request, for it is right in line with what the gentleman is now saying.

Mr. KVALE. Mr. Speaker, I so request.

The SPEAKER pro tempore (Mr. WOODRUM). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

VETERANS' ADMINISTRATION HOME,
Kansas.

DEAR MR. KLEBERG: You will remember I wrote you some time ago from Corpus Christi, Tex., about getting in a veterans' hospital. The Veterans' Administration sent me here to the soldiers' home, and now, as you know, they are going to turn most of us boys out.

I will have no money to get home and am not able to hitch-hike it home. I would like to know if Congress could fix some way to give us transportation to our homes. There will be hundreds of us out without a place to go, and unable to work.

If I could get back home, I could make it some way. I will thank you very much if you tell me what, if anything, they can do.

Very truly,

BEN H. HENNING.

Mr. KVALE. Now, Mr. Speaker, I went to see the Assistant Administrator of Veterans' Affairs, in charge of finances, and asked him out of what funds this money came and by what authority it was granted for the payment of transportation of the bonus-application delegates, because the papers said that one delegate came at the last moment from Philadelphia, signified his desire to go to Seattle, and without question the fare was paid. Another man was sent to Alaska, according to the same news story.

The Assistant Administrator said that he did not know about it, that he did not understand it, and referred me to General Hines himself, the Administrator.

General Hines told me frankly that he had been ordered by the administration to make these payments, and that they were made after consultation with members of the Appropriations Committee of this body; that he had informal assurance that the independent offices appropriations bill would, when it emerged from conference, carry funds which would supplement the limited funds he had at his disposal for the transfer of patients and veterans from one hospital or home to another.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. KVALE. I yield.

Mr. TABER. I may say that if I am on that conference I will not agree to this kind of doings.

Mr. KVALE. Then the gentleman will not subscribe to what I am going to say, because I was going to go on and ask the membership of this House who are interested in the groups of veterans being discharged from hospitals and left without transportation, to go to the Members of the House Appropriations Committee, and to confer in addition with Senators upon the Appropriations Committee, to see that if the grant is made for veterans who were in Washington to be transported to their homes funds may also be granted for the veterans who are left now, far away from their homes, as the result of the Economy Act, so that they may be transported to their homes.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota may proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KVALE. Now, Mr. Speaker, I realize that by such a request I am going to embarrass members of the House Appropriations Committee, but my reason for making the request is this: Pending the revision of these veterans' regulations under the application of the Economy Act, the Administrator can go ahead in one instance if he has the informal assurance of the House committee. Now, in the emergency, with the discharged men actually on the street and destitute, he could take similar action if he had similar assurance from the committee that the money would be forthcoming.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. KVALE. I yield.

Mr. BLANCHARD. The gentleman understands, of course, there are hundreds of cases such as those he has spoken of.

Mr. KVALE. Certainly; and the pitiful part of it is that just because they are far enough away so that they are not on the doorsteps of the Members of Congress and of those in positions of executive responsibility, no attention is paid to them. But for those who are in the Nation's Capital funds can be found to transport them away in order that they may not embarrass some of us, at the same time that under the present plan the sick, disabled, discouraged veteran discharged from the hospital or home is left to hitch-hike his way back home, if his impaired strength and health will enable him to do so.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. KVALE. I yield.

Mr. FISH. Can the gentleman now tell me under what authority of law General Hines took this money and gave it to the veterans?

Mr. KVALE. I am not blaming General Hines for transgressing any authority; I feel he perhaps can show he did and does have the authority.

Mr. FISH. The gentleman will agree that those administering public funds must act under the authority of law.

Mr. KVALE. He acted on the informal assurance that the funds over which he has supervision will be supplemented later on, when the independent offices bill comes out of conference.

Mr. FISH. Who gave that assurance, Congress or some individual Member of Congress?

Mr. KVALE. The gentleman will have to confer with the members of the Appropriations Committee. I do not know.

Mr. FISH. We should like to know who gave that assurance. Does the gentleman know who gave it?

Mr. KVALE. I do not.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. KVALE. I yield.

Mr. McFADDEN. Inasmuch as the precedent has been established, does not the gentleman feel a refund should be made to the soldiers who last year had to borrow the money and give a lien on their certificates?

Mr. KVALE. I do not go quite that far, but I may say this, that I believe 9 out of 10 of the veterans that were sent out of town at the expense of the Government would be unwilling to accept it if they knew the gratuity was given them at the expense of the crippled, diseased, and helpless men who are out on the streets without adequate clothing, with no way to get back to their homes.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. KVALE. I yield.

Mr. TABER. My understanding was that the Appropriations Committee was opposed to paying the expenses of any convention here; that a convention of veterans was not any more entitled to have the Government pay its expenses than the D.A.R., or a group of national feed dealers, or any other group coming here to seek legislation from Congress.

Mr. KVALE. This was an emergency. I cannot quite agree with the gentleman's position.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. KVALE. I yield.

Mr. SNELL. By what authority were they fed and housed? Who appropriated the money, or who gave the authority for the use of the money?

Mr. KVALE. As I understand it, that was done out of War Department general funds. Just what the bookkeeping arrangement was, or what the specific order was, I do not know.

Mr. SNELL. By what authority could the War Department feed 500 men, whether they be soldiers or civilians?

Mr. KVALE. The War Department took similar action on a much more limited scale last year with reference to housing and to the purchase of clothing and emergency rations. The gentleman knows that.

Mr. SNELL. I did not know that.

Mr. KVALE. Last year emergency rations were issued.

Mr. SNELL. I am informed they were authorized by Congress to do it at that time.

I should like to have some one from some department of the Government tell me what right any executive officer has to use funds appropriated for one purpose for an entirely different purpose.

Mr. KVALE. The gentleman knows that many strange things are being done these days.

Mr. SNELL. I admit that, but I am going to try to find out about this.

Mr. MOTT. If the gentleman will permit, may I suggest to the minority leader that apparently money may be spent by the administration upon the same authority that they withhold other money. A good example of this is the fund appropriated to the States for roadbuilding, which was specifically exempted from being withheld under the Reforestation Act, but which the President, by an informal letter, has been holding up for the last 3 months without any shadow of authority.

Mr. SEGER. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. SEGER. I read somewhere during the occupation of the bonus army that some of this money came from a fund which was appropriated for French veterans and was not expended for that purpose. Does the gentleman know anything about that?

Mr. KVALE. It was intended to take up that expenditure, and they justified their action here on that basis, stating it had been appropriated and set aside and earmarked, but not used, and hence they felt justified in using it in this emergency.

Let me make a final plea. This is an emergency. We cannot wait for regulations to be revised. These men are on the street and they are destitute. They are not even strong enough to hitch-hike. If there can be latitude in one instance, it must be given in another. I am very sincere about this, and I believe that this purpose can only be accomplished by prevailing upon the House Appropriations Committee to give at least informal assurance to the Administrator of Veterans' Affairs so that he can act in the matter at once. [Applause.]

[Here the gavel fell.]

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes on veterans' matters.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. McGUGIN. Mr. Speaker, I think the time has come when someone should stand on the floor of this House and voice the suggestion that the regulations promulgated by President Roosevelt and as being administered by the Veterans' Bureau are not in keeping with the message sent to the Congress by the President in which he pledged the Congress and the people that if he were given the power under the economy bill, he would administer it justly and fairly to the veterans, consistent with the ability of the people to pay. I think it is particularly proper that this protest come from one who believed whole-heartedly in that message and who, without hesitation, acted as I did as a member of the Economy Committee. I accepted the President's message in the same spirit of confidence in him that the veterans had in him when they voted for him last November. I think it is also fitting that these remarks should come from one who voted against the bonus last year and one who is now opposed to the immediate cash payment of the bonus. I am such a person. I think the ill-advised demand for a bonus, including 12 years of unaccrued interest, at a time when the country was on its knees did much to bring about the dilemma in which the veterans now find themselves. Here are some of the things which I believe are wrong in the President's regulations and in the administration of them by the Veterans' Bureau.

First, I do not believe that it was the belief of Congress that the President was going to use the power granted by the economy bill to reduce the degree of disability of veterans who incurred disability in line of service.

There might be some justification for the flat 20-percent reduction, as provided in his regulations, in the compensation for war-incurred disability on the theory that the purchasing power of the dollar is greater now than it was at the time the pensions were originally authorized, but there is no justification for reducing the degree of disability. The truth is neither the Congress nor the country was demanding or expecting any percentage reduction in service-connected compensation. If a veteran had a war-incurred disability of a given percentage 1 year ago, he has the same or greater percent of disability now. The reducing of the degree of war-incurred disabilities, as is now going on in the Veterans' Bureau, in my judgment, is indefensible.

At this time I am not ready to lay the criticism at the door of the President, because I realize he is busy; and yet it was the President, not the Budget Director, not the Administrator of Veterans' Affairs, who sent the message to the Congress and to the country, and the President must bear this responsibility if he permits this wrong to be perpetrated upon the veterans of this country with war-incurred disabilities. The regulations under which the Veterans' Bureau is now making these changes in veteran benefits are regulations signed and issued by the President. It is no excuse that he permitted a Budget Director and the Administrator of the Veterans' Bureau to prepare these regulations. The President never requested, and Congress never gave any authority, for the Administrator of the Veterans' Bureau or the Budget Director to prepare regulations pertaining to veteran benefits. The President requested that Congress give that authority to him, and it was to him that Congress gave the authority to issue regulations prescribing veteran benefits.

As one who stood for this measure, and who under similar circumstances would do the same thing again, as a veteran, as a Member of Congress, and as a citizen of this country, I protest against the wrong which is being perpetrated on war-disabled veterans and the dependents of war-disabled veterans.

In the case of the Spanish War veterans, the Veterans' Bureau is literally prostituting a provision placed in that bill by the Congress, namely, that the presumption would be that the disabilities of Spanish-American War veterans were incurred in service. There was just reason for this presumption, because the Government did not keep good medical records during the Spanish-American War. The presumption of war-incurred disability, as any lawyer understands the meaning of a presumed disability, finds no place in the administration of this act by the Veterans' Bureau at this time. The burden of proof is still upon the Spanish War veteran under the conduct of the Bureau.

[Here the gavel fell.]

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to proceed for 2 more minutes.

Mr. BLANTON. Mr. Speaker, I reserve the right to object so that the time for the question will not be taken out of the gentleman's time. I want to ask my friend from Kansas if he thinks it is possible for the Spanish-American War veterans, 35 years after the war is over, to look up and get proper evidence to prove that their disabilities are service connected?

Mr. McGUGIN. I know it is wholly impossible.

Mr. BLANTON. That is what the Veterans' Administration is trying to require them to do, and as it is impossible for them to get the proof, we ought not to let the Veterans' Administration require it.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. McGUGIN. The Bureau in doing this is entirely disregarding a mandate from Congress, because we placed a provision in this bill that it should be presumed that their disability was incurred in line of duty, and therefore the burden of proof would be upon the Government and not upon the Spanish War veterans.

Mr. BLANTON. With such presumption in favor of the veteran, unless the Government can prove that it is not a service-connected disability, the Government has no right to change their ratings.

Mr. McGUGIN. Of course not. This is an abuse of power. It is bureaucratic oppression on the part of the Veterans' Bureau to carry on as it has in the case of the Spanish War veterans on the question of whether or not they have service-connected disabilities.

Now, there is another thing I want to touch upon. Under the old law the child of a World War veteran under 18 years of age received a pension. Under the new regulations the late World War veteran's child ceases to receive a pension when that child reaches the age of 16.

The veteran killed on the field of battle, when his son or daughter reaches the age of 16 the pension stops under this new regulation.

That is not Christian; it is not American; it is not common decency. We are not living in such an age.

Sixteen years is not now the age of maturity. The old provision should prevail that pensions do not cease until the child reaches the age of 18 years and not until the age of 21 when it is used for the purpose of an education. To stop these pensions upon the child reaching the age of 16 years, and thereby turning the child out in the world to hustle for himself, is an act on the part of the Government of forcing child labor.

The bill which Congress enacted giving the President the authority which he requested provided that no Spanish War veteran over 62 years of age should be stricken from the pension rolls. The regulations make a mockery of this provision added to the bill by Congress. When Congress required that the Spanish War veterans be left on the pension rolls it meant that Congress intended for these veterans to have a reasonable pension. When Congress was having confidence in the President and leaving much to him, Congress had a right to expect that reasonable consideration would be given to the wishes of Congress that Spanish War veterans be not stricken from the pension rolls. The President's regulations set the pension at $6 a month for those Spanish War veterans who otherwise would be stricken from the rolls except for this age provision made by Congress. I submit that this is not a fair regard for the wishes expressed by Congress in this matter. Setting these pensions at $6 is a dodging of the wishes of Congress rather than exercising a reasonable courteous regard for the wishes of Congress. Placing Spanish War pensions at a minimum of $6 can more properly be termed a spurning of the wishes of Congress and a wrong to the Spanish War veterans.

There may be other injustices in these regulations. I do not claim that this is all. These are the ones which I have particularly in mind at this time. These remarks are at this time primarily a criticism of the President's regulations rather than a criticism of him personally. If he permits these abuses to continue, then, so far as I am concerned, they become equally as much a criticism of the President as they are of his regulations. The President is popular. I want him to succeed. I want him to retain public confidence, not alone for himself but for the good of the country, but no man can be so popular that he has the right to do wrong or permit wrong to be done and expect to escape criticism.

The stability of government demands economy in government. On that score I stand where I have always stood. The veterans must meet their share of this economy. In this spirit there is much economy which must be effected in veteran expenditures, but there is no way to effect such economies as are now being attempted without the Government repudiating an honest debt due to veterans disabled in the defense of their country.

I make this plea hoping in my humble way that it will awaken the conscience of the country and thereby prevent the wrongs which I have here mentioned and which are about to be effected. [Applause.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made and include therein several excerpts.

The SPEAKER. Without objection, it is so ordered.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Without objection, it is so ordered.

Mr. WOODRUM. Mr. Speaker, when the message of the President of the United States came to Congress March 10 asking for authority to issue rules and regulations respecting the veterans' payments, and so forth, the Speaker appointed a special committee of five members to consider the resolution and report thereon to the House.

Along with the gentleman from Kansas, I was a member of that committee. I am sorry to see that my friend and colleague on that committee is now weakening on the position that he so courageously and patriotically took on that occasion.

Today I stand where I stood then—willing to trust the good sense and ultimate judgment of the President of the United States insofar as the veterans are concerned.

Gentlemen, let me say this to you: It was contemplated in the beginning that in making regulations of this kind, dealing as they do with hundreds and thousands of cases—not individuals but with classes—it was realized that undoubtedly injustices were going to come in, and discriminations, hardships, just the same as under the old law when men received benefits that no Member of Congress could or would justify.

Now, gentlemen, I repeat what I said when I brought in the independent offices bill. I know there are places in the new regulations where the cut is more drastic than the Administrator of the Veterans' Affairs intended it to be, more drastic than the Director of the Budget intended it to be, more drastic than the President intended it to be.

Mr. MOTT. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. MOTT. Will the gentleman say why the President let these drastic cuts be made?

Mr. WOODRUM. Because the regulations had to be put into effect in thousands of cases—not individuals—but after we have made a careful survey and study, the gentleman may rest assured that the administration will in the end do full justice to the veterans. [Applause.]

Mr. MOTT. How can the gentleman say, when you cut a compensation 50 percent, that the cut of 50 percent was greater than the one who cut it intended it to be?

Mr. WOODRUM. Mr. Speaker, I do not know what the gentleman's question means. I say that the President issued these regulations, and they are being put into effect. It has now been demonstrated that some of the cuts are very drastic; and I can say with assurance, and the President has himself said to the American people and to the commander of the American Legion when he called on him, that the new regulations and their effect were undergoing a survey and careful study, and as soon as the full effect can be shown, wherever there ought to be revisions in order to do justice to service-connected cases, those changes will be made; and if such changes are not made, Congress always has the right to go back and correct the matter if it wants to do it. But my plea to the Congress—and I beg of you, my Democratic colleagues—in God's name, let us give the President a chance to do the job himself. We gave him the authority; now let us give him the opportunity to go through with the job and do the thing the way it ought to be done.

Mr. MOTT. Does the gentleman believe a system of trial and error is the proper system to arrive at what should be done?

Mr. WOODRUM. No; I do not; and I do not think any such system has been used.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. PARSONS. I am willing to trust the President so far as the President has time to have knowledge of what is being done, but the gentleman knows that the Administrator of the Veterans' Bureau has occupied this same position for more than 10 years, and he is the fellow who made the report, who knew exactly what he was going to do when that bill was brought in, and you cannot deny that he did not know what was going to be put into effect under the rules and regulations prescribed right now.

Mr. WOODRUM. I do deny it, and I think I have as much opportunity to know about it as the gentleman from Illinois. I do deny that they intended some of the cuts that have been made.

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes more.

The SPEAKER. Is there objection?

There was no objection.

Mr. KVALE. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. KVALE. The gentleman was so courageous in assuming full responsibility for his share in reporting the original act that I think some of us should testify that the gentleman from Virginia had the courage and vision some months ago to see what was coming, and advised quietly that the sensible thing to do might be to accept a flat 10 percent cut in order to avoid the major penalties that have now been inflicted.

Mr. BUSBY. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. BUSBY. The gentleman gives us his view of what has taken place. If the gentleman will permit, I dissent entirely from the conclusion he reaches on the facts that he has stated, because I think this all comes about from the National Economy League to accomplish a definite and certain cutting out of compensation to veterans without regard to how it is to be done, and they accomplished exactly what the Chamber of Commerce of the United States said should be done, a $400,000,000 cut, and it has made very little difference with them about the merits of the individual cases.

Mr. WOODRUM. The gentleman shows his absolute unfamiliarity with the program of the Economy League.

Mr. BUSBY. But——

Mr. WOODRUM. Oh, I do not yield. Let the gentleman sit down and listen to me for a moment.

Mr. BUSBY. Then, we will have to have a quorum here.

Mr. WOODRUM. I do not care. Call for a quorum if you like. The National Economy League did not advocate a cut of service-connected disability compensation. All they advocated was the entire elimination of non-service-connected disability compensation.

The SPEAKER. The time of the gentleman from Virginia has again expired.

PURCHASE BY RECONSTRUCTION FINANCE CORPORATION OF STOCK OF INSURANCE COMPANIES

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 156, a privileged report from the Committee on Rules, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 156

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 1094, an act to provide for the purchase by the Reconstruction Finance Corporation of the preferred stock and/or bonds and/or debentures of insurance companies. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. RANSLEY. Mr. Speaker, there is no demand for time on this side of the aisle.

Mr. O'CONNOR. Mr. Speaker, I yield myself 10 minutes. This rule provides for the consideration of what is known as "the insurance bill", reported by the Committee on Banking and Currency, permitting the Reconstruction Finance Corporation to purchase the preferred stock or capital notes of insurance companies. We are informed that an emergency exists, that the administration desires the passage of this bill to help out in the insurance field. It is a bill somewhat along the line of the bill we passed authorizing the Reconstruction Finance Corporation to purchase the preferred stock of banks. Yesterday I placed in the RECORD, on page 4020, a statement of the situation which gives rise to the need for this legislation. The need is not confined to any particular company. It is not confined to any particular city or State. The failures in the insurance world to date have been large and widespread. Many of these insurance companies do business in practically every State in the Union and have hundreds of thousands of policyholders.

Mr. McCLINTIC. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. McCLINTIC. It is generally reported that many of these large insurance companies pay salaries or annuities or grant gratuities to certain individuals in their organization to the extent of as much as $175,000 per year. If that is true, does this bill in any way protect the taxpayers so that those who receive aid from the Reconstruction Finance Corporation will not be allowed to dissipate the money that they receive?

Mr. O'CONNOR. As I understand it, it does. The bill as it passed the Senate had a limitation of $17,500 as the salary for any officer in any one of these insurance companies that might borrow from the Reconstruction Finance Corporation. The amendment put in by the House committee strikes out that specific limitation, but leaves it in the discretion of the Reconstruction Finance Corporation as to whether or not the salaries paid are reasonable.

Mr. McCLINTIC. I should like to ask another question.

Mr. O'CONNOR. If the gentleman is going to ask about the details of the bill, of course that is not within my province as a representative of the Rules Committee.

Mr. McCLINTIC. According to the information I have an insurance company is allowed to carry in its list of assets all unpaid interest and all installment payments that are

due and not paid. Is there anything in this bill that would require the Reconstruction Finance Corporation to carefully look into that situation?

Mr. O'CONNOR. I have no knowledge of that situation.

Mr. Speaker, in the statement which I inserted in the RECORD I intended to show that this situation of the insurance companies is effected with a public interest. Not only is this true from the standpoint of the great number of policyholders, but I am informed a situation has developed that in the light of the failures to date, American companies in which our people have their money invested are losing the insurance business to England. I cited one instance where an English company was expected to do about $5,000,000 worth in premiums in a given period, and because of the failure of American companies it did in the neighborhood of $23,000,000 worth of business. Mark you, that one of the great American universities has canceled all its policies in American companies and placed them in British companies. Because of the situation of the American companies, with a consequent loss of employment the business is going out of our country, and I believe it is not only effected with a public interest but with a national interest.

If the Government can come to the aid of banks it should come to the aid of these insurance companies which serve the people throughout every part of America.

Mr. TRUAX. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. TRUAX. I would suggest, if the gentleman will verify the statement just made in regard to the English company, which, I believe, is the Sun Life Insurance Co. of Canada, he will find the statement is wholly incorrect and that that company during the past two years has lost heavily in volume of premiums here and American companies have gained.

Mr. O'CONNOR. My information to the contrary comes from responsible public insurance authorities. That is all I know about it.

Mr. PEYSER. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. PEYSER. I might state to the gentleman that the situation which is existing today with all insurance companies, declaring a moratorium on loans and surrenders, has not been lifted, and that is due principally to the fact that the smaller companies, who would be benefited under this particular measure, are the ones that have caused this, because in order to be fair to all the moratorium is against even the big companies that do not need that assistance at the present time.

Mr. O'CONNOR. Well, of course, the gentleman knows much more about the insurance business than I do. The gentleman is an expert on insurance, and I will take for granted what he says, but when one of these big companies collapses, it takes with it a number of smaller companies, as the gentleman knows, by reason of reinsurance, and so forth. Furthermore, these companies must dump their securities on the market to meet demands for return of unearned premiums on canceled policies. These companies constitute one of the largest groups of holders of mortgages on the homes and farms in America. The entire country is interested for that reason alone.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. SHOEMAKER. In the bill it does not include mutual insurance companies, and the loans are upon capital stock.

Mr. O'CONNOR. Well, I am not sufficiently familiar with that detail to discuss it, but prefer to leave that to the Committee on Banking and Currency. I do know, however, that the bill is offered as a part of the administration program, to meet an acute emergency, to help to rehabilitate the insurance companies of America who find themselves in this critical position growing out of the depression.

Mr. KENNEY. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. KENNEY. The Reconstruction Finance Corporation has already loaned large sums of money to the insurance companies, has it not?

Mr. O'CONNOR. Yes.

Mr. KENNEY. And if this bill is put into effect, it will enable the Reconstruction Finance Corporation to accept preferred stock in payment of the loans made by it to the insurance companies?

Mr. O'CONNOR. Yes; or to loan on such stock as collateral.

Mr. Speaker, this bill should pass today.

I reserve the balance of my time, Mr. Speaker.

I yield 5 minutes to the gentleman from Texas [Mr. MCFARLANE].

Mr. MCFARLANE. Mr. Speaker, if you will refer to page 4020 of the RECORD, to the remarks of the gentleman from New York [Mr. O'CONNOR] on yesterday, it will be seen that he is referring to the Globe & Rutgers Fire Insurance Co., and to the National Surety Co. Those are the only two companies that he names. I may be in error, but as I remember it, the National Surety Co. is in receivership now. I do not know about the other company. It is one of the largest surety companies in the world. I do not know the amount of salaries being paid at this time to the officials of their companies and other officials that will receive the benefit of this, if this rule is adopted and this measure approved, permitting the insurance companies to offer as collateral their notes, bonds, or debentures for loans from the Reconstruction Finance Corporation, it will mean that these casualty and surety insurance companies will be allowed this additional $50,000,000 dole while the poor disabled war veterans and their dependents and the 13,000,000 unemployed generally will be left to local charity to be cared for. But it seems that the big international bankers, the railroads, and these insurance companies, who now have already received over $90,000,000 in loans from the Reconstruction Finance Corporation, are to again be allowed to carry home the bacon and continue their reign of reckless salary payments to their officers unmolested.

PUBLICITY FOR INCOME-TAX PAYERS

Yesterday and today the Senate Investigating Committee has disclosed how easy it is for these big international bankers such as J. P. Morgan & Co. and their affiliates to evade the payment of their income taxes. Mr. Morgan frankly admits that he has not paid any income taxes for 1930, 1931, and 1932, neither have his wealthy partners, who are many. It seems that this Congress should now interest itself in tightening up the loopholes in our income tax law that make these evasions possible. Certainly proper legislation should be enacted at this session of Congress giving publicity to the income-tax returns to the end that the public generally may know more about the manipulations, maneuvers, and so forth, of these Wall Street pirates.

The bill provides $50,000,000 additional help as doles to be handed out to the insurance companies.

WE SHOULD HELP THE TAX PAYERS, NOT THE TAX DODGERS

We have heard a lot of comment in the last few days and a lot of tears have been shed for the stockholders of these corporations and similar corporations. When the Muscle Shoals bill was before us, tears of great anguish were shed here on the floor by some Members speaking for the Alabama Power Co. and other similar corporations whose stock might become less valuable if the Muscle Shoals project should pass. No doubt we will hear the same plea made today on behalf of the stockholders of these insurance companies. I am wondering why more of the Membership of this House does not take the floor and plead for the widows and orphans and the overburdened taxpayers of this country, who are burdened to death with taxes and cannot pay them, who are losing their homes and their property and their all? This is just another $50,000,000 dole to be handed out by the Reconstruction Finance Corporation to these insurance companies, who have already been favored too much by the Government.

Mr. PEYSER. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. PEYSER. I can state that I believe this relief is not primarily for the stockholders as much as it is for the policyholders.

There are 60,000,000 policyholders in life-insurance companies, and if these companies are not helped then the public is not helped.

Mr. McFARLANE. In answer to that, I may say it is the same plea we heard at the time of the enactment of the Reconstruction Finance Corporation Act. Congress then was interested in helping the stockholders of those companies. I believe there is another side to that question, the one to which I have just referred, the taxpayers and the people of this country who already realize they have lost hundreds of millions of dollars in loans that have been doled out to these worthless companies. These loans ought to be stopped, and now is the time to stop further doles of this kind.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. BLANCHARD. Would the gentleman call a secured loan a dole?

Mr. McFARLANE. They may be secured, but what is the value of the security? Charley Dawes came down here and went back with $90,000,000; the railroads come in and carry off millions not properly secured. Oh, yes; they have some worthless securities, but what could the Government realize on these securities for the money it is loaning to these people?

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. BLANCHARD. Is it not a matter of administration to see that proper security is required?

Mr. McFARLANE. Oh, all laws are a matter of administration. The question is this, Is it right for us to stand up here in view of actual experience showing how poor the administration of these measures has been and by our vote and action embark the Government on further experiments along the same line? Are we to approve this kind of action?

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. O'MALLEY. If these companies are in need of financial assistance, is not one way they can secure it by cutting down the salaries of $100,000 to $175,000 a year they are paying their own officials?

Mr. McFARLANE. Certainly they should; and we should require that in this bill. I ask unanimous consent, Mr. Speaker, to insert in the RECORD at this point the salaries paid the officials of some of the principal insurance companies—the Equitable, the Metropolitan, the Mutual, the New York Life Insurance Co., and the Prudential Insurance Co.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The matter referred to follows:

	1929	1932
EQUITABLE LIFE ASSURANCE SOCIETY		
T. I. Parkinson, president	$75,000	$100,000
L. M. Fisher, vice president	34,375	40,000
W. J. Graham, vice president	34,375	40,000
R. D. Murphy, vice president	20,000	30,000
D. A. Walker, vice president	17,187	20,000
METROPOLITAN LIFE INSURANCE CO.		
F. H. Ecker, president	175,000	200,000
L. A. Lincoln, vice president	66,875	125,000
A. C. Campbell, vice president	35,000	40,000
H. E. North, vice president	30,000	35,000
F. W. Ecker, treasurer	27,500	32,500
THE MUTUAL LIFE INSURANCE CO.		
D. F. Houston, president	100,000	125,000
F. L. Allen, vice president	40,000	40,000
G. K. Sargent, vice president	40,000	40,000
EQUITABLE LIFE ASSURANCE SOCIETY—continued		
W. Shields, vice president	31,250	40,000
P. M. Forshay, vice president	30,000	30,000
NEW YORK LIFE INSURANCE CO.		
T. A. Buckner, president	100,000	125,000
W. Buckner, vice president	55,360	55,400
A. L. Aiken, vice president	45,000	45,000
J. C. McCall, vice president	56,200	55,000
L. H. McCall, secretary	18,892	18,000
T. A. Buckner, Jr., assistant secretary	8,604	10,000
H. Palagano, treasurer	45,400	45,000
THE PRUDENTIAL INSURANCE CO. OF AMERICA		
E. H. Duffield	125,000	125,000
F. D'Olier, vice president	75,000	75,000
G. W. Munsick, vice president	48,000	50,000
J. W. Stedman, vice president	43,000	43,000
J. K. Gore, vice president	43,000	43,000

Mr. DONDERO. What would the gentleman say as to whether or not this is in keeping with what we did under the farm-allotment plan, where we tried to help 68,000,000 policyholders of insurance companies? Are we not really helping people out if we take this action?

Mr. McFARLANE. That depends upon the point of view of the gentleman. It all depends on the administration, and we have found out that the administration of some of these measures is detrimental to the rank and file of the taxpayers of this country in the losses suffered. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was adopted.

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of the preferred stock and/or bonds and/or debentures of insurance companies.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill, S. 1094, with Mr. FULLER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. STEAGALL. Mr. Chairman, this bill represents an effort to continue the services of the Reconstruction Finance Corporation at this time. The Reconstruction Finance Corporation Act was recently amended so as to permit the Corporation to subscribe for preferred stock in banks, or to make loans, secured by preferred stock in banks as collateral.

The Reconstruction Finance Corporation Act was an emergency measure. It could not be justified except as an emergency measure. If we were to review the services of the Corporation and discuss its various activities, of course we should not all agree as to the wisdom of each particular act or the helpfulness in each instance accomplished by the Corporation.

Certain it is, regardless of any fundamental considerations involved in the legislation, that the Reconstruction Finance Corporation supplied a measure of relief from the time it was placed in operation until this hour.

The present administration inherited the Reconstruction Finance Corporation. It is desired by the present administration that we shall avail ourselves of the continued services of the Corporation during the continuance of the emergency which necessitated the enactment establishing the Corporation.

We think, we hope, and we pray that a better, a happier day is not far distant, that we shall soon experience such a recovery in business, such a resumption of the uses of normal credits, such a revival of business activities as will

obviate further necessity for the services rendered by the Reconstruction Finance Corporation. At this time we cannot say that we have reached that happy situation.

The insurance companies of the United States have shared in the misfortunes resulting from this depression. I have heard no contention that the business of insurance companies of the United States has not been conducted prudently, safely, and in accordance with thoroughly tested and established principles and safeguards. But we have witnessed a decline, a tremendous decline, in all values, and, of course, those in connection with which the insurance companies of the Nation have their investments.

There have been several failures of insurance companies. They are like banks. There can be no failure of one without hurtful consequences to the other. Many of the insurance companies are interlocked, such as fire and casualty companies. If I understand the situation, when application is made for insurance with one of these companies, it often happens that the company receiving the application does not carry all the risk involved in granting that application, but the risk is distributed among other companies so that in the nature of their business a misfortune that befalls one company is visited in many instances upon other companies.

Again, any misfortune to an insurance company, or insolvency of an insurance company, as in the instance of a bank, engenders distrust and results in a loss of confidence. The loss of confidence precipitates demands for cash payments, and often brings about, which has actually happened, a reduction in premium receipts and curtailment of the normal increases in business.

The insurance companies carry securities that ramify every activity in the country. They carry a large amount of farm mortgages, an enormous amount of home mortgages, in addition to what has always been regarded as high-class stocks and other securities.

If we hope to make progress—and I think it will be agreed we are making progress—toward improvement and recovery, we cannot afford to neglect the important part that must be played by the insurance companies in the general economic situation of the United States.

Mr. GLOVER. Will the gentleman yield?

Mr. STEAGALL. I gladly yield to my friend.

Mr. GLOVER. Will the gentleman tell us about how much the Government has advanced to insurance companies up to this time?

Mr. STEAGALL. The figures show there have been loans totaling about $90,000,000, and the Reconstruction Finance Corporation has outstanding now loans to insurance companies amounting to a little over $70,000,000. Of course, the loans now carried in these companies by the Reconstruction Finance Corporation are involved in an effort to save these companies. That is an important consideration in connection with the measure before us.

After all, the case of the insurance companies is very much like that of the banks. If it becomes known that the Reconstruction Finance Corporation is going to support the insurance companies by supplying credit, so far as it is justified, the restoration of confidence due to such a policy and such a declaration of purpose will itself accomplish a great deal of what is needed without the requirement of large loans by the Corporation.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. COCHRAN of Missouri. Considering the magnitude of the insurance business, does the gentleman feel that $50,000,000 is going to be sufficient?

Mr. STEAGALL. The gentleman has asked me a question that I should not feel quite qualified to answer in my own right. Probably the gentleman is better informed than I am, but our committee was told by those who ought to know that the judgment was that the amount of $50,000,000 of loans to be made and outstanding at any one time would be sufficient to accomplish what is desired by this service.

Mr. COCHRAN of Missouri. Does the gentleman believe that the little fellow is going to have an opportunity to get some of this money?

Mr. STEAGALL. My information is that, as a rule, it is the little fellow who desires this legislation and who has asked for it and for whose benefit it is intended. I do not think there can be any separation of interest between small companies and large companies.

I can remember, when the little banks were failing and some of the large banks looked upon the situation with complacency and contentment, I warned the big bankers that the banking structure in this country was one building, and that if fire broke out in any corner it ought to be a source of serious concern to every occupant of the building. I think events have justified that statement. I think everybody will agree now that every bank, large or small, had a legitimate interest in the successful operation of every other bank, large or small. I think the same is true of the insurance companies.

We are laboring more toward the one object of restoring confidence in this country than any other one thing, and the passage of this legislation is the biggest service we can render so far as insurance companies are concerned, and they tell us $50,000,000 will accomplish the results desired.

Mr. HOLMES. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HOLMES. The primary purpose of this bill is to help stock insurance companies and not mutual insurance companies?

Mr. STEAGALL. I think, perhaps, the gentleman is placing a limit that is rather narrow upon the provisions of this bill. That will probably require an answer from someone more competent to pass on the question than I am; but this bill provides for the purchase of preferred stock or capital notes of insurance companies, and capital notes of insurance companies are evidences of indebtedness which are subordinated to other indebtedness, but which would be reimbursed in preference to stockholders of any class. I am advised that many of these companies which the gentleman has in mind have surplus accounts. The surplus account of an insurance company is the same, in practical effect, as capital stock. It stands over and above other indebtedness, and I should think that the companies to which the gentleman refers would be embraced in the provisions of this bill which would permit loans to be made on capital notes.

Mr. HOLMES. For a mutual life-insurance company?

Mr. STEAGALL. I should think so. I am not asserting this as against the gentleman's judgment. He is probably better informed on the subject than I am.

Mr. SPENCE and Mr. DONDERO rose.

Mr. STEAGALL. I yield first to the gentleman from Kentucky.

Mr. SPENCE. I think the gentleman's question is covered by section 11, which provides—

> As used in this act the term "insurance company" shall include any corporation engaged in the business of insurance or in the writing of annuity contracts, irrespective of the nature thereof.

Mr. STEAGALL. Yes; the language is just as broad as we can make it. The only difficulty, of course, arises out of the manner in which the Reconstruction Finance Corporation is authorized to make an advancement, and it must be upon preferred stock or upon capital notes. The question, of course, would recur, as suggested by the gentleman, with reference to mutual companies. The effort is to make it cover all insurance companies, and I think it does.

Mr. DONDERO. There would be no reason for eliminating legal insurance companies if we want to render the aid sought by this bill.

Mr. STEAGALL. The purpose of the bill is to try to aid all these institutions, because of their relation to the general economic situation and because of what is involved to the citizenship of the entire Nation. Thousands of citizens are interested as home owners, as owners of securities affected, and, above all, women and children are dependent on investments in life-insurance companies for education and for support in old age. Insurance companies hold the life savings of thousands of people who have put their all in the companies.

I want to say in that connection that some suggestion was made—I am not sure that I can quote it exactly—but it was to the effect that this legislation was designed to relieve the stockholders in insurance companies.

Let me say in that connection that nothing is further from the purpose or in the technical provisions of this bill. The purpose is to restore the capital structure of institutions to the point that brings them within the rule of solvency, so that under State law there will not be proceedings to liquidate companies or throw them into receiverships. The bill provides that loans or purchases by the Reconstruction Finance Corporation shall be preferred over all stockholders of the company. So there can be no basis for the contention that the legislation is for the benefit of stockholders.

The purpose of the legislation is to save these institutions for the benefit of all the people by continuing the methods that have been employed in restoring normal business conditions in the United States.

Mr. PARSONS. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman.

Mr. PARSONS. Can the gentleman tell us with any certainty when we are going to stop unloading the Reconstruction Finance Corporation?

Mr. STEAGALL. I wish I could assure the gentleman when that will happen. I am sure every Member of the House feels just as he does. The desire to reach the point where we may abandon the services of the Reconstruction Finance Corporation is universal, and, frankly, I join him in the hope that the time will soon arrive. I am sure my friend and I are in agreement at this point.

Mr. SNYDER. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. SNYDER. What we have been doing is for the purpose of restoring confidence. I am with the gentleman on this. But I want to mention this fact: I believe that 95 percent of all the people, when you mention the Reconstruction Finance Corporation, have sort of a dark screen thrown out in front of them. I am not saying that the Corporation did anything that they ought not to have done in the past, but if we could do away with the name Reconstruction Finance Corporation, it would establish confidence and bring hundreds of millions of dollars out of hiding and put it in our banks, because we would restore further confidence in our banks.

Mr. STEAGALL. I am aware of some criticism of the Reconstruction Finance Corporation. I do not think this legislation involves a range of discussion so wide as that. But I will say that we have instances where the Reconstruction Finance Corporation has advanced a bank in individual instances larger sums than the total loans that may be made to all the insurance companies of the country under the terms of this legislation.

Mr. PARKER of New York. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. PARKER of New York. The gentleman is aware that the War Finance Corporation loaned under the Transportation Act a billion and half dollars to the railroads. Is the gentleman aware of the fact that all of that has been paid back except $38,000,000, and this amount is owed by the small railroads; and that the profits to the Corporation between the 6 percent the railroads paid and the 4 percent the Government borrowed, amounted to over $200,000,000? I think that shows conclusively that the money you are loaning now will come back to the Government; that it will be paid back by these institutions. I do not think that it is a gratuity; no more than it was in 1920 to the railroads.

Mr. BEEDY. Will the gentleman yield that I may ask a question of the gentleman from New York?

Mr. STEAGALL. I yield.

Mr. BEEDY. When we were making those loans we had some security for them.

Mr. PARKER of New York. Yes; we had security.

Mr. BEEDY. The gentleman realizes that under this bill we not only have no security but we subrogate the Government claims to those of other creditors.

Mr. PARKER of New York. I was not speaking particularly about this bill. I was speaking generally.

Mr. STEAGALL. Mr. Chairman, to keep the record straight, we are not providing for making loans under this bill without security. On the contrary, the Reconstruction Finance Corporation is required to take adequate security on all loans. The Corporation is permitted to purchase preferred stock or capital notes, that take the place of preferred stock, and the very purposes of such purchases or such loans is to restore the institution to a state of solvency.

The laws of the States under which the companies operate require them to keep in solvent condition, and it is only because the capital needs replenishment in order to restore a company to solvency that the Corporation may make loans on preferred stock or purchase capital notes. So that unless the officers in these States or officials of the Reconstruction Finance Corporation practice a fraud, these loans will be solvent and the Government will be protected. There is not a line in this bill that authorizes a dollar to be loaned by the Reconstruction Finance Corporation without solvent security back of it to insure its return to the Treasury of the United States.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. PARSONS. We have the shining example of what the Reconstruction Finance Corporation has done to some banks. Take the Bank of Knoxville, Tenn. It joined with another bank with assets of about $25,000,000. They kept on drawing out of it, and then the bank came to the Reconstruction Finance Corporation and borrowed, I think, $8,000,000. The depositors continued to still draw out their deposits until it got down to $12,000,000. The bank was closed. Every dollar that is left in that bank is pledged as a prior lien to the Reconstruction Finance Corporation, and there will not be 2 cents on the dollar to pay the depositors; and there are dozens of instances like that in the banks of the country.

Mr. STEAGALL. It is difficult to answer the gentleman when on one side we are told that the Reconstruction Finance Corporation is going to make loans without security and on the other hand criticized because too much security has been required.

Mr. PARSONS. I want to answer the gentleman from New York [Mr. PARKER], if the gentleman will permit. The situation is quite different now from what it was in 1920. In making loans to the railroads and public institutions and utilities in 1920 they were on the upgrade then.

Mr. PARKER of New York. Oh, no.

Mr. PARSONS. We had prosperity in front of us, but the gentleman is aware of the fact that the condition of the country and of these various institutions at the present time presents an entirely different picture.

Mr. PARKER of New York. They were very similar to what they are today.

Mr. STEAGALL. The very fact that the Reconstruction Finance Corporation is asking for this legislation, the very fact that these loans are not being made under existing law to these insurance companies, is proof positive that the Reconstruction Finance Corporation is undertaking to observe the law of Congress which requires the Corporation to take adequate security on loans, and if that were not their attitude, there would be no reason for the administration submitting this bill to Congress. The present administration will be responsible for the conduct of the Corporation. I think we are justified in trusting this administration.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. SABATH. The gentleman stated that in the past the Reconstruction Finance Corporation has made single loans of much greater amount than that provided in this bill. I rise to ask whether the gentleman gives sanction or approval to the loan made to the Dawes bank in Chicago; whether that loan had his approval? I do not think it had, and I do not want the chairman to leave himself in the position before the country of approving a loan made to that bank on worthless security.

Mr. STEAGALL. I am not prepared to say just how much value there was in the securities back of the Dawes loan. I am not well enough informed to tell this House all that was involved in that transaction. I do not desire to discuss any individual loan of the Corporation, to approve it or disapprove it, to commend it or criticize it. I have not had time to trace individual transactions of the Reconstruction Finance Corporation in such a way as to form a fair judgment as to each and every loan. I simply call attention to the fact in answer to the suggestion that was made that under this bill there cannot be a total of more than $50,000,000 loaned to all of the insurance companies of the country, while there have been instances of loans of a larger amount than that in individual cases.

Mr. PARSONS. Fifty million dollars is the total amount of the loans?

Mr. STEAGALL. That is the limit which may be loaned to all of the insurance companies, so that it may be fairly contended that this is at least a modest, conservative plan which we have submitted for aid to insurance companies.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. WOODRUFF. Unfortunately, I have been detained from the Chamber, and I have not heard all of the discussion; but is seems to me that if there is one fundamental reason for this bill, if there is a fundamental thing involved in it, it is the protection of every insurance-policy holder in the country.

Mr. STEAGALL. Certainly it is. It is a protection to the wife and children of every citizen of the United States who has put his life's earnings and accumulations into an insurance fund for their benefit. That is true.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. PARSONS. Provided that it does not work out as the Knoxville Bank worked out, as many of them have so far; but we have extended the bonding power of the Reconstruction Finance Corporation very much. I kept up with it for several months, but it is hard to do that any more, we have had so many measures in here during the last few weeks. I should like to know what is the total bonding power, including the capitalization, of the Reconstruction Finance Corporation?

Mr. STEAGALL. I cannot give those figures exactly at this time. I can easily put them into the RECORD, but I cannot give them accurately at the moment.

Mr. McCORMACK. May I suggest that the original act provided for $500,000,000 revolving fund, with $1,500,000,000 bond issue? Later a bond issue of $1,800,000,000, making a total of $3,300,000,000 of bond issues and $500,000,000 appropriation. The public works bill just reported reduces that $1,200,000,000.

Mr. STEAGALL. And there are other drafts upon the Reconstruction Finance Corporation in the farm relief bill and other measures, but I do not have the figures to furnish with accuracy, although I shall be glad to supply that information for the RECORD.

Mr. FLETCHER. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. FLETCHER. What specific companies have requested this legislation or will be benefited by it?

Mr. STEAGALL. I am not prepared just now to name the companies who are in greatest need of this relief. I think the gentleman will agree with me that by naming a particular company and declaring to the world that a certain company is in distress would, in the nature of things, be calculated to defeat the purpose contemplated, one of which is to restore confidence in these institutions. I think the gentleman will agree with me in that statement.

Mr. CAVICCHIA. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. CAVICCHIA. Is it not a fact that most of this business of insurance, since the banks closed in this country, has been going into the hands of foreign companies?

Mr. STEAGALL. Oh, yes. I have not had an opportunity to cover the entire range of discussion involved in this legislation.

Mr. CAVICCHIA. And they can draw on foreign capital?

Mr. STEAGALL. But I am advised there has been a vast increase in business of foreign companies since the banking holiday in the United States and the collapse that occurred in February and March; there has been a considerable transfer of this business from American to foreign companies, which is a thing to be deplored, and which will be corrected if we succeed in restoring confidence and going forward with efforts for recovery.

Mr. CAVICCHIA. One further question, please: Is it not a fact that an English company doing business in this country can send to England for a million dollars with which to pay its obligations here, and only pay $800,000 in American money, according to the value of money today?

Mr. STEAGALL. Probably that statement is justified. Now, I must conclude.

Mr. O'MALLEY. Will the gentleman yield for another question?

Mr. STEAGALL. Very well, but I must conclude.

Mr. O'MALLEY. Can the gentleman give us any information as to why the committee struck out the provision limiting the salaries?

Mr. STEAGALL. I will explain that under the 5-minute rule. I have taken so much time that I shall not be able to cover the details of this bill now as I had expected to do. They are simple. The bill is not long. Members will have no difficulty in understanding it when we consider the bill for amendment.

Mr. Chairman, in view of the fact that I have taken up so much time, I shall not attempt to discuss the bill in detail, but I will reserve further discussion until we read the measure for amendment. [Applause.]

Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Chairman, ladies and gentlemen of the Committee, I had not expected to make any statement regarding this bill. But as a member of the committee in possession of certain pertinent information, I feel that my failure to do so might be equivalent to a neglect of duty.

I wish to state very frankly that it has not been entirely easy for me to believe in the merits of several of its provisions, notwithstanding the fact that I recognize that it might be properly classified as an extension of the comprehensive emergency program inaugurated in 1932 to attack this depression along every front. My own reluctance and anxiety is due to my inability to subscribe to the wisdom of the policy herein involved. After a most careful study and thorough analysis, supplemented by the favorable opinion of those who are in a position to pass intelligently upon the soundness of legislation, it is my purpose, however, to support the bill provided certain amendments are made to it. After all, with this bill, when we hurdle the question of policy, its goodness or badness lies largely in the way it is administered. If properly and conservatively executed, as I have every reason to believe it will be, because of my faith and confidence in the present management of the Reconstruction Finance Corporation, it can be used for constructive purposes in the public interest. I recognize that there are many worthy insurance institutions which, because of temporary conditions, are on the brink of the financial precipice and will, if permitted to go over, carry with them many an innocent and helpless creditor and contract holder. It is my purpose, however, to let the House know, so far as I am able to do so, exactly what we are doing in passing this bill.

Here, as in the case of banks, we leave the safety rule ever considered as the safeguard and anchor of the Government, which required that all loans should be fully and adequately secured. We even go farther than we did with the banks, for the reason that through assistance to the banks there was and is a greater public interest than can possibly be shown in connection with certain types of insurance com-

panies which are today seeking aid through a measure of this character and upon whom the benefits will largely fall. Those of us who were here in 1932 appreciate the theory upon which the Reconstruction Finance Corporation was established. It was then a question of restoring confidence by artificial and psychological methods. We were advised by the then responsible leaders that the depression was temporary and that in a fortnight or so all would be well. The idea was that in establishing this Corporation we would supply a stopgap and that its mere existence would have such a wonderfully stimulating effect that financial troubles would rapidly disappear. This, of course, was a false theory, and today, instead of serving as a stopgap, the Corporation has become a catch-all to save, by actually putting up the taxpayers' money, nearly every kind of failing business.

The question that we should ponder long here today is how much farther shall we go in this direction. Notwithstanding the loads of criticism which have been directed against the Corporation with respect to certain loans, and notwithstanding the mistakes which have been made in its administration, I am inclined to believe that by and large it has ameliorated a bad situation and softened the impact of the depression. I am also delighted to bear witness to the fact that from my own observation those in charge have rendered a prodigious and faithful public service and are entitled to much more consideration than they have received. We should realize that through this Corporation the Government's credit has been used to bolster private enterprise.

I am compelled at this time to remind the House that we are gradually doing, in legislation of this kind, what the Garner amendment in 1932 would have permitted the Corporation to do. Mr. Garner's view, shared by many of us, was that if the taxpayers' money was to be loaned to any firm or corporation it should, on the same terms and conditions, be extended to all. Time may or may not have proven the wisdom of such a position, but no man will deny its justice. This Government should not at any time extend its credit to a select favored clientele. That was the former Speaker's view.

All of us know that public confidence in some of our American insurance companies, particularly a few fire and casualty companies, has been shaken by the same causes which have undermined the credit structure of thousands of other institutions. It is almost impossible to appraise the disastrous result of this loss of confidence. We all know, however, that its restoration and revival among the people generally are essential if we are to come back to an economic equilibrium and prosperous business conditions. Without insurance, credit business would be an impossibility. In respect to the bill now before us, however, our information is that the companies whose outstanding contracts are really laced into the main credit structure of the Nation are not requesting loans. There is no doubt, however, that some of the companies which are in immediate need of Government assistance have far-reaching influence upon the individual's financial and business stability. Just how far the Government should go in assisting these and the others who cannot qualify under the existing law is a question of policy which each one of us must determine for himself.

Now let us examine the bill and briefly consider what can be done under it. In the first place, the Reconstruction Finance Corporation is permitted to expand in the amount of $50,000,000 with which to carry out the provisions regarding assistance to insurance companies. Loans may be made to these companies either by the purchase of preferred stock or by lending on the legally issued capital of such companies. You will note that the third section of the bill provides that the Corporation shall not subscribe for or purchase any preferred stock or capital notes of any applicant insurance company until the company first shows to the satisfaction of the Corporation that it has unimpaired capital or that it will furnish new capital which will be subordinate to the preferred stock or capital notes bought by the Corporation. In the committee I undertook to throw a safeguard around this provision by offering an amendment to insert between the words "new" and "capital" the word "cash." And it is my purpose to offer the same amendment today when we reach that section under the 5-minute rule. With this amendment, the heart of the measure will be strengthened and the Government protected. Surely no one would contend that the applicant company should not be required to do as much as they asked the Government to do for them. Now remember that this is not a question of lending to one of these companies on full and adequate security, as that is being done now under the law, but rather one of aiding the company to repair its own broken capital structure. Expressed differently, the Federal Government is asked to become a partner.

In this connection, I think the House should know something about the policy of the Corporation in its treatment of and dealing with the smaller banks throughout the country. Notwithstanding the millions of dollars that have been loaned to larger institutions to keep them going when it should have been almost apparent that with some their days were numbered, today thousands of small banks, which never closed until the time of the President's proclamation, are unable to get any assistance whatever from the Reconstruction Finance Corporation toward reopening if they are indebted to the amount of one dollar. It should also be advertised here, in the interest of the public welfare, that the Corporation's bolt of red tape is getting larger and more knotty each day. Under the existing system it is exceedingly difficult to find out what should be done or to whom one should go to find out the proper thing to be done toward assisting the opening of a bank. I sincerely trust that none of you will encounter the perplexing, annoying, and unsatisfactory experience which I have recently had in such an effort. Where the fault should properly fall I am unable to say, but unless there is a simplification of the procedure and better coordinated effort on the part of the officials in charge, we may not expect many worthy institutions to open their doors until some of the depositors not now so old have gone to their reward. If you do not believe what I am saying you hit the path yourself.

I believe as much as any other man in the check-and-double-check system, and I am as anxious as anyone else that every precaution shall be taken to see that the banks when opened are in a strong and sound condition. But I do not believe that the present facilities for handling this situation are adequate, and I do not hesitate to say that there is much duplication of effort and, in spots, considerable lack of sympathy and understanding. My own experience made me feel as I can imagine a squirrel feels who is penned up in a cage and is left to hop from one side to the other with no chance to make headway or to get out.

There are some other interesting and amusing things going on which would make front-page news. In calling this situation to the attention of the Membership, I am not unmindful of the tremendous responsibilities which have been fully met and admirably discharged by some of those who are associated in this gigantic undertaking.

At the proper time it shall be my purpose to discuss the amendment which I propose to offer and which I believe will be helpful to those charged with the administration of the Corporation and protective to the taxpayers. All of us, however, who are planning to support this legislation may find comfort in the fact that there is nothing mandatory in the act and that all of its provisions are merely permissible.

I desire to divert here for just a minute to make another observation. Unless there is a radical change in the view of some who are administering this Corporation, with respect to the value of the assets in closed banks, and especially toward obligations collateralized by real estate, a gross injustice is going to be perpetrated upon thousands of worthy, deserving depositors throughout the country and in the end all will be grief. There could not be devised, in my opinion, any fairer or more effective way to provide necessary expansion of credit at this time than by making available funds to match the sound assets in the banks which are closed and thereby bring relief to millions of depositors in this hour of unparalleled suffering and dep-

rivation. If good mortgages, even liberally appraised, do not constitute better security than 50 percent of the collateral which now supports a billion dollars of the Reconstruction loans, night will not follow this day. Unless this situation is remedied quicker than is now indicated the unimaginable would not be surprising.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. McFARLANE. I am wondering what plan of reflation and issuance of new currency the gentleman has in mind.

Mr. HANCOCK of North Carolina. I have for a long time believed in and advocated controlled inflation of credit and/or currency. For more than 2 years I have contended that the dollar was dishonest and that we were being crucified on a cross of gold. My primary objective was that we might restore to the debtor a dollar of practically the same value which he borrowed, and I still believe that unless this is done we will continue to face a long-drawn-out period of degeneration, continued business failures, bankruptcies, and suicides. In view of the fact that 90 percent of our currency has for many years consisted of checks drawn on deposits, and the fact that there has been a shrinkage of deposits of more than $16,000,000,000 in the past 2 years, and the further fact that there is perhaps a total of $6,000,000,000 of deposits frozen in closed banks, the need for expansion is more urgent today than any of us hope it will ever be again. It is common knowledge to all that in the present state of affairs check clearances through banks have shrunk to less than 50 percent of what they were in 1929. This alone tells its tale in business stagnation and personal financial bereavement. There are many of us who hope, however, that if the measure which we passed yesterday providing for an insurance of bank deposits is enacted into law a new and strong confidence will be born in the minds of the people everywhere and their faith will be restored in the safety of our banking institutions, with its inevitable beneficial effect throughout the breadth and length of the land.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. HANCOCK of North Carolina. In further answer to the inquiry of the gentleman from Texas, I might also add here that I have already expressed myself as believing that there could be no finer or more practical way at this time and under these conditions to make effective the plan of inflation of the currency as proposed by the Thomas amendment to the farm credit bill than by the immediate payment of the adjusted-service certificates. Through this channel the money would go out to every nook and cranny in the country and find its way into the pocketbooks of all classes of our citizens. If the Treasury notes proposed to be issued are to be made legal tender for the payment of debts I feel that these debts should be paid first. [Applause.] I also believe that payment of these certificates at this time would to a great extent serve as a substitute for the direct relief provided in the Wagner bill. In advocating this method of making effective a part of the program for inflation, I made it very clear, as I hope I may do now, that I would not encourage or favor any plan or movement unless it met with the approval of the President. In these words, familiar to you all, "Where he leads I am willing to follow." [Applause.]

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. Yes.

Mr. TRUAX. Is this bill designed for casualty companies or life-insurance companies?

Mr. HANCOCK of North Carolina. This bill provides that if in the opinion of the Secretary of the Treasury any insurance company of any State of the United States is in need of funds for capital purposes he may with the approval of the President request the Corporation to subscribe for stock as I have outlined in the early part of my remarks. That is very broad language, and, if I understand it correctly, any company able to meet the requirements is eligible to apply. I say frankly to the gentleman that it is true that there were 4 or 5 fire and casualty companies which were used as illustrations in emphasizing the need for this legislation and what might be done through them to aid in the much-desired general economic rehabilitation.

Mr. TRUAX. Is it a fact that the larger life-insurance companies do not wish or desire any part of this appropriation?

Mr. HANCOCK of North Carolina. I think that certain gentlemen of the committee advised us that many of the larger life companies were not interested in securing any assistance from the Government, since their reserves were in strong condition. It was also stated that some of the companies were opposed to this legislation, which is natural in the accustomed order of things here. But their view, though proper to be considered, would not control my judgment regarding the merits of the bill.

Mr. TRUAX. May I ask the gentleman this further question? Is it not a fact that this appropriation, if made, will largely go to save casualty companies that are practically broke because of guaranteeing bank deposits?

Mr. HANCOCK of North Carolina. It is, of course, beyond me to answer that question. It is true that such a rumor has percolated through the House somewhat freely, but I have not been able to trace its origin and I seriously question whether that is a fair innuendo. I feel that we sometimes make a mistake here in permitting casual remarks not based on actual facts or study to prejudice our judgment. On the other hand, I think one may rightfully be a little wary about so many different people representing the President. I have been satisfied from one source that the President feels that this legislation is needed. I do not feel, however, that we should get in the habit of being influenced by someone who, in his zeal to put legislation through the House, falls back upon the President for support. I believe that when he wants legislation he will tell us so in a simple, straightforward message and that we may hear it read from the Speaker's desk.

I regret that my time will not permit me at this point to outline the other important sections of the bill. I think the House should know that our committee was divided on the provision dealing with the limitation on salaries. I made this distinction: In the case of those companies which came to the Corporation for aid in repairing their capital, the Government to a certain extent automatically became a partner and should therefore properly consider the salaries which the officers of the companies received, and it was my impression that in those cases no salary should exceed $17,500. In the case of all other classes of borrowers from the Reconstruction Corporation it was thought that a different rule should apply. Many of us felt that the high salaries paid to officers of companies using the Government's credit were extortionate and unconscionable in these times and little short of an outright steal. In view of the fact, however, that such companies were private in their nature and were able to meet the test of full and adequate security and had come to the Corporation with clean hands, it was proper that their salaries should be considered and regulated, but that the amounts should be left to the discretion of the directors of the Reconstruction Corporation. Few in the committee, if any, felt that exorbitant salaries should be paid to any officer of any corporation that had to borrow the taxpayers' money to keep going. We were satisfied, after examining the chairman of the Reconstruction Corporation, that he would see that all the salaries paid by borrowing corporations were scaled down to a fair and reasonable level in keeping with present conditions. It is still the thought of many of us, after hearing his views, that this is perhaps the best solution of the salary problem. [Applause.]

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. CAVICCHIA].

Mr. CAVICCHIA. Mr. Chairman, I have heard it said on the floor here that millions of dollars of Government funds were lent to the Dawes bank, which was a bankrupt concern,

but they forget to tell us that thirty or more million dollars of that loan have already been paid back into the Government coffers, and this money could not have been paid back if we had lent it to a bankrupt concern.

Mr. McFARLANE. Will the gentleman yield?

Mr. CAVICCHIA. Let me first finish my statement and then, if I have time, I shall be pleased to yield to the gentleman.

We hear so many half truths here that sometimes it becomes pretty hard even for Members of this body to know just what the truth is. We have been told that it will be a radical departure for the Reconstruction Finance Corporation to lend money to these insurance companies when we have not done it heretofore. We have been lending money to life-insurance companies and to banks right along since this Corporation was organized. It is true that there was collateral given, but, in heaven's name, where did that collateral come from? Was it not from the money of those whose lives are insured and from the moneys of the depositors of these institutions? And whose money are you going to give to these insurance companies that we are trying to help by this bill?

It is the money of the stockholders who are ready to transfer their present holdings for preferred shares and to let their company keep on as a going concern.

We hear it said that we are going to loan this money to bankrupt insurance companies. Gentlemen, please make this distinction and keep it very clearly in mind: The Reconstruction Finance Corporation, if this measure becomes a law, is going to exercise its good judgment. Jesse Jones, Chairman of the Reconstruction Finance Corporation, appeared before the committee and urged that this law be passed and stated that the President wanted this law.

If my good friend from North Carolina [Mr. HANCOCK] thinks that President Roosevelt should appear before us every time he is interested in the passage of legislation, perhaps the gentleman can get the President to come here personally.

I want you to make a distinction between insolvent concerns and unliquid concerns. We cannot help insolvent concerns; they are bankrupt. To loan money to such concerns would be money wasted. But there are many fire-insurance companies; and this law is primarily intended to help those fire-insurance companies that are perfectly solvent, that have millions of dollars' worth of securities.

The Reconstruction Finance Corporation is not going to give any money to bankrupt or insolvent concerns.

Mr. SABATH. Will the gentleman yield?

Mr. CAVICCHIA. I yield.

Mr. SABATH. If the corporations are solvent, they will be able to show that neither the capital nor the surplus is impaired. But, as I understand, the surplus and capital of companies have been impaired because the securities they have have decreased in value below what they originally claimed they had, and for that reason they desire relief because the insurance examiner claims that they are not solvent, because the present value of the securities has been reduced.

Mr. CAVICCHIA. I am glad the gentleman brought that up, because the superintendents of insurance and banking of certain States are very anxious to appoint receivers who will work 10 or 15 years to liquidate the companies and will take millions of dollars for lawyers and receivers. Those insurance examiners do not like this legislation. I know of such cases.

Now, I want to state another thing. Many companies have borrowed money from the Reconstruction Finance Corporation, and they have had to put up three or four dollars collateral for every dollar they got in the shape of a loan. That is why your commissioners of insurance and banking in many States say that these companies are insolvent.

Mr. TRUAX. Will the gentleman yield?

Mr. CAVICCHIA. I yield.

Mr. TRUAX. The gentleman states that the Reconstruction Finance Corporation will not make loans to bankrupt or insolvent companies. What about the Missouri Pacific Railroad, that received $20,000,000; what about the Union Trust Co. of Cleveland, that received $16,000,000; what about the Guardian Savings & Trust Co. of Cleveland, that received $15,000,000?

Mr. CAVICCHIA. Jesse Jones, Chairman of the Reconstruction Finance Corporation, says that you can trust the Corporation to look after that. The gentleman has mentioned 3 or 4 companies which borrowed, and I assume from hes question that the companies have become bankrupt; but that does not give us the entire facts, because hundreds of concerns throughout the country that have borrowed money are still in business, and many of them have paid back their loans, and the fact that a few have failed is no reason why we should not keep on relieving those that need help. Remember that the English companies are getting the business today that should go to American companies. Foreign companies can cable to Europe for money, pay 80 cents for an American dollar in London, and pass it in New York for 100 cents. If this keeps up, most of our American fire companies will eventually fail.

Mr. LUCE. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection?

Mr. McFARLANE. Mr. Chairman, I reserve the right to object. What is to be the nature of the gentleman's remarks?

Mr. FISH. I want to speak on a resolution which I have introduced today.

Mr. McFARLANE. Affecting what subject?

Mr. FISH. Foreign affairs.

Mr. DEEN. And there is nothing to be said about Negro affairs?

Mr. FISH. No.

Mr. McFARLANE. Or about Cuba?

Mr. FISH. No.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FISH. Mr. Chairman, I introduced the following resolution today, which is self-explanatory. It will be referred to the Committee on Foreign Affairs of the House, and it will depend upon the unanimity and character of the support given it by the Jewish people in the United States and their friends whether I shall request immediate consideration. If it is clearly shown that the Jewish people are united in demanding immediate and favorable action on this resolution, I shall urge prompt consideration and adoption:

House concurrent resolution

Whereas the German Government is pursuing a relentless and ruthless policy of economic persecution and repression of Jews in Germany; and

Whereas it is the avowed intention of the German Government to deprive the Jews of their civic, political, and economic rights; and

Whereas the comparatively small number of Jews in Germany, not exceeding 600,000, or 1 percent of the German population, constitute a peaceful, law-abiding, industrious, and defenseless element of the population: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States regrets the continued persecution of the Jews in Germany and expresses its sympathy for them in their hour of trial, humiliation, and economic discrimination, and requests the President of the United States to use his good offices and make friendly representation to the German Government in the interest of humanity, justice, and world peace, to respect the civic and economic rights of its citizens of Jewish origin, and to put an end to racial and religious persecution.

As a friend of the German people, without in any way desiring to interfere with their domestic institutions or believing in the recent physical-atrocity charges, I appeal to their sense of justice and spirit of tolerance and fair play not to turn back the hands of progress two centuries by disqualifying German Jews of citizenship and economic rights and driving them once again as outcasts into the crowded and poverty-stricken Ghetto.

I do not question the stability of the Hitler government, or that it represents the views of a majority of the German people. It is none of our business what form of government

exists in any foreign nation, whether it be republican, monarchial, Fascist, or Communist. For many years I have sympathized with the German people in their efforts to build up a united country under the harsh provisions of the Versailles Treaty, conceived in hate, fear, cupidity, and signed under coercion.

I am aware of the difficulties that have arisen in Germany since the end of the World War because of the growth of a powerful and aggressive Communist Party, composed of 5,000,000 people, teaching class hatred, destruction of religion and private property, and spreading internal disorders and urging the seizure of the German Government by force and violence. It is very likely that the Hitler dictatorship was necessary in view of the strength and revolutionary activities of the Communist, which undermined the stability of the German Republic. Just as communism was the main reason for the rapid growth of fascism in Italy, so likewise in Germany it was an important factor in bringing about the Nazi dictatorship.

I do not deny that some German Jews were active in the Communist Party, but that is no reason to indict a whole race of 600,000 people because a small percentage were followers of Karl Marx and a smaller percentage were Communists.

As the author of the Zionist resolution for a homeland for the Jewish people in Palestine, which passed the Congress 10 years ago, I urge the German Jews and Jews throughout the world not to compromise or sacrifice their ancient faith to communism, with its avowed hatred of God and of all religious beliefs, but to stand firmly in opposition to this revolutionary and destructive force, which seeks to promote class hatred, atheism, and the destruction of human liberty.

It seems to me that this is an opportune time to exert every effort to further develop Palestine as a homeland for those Jews who are being persecuted in Germany or in any other nation.

My message to the Jews of America is to redouble their faith in our free institutions and our constitutional and republican form of government, which guarantees to every citizen an equal opportunity under the law and the right to life, liberty, and pursuit of happiness. In no country have the Jews so prospered as in the United States under our democratic system of government. In the last election Jewish governors were elected in New York and in Illinois, two of the largest of our States.

There is no room for communism or any form of foreign dictatorship in the United States. The Jews of America who came here to enjoy the equal opportunities and the protection afforded by our laws appreciate the blessings of liberty and justice under our republican form of government and should be the first to uphold it and defend it against all of its enemies from within and from without. Any other course would not only be ungrateful but suicidal and against their own interests.

No right-thinking American Jew, having the welfare of his people at heart, would ever consider surrendering the blessing of liberty and justice under our free institutions for either communism or fascism. The Jews of America should shun communism and all its works as their worst and most dangerous enemy. The loyal and conservative Jews, who are in an overwhelming majority, have a right to form leagues to combat anti-Semitism, but in their own interest have a duty to organize effective opposition to communism and to combat it in every way among their own people.

The tragic persecution of the Jews in Germany is just another page in the long and dark history of the much-suffering Jewish people. The American Government has never given any sanction to bigotry or assistance to persecution, but, on the other hand, does guarantee to all citizens full liberty of conscience. Our traditional American policy toward our citizens of Jewish origin is best expressed in the words of George Washington to the Jewish congregation at Newport in 1790:

> May the children of the stock of Abraham who dwell in this land continue to merit and enjoy the good will of the other inhabitants, while everyone shall sit in safety under his own vine and fig tree, and there shall be none to make him afraid.

As one who has opposed communism in all forms, I appeal for a square deal and justice for the great majority of the Jewish people in Germany, as elsewhere, who are decent and honorable citizens, practicing an ancient faith in peace and tranquillity and desiring merely the protection of their lives, property, and an equal opportunity to work. A continuation of the economic persecution of the Jews would be a disgrace to the cause of human liberty and modern civilization and will be a constant source of friction and irritation in maintaining friendly relations between nations. [Applause.]

Mr. LUCE. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, there are things about this bill that I am not very keen about and do not like. In the first place, we are opening up the Federal jackpot to another bunch of looters, such as are on the witness stand over in the other end of the Capitol today, that have not paid any income taxes for years. I speak of J. Pierpont Morgan and his associates. This does not apply to insurance only, but on page 7 you will find that the bill authorizes the loaning of money by the Reconstruction Finance Corporation to railroad trustees. In other words, the railroads that have already borrowed money from the Reconstruction Finance Corporation and are now in the hands of receivers, can as it is now proposed borrow more money from the Reconstruction Finance Corporation for the bankrupt railroads. Let me give you one little illustration. If I am correctly informed, a little over a year ago the Soo Line Railroad defaulted on about $5,000,000 worth of bonds. It could not pay the face of the bonds and it could not pay the interest. The president of the Soo Line was also a director in the First National Bank Corporation of Minneapolis, a chain banking company. Being the president of the railroad company and being a director in that bank, he knew where the outstanding bonds were, the bonds upon which the default had been made. So agents of the bank, security salesmen, went out and cheated the poor people out of the bonds and bought them for about 20 cents on the dollar, and after the president of the Soo Line Railroad Co., through the bank in which he was a director, got control of the bonds that they had purchased all the way from 25 to 35 cents on the dollar, they then came down here to the Reconstruction Finance Corporation and turned them over and got $5,000,000 with which to pay off the debts they had bought up for 25 to 35 cents on the dollar, or less, thereby making in the neighborhood of two or three million five hundred thousand dollars clear profit for themselves.

I am almost at my wit's end when it comes to voting money to these big corporations. We were told that we could not have 3-percent money for the farmers, because, if we fixed the rate in the farm bill at 3 percent, it would make it impossible for the insurance companies to exist, and that is why it had to be shoved up to 4½ and 5 percent. These insurance companies are already throttling our farmers, they already have them by the throat, and they are in a death struggle, and yet we are going to give them more money so that they can clamp their clutches tighter around the necks of the farmer.

With regard to the soldiers, only yesterday a case came to me where a veteran was discharged from the Army in 1919 as totally disabled. He paid his insurance for 2 years after he was discharged and then he was adjudicated insane and sent to an insane asylum in the State of Minnesota, where he died on the 19th of last January, and because his widow did not know about the new laws that this Congress passed she did not file the application for her life insurance in time. That claim I now have in my possession, together with the receipt for the premiums paid, and because she did not file that claim before the 1st of April 1933 I am told that she cannot get a penny of that insurance. Here was a man who since 1919 had been in an insane hospital.

We can take things away from those who suffer, those who are in need, and turn them over to the hands of great

corporations who today are the ones that have brought destruction and ruin on this great country of ours. So long as I am here on this floor, I am going to quit voting money for all these foolish propositions, while there are 16,000,000 men walking the streets and highways and byways, without a thing to eat, in a land of plenty, where everything is so abundant, where we have so much wheat that the people have to go without bread, where we have so much butter that they have to eat molasses, and have not got that, where we have so many shoes that they have to go barefoot. And here we are quibbling and voting to save the life-insurance companies. When are we going to do something for the American taxpayer? The thing to do is for this Congress to resolve itself and put through a proposition which will go down into the pockets of the contemptible tax dodgers who have been dodging their income taxes through the years in this country, from J. Pierpont Morgan on down, and make them pay up what they owe, and we will soon balance the Budget and quit our fooling, for after all we are only fooling ourselves.

I wish to add further that when the time comes, as it already has, when the United States of America will repudiate its own insurance policies given in solemn faith to its veterans who fought in the World War and deprive their widows of the money that is rightfully owing to them and then appropriate $50,000,000 to loan to private insurance companies and bankrupt railroads it is time to call a halt. And I also wish to call your attention to the fact that these same companies who will be making loans from this new fund, according to the records, are now paying their presidents and officers exorbitant salaries that run from $50,000 per year to $175,000 per year, and we here are asked to take money out of the pockets of the poor taxpayers and assist in paying these exorbitant salaries through loans made by these companies from the United States Treasury or the Reconstruction Finance Corporation.

Another thing about this bill is that it is authorizing more debts and more tax-free bonds amounting to $50,000,000, which must be again assessed upon the taxpayers of this great land.

Let me call your attention to the fact that the legislation that we passed yesterday carried with it appropriations to the amount of $150,000,000, and at the rate we are proceeding to run this Government into debt, if it continues, we will be worse than bankrupt ourselves within another 30 days. All these bonds are tax-free. They will be bought up at a discount by the very Morgan group and their affiliates who are now being investigated in the other end of this building, and then Morgan & Co. will again bring these bonds to our Printing and Engraving plant and have printed nice new, crisp paper money that will be put into circulation against these bonds, so that Morgan & Co. will not only draw an interest on the original bonds but can loan out the new money which they got tax free and interest free through the printing by Uncle Sam, and rob our people still further.

When shall this mad orgy end? Shall we wait forever depriving the farmers and wageworkers of their rightful position with American Government, and deliberately violate every sacred contract entered into with our crippled soldiers and war veterans? So far as I am concerned, I say that the time has come to think of some constructive statesmanship and some laws that will open the books of our Internal Revenue Department and make public the amount of income taxes paid by every citizen of the United States. Had there been no secrecy with regard to our income taxes do you think that Morgan and his financial racketeers, looters, and thieves could have got away for years without paying any income taxes? Unless we, the Congress of the United States, come to our senses and do a little legislating along constructive lines, let me assure you that we may find ourselves no longer in Congress, and that the people may rise up, as they are doing throughout many parts of our country, and take the law into their own hands; not because of their radicalism, but because we, the Congress of the United States of America have failed to do our duty, and have failed to live up to our oaths of office. [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. LUCE. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. DEEN].

Mr. DEEN. Mr. Chairman, I want to call attention for 2 or 3 minutes to some of the salaries paid to officials of some of the insurance companies as follows:

Salaries paid officials

Officials	1929	1932
EQUITABLE LIFE ASSURANCE SOCIETY		
T. I. Parkinson, president	$75,000	$100,000
L. M. Fisher, vice president	34,375	40,000
W. J. Graham, vice president	34,375	40,000
R. D. Murphy, vice president	20,000	30,000
D. A. Walker, vice president	17,187	20,000
METROPOLITAN LIFE INSURANCE CO.		
F. H. Ecker, president	175,000	200,000
L. A. Lincoln, vice president	66,875	125,000
A. C. Campbell, vice president	35,000	40,000
H. E. North, vice president	30,000	35,000
F. W. Ecker, treasurer	27,500	32,500
THE MUTUAL LIFE INSURANCE CO.		
D. F. Houston, president	100,000	125,000

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. DEEN. I yield.

Mr. BLANTON. When Mr. David F. Houston was in Texas he was one of my professors in the State University at Austin, and his salary then was not over $7,500 a year, but as soon as be becomes president of the Mutual Life Insurance Co. his services immediately become more valuable, and he gets first $100,000 per year, and then they raise it in 1932 to $125,000 per annum. They are doing it with money that should go to widows and orphans after their policyholder dies.

Mr. DEEN. I am sure he is a splendid teacher. The gentleman is an excellent student of his, but he is not worth an annual salary of $125,000.

Mr. BLANTON. He is not worth half of it or one fourth of it. And paying such outrageous salaries is what has gotten these insurance companies in these financial straits.

Mr. DEEN (continuing reading the salaries of the officials of the Mutual Life Insurance Co.):

Salaries paid officials

Officials	1929	1932
F. L. Allen, vice president	$40,000	$40,000
G. K. Sargent, vice president	40,000	40,000
W. Shields, vice president	31,250	40,000
P. M. Foshay, vice president	31,250	40,000
NEW YORK LIFE INSURANCE CO.		
T. A. Buckner, president	100,000	125,000
W. Buckner, vice president	55,360	55,400
A. L. Aiken, vice president	45,000	45,000
J. C. McCall, vice president	56,200	55,000
L. H. McCall, secretary	18,892	18,000
T. A. Buckner, Jr., assistant secretary	8,604	10,000
H. Palangano, treasurer	46,400	45,000
THE PRUDENTIAL INSURANCE CO. OF AMERICA		
E. H. Duffield, president	125,000	125,000
F. D. Oller, vice president	75,000	75,000
G. W. Munsick, vice president	48,000	50,000
J. W. Stedman, vice president	43,000	43,000
J. K. Gore, vice president	43,000	43,000

Mr. Chairman, may I say just this word—that the request of the insurance companies of the United States coming to this Congress through the present bill reported by the committee would come with better grace to this Congress if the officials of those companies had not in 1929 raised their salaries. The beginning of the panic was in 1929, and at that time they were receiving enormous salaries. If the insurance company officials had not raised their salaries in 1932, they could come with much better grace to this House now and seek legislation for loans. This House is interested in the insurance companies, because we all have

policies with them. At the same time we are not interested in lending money endorsed by the Federal Government through the Reconstruction Finance Corporation to companies to pay them these enormous, extravagant salaries. They are not worth it. You are not and I am not, and no man in this country is worth $175,000 a year to operate an insurance company.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. DEEN] has expired.

Mr. LUCE. I yield the gentleman one half additional minute.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. DEEN. I yield.

Mr. HANCOCK of North Carolina. Since the gentleman has very properly referred to the fact that a number of the officers of these companies which are borrowing taxpayers' assessments from the Government have increased their salaries during the depression, and, perhaps, in some instances out of this borrowed money, I think the RECORD ought to show that the present chairman of the Reconstruction Finance Corporation made it clear to our committee that he thought there were cases where the officers' salaries of the borrowing institutions were extortionate and ought to be materially reduced to the level of present times. In fairness to him it should also be understood that though he did not advocate it, he was not opposed to the salary provision in the act as it passed the Senate. Every member of the committee remembers his candor on this point.

Mr. DEEN. Why did the committee, in submitting this bill, strike out $17,500 and make it in the discretion of the Corporation?

Mr. BLANTON. We ought to put that limitation on maximum salaries allowed back in the bill, or we ought to defeat this bill.

Mr. HANCOCK of North Carolina. There was a division in the committee about that amendment.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. DEEN] has again expired.

Mr. LUCE. Mr. Chairman, I am going to use 2 or 3 minutes, and then I am going to achieve an ambition that has been close to my heart ever since I have been in Congress. I am going to break all records by giving back virtually half of the hour to the House.

It has seemed to me most unfortunate that we have fallen into the habit of using up every minute of the hour a Member recognized may consume, speaking himself or yielding time to others, when the hour is not needed.

So, sir, after saying that I am going to vote for this bill, in my belief that the Reconstruction Finance Corporation can be trusted to carry out what is evidently the will of the House, and in so doing to exercise sound judgment, I am going to go to the reading of the bill for amendment under the 5-minute rule where questions that have just been asked may be discussed. I give back the rest of my time to the House. [Applause.]

Mr. SABATH. Mr. Chairman, realizing the importance of this legislation, I have insisted that we should give the House an open rule on this bill and allow the Members the right to offer amendments and change the bill if they can, to make it workable and beneficial legislation, if that be possible.

I myself feel that the bill should not receive the vote or approval of this House. I have been for every proposition that was recommended, advocated, or requested by the President, and I shall continue this policy, but I doubt very much that he is really interested in this proposed legislation.

Mr. GOLDSBOROUGH. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield.

Mr. GOLDSBOROUGH. I may say to the gentleman that had the President of the United States not demanded this legislation, it would never be before us for consideration.

Mr. SABATH. I have no knowledge that the President favors it, though some gentlemen say that he does; but, knowing him as I do, I am satisfied that he would not advocate this proposed legislation, especially in view of the fact that the public works bill, in which he is interested and for which a rule was granted today and which will come up for consideration tomorrow, really eliminates the only redeeming features in the bill we are now considering. The members of the Committee on Banking and Currency may not know this, because the bill was reported only yesterday by the Ways and Means Committee, but the language to which I call attention is as follows:

> After the expiration of 10 days after the date upon which the Administrator has qualified and taken office, no application shall be approved by the Reconstruction Finance Corporation under the provision of subsection (a) of section 201 of the Emergency Relief and Construction Act of 1932.

This really destroys every provision in the so-called "insurance bill" that was aimed to help that bill pass the House. To make possible its passage the insurance bill contains provisions that would aid States and municipalities with their construction work, but the action the House will take tomorrow will absolutely destroy nearly every provision of this bill.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield.

Mr. McFARLANE. Then should we not lay this bill on the table?

Mr. SABATH. The gentleman heard what I said. It is not always easy to make oneself as clear as one would like.

Mr. DEEN. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield.

Mr. DEEN. Does the gentleman know what salary is paid the chairman of the Reconstruction Finance Corporation? I ask this as a matter of information.

Mr. SABATH. I compliment the gentleman upon the information he gave to the House this afternoon. Heretofore on several occasions I have called the attention of the House to the salaries. The very railroads that came here pleading for relief and that obtained large loans paid their officers $100,000 or $125,000 a year. These individuals squander the money of the railroads, waste it, vote it to themselves, and then they come down to the Reconstruction Finance Corporation for relief and aid.

This practice should cease, and it is high time that we make a start in this direction. We should make the start on this bill today. [Applause.] We should prevent similar demands upon the House in the future.

Mr. HOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield.

Mr. HOLLISTER. I understood the gentleman to say he was very much pleased that the bill was brought in under a rule giving the Members an opportunity to amend it.

Mr. SABATH. Yes.

Mr. HOLLISTER. Did I understand the gentleman to say that the bill which will be brought in tomorrow will be brought in under a similar liberal rule?

Mr. SABATH. I regret exceedingly that the bill that will be brought in tomorrow will not come in under such a liberal rule.

Mr. HOLLISTER. Did the gentleman vote for that liberal rule yesterday?

Mr. SABATH. I was speaking of the rule under which the bill we are now considering was brought in. When we take up consideration of the rule tomorrow I shall explain the reasons for it.

I feel, Mr. Chairman, that this bill should not pass in its present form because all the good it could do has been eliminated. And what little remains will be absolutely nullified by the bill that will pass the House within a day or two. Consequently there is no reason for any of us who tried to enact legislation that would create employment and relieve the distressed conditions of municipalities and States to vote for this bill. I am inclined to believe that the President has been imposed upon by a few casualty companies, who have misinformed him as to the facts.

This will not aid the life-insurance companies or the policyholders. This will help only a few men who lost the money of their companies by buying questionable securities from such great investment bankers as the one who is testifying before a committee at the other end of the Capitol today. [Applause.]

[Here the gavel fell.]

Mr. FOCHT. Mr. Chairman, will the gentleman yield?

Mr. SABATH. My time has expired.

Mr. FOCHT. I wish the gentleman would tell us his views before he sits down. I have not heard him state his reasons yet.

Mr. SABATH. Had the gentleman been listening he would have heard.

The CHAIRMAN. The Clerk will read the bill for amendment under the 5-minute rule.

The Clerk read as follows:

Be it enacted, etc., That during the continuance of the existing emergency heretofore recognized by Public No. 1 of the Seventy-third Congress or until this act shall be declared no longer operative by proclamation of the President, and notwithstanding any other provision of any other law, if, in the opinion of the Secretary of the Treasury, any insurance company of any State of the United States is in need of funds for capital purposes either in connection with the organization of such company or otherwise, he may, with the approval of the President, request the Reconstruction Finance Corporation to subscribe for preferred stock of any class, exempt from assessment or additional liability, in such insurance company, or to make loans secured by such stock as collateral, and the Reconstruction Finance Corporation may comply with such request. The Reconstruction Finance Corporation may, with the approval of the Secretary of the Treasury and under such rules and regulations as he may prescribe, sell in the open market the whole or any part of the preferred stock of any such insurance company acquired by the corporation pursuant to this section. 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 $50,000,000, in order to provide funds to carry out the provisions of this act.

With the following committee amendment:

Page 2, line 12, after the word "section", strike out the language down to and including the word "act" on line 18 and insert the following: "The total face amount of loans, subscriptions to preferred stock, and purchase of capital notes which the Reconstruction Finance Corporation may have outstanding at any one time under the provisions of this section and section 2 of this act shall not exceed $50,000,000, and 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 an amount sufficient to carry out the provisions of this section."

Mr. STEAGALL. Mr. Chairman, the purpose of the committee amendment is simply to clarify the language and make definite and unquestionable the purpose to limit the total of loans to the sum of $50,000,000.

Mr. GOSS. Will the gentleman yield for a question?

Mr. STEAGALL. Yes.

Mr. GOSS. My recollection is that in general debate the distinguished gentleman from Maryland [Mr. GOLDSBOROUGH] stated to the membership here that no life-insurance company would get any benefits out of this bill.

Mr. GOLDSBOROUGH. I can straighten that out with my friend. I did not mean to say that any life insurance company was prohibited under the bill from securing the benefits of this proposed law. What I meant to say was that the insurance companies that wanted this law passed are not life-insurance companies, but casualty companies.

Mr. GOSS. That is true, but I understood the gentleman in his remarks to say that no life-insurance company would participate.

Mr. GOLDSBOROUGH. If I said that I made a mistake.

Mr. GOSS. Then any life-insurance company could come in under the provisions of this bill.

Mr. GOLDSBOROUGH. That is correct.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, I did not have any time in general debate and I ask unanimous consent that I may proceed for 5 additional minutes.

Mr. LUCE. Mr. Chairman, I shall not object to this extension of time, but this committee has had 2 pretty hard days and we are rather tired, and I shall hope that the remarks will be confined to the bill after this and that we do not have any further extensions of time.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

MORE TAX-EXEMPT INTEREST-BEARING BONDS

Mr. PATMAN. Mr. Chairman, this bill provides that $50,000,000 in Government securities may be sold and the money delivered to the Reconstruction Finance Corporation and the Reconstruction Finance Corporation may use this money to help certain insurance companies.

It is my understanding the insurance companies have already been pretty well taken care of under legislation passed creating the Reconstruction Finance Corporation, but this bill goes much further and provides that the Reconstruction Finance Corporation may purchase the preferred stock of an insurance company.

One part of this bill that is very objectionable to me is the issuance of more tax-exempt interest-bearing securities of the Government of the United States.

When will there ever be any incentive for people to place their money in industry, commerce, or agriculture as long as they can purchase Government bonds that, of course, are guaranteed by the Government of the United States, and in this way have a more convenient place for their money? As evidence of the fact that money will be used to purchase Government bonds when they can be purchased, take the statement yesterday filed before a Senate committee by Mr. Morgan, of the house of Morgan, which indicates that during the last few years his institution has been selling off its other stocks and bonds and other properties and purchasing Government bonds, and now the institution holds Government bonds aggregating in value $224,000,000. Last year this institution drew in interest more than $7,500,000 on these bonds from the Government, and drew this much money the year before, and did not pay one penny of income tax to the United States Government.

NEW MONEY SHOULD BE ISSUED

The connection with the bill is this: Is it right and fair that Government bonds be issued and sold to Mr. Morgan? Mr. Morgan will take the bonds and keep them in the vaults of his bank. The money that Mr. Morgan sends to Washington will be delivered to the Reconstruction Finance Corporation, and the Reconstruction Finance Corporation will deliver that money back to one of Mr. Morgan's insurance companies, and he gets it right back again. In addition to this, if Mr. Morgan wants more money, he can have these bonds put up with the Treasury of the United States and have the Bureau of Engraving and Printing print $224,000,000 worth of new money, if he wants it and if he uses the proper channels to get it.

MORGAN CAN EXCHANGE BONDS FOR NEW MONEY

If he should purchase the $50,000,000 of bonds authorized under this bill, he can take these bonds through banking channels and place them with the Federal Reserve or with the Treasury of the United States and get new money issued in return for these bonds, and at the same time he is using the money he will also get interest on the bonds, and then the money comes right back to his insurance corporation.

ABUSE OF GOVERNMENT CREDIT

I think it is time we should call a halt on such proceedings as this. It is an idiotic and imbecilic system that we have with respect to the use and, I might say, the abuse of the credit of the Government of the United States.

Mr. KVALE. Will the gentleman yield for a question?

Mr. PATMAN. For a question; yes.

Mr. KVALE. The gentleman calls these Government bonds; is it not true that they are Reconstruction Finance Corporation bonds or debentures?

Mr. PATMAN. The Reconstruction Finance Corporation never issued one dollar of bonds, because the act is unconsti-

tutional. No one will stand up here and claim that the Reconstruction Finance Corporation Act is constitutional. Therefore they have never attempted to sell any bonds to the people. All these debentures are delivered to the United States Treasury and the United States Treasury sells Government securities and delivers the money to the Reconstruction Finance Corporation in return for its debentures. Therefore they handle it through the Treasury of the United States.

Mr. MOTT. Will the gentleman yield?

Mr. PATMAN. I yield for a question.

Mr. MOTT. The gentleman seems to be quite well informed on this legislation. Can he advise us whether this is a part of the President's program?

Mr. PATMAN. I am not in position to advise the gentleman on that. I know nothing about it.

Of all the people that should be favored at this time with special legislation, taking up our time here, the Morgan and Mellon groups, who would profit so much by reason of this legislation, should be the last.

SECRET TAX SYSTEM

I can tell you one little law that you could pass in 10 minutes' time that would balance this Budget, which is so much unbalanced today, and that little law would be one requiring publicity of income-tax returns. [Applause.]

I have such a bill pending before the Ways and Means Committee at this time.

Mr. McFARLANE. Will the gentleman yield?

Mr. PATMAN. For a brief question.

Mr. McFARLANE. I am wondering if Members of the House know that the Internal Revenue Department refuses to furnish Members of the House with any information as to matters under discussion here?

Mr. PATMAN. Some Members of the House probably do not know that we have here a system of secret taxation. We have the same kind of a system that put Chicago on the rocks. They used to have a secret tax system, and no resident of Chicago could tell you how much his neighbor was paying in taxes. Some people were paying no taxes at all, others much less than some others. We have a secret tax system in this country. There is no reason why the tax returns should not be open to public inspection. The tax records of all cities, counties, and States are subject to public inspecion, so why should we favor the Morgans, Mellons, Mills, Meyers, and Mitchells with secret returns?

If you will make the income-tax returns public, you will not have to pass a gasoline tax or a sales tax. You will collect plenty of money. [Applause.]

Do you think that Mr. Morgan would have dared to refuse to pay taxes during the years 1931 and 1932 if he had known that the tax returns would be subject to public inspection? No; he knew they were secret and that nobody would ever see them. There was no danger or risk in his refusing to pay an income tax or make a full return.

We should make income-tax returns subject to public inspection. We need not publish them. There is no reason why they should be published, but any citizen of the United States who desires to see one should be permitted to see it.

I want to tell you that in this investigation—although the newspapers say they are being handled with kid gloves—if the investigation continues you are going to see all kinds of tax frauds uncovered. I do not believe a majority of the Senate investigating committee will refuse to support Mr. Pecora in his effort to turn the light on the House of Morgan.

MELLON-MORGAN GROUP SHOULD BE EXPELLED

I am one of the Members on this side of the aisle who believe that the Mellon-Morgan group met defeat at the polls last November, and I hope that no member of the group will be taken into the confidence or his advice taken or heeded by the present administration in any way, shape, or manner. [Applause.]

We have had enough of Mellonitis—it is Mellonitis that has almost destroyed our country. Mellon and Morgan absolutely refuse to obey the law—they think that they are above the law. They believe in law and order as long as they can make the law and give the order.

Mr. STOKES. Mr. Chairman, I think the gentleman should confine his remarks to the bill.

Mr. PATMAN. Now, as to this man Mellon, he holds $175,000,000 worth of Government bonds in two of his banking institutions, collecting $7,000,000 in interest from the Government on them annually. I just wonder how much income tax he paid last year or he has paid during the last 12 years. You cannot find out because the income-tax returns are secret. You ought to make them subject to public inspection.

[Here the gavel fell.]

Mr. GREEN. Mr. Chairman, I move to strike out the last two words. I do this in order to tell my colleagues of a little experience a city in my district recently had with the Reconstruction Finance Corporation. The people of the city were naturally encouraged by reading reports that the Congress had appropriated large sums of money for this Corporation to relieve industry, the railroads, the banks, the insurance companies, as well as the municipalities and other subdivisions of our Government. They decided they would make application to enlarge and improve their waterworks. They filed the application and members of the delegation from my State requested that it be favorably considered. It was turned down some time ago. A few days ago the Honorable L. B. Alexander, the mayor of this town, Waldo, made a trip up here and appeared before representatives of the Corporation personally and most ably explained the purpose of the application, and explained that their little water plant had been self-liquidating and would be self-liquidating in the future. They asked for $6,500. Why, that amount would not have been 1 day's interest on the amount that the Corporation had been loaning to the railroad companies. I doubt if it would have paid 10 minutes' interest on the $80,000,000 which the newspaper reports say that Mr. Dawes, a former chairman, received from the Corporation for a Chicago bank. I do not believe it would have paid the interest for 2 days on the amount of money the railroad companies had borrowed, and by the way, the newspaper reports say that those railroad companies, many of them, have now defaulted on the interest. But that is neither here nor there.

The mayor appeared and explained that they had in their water fund a surplus of $800, that they had in their general city treasury a surplus of $1,300 or $1,400 in cash, that there was not a bond outstanding or a penny of indebtedness against the whole city and that every user of the water now, and everyone to be added to the system through the improvements, was a permanent resident of the city and owners of their homes and able to pay for water used. We were advised by the corporation officials that they did not think that we should be permitted to borrow unless we went back to our little town and had the people vote bonds and then turn the bonds over to the Reconstruction Finance Corporation for collateral. We had always been under the impression that the two billion six or eight hundred million dollars that we had appropriated and authorized for this Corporation was to be loaned to our municipalities direct and without bond issuance. The Reconstruction Finance Corporation in this instance, at least it seems to me, would occupy the role of bondbroker merely to handle the bonds for our little city. This city had also held an election last December in which a very large majority of the voters voted favorably for this very improvement. The Corporation wants to stand behind a clause in the constitution of our State and demand that the city of Waldo vote a bond. Why should we, in conscience, continue to appropriate money for this Corporation which has so utterly failed to relieve the municipalities in my State, particularly this one which wanted only $6,500. My friends, it is ridiculous.

It seems to me that there should be a more liberal interpretation of the law by the Reconstruction Finance Corporation. I fully appreciate the fact that the Corporation should have securities for the loans and that they should be most careful in the way they handle the public's money, but

from newspaper reports—I do not say that they are so, but I believe they are—the Corporation has been loaning millions and millions of dollars on security far weaker than that offered by the city of Waldo, Fla.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. GREEN. Mr. Chairman, I ask unanimous consent to proceed for 1 minute more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GREEN. The loan has been approved by the voters of the town. The thing I should like to say further is this: That it is common practice by towns in my State for the city or town officials to give their notes for indebtedness over a period of years. Individuals and firms accept these notes and they are invariably paid at maturity. Our individuals and firms sell to cities on credit and also loan money, taking only such open notes as security, but the Reconstruction Finance Corporation attempts to hold that the city cannot borrow for more than 12 months upon such open notes, even though the project would be self-liquidating. In my opinion this Waldo project is in fact a self-liquidating project, and the city will meet the obligations which it seeks to enter. The corporation now has it under consideration and, we hope, may even yet act favorably. I call this case to the attention of my colleagues for consideration in connection with the bill before us, which will allow a huge sum for the large corporate interests.

Mr. STEAGALL. Mr. Chairman, I simply desire to let the Committee understand what is involved in the amendment now under consideration. The original bill as it passed the Senate contained language which we thought was not entirely definite in fixing the limit of loans that might be made by the Reconstruction Finance Corporation under this bill. The House Committee on Banking and Currency amended it to make it most specific and definite and unquestioned that there cannot be loans in excess of a total amount of $50,000,000. That is the amendment on which the Committee is about to vote.

Mr. GLOVER. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I regret that a bill of this kind at this time of the session has found its way into the House. I thought when the insurance companies borrowed $90,000,000 of the taxpayers' money that they would be satisfied, but now they come back here today. Possibly the indemnity companies have not got all they wanted, and they come back now and want $50,000,000 more to be loaned to them. Oh, you say, let the Reconstruction Finance Corporation advance the money. Do you know what you are doing with the Reconstruction Finance Corporation? You are dealing out the public's cash through that agency. Let us think for a moment where we are going. The Reconstruction Finance Corporation has already loaned over $2,000,000,000 of the people's money on the direction of this Congress. We have advanced $2,000,000,000 to go to the relief of farm mortgages, $2,000,000,000 to go to the relief of home owners, which they needed so badly. That makes $4,000,000,000. Tomorrow we are coming back with a little bill asking you for only $3,300,000,000; more than $7,000,000,000 for this Congress alone. I am not going to vote for anything in the way of a further appropriation that does not go to relieve some man who is out of employment. These big indemnity companies are not out of business. When they are able to pay such salaries as have been put into the RECORD here today, some of them as much as $200,000 per year, they ought to be ashamed to come here at this time and ask this Congress to appropriate further money to carry on such conduct as that.

The members of the Reconstruction Finance Corporation only get $10,000 a year. The men at the head of these insurance companies, or some of them, drawing $175,000 a year, and now they come here and want you by your vote to put a further burden on your people to give them more money. I am not going to do it as far as I am concerned. I believe this bill ought to be killed right here on the floor of this House today and this extravagance stopped.

Mr. CAVICCHIA. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. CAVICCHIA. Does not the gentleman realize that the list of high-salaried men which the gentleman read a moment ago applies to life-insurance companies?

Mr. GLOVER. Oh, did you not hear him tell how it might be applied to life-insurance companies and indemnity companies?

Mr. CAVICCHIA. They might come in, yes; but this is for a type of insurance company that cannot afford to pay such salaries.

Mr. GLOVER. Will you please tell me what the president of the Globe Indemnity Co. is drawing now?

Mr. CAVICCHIA. I do not think he is drawing anything today.

Mr. GLOVER. Oh, no. He is like the gentleman over in the Senate who does not make anything, Mr. Morgan. [Laughter.]

Mr. CAVICCHIA. Would the gentleman like to pay the losses that Mr. Morgan had from 1929 to 1932?

Mr. GLOVER. I am not associating with Mr. Morgan's kind of business. He has been trying to put over some things, and lost, and he might have had a right to lose some of it, because he was trying to do things he ought not to have done.

Mr. CAVICCHIA. Why does the gentleman not be fair and wait until the investigation is finished?

Mr. BLANTON. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. BLANTON. If Mr. J. Pierpont Morgan has such a wonderful defender and protector in the United States Senate, surely my friend from Arkansas ought not to object to Mr. Morgan's having an equally good defender in the House. [Laughter.]

Mr. GLOVER. Well, I do not want to be spokesman for him myself, and that is not all of it. I am not going to be. I am going to think of the good people back home who are going to be burdened with every cent of this if it is voted out. You have to dig it out of the people by taxation. During the administration that has just gone out we chided you for such extravagance, and what are we doing? You set a pace for us that is a snail's pace compared to what we are doing. [Laughter.] I tell you as Democrats we ought to come to a halt on this kind of thing. I am going to do it as far as I am concerned on this bill.

The CHAIRMAN. The time of the gentleman from Arkansas [Mr. GLOVER] has expired.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this amendment do now close. This is purely a perfecting amendment.

The CHAIRMAN. The question is on the adoption of the committee amendment.

The committee amendment was agreed to.

Mr. BEEDY. Mr. Chairman, I have an amendment on the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BEEDY: Pages 1 and 2, strike out section 1 and insert in lieu thereof the following section:

"Whenever during the existing emergency any insurance company, whether through bad management or otherwise, has exhausted its resources, it may be accommodated with funds by the Reconstruction Finance Corporation by delivering to the said Corporation promissory notes."

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

Mr. SWANK. Mr. Chairman, I want 5 minutes.

Mr. TRUAX. Mr. Chairman, I want 5 minutes.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 15 minutes.

The motion was agreed to.

Mr. BEEDY. Mr. Chairman, I have tried to boil down into a few words the real meaning of this bill. All this bill provides is that whenever during the existing emergency any insurance company, whether through bad management or otherwise, has exhausted its resources, impaired its capital, and needs money, it may be accommodated through the Reconstruction Finance Corporation, if it will sign a promissory note.

That is all there is to this bill. Let me make this clear, that no life-insurance company asked for this legislation. The thousands and hundreds of thousands of policyholders in life-insurance companies may as well be informed now as any time that no life-insurance company in this country is demanding any such kind of legislation; and it seems to me that we have come to the point where we must take pretty serious thought before we travel further in the direction we have been heading.

Up to this time whenever we have loaned money through the Reconstruction Finance Corporation we have loaned it on adequate and safe security. It has been a business proposition. Now we have come to the day when a few casualty companies come to us and say: "We have no more collateral; our capital is impaired; we need some of the people's money. We want the Government to come into this business with us. We want the Government to buy capital stock with public moneys but we will not agree to match it with cash capital in the new set-up."

The gentleman from North Carolina explained how they are going to get their capital stock. They are simply going to go out and induce those who have a claim, either actual or claimed, against the insurance company to accept preferred stock for it. The Reconstruction Finance Corporation must pay good money for its stock and insurance companies will take the money they get from the Reconstruction Finance Corporation and go right back to the Reconstruction Finance Corporation with it and demand the collateral they have left with it for former loans. Is it wise for us to make this possible? Of course not. When the transaction is completed the applying insurance company has as much or more of the public moneys than it had when it borrowed from the Reconstruction Finance Corporation and furnished adequate and safe collateral, but the Reconstruction Finance Corporation has given up good collateral and taken preferred stock. In other words, this bill would enable insurance companies to get more of the people's money and get back collateral pledged for former loans. If the bill could be amended to compel these casualty insurance companies to match every dollar of Government money put into preferred stock with new cash capital stock of their own we could justify the passage of this bill.

In these few words in this proposed amendment I have endeavored, in my own way, to bring before the House the whole picture that is presented by this pending bill.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. I yield.

Mr. SNELL. I was told by a member of the committee that it was not the intention to do any more under this bill for the insurance companies than had been done for the banking interests in the former bill and that these insurance companies will not have any money or paid-in capital stock except on the same conditions.

Mr. BEEDY. That has been stated. It has been said that is what is intended; but when we offered to test their sincerity by a cash capital-matching amendment offered by the gentleman from North Carolina in our committee, the amendment was not accepted.

Now, let us put such a provision right in this bill. Let us amend it here on the floor as suggested by the gentleman from North Carolina. It was the desire of the gentleman from North Carolina—and it is my desire—to insert a provision that would compel these borrowers who are to put their hands into the Government purse through the Reconstruction Finance Corporation to contribute an amount of cash stock—stock for which they must pay cash—equal to the amount of stock the Government is asked to buy through the Reconstruction Finance Corporation. But they said, "We cannot do that." Of course they cannot. They have no more money. They are not going to put any new money into this new set-up. They are just going to bleed us white, and I am telling you we have just got to stop somewhere. I think this is the place to stop.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. I yield.

Mr. REILLY. Is there any difference as regards the solvency of an operating company if it wipes out $5,000,000 of its liabilities by preferred stock instead of securing cash?

Mr. BEEDY. Not if the liabilities it wipes out are real and not concocted for the express purpose of distributing stock allegedly to match stock paid for with good money by the Reconstruction Finance Corporation.

Mr. REILLY. As far as the Government is concerned, the loan is just as good, is it not?

Mr. BEEDY. Of course, we can put enough money into any company that is involved to set it up on its feet again.

[Here the gavel fell.]

Mr. BEEDY. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes, and I am not going to speak any more on this bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. REILLY. Mr. Chairman, will the gentleman yield further?

Mr. BEEDY. I yield.

Mr. REILLY. When you wipe out $5,000,000 of the company's liability they are $5,000,000 nearer being solvent. It is just the same as though they had got that much money; there is no difference.

Mr. BEEDY. Let us be perfectly frank about the matter. When they can induce claimants and creditors to accept preferred stock they relieve themselves of the demands of those creditors.

Mr. REILLY. It is just the same as though they had secured $5,000,000 in money.

Mr. BEEDY. That is true if the claims are legitimate, but I am saying that under the terms of this bill the insurance companies themselves do not put in any new money. I am speaking about that feature.

Mr. REILLY. That is true.

Mr. BEEDY. And I call attention to the fact that we have got to decide whether it is to be an accepted obligation of this Government to rehabilitate companies which have exhausted their resources and impaired their capital stock. If that is an obligation of Government then let us go ahead with it, but then when we have taken that step and are a partner in these businesses, how shall we resist those who will come to us and say: "It is a proper function of Government to run the banks; it is a proper function of the Government to run the railroads and the insurance companies, because they are all affected with a public interest; the Government is already a partner in them and it is in the interest of the whole people that the Government take over, in their entirety, these different activities." You will find it difficult if you take this first step to refuse to take the final step. Once you start on this journey I think you will be compelled to go the whole way.

I think we ought to consider very carefully before we vote to support this bill in its present form. I shall vote against it unless the cash capital matching amendment to be offered by the gentleman from North Carolina is adopted.

[Applause.]

Mr. CULKIN. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. CULKIN. The inference has been given out here that all these insurance companies have to do is to go in with a promissory note and walk out with the funds.

Mr. BEEDY. That is right; that is all they have to do under the provisions of section 2.

Mr. CULKIN. Is it not true, I will ask the gentleman from Maine, that they have to deposit collateral, the same as the banks?

Mr. BEEDY. No; if they had collateral, they would not be asking for this legislation. They have exhausted their collateral already.

[Here the gavel fell.]

Mr. SWANK rose.

The CHAIRMAN. The gentleman from Oklahoma [Mr. SWANK] is recognized for 5 minutes.

Mr. SWANK. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SWANK. Mr. Chairman, I have always believed in, worked for, and practiced economy in public office. For several years I have stated that expenses of government—Federal, State, county, city, and local—must be reduced. A few years ago we reached the point where we could not pay the increased expenses, and especially the expenses of government where the money must be derived by direct taxation. Direct taxation has now become unbearable, and even if there were no mortgages thousands of our citizens would lose their homes because they cannot pay the high taxes. As long as additional methods of raising revenue can be devised and put into effect we need not look for much reduction in public expenses. The taxes that are collected should be levied largely upon those most able to pay, but many times those who are most able to pay do not contribute anything to governmental expenses.

The gross public debt of the United States now amounts to more than $20,000,000,000, and the annual interest appropriated and paid to these nontaxable bondholders amounts to more than $600,000,000. This is one of the most outrageous provisions of our taxing system. Money can be derived when needed to loan on farms and city homes to relieve our distressed and debt-burdened citizens in other ways than by nontaxable bonds. Congress can authorize the Treasury Department to issue bonds at a small rate of interest, which will not be sold, and can be presented to the Federal Reserve Board for the issuance of Federal Reserve notes which circulate as other money. Another method of deriving these funds is for Congress to direct the Treasury Department to issue Treasury notes and appropriate the interest that has to be paid upon these nontaxable bonds, put it in a sinking fund, and retire the total issue in a certain period of years. If a man has $1,000,000 invested in 4 percent nontaxable bonds he receives an income of $40,000 per year upon which he pays no taxes. If a widow has a cheap shack that she calls home she is required to pay taxes under this system.

Our salaries are reduced 15 percent under the present law, but the real decrease is much more than that by reason of the fact that we increased income taxes which apply to these salaries. I supported this reduction and voted to reduce our salaries 25 percent. All Federal salaries have been reduced except those of the Federal judges, and those salaries should be reduced just the same as other salaries. I noticed in the papers that while these judges have been advised that they can contribute this 15 percent reduction there have been only 11 who complied with this suggestion. The annual salaries of the Federal judges are as follows:

United States Supreme Court: Chief Justice, $20,500; eight Associate Justices, at $20,000 each.

United States Circuit Court of Appeals: Forty judges, at $12,500 each.

United States district courts: One hundred and fifty-one district judges, at $10,000 each.

Court of Customs and Patent Appeals: Presiding judge and four associate judges, at $12,500 each.

Customs Court: Presiding judge and eight judges, at $10,000.

Court of Claims: Chief justice, at $12,500; four judges, at $12,500 each.

Territorial courts—Hawaii: Chief justice, at $10,500; two associate justices, at $10,000 each. Four judges of circuit courts, at $7,500 each for the first circuit, and one judge each for the second, third, fourth, and fifth circuits, at $7,000 each.

The total salary of all these judges amounts to $2,494,000.

Under the law a Federal judge may retire on full salary when he becomes 70 years of age after serving 10 years. April 1, 1933, there were 21 Federal judges retired on full pay and the total sum of their annual retirement salaries amounts to $236,000, which is $11,238 per year each on an average.

Mr. Chairman, I am opposed to this retirement pay for Federal judges, and that law should be repealed. If such a public official who has a lifetime job, with no expense in getting the position, cannot save enough to live upon comfortably after he retires, then the people of the United States should not be taxed because he has not laid aside enough to live upon. There is no more reason, in my judgment, for retiring a Federal judge upon a salary than there is of retiring any other American citizen who has contributed his time, money, and labor to pay these salaries.

Under the present provisions of our Constitution, salaries of Federal judges cannot be reduced by taxation or otherwise, except those of district judges in Alaska, Puerto Rico, Hawaii, and judges of the Court of Claims, Customs Court, and Court of Customs and Patent Appeals. In order to permit a reduction in these salaries, on the 4th day of April, 1933, I introduced House Joint Resolution 144, which proposes an amendment to the Constitution of the United States, and, if adopted, the salaries of these Federal judges could be reduced the same as those of other Federal officials. The resolution is as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), That in lieu of section I, article III, of the Constitution of the United States of America the following be proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as a part of the Constitution when ratified by the legislatures of three fourths of the States.

The judicial power of the United States shall be vested in one Supreme Court and in such inferior courts as the Congress may from time to time ordain and establish. The judges, both of the Supreme and inferior courts, shall hold their offices during good behavior, and shall receive a compensation for their services, to be ascertained by law, and paid out of the Treasury of the United States.

Mr. Chairman, when salaries are reduced, there should be no large salaries exempted, whether for Federal judges or any other officials. The laws of the United States should be so written that they will apply to all our citizens alike. This resolution should be passed by Congress and the Constitution of the United States amended so these salaries will be reduced the same as other salaries. It is not right to take all pensions and compensations from so many of our disabled soldiers and not reduce the salaries of these judges, the same as other officials.

Mr. Chairman, the cruelest piece of legislation enacted since I have been in Congress is the so-called "economy bill", or the bill that strikes so many of the disabled veterans and their dependents from the compensation rolls. Economy for whom? Instead of taking the small allowances from these soldiers, I prefer to take it from the big nontaxable bondholders who receive their allowances in the way of interest and upon which they pay no taxes. Ah, Mr. Chairman, when the boys donned their khaki jackets in 1917 and 1918 and left their jobs and their families for the World War, they were acclaimed by all, including the international bankers who reaped such a financial harvest from that war. We promised them then that the wounded and sick, their dependent widows, and little children would be cared for by a grateful people, and the people are grateful, but not the National Economy League which sponsored the bill and at whose behest it was enacted into law. The bill eliminates the allowances of a great majority of the Spanish-American veterans and the World War veterans, as well as their dependents. What have the boys done, Mr. Chairman, to cause this sort of treatment? It is more cruel and painful to them than an enemy bullet or a saber thrust. The letters that I receive from these soldiers and their wives would

cause tears to come to the eyes of any man. They will be cared for. We are not going to permit the children of these boys to starve. It will be a question for the local communities to deal with, and I believe those who reaped such large financial benefits during the World War should pay taxes to help care for the sick and wounded.

The farm bill, which recently passed the House, provides for a bond issue of $2,000,000,000, the town mortgage bill $2,000,000,000 more, and the public works bill provides for a bond issue of $3,000,000,000, making a total of $7,000,000,000 of bonds bearing 4 percent interest. This will make $280,000,000 per year that Congress will have to appropriate for the pockets of these nontaxable bondholders. The Government can take these small allowances from our soldiers and give it to these nontaxable bondholders, but not with my consent. If Congress would appropriate $280,000,000 per year and put it in a sinking fund, Treasury notes or currency could be issued and the total issue of $7,000,000,000 would be retired in 25 years.

Mr. Chairman, another piece of legislation that we should enact, in my judgment, is the "bonus" bill, or the bill to pay the soldiers' adjusted-service certificates. This has to be paid and now is a good time to pay it. This money would be placed in circulation in every nook and corner of the United States and a just debt be paid. It would not increase anybody's taxes either to pay it. The Treasury Department can issue Treasury notes and pay the "bonus", or the Federal Reserve Board can issue currency against these adjusted-service certificates. There is a motion now on the Speaker's desk to discharge the committee that has this "bonus" bill in charge and bring the bill before the House for consideration. I have signed the motion and hope the bill will come before the House for consideration at this special session.

Mr. Speaker, as the days go by and as the many pitiful letters come to my office from these wounded boys and their dependents, I feel that my vote against this so-called "economy bill" is more justified than ever. I was against the bill then and I am against it now. When the bill was enacted I feared that great injustices would be done many of our soldiers and for that reason opposed the bill. I am going to keep my promise to these boys. [Applause.]

Mr. STEAGALL. Mr. Chairman, I desire to ask the gentleman from Maine if he desires to withdraw his amendment?

Mr. BEEDY. Yes; I ask unanimous consent to withdraw the amendment, Mr. Chairman. We ought to pass on the bill in toto.

The CHAIRMAN. Is there objection to the request of the gentleman from Maine?

There was no objection.

The Clerk read as follows:

SEC. 2. In the event that any such insurance company shall be incorporated under the laws of any State which does not permit it to issue preferred stock, exempt from assessment or additional liability, or if such laws permit such issue of preferred stock only by unanimous consent of stockholders, or upon notice of more than 20 days, the Reconstruction Finance Corporation is authorized for the purposes of this act to purchase the legally issued notes, bonds, or debentures of such insurance company, which may be subordinated in whole or in part or to any degree to claims of other creditors.

With the following committee amendment:

In line 10, after the word "issued", insert the word "capital" and strike out the words "notes, bonds, or debentures"; and in line 11, after the word "company", insert the words "or to make loans secured by such notes as collateral."

Mr. STEAGALL. Mr. Chairman, there is a clerical error in the first part of the amendment. The committee amended the section by striking out the words "bonds or debentures" in lines 10 and 11, but the erasure of the word "notes" is a clerical error, and I ask unanimous consent that this correction may be made.

The CHAIRMAN. Without objection, the correction will be made.

There was no objection.

Mr. TRUAX. Mr. Chairman, much as I regret to so state, I am firmly of the opinion that this bill is a wolf in sheep's clothing.

We were first told that this bill was for the purpose of saving the life-insurance-policy holders of this country, a project toward which each one of us would be sympathetic.

But the fact is that this $50,000,000 is to save practically four casualty companies that are nearly, if not quite, bankrupt. The life-insurance companies, the gentleman from Maine says, and I agree with him, which number more than 300 in this country, are not demanding loans nor are they seeking this legislation. The total combined assets of the 300 life-insurance companies of this country is $20,000,000,000, of which one quarter of those assets are held by two of the large companies, the Prudential and the Metropolitan.

Why are the assets of the life-insurance companies solvent and sound? Simply because they have confined themselves to legitimate investments, paying not more than 4, 5, or 6 percent. The casualty companies have taken all sorts of risks, even including the hazardous business of insuring bank deposits.

So I say to you that the $50,000,000 is what might well be termed, as the illustrious predecessor of the man in the White House said, "a raid on the Federal Treasury."

I yield to no man in wanting to favor the life-insurance-policy holders of this country, but when it come to taking $50,000,000—when we are making every effort to raise $220,000,000 to finance the $3,300,000,000 public-works program—I say it is little short of criminal negligence on the part of the House to enact this bill just to help four or five casualty insurance companies in this country who have taken too great a risk in gambling too much and are practically insolvent today, and cannot be saved by this $50,000,000 or another $50,000,000 added to it.

At a time like this, when we are witnessing at the other end of the Capitol the richest banker in the world sitting calmly and serenely in that body and saying that he paid no income tax for 2 years, when $250,000,000 was deposited in his bank last year, who has money enough to lease three whole floors in the luxurious Carlton Hotel, when we are straining to devise new taxes, sales tax, and gasoline taxes in order to finance the public-works program, I say that we should call a halt.

I agree with my friend from Texas when he said that this Morganism and Mellonism must come to a halt.

The people of the country have voted for a new deal. I would like to see made a public statement from the Reconstruction Finance Corporation as to just how liquid the loans are that they have already made. Up until September last $213,000,000 was loaned to life-insurance companies of this country. What did they do with the money? The Union Central Life, of Cincinnati, Ohio, borrowed $16,000,000, and in the meantime sold out and confiscated the homes of thousands of farmers in the country.

[Here the gavel fell.]

The CHAIRMAN. The question is on the committee amendment.

The question was taken, and the committee amendment was agreed to.

The Clerk read 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 total compensation in a sum in excess of $17,500 per annum from the applicant and/or any of its affiliates, and (3) unless at such time the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any if 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.

With the following committee amendments:

Mr. STEAGALL rose.

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. STEAGALL. Before the Clerk reports the committee amendments, I rise to correct a clerical error. On page 4, in lines 14 and 15, the italicized words what appears reasonable to the Reconstruction Finance Corporation" should be stricken out and the words "$17,500 per annum from the applicant and/or any of its affiliates" should stand.

Mr. BLANTON. Then on page 4 the language "total compensation in a sum in excess of $17,500 per annum from the applicant and/or of any of its affiliates" remains.

Mr. STEAGALL. Yes.

Mr. BLANTON. So that there will be a limitation of $17,500?

Mr. STEAGALL. In that section; yes.

Mr. BLANTON. But the gentleman expects to strike them out on the next page?

Mr. STEAGALL. We will take that up when we get to them.

The CHAIRMAN. Without objection, the proposed committee amendment in lines 12 and 13 will be rejected.

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Page 3, beginning in line 15, strike out down to and including the word "Corporation" in line 21 and insert:

"The Reconstruction Finance Corporation shall not subscribe for or purchase any preferred stock or capital notes of any applicant insurance company (1) until the applicant shows to the satisfaction of the Corporation that it has unimpaired capital stock or that it will furnish new capital which will be subordinate to the preferred stock or capital notes to be purchased by the Corporation equal to the amount of said preferred stock or capital notes so purchased by the Corporation: *Provided, however,* That the Corporation may lend upon said capital stock, common or preferred, or capital notes, if, in its opinion, it will be adequately secured by said stock or capital notes, and/or such other forms of security as the Corporation may require."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 11, after the word "receiving", insert "from the applicant and/or any of its affiliates."

The CHAIRMAN. The question is on the committee amendment.

Mr. BLANTON rose.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. STEAGALL. I ask unanimous consent that all debate upon this section and all amendments close in 15 minutes.

Mr. BLANTON. Mr. Chairman, I should like to ask the chairman of the committee about the attempt of the committee on page 5, line 5, to strike out the limit of $17,500. Is the chairman going to insist on that amendment?

Mr. STEAGALL. Yes; that is the section in which the amendment was placed by the committee.

Mr. BLANTON. And if I understand my friend from Alabama, he is in favor of making no limitation whatever upon these big salaries?

Mr. STEAGALL. We will talk about that when we get to the question.

Mr. BLANTON. I think we ought not only to leave this language in on page 4, but we ought to leave it in on page 5.

Mr. BEEDY. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. What position does the gentleman take on that? Is he in favor of paying $200,000 per year to one insurance president?

Mr. BEEDY. No; I am not, and I could not do it if I were in favor of it.

Mr. BLANTON. I refuse to yield further.

Mr. BEEDY. If the gentleman wants some information, I should be glad to give it to him.

Mr. BLANTON. I am in favor of using my own 5 minutes. If the gentleman is in favor of continuing to pay $100,000 to the president of the Equitable Life Insurance Co. and $200,000 to Mr. Eckert, the president of the Metropolitan Life——

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. No; I regret I have not the time.

Mr. LUCE. Then, Mr. Chairman, I rise to a point of order. The gentleman is discussing a matter to be found in the following section, which has not yet been read.

Mr. BLANTON. No; it is in this section. Mr. Chairman, in this section there is a limitation of $17,500 on line 12.

The CHAIRMAN. That is true; but that is not the amendment pending. The gentleman must speak to the pending amendment.

Mr. BLANTON. Then, Mr. Chairman, I move that the Committee do now rise and report this bill back to the House with the recommendation that the enacting clause be stricken out.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Mr. BLANTON moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. BLANTON. Mr. Chairman, my friend from Massachusetts [Mr. LUCE] is one of the best parliamentarians in this House, and he knows sometimes how to take a man off the floor, but he has taught me how to keep the floor when I want it, and through my long association with him here I have learned from him how to keep him from taking me off the floor when I want to discuss some bad provision that his committee has brought in here in its bill for the House to pass.

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. No; I regret I have not the time. The gentleman tried to take me off the floor and I did not let him do it. If his constituents in Massachusetts, when millions of men are without jobs, when soldier boys are having their compensation cut, when disabled Spanish-American veterans are having their compensation taken away from them, are in favor of this Congress providing for the sale of $50,000,000 of bonds so that the money can be loaned to insurance companies to pay salaries to their presidents of $125,000 a year, yes, of $200,000 a year, then they are not like my constituents. They are a different kind of people.

Mr. LUCE. Is that a question?

Mr. BLANTON. No. I was giving the gentleman some information about which he should pause and reflect.

Mr. LUCE. I do not want to pause now.

Mr. BLANTON. I am giving some information to the great Committee on Banking and Currency, and it is a great committee and the chairman of it is one of my best friends, and the distinguished ranking minority member [Mr. LUCE] knows, is one of my good friends, and I would do anything in the world for him; and the distinguished gentleman from Maine [Mr. BEEDY] is one of my good friends, and I would do much for him, but I am informing this committee that they cannot pass this kind of law over on the people of the country, to continue these salaries of $200,000 a year. [Applause.] We ought to kill this bill right here. [Applause.] We ought to stop it. [Applause.] If you boys will stay with us and vote, we will knock it out and stop it here. [Applause.]

Mr. STEAGALL. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. STEAGALL. The gentleman understands that the section under consideration at this time is section 3. In section 3 have we not incorporated a limitation on the salaries?

Mr. BLANTON. But in section 4——

Mr. STEAGALL. We have not reached that yet.

Mr. BLANTON. But you are proposing to leave it wide open, and I have no confidence in the Reconstruction Finance Corporation reducing these big salaries. [Applause.]

Mr. STEAGALL. But I am asking the gentleman if he will not wait until we get to section 4 and deal with that proposition then as the gentleman sees fit, and permit the

Committee to pass on it. It is for this Committee to decide whether or not we will leave it in.

Mr. WEIDEMAN. Will the gentleman give us time on that?

Mr. STEAGALL. Certainly.

Mr. BLANTON. Since I have kept the gentleman from Massachusetts [Mr. LUCE] from taking me off the floor, and since I have had a right to express my opinion about these big salaries, I am now going to ask unanimous consent to withdraw my motion to strike out the enacting clause, temporarily, until we find out what the gentleman from Alabama [Mr. STEAGALL] does with the limitation in the next section. If that limitation is stricken from the bill, I shall renew this motion to strike out the enacting clause. I ask unanimous consent to withdraw the motion at this time.

The CHAIRMAN. The gentleman cannot place any restrictions on the withdrawal of the motion, so far as the Chair is concerned.

Mr. BLANTON. I ask unanimous consent to temporarily withdraw the motion.

Mr. GOSS. Mr. Chairman, I object.

Mr. BLANTON. All right. Let us vote to kill the bill right now by striking out its enacting clause.

Mr. STEAGALL. Mr. Chairman, I do not care to debate the matter. The gentleman has stated that we can deal with it in section 4.

Mr. McFARLANE. Mr. Chairman, regular order.

The CHAIRMAN. The question is on the motion of the gentleman from Texas [Mr. BLANTON].

The question was taken; and on a division (demanded by Mr. STEAGALL) there were ayes 74 and noes 94.

Mr. BLANTON. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. STEAGALL and Mr. BLANTON to act as tellers.

The Committee again divided; and the tellers reported there were ayes 91 and noes 94.

So the motion was rejected.

Mr. HANCOCK of North Carolina. Mr. Chairman, I ask unanimous consent to return to page 4, line 1, to insert the amendment referred to this morning, and which I undertook to present a few minutes ago when the chairman rose to offer a committee amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina [Mr. HANCOCK]?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of North Carolina: On page 4, line 1, after the word "new", insert the word "cash."

Mr. HANCOCK of North Carolina. Mr. Chairman, before discussing the merits which I believe this amendment holds I wish to call to the attention of the House, and especially to those who appear so zealous regarding the placement of a limitation upon the salaries to be paid officers who serve the institutions now borrowing or which may hereafter borrow from the Reconstruction Finance Corporation, that you were about to kill your own opportunity. If the motion of the distinguished gentleman from Texas [Mr. BLANTON] had carried, it would have defeated the exact purpose which prompted the gentleman to present it.

Mr. Chairman, my amendment calls for the substitution of but one word. By reference to page 4, line 1, of the bill, I am suggesting that between the words "new" and "capital" the word "cash" be inserted. If this is done, the applicant companies will be required to furnish an equal amount of cash capital to that which they may receive from the Corporation. Since we are extending the privileges of the Corporation beyond its original scope and intent, it is my judgment that this requirement is entirely reasonable and consistent with the best principle involved in this legislation. It is inconceivable to me that these companies could face the Corporation in good faith to secure a loan before their private stockholders had used their own funds toward the rehabilitation of their companies. If this amendment is not adopted, I am convinced that the majority of the applicant companies will place the entire burden of new cash capital upon the Government and in no wise further involve themselves in the liabilities of their companies. The old axiom that "he who would be helped must first help himself" seems to me should apply here with full force. I recognize that meeting the requirements which this amendment will necessitate will make it more difficult to carry out the reorganizations which are proposed to be undertaken by those interested. At the same time, where a general partnership exists it is understood that each partner contributes an equal part of capital. Then, too, it should be remembered that if this legislation is justified it can be only on the basis that the rehabilitation of these companies will inure to the public welfare.

If the applicant companies are required to first make up their own part of the new capital in cash, certainly such contribution of funds will inure to the benefit of the creditors who have a first and prior lien. Each creditor will benefit in the ratio of his individual claim to the total amount of new capital supplied. All of us know that some of these companies, because of no fault of their own, are today unable to meet their claims. In other words, they have outstanding unadjusted losses and cancelations which they are unable to make good with returned premiums. My understanding is that these companies will first undertake solvency by the conversion of these claims against them into an issue of preferred stock junior to that offered to the Reconstruction Corporation. The Corporation will then get a prior claim on the assets. It will not be in the form of a secured loan, but in the form of a prior stock. Through this plan the Corporation simply occupies a prior position to other stockholders, and at the same time frees the pledged assets so as to make the companies liquid. In other words, the Reconstruction Corporation, through this process, would turn loose good assets for a doubtful investment. Is that sound business practice? Without my amendment it is probable that the Corporation would do what neither you nor I nor any well-managed business institution would do. You well know that if you had a note of mine adequately secured you would not think for a minute of releasing the security and just retaining the plain note.

To illustrate again, suppose you had the note of a corporation, well secured, and the corporation needed the security with which to operate its business and came to you and asked you to exchange the secured obligation which you held and accept in lieu thereof the same amount in preferred stock? In the ordinary course of business no man would last long financially who engaged in transactions of that kind. He would soon be a candidate by his own nomination for the asylum.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. O'MALLEY. Does the gentleman believe there is any justification at all in taking money away from the veterans and kicking them out in the street, and then bringing in a bill which would give $50,000,000 to insurance companies that made some "bum" guesses?

Mr. HANCOCK of North Carolina. Why, certainly, I do not. But I do not consider that you have stated the facts correctly. I remind you again of my reference this morning to the rules and regulations of the Corporation with respect to aiding closed banks in reopening. I am a great believer in equal privileges to all, and in my own mind I am satisfied that unless this amendment is adopted and becomes a part of the act the insurance companies will receive special privileges and be accorded easier treatment than will our banks.

My distinguished friend from Wisconsin [Mr. REILLY], in addressing Mr. BEEDY awhile ago, asked if there was any difference as regards the solvency of a borrowing company if it wipes out a portion of its liability by preferred stock instead of securing cash. I admit that in a sense there is no difference, but that is not the proposition which is before us. Surely no one here believes that the Reconstruction Corporation should be asked to contribute a sufficient amount of money to bring the assets of these companies up to the level of their liabilities. We are asked to assume that no company would apply for capital unless its assets

did equal its liabilities. In the case of banks this is required, and the Corporation goes so far as to require that the bank shall not have outstanding one penny of debts beyond its deposit liabilities. I think it fair to state that the goodwill of some of the companies which are likely to be assisted if this measure becomes a law has a real, tangible value well worth preserving and saving. Personally, however, I attach very small importance to the suggestions made here today regarding certain insurance business going to foreign countries. You cannot make me believe that America is without adequate insurance companies as well fortified in their reserves as any companies which may be found on the face of the globe.

Please understand that if I did not feel that this amendment was constructive and designed for the public good I would not propose it. Personally, I hold a very friendly interest toward insurance companies, having been in former years engaged in writing all kinds of contracts. Here, however, we cannot, under any circumstances, weigh these matters on friendly scales or permit our sentiments to control our better judgment. If this amendment is adopted, as I am confident it will be, I believe the bill would be greatly improved and will satisfy the misgivings of many Members regarding its soundness. I also feel that many worthy institutions will be able, through the assistance of the Government to rehabilitate their capital and thereby meet its obligations to the individuals. The mere fact that they can show to the public that their new set-up was sound enough to invite Government participation will go a long way in restoring the confidences of the people generally in our American companies. Through this legislation, with this and other desirable amendments, it is possible to bring about this worthy accomplishment more quickly and with less cost than any other plan yet suggested during this emergency. All of us realize that extraordinary conditions such as we face today call for extraordinary legislation.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment of the gentleman from North Carolina to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

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.

With the following committee amendment:

On page 5, line 5, strike out "$17,500 per annum" and insert "what appears reasonable to the Reconstruction Finance Corporation."

Mr. BLANTON. Mr. Chairman, I rise in opposition to the committee amendment. Will not the gentleman from Alabama agree to waive this committee amendment and leave the $17,500 in the bill as the maximum salaries these insurance companies may pay their officials? He will secure a great many more votes for his bill if he will.

Mr. STEAGALL. I may say to the gentleman that I cannot agree to change this bill as it was reported to the committee. I am but the servant of the committee and I am standing by its action and defending it.

Mr. BLANTON. As this bill was introduced in the Senate it carried a maximum limitation of $17,500 on such salaries, and that language was stricken out in the House committee.

Mr. GOLDSBOROUGH. The change was made by a very close vote in the committee, and the chairman is not at liberty to reveal who voted for it and who voted against it.

Mr. BLANTON. What I am wondering about is why it was changed.

Mr. STEAGALL. If the gentleman will permit, I shall be glad to tell him.

Mr. GOLDSBOROUGH. The bill came from the Senate with that limitation in it.

Mr. BLANTON. The bill came from the Senate with this limitation in it. It so appealed to Senators that even they saw fit to put a limitation in here of $17,500, yet the House, which is supposed to look after the interests of the common people of America, are striking out this limitation so as to continue the payment of these $200,000 salaries.

Now, if the Reconstruction Finance Corporation will pay great, big, outrageous salaries to its own employees, which it is doing right now, it certainly will approve of paying big salaries to the officers of incorporated insurance companies.

Mr. STEAGALL. Will the gentleman now let me answer his question?

Mr. BLANTON. Yes.

Mr. STEAGALL. I may say to the gentleman that a Texan is in charge of the Reconstruction Finance Corporation, and the gentleman should be more kindly in his reference to it.

Mr. BLANTON. Texas is the biggest State the gentleman ever saw.

Mr. STEAGALL. I agree with the gentleman.

Mr. BLANTON. And there are so many men down there that they do not always agree, especially as to what shall be a maximum salary.

Mr. STEAGALL. Lots of them, including my friend.

Mr. BLANTON. Yes.

Mr. STEAGALL. Let me say this to the gentleman: This bill had only two sections as it was introduced in the House.

In the Senate it was amended and one of the amendments put on in the Senate was a salary limitation.

Mr. BLANTON. Here is what I want to impress on my friend from Alabama. The gentleman saw this committee a while ago come within three votes of striking out the enacting clause of this bill. Does the gentleman know why we did not get quite enough votes to strike it out? There were some Members here who thought the gentleman was going to let this limitation on salaries remain in the bill. If the gentleman does not do it, I hope that we will find three more Members on this floor who will help strike out the enacting clause. If the gentleman will allow this limitation to stay in the bill he may pass his bill. I doubt if he passes it without some restriction in the bill on these salaries.

Mr. GREEN. Oh, we want the whole insurance section stricken out of the bill.

Mr. STEABALL. This is the situation: This amendment fixing a limitation upon salaries to be paid by borrowing institutions was incorporated in the bill by the Senate.

Mr. BLANTON. Yes; and it ought to stay in the bill.

Mr. STEAGALL. And the limitation was placed at $17.500. The House amended that provision at the first place where it was applicable so as to say that the Reconstruction Finance Corporation officials should determine whether or not a salary was in excess of a reasonable sum.

Mr. BLANTON. The limitation is in section 3, and now we want to vote down the committee amendment as to this section, so that this proper limitation on big salaries may stay in section 4.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, the Senate amended the original bill by fixing a salary limitation of $17,500 for officials of insurance companies obtaining loans and as to officials of all institutions renewing loans. The Committee on Banking and Currency was of the opinion that as to new loans or purchases made by the Corporation it was all right to fix a salary limitation of $17,500 as to officials in borrow-

ing institutions. But in section 4 we are dealing with the matter of salaries in institutions that have already borrowed and are in debt to the Corporation under contracts already in existence. They were entered into under the original law that contained no limitation of salaries paid officials of borrowing institutions. So the committee thought that in the first instance where new loans are to be made, a salary limitation as to officials should be included, but we thought that as to borrowing institutions that are already indebted to the Corporation, it would be in moral effect interference with an existing contractual relationship if we attempted to disturb the status that existed at the time the original loans were made. So it was provided that as to extensions of existing loans, the Corporation officials would determine whether or not salaries paid to officials in a borrowing institution were in excess of a reasonable sum.

This is all there is to this matter, and it is for the Committee to decide whether they think this limitation saying that what sum is reasonable for salaries should be passed upon by the Corporation officials or whether we should restore the limitation of $17,500, or any other sum that the Committee may see fit. The matter is left for decision by the Members of this Committee of the Whole House.

Mr. BLANTON. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BLANTON. Then, the gentleman's position is that where we have already loaned to insurance companies large sums of money, that are paying $200,000 salaries to their presidents, if they want some more money the gentleman is perfectly willing for them to come back and get $50,000,000 more without putting any limitation whatever on the salaries paid.

Mr. STEAGALL. No; quite the contrary. The specific limitation applies to new loans, but it does not apply to existing loans or the renewal of existing loans.

Mr. BLANTON. I think we ought to vote down this committee amendment, and I do not think the gentleman will object very much.

Mr. STEAGALL. I cannot agree with the gentleman about that.

[Here the gavel fell.]

Mr. McFARLANE. Mr. Chairman, I rise in opposition to the committee amendment and call your attention to the first section of the bill, which states the emergency under which we are considering this legislation.

In this connection I want to read you a statement of the Chairman of the Reconstruction Finance Corporation appearing in the Wichita Falls Record News of May 22. This is a statement by Mr. Jones, of the Reconstruction Finance Corporation. The article is headed "Extreme Crisis Is Passed", and is as follows:

"Reports to Washington from the loan agencies throughout the country", Jones said, "substantiate both of these conclusions, a clear indication that the period of extreme gravity is behind us."

Therefore, the preamble of the bill stating that it is an existing emergency under which we are supposed to consider this legislation, is not in fact recognized by those who are to administer this act under the provisions of the bill.

The gentleman from New York [Mr. O'CONNOR] yesterday placed in the RECORD the names of two insurance companies who with their affiliates seem to be in great distress and want help under the provisions of this bill.

I have in my hand here a photostatic copy of the financial report, showing the financial status of those companies.

The Globe & Rutgers Fire Insurance Co. report shows that the capital stock is $7,000,000. In the statement they say that the salaries, rents, and so forth, the company paid in 1931 were $2,619,166.

I am wondering how much was paid to the president and the higher officials of the company. The Internal Revenue Department has the information, but they have refused to give it to Members of Congress, yet we are sitting here trying to pass legislation without this necessary information.

Mr. O'MALLEY. Will the gentleman yield?

Mr. McFARLANE. I will yield to the gentleman.

Mr. O'MALLEY. Does the gentleman say that this company with $7,000,000 capital paid $2,600,000 in salaries?

Mr. McFARLANE. Yes; last year.

Now, the National Surety Co. reports a capital stock of $15,000,000.

Mr. GREEN. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. GREEN. I should like to ask the gentleman if that company borrowed money from the Reconstruction Finance Corporation?

Mr. McFARLANE. Yes; the National Surety Co. mentioned yesterday by the gentleman from New York [Mr. O'CONNOR] borrowed $400,000 in January 1933, according to the report filed March 1, 1933, with the Banking and Currency Committee by the Reconstruction Finance Corporation.

Now, quoting from the report of the National Surety Co., as I say, the capital stock was $15,000,000. In 1931 they paid for salaries, rents, administration expenses, and so forth, $3,507,993.

Now, the Senate put a provision in this bill limiting the salaries paid to officials to $17,500.

Mr. BLANTON. If we vote down both committee amendments we will limit the salaries to $17,500.

Mr. McFARLANE. I have an amendment prepared here that I think we should adopt in any event, limiting the salaries under which all officers coming to the Reconstruction Finance Corporation to secure a loan shall be limited.

Mr. BLANTON. We can do it by voting down the committee amendments.

Mr. McFARLANE. Yes; we want to vote down the committee amendments, and then strike out sections 1, 2, and 3 of the bill.

Mr. GREEN. I hope we will fix it so that we will knock out the insurance feature.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I think in our desire to economize that we have probably lost sight of the effect that the amendment will have to write back into this bill this limitation upon the salaries to be paid to officers of corporations seeking aid from the Reconstruction Finance Corporation. I hold no brief whatever for the president or the executive of any bank or insurance company receiving $100,000 a year salary. I believe that what constitutes a fair salary should be left to the discretion of the Reconstruction Finance Corporation. I do not think this House should limit the amount to be paid. To do so would destroy the effectiveness of the Reconstruction Finance Corporation immediately. So it is logical to leave to the Reconstruction Finance Corporation, within its discretion, this question of what they consider a reasonable amount. Let me give you something of the history of this affair. This matter was brought up in committee. We had Jesse Jones, the chairman of the Reconstruction Finance Corporation, before our committee, and we asked him to make a recommendation. He made the recommendation, and his recommendation was that this salary should not be in excess of what might appear to be reasonable to the President of the United States. Some of us did not believe that we should further delegate legislative powers to the Executive, and we objected strenuously to that. I remember one question which was put to Mr. Jones. One of the members of the committee was astounded that the President should ask for that authority. He said:

Mr. Jones, do you mean to say that the President of the United States wants authority to regulate the salaries paid by borrowers from the Reconstruction Finance Corporation?

And he replied:

Gentlemen of the committee, I would not ask for that if I had not conferred with the President.

The President, therefore, wanted the authority himself to set these salaries. We did not think that we should dele-

gate that power to the President, and as a compromise we agreed that the Reconstruction Finance Corporation should set the salaries.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. MAY. Does the gentleman mean to say by his argument that he would decline to grant that authority to the President of the United States and at the same time grant it to the Reconstruction Finance Corporation?

Mr. WOLCOTT. Yes; because we feel that the Chief Executive of this Nation should not be bothered with these details.

Mr. ROGERS of Oklahoma. And the gentleman says that the President wants that?

Mr. WOLCOTT. He wants this authority to set these salaries, either in himself or in the Reconstruction Finance Corporation. I am glad of every opportunity I can to go along with the President of the United States in worthwhile legislation. If you men over there are as zealous as I am over here in my desire to go along with him on worthwhile legislation, you will vote to retain this amendment.

Mr. McFARLANE. Did the gentleman get this information direct from the President that he wants this authority?

Mr. WOLCOTT. We got it through Mr. Jones who said that the President wanted it and he conferred with the President before asking for it. So if you want to vote with the President of the United States you vote to accept the committee amendment. If you do not want to vote with the President of the United States, vote to eliminate it.

HIGH OFFICIALS OF BANKRUPT CORPORATIONS ASKING GOVERNMENT AID SHOULD NOT GET $200,000 SALARIES

Mr. WEIDEMAN. Mr. Chairman, I happen to be a new Member, and I want to speak to the new Members. You men know that when you were sent down here by the people to Congress you were sent here by the common people and not by the bankers—that is, the great majority of you. That is why you are here. I see some of my colleagues from Michigan. I have heard most of you speak before election and you all said that you would come down here and defend the rights of the people; that you would legislate in their behalf; and now my good friend from Michigan [Mr. WOLCOTT] wants to ask Jesse Jones, the head of the bankers, what salary we are going to fix as the pay for these men who are at the head of corporations asking Government aid. If you go back to our State and say that you voted in favor of continuing salaries of $200,000 to insurance officials and railroad officials and all other officials, while your folks are back there starving, you will not be back here to vote again in another Congress. They sent you down here to legislate. They did not send you down here from Michigan to have Mr. Jones and Mr. Morgan or any of the other bankers tell you what to do. That is the trouble. The bankers have been legislating for years. I propose to use my own discretion. I am responsible. Whether I come back or not is my funeral and not Mr. Jones'. [Applause.]

BANKERS CRY ON J. P. MORGAN'S SHOULDER

Think of the audacity of Mr. Morgan going before a committee and saying that he did not make any money, while at this very minute he is maintaining three complete floors in the Carlton Hotel, with private cooks and valets, so that his stomach will not be upset by this investigation they are having over there. I say that you are the direct representatives of the people. We do not have to go to Jesse Jones or anybody else for a recommendation. Members of Congress are individually responsible for their vote. If a company is in such position that it has to borrow millions of dollars to keep going, it has no business to pay its officials $200,000 a year salary. We have a Vice President of the United States who is devoting every minute of the day to the welfare of the country, to keep it from bankruptcy, and he gets only $15,000 a year. Of course, if you want to vote to continue this $200,000 a year salary, do it, and I hope that we will have a roll call on this bill. [Applause.]

With the consent of the House, I am offering the following information concerning salaries paid to high officials in corporations. The following salaries are just a few, and the same rate of salaries are paid in all the big corporations in this country.

Here are the salaries of executives of five leading companies:

	1929	1932
Equitable Life Assurance Society:		
T. I. Parkinson, president	$75,000	$100,000
L. M. Fisher, vice president	34,375	40,000
W. J. Graham, vice president	34,375	40,000
R. D. Murphy, vice president	20,000	30,000
D. A. Walker, vice president	17,187	20,000
Metropolitan Life Insurance Co.:		
F. H. Ecker, president	175,000	200,000
L. A. Lincoln, vice president	66,875	125,000
A. C. Campbell, vice president	35,000	40,000
H. E. North, vice president	30,000	35,000
F. W. Ecker, treasurer	27,500	32,500
The Mutual Life Insurance Co.:		
D. F. Houston, president	100,000	125,000
F. L. Allen, vice president	40,000	40,000
G. K. Sargent, vice president	40,000	40,000
W. Shields, vice president	31,250	40,000
P. M. Foshay, vice president	30,000	30,000
New York Life Insurance Co.:		
T. A. Buckner, president	100,400	125,400
W. Buckner ,vice president	55,360	55,400
T. A. Buckner, Jr., assistant secretary	8,604	10,000
A. L. Aiken, vice president	45,000	45,000
J. C. McCall, vice president	56,200	55,000
L. H. McCall, secretary	18,892	18,000
H. Palagano, treasurer	46,400	45,000
The Prudential Insurance Co. of America:		
E. H. Duffield, president	125,000	125,000
F. D'Olier, vice president	75,000	75,000
G. W. Munsick, vice president	48,000	50,000
J. W. Stedman, vice president	43,000	43,000
J. K. Gore, vice president	43,000	43,000

The President of the Missouri Pacific Railroad, which borrowed over $27,000,000 from the Reconstruction Finance Corporation, was drawing a salary of $85,416 from the company until it was cut to $40,000 by a Federal judge just this month. At the same time the vice president was cut from $40,000 to $19,000 per year.

In addition to President Baldwin's salary of $80,000 from the Missouri Pacific, he was drawing $12,700 a year as chairman of the board of the Denver & Rio Grande Railroad and $6,000 a year as President of the Missouri Transportation Co., making his yearly salary in excess of $100,000 a year. And President Baldwin is not the exception among big corporation executives.

I know that the common people of this country, who are demanding a minimum wage of $15 per week, will cry over the sad plight of these corporations.

Section 4 of Senate bill 1094 provides that no corporation seeking aid from the Government shall pay its officials over $17,500 per year. Our House committee now recommends that this be amended, and to allow the Reconstruction Finance Corporation to fix their salaries. This is wrong. Corporations claiming Government aid and loans of large sums of money have no business paying their officials these exorbitant salaries. It was these same corporation officials who were demanding "economy" and who forced the Government employee to take a 15-percent cut on his small salary, and who forced the unconscionable cuts on war veterans, who now cry out against cutting their unearned large salaries. And lo and behold, in the very Halls of Congress this afternoon, we have heard Members of Congress take up their wail and join them in their weeping.

LARGE SALARIES MAKE HIGH RATES

In paying these large salaries to themselves these officials raise your rates of insurance, make your railroad fares higher, and increase the cost of goods they manufacture, if they are in the manufacturing business, and deprive stockholders of dividends.

Mr. HOLLISTER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I think there is a great deal of uncertainty over this particular aspect of the question which we are considering now.

There are entirely two different classes of borrowers from the Reconstruction Finance Corporation, or perhaps I should say two classes of those who are taking advantage of the facilities of the Reconstruction Finance Corporation. Our

first step in the Reconstruction Finance Corporation was to make loans to banks, insurance companies, and railroads. It was only recently that we got into the business of bolstering up the capital structure, first of banks and then of insurance companies, through assistance from the Reconstruction Finance Corporation resources.

There is quite a difference in a company coming to the Reconstruction Finance Corporation and asking for money to bolster up its capital structure, in other words, to put money behind the company so that it may go ahead with business, and the original idea of the Reconstruction Finance Corporation, which was to act as a bank, because of the fact that banking facilities in the country had broken down. Are we quite keeping faith with the borrowers from the Reconstruction Finance Corporation who have found it impossible to pay immediately the sums they have borrowed? Are we keeping faith with them when they have treated this as a bank, to ask that the Reconstruction Finance Corporation do more than any good banker would do under the circumstances? A good banker, when a borrower comes in to borrow, says to the borrower, "Your overhead is too much. Your salaries are too high. You must cut your operating costs so much."

Gentlemen, you cannot consider every corporation under one rule of thumb. You cannot say that one corporation which may be a small one in some country district should be treated the same as one of our great railroad corporations which has ramifications all over the country. Is it not better to leave it to the Reconstruction Finance Corporation as a good banker to handle this in the way a good banker would handle his borrowers? Let them say, "We will decide what the salaries shall be and what the overhead shall be", instead of trying to make a rule of thumb. Why should we pick $17,500 instead of $2,500 or $5,000, or some other figure? Is it not better to let the organization in charge of the matter settle each case as it comes up?

Mr. McFARLANE. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. McFARLANE. How does the gentleman reconcile that line of thought with the proposition of the record made in the past, when we know they have used such bum judgment in the past in passing on loans?

Mr. HOLLISTER. I do not know what particular loan the gentleman is referring to.

Mr. McFARLANE. Well, the Missouri-Pacific loan and the Dawes loan. I could name a dozen others.

Mr. HOLLISTER. Does the gentleman know how much of the Dawes loan has been repaid?

Mr. McFARLANE. Some gentlemen said about $30,000,000; but I know how much was loaned, and I know there is about twenty-five or thirty million dollars lost in connection with that loan. Will the gentleman deny that?

Mr. HOLLISTER. I deny that absolutely.

Mr. BLANTON. Will the gentleman yield?

Mr. HOLLISTER. I yield to the gentleman.

Mr. BLANTON. The gentleman asks, Why should we limit salaries to a maximum of $17,500?—intimating that it is an arbitrary maximum. That is approximately the salary that a distinguished Justice of the Supreme Court of the United States receives. It is approximately the salary which the distinguished Minister of this country to the renowned Court of St. James's receives.

Mr. HOLLISTER. Allow me to answer the gentleman in this way, that the Government has never properly paid its best employees.

Mr. BLANTON. It is approximately the salary which a Cabinet officer of the United States Government receives. We fixed it according to the salary which the very best talent we could get in the Nation receives. We get the best talent for Cabinet officers, the Ambassadors, and Justices of the Supreme Court of the United States, do we not?

Mr. HOLLISTER. Permit me to say in answer to the gentleman that salaries are fixed by the law of supply and demand. The gentleman may object and others may object to salaries of more than $17,500 being paid. They are paid, however, and it is true that in order to be able to get proper men to operate some of the great organizations in this country, greater salaries than that must be paid, and if we are not able to continue those salaries we will be in the position of having Reconstruction Finance Corporation money invested in corporations which are losing their best men so that second-rate men may be going ahead trying to operate these corporations.

Mr. BLANTON. The gentleman says that salaries are fixed by the law of supply and demand. Supply and demand is what they demand, and what we supply, when they demand that we supply them with public money to pay their presidents a salary of $200,000 per year.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. HOLLISTER] has expired.

Mr. KELLER. Mr. Chairman, I have a substitute amendment on the Clerk's desk which I ask be read.

The Clerk read as follows:

Amendment offered by Mr. KELLER: Page 5, line 5, after the word "of", strike out the erasure lines and restore "$17,500 per annum"; and strike out all of line 6 and the word "Corporation" in line 7; and in line 10 strike out the erasure lines and restore "$17,500"; and strike out the words in italics in lines 10 and 11.

The CHAIRMAN. The Chair will recognize the gentleman, but the amendment offered by the gentleman is not a substitute, because it attempts to strike out something that has not been adopted. That language is now in the bill and the committee amendment seeks to strike it out. That amendment is pending now.

Mr. KELLER. Then I understand a vote "aye" is to strike out "$17,500"?

The CHAIRMAN. It is already in the bill. That is what the committee amendment seeks to do.

Mr. BLANTON. So we want to vote down the committee amendment.

Mr. KELLER. I desire to be recognized, Mr. Chairman.

The CHAIRMAN. The gentleman from Illinois is recognized for 5 minutes.

Mr. KELLER. Mr. Chairman, a few minutes ago I voted not to strike out the enacting clause for this special reason: In section 4 of this bill we have an opportunity to get exactly what the Progressives, as we call ourselves sometimes, want; that is, a real, straight vote on whether we are going to cut out this salary abuse or not. I am for cutting out the salary abuse. I believe this House is for it. The truth of the matter is it has been one of the disgraces of the business of our country, and of our income-tax department and our income-tax laws that have permitted and are now permitting men to draw salaries of even 20 times what the President of the United States is getting.

All of you who have followed these matters know that this is true. It is time we called a halt on it, for when great corporations come here and say that they do not make anything for the actual reason that they paid out these amounts of money in salaries and bonuses we ought to waken to the fact that that is the sore spot. We ought to strike at the heart of this abuse. We should fix the maximum salary at $17,500. Better men, abler men than those who are getting a million or more a year in salaries and bonuses and other robberies of the business they control are working around these same greedy pigs for a small part often of the $17,500 we propose here. These outrageous premiums are not paid because of ability or character or service, but because of their unfair control of the stock of their companies. Then when these people come down here to get the renewals of their loans from the Reconstruction Finance Corporation the Board will be compelled to say, if their officers are receiving more than $17,500 per annum, that if the company wants to get its loan renewed the company officers and directors must reduce their salaries to not exceed this amount.

The bill before us is to be a part of Reconstruction Finance Corporation law.

Now, I desire to ask a series of questions of the chairman of this Banking and Currency Committee.

My recollection is that the Reconstruction Finance Corporation is simply a revamping of the War Finance Corpo-

ration of war time and for the recovery of business after the panic of 1921. Is this correct?

Mr. STEAGALL. That is true. It is predicated upon the former War Finance Corporation Act.

Mr. KELLER. And it is doing exactly the same thing now which the War Finance Corporation did then, only on a much larger scale?

Mr. STEAGALL. Yes; on a larger scale.

Mr. KELLER. Notwithstanding the cheating and defrauding that was carried on at that time by the men who controlled the War Finance Corporation, what was the financial result of the War Finance Corporation? Did that Corporation pay back all the money into the Treasury which it received from the Government? Did the people lose anything?

Mr. STEAGALL. The War Finance Corporation made a profit of many millions of dollars. I hesitate to name the amount.

Mr. KELLER. Did it not in fact not only pay back all the money the Government advanced to it but also a net profit of $60,000,000?

Mr. STEAGALL. Something like that.

Mr. KELLER. If the present Corporation does its business as it ought to, handling so much more money than the War Finance Corporation handled, it ought to pay much more net profit back to the people when it is closed up?

Mr. STEAGALL. Yes; it certainly should.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. PATMAN. Section 4 will apply to all corporations, will it not?

Mr. KELLER. Yes, sir; it will.

Mr. PATMAN. I hope the gentleman will make it plain that under existing law it does not apply to banking or to railroads. However, if section 4 becomes a law, then when the railroad loans and the banking loans, and these other loans fall due and application is made for their renewal, this salary feature will apply.

Mr. KELLER. Exactly so. That is the reason I voted as I did, so as to get a chance to provide for that very thing.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. TRUAX. The gentleman stated that the War Finance Corporation made $60,000,000. Did that amount include the millions they made out of the farmer by fixing the price of his wheat at $2.20 a bushel?

Mr. KELLER. No; that does not enter into it, of course.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield.

Mr. HOEPPEL. Would the gentleman care to state how many millions of men were unemployed during the time the War Finance Corporation was in operation?

Mr. KELLER. It ran as high as 5,000,000 men at one time, but not more.

Mr. HOEPPEL. I did not think there were any unemployed at that time.

Mr. KELLER. Yes; a report by Secretary of Commerce, Hon. Herbert Hoover, made of that in the early part of 1922 showed 5,000,000 men in enforced idleness.

Mr. WEIDEMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. KELLER. I yield.

Mr. WEIDEMAN. I am wondering if the gentleman would not see fit to emphasize this fact, that a vote "no" on the committee amendment will allow the heads of the Reconstruction Finance Corporation to say to the heads of the insurance companies and railroad companies, whose executives are getting $200,000 or $300,000 a year, "We cannot help you unless the salaries of your executives are cut down to $17,500 a year."

Mr. KELLER. The gentleman is correct. That is exactly what I am driving at.

Mr. WEIDEMAN. In order to do this the Member should vote "no" on the committee amendment?

Mr. KELLER. The gentleman is right.

Mr. SEARS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SEARS. What is pending before the committee, Mr. Chairman?

The CHAIRMAN. There are pending two committee amendments in respect of the salary limitation of $17,500.

Mr. SEARS. After the next speech I shall make the point of order that all debate on these amendments has closed under the rules of the House.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. LUCE. Mr. Chairman, as a member of the committee, I want to inform as to the exact situation in order that all may vote understandingly.

There came to us from the Senate a measure comprising numerous changes in the Reconstruction Finance Corporation Act, a dozen or so in number. A motion to strike out the enacting clause will destroy all these proposals if it succeeds. If, however, the pending matter is settled by direct and immediate vote, then the remaining sections of the bill, which are of much importance, may survive, or may not.

We have now provided that for the four or five surety companies which are the only companies likely to take advantage of section 3, salaries shall not be more than $17,500 a year.

In the Senate there was inserted a provision extending far beyond the scope of the original measure, providing that no corporation in the United States might be allowed to borrow or renew loans from the Reconstruction Finance Corporation if it paid any salaries of more than $17,500.

There came before us the chairman of the Reconstruction Finance Corporation, Mr. Jesse Jones, of Texas, and he expressed a sentiment which I am sure was echoed by every member of the committee, that many salaries are too large. Nobody contests that. It is desirable that they shall be reduced.

The proposal before us is one that reminds me of the legendary bed of Procrustes, where they laid the victim and cut off his head or his feet if he were longer than the bed, or if he were shorter than the bed, stretched him out to match the bed.

The iron-clad rule of $17,500 would work a great deal of harm if kept in the precise shape in which it came from the Senate. So we consulted with Mr. Jones as to what we should do, and I would corroborate what the gentleman from Michigan said of that discussion, in spite of the fact that I dislike to refer to the President on this floor. I would modify slightly the emphasis that the gentleman from Michigan gave to his statement, for as I understood it, the President averred himself to be willing to undertake this duty, and as it is a very unpleasant duty, naturally, the Chairman of the Reconstruction Finance Corporation was willing that the President should do it; but when we thought of that anxious, troubled, burdened man in the White House, with the great responsibilities of the Nation and of the world on his shoulders, it seemed to us unwise to expose him to the pressure that would be brought by the corporations of the country to save their pay rolls, and we found that the Chairman of the Reconstruction Finance Corporation, if the President was not to do it, was willing to undertake the task.

I think we have a very capable man at the head of this institution. I believe that he understands the spirit and temper of the House and of the people. He told us that he thought these salaries were too large and as far as one man may give assurance of his intentions and purposes, he gave us assurance that the purpose of the House would be carried out; and what we are asking you to do today is to allow him to apply the rule as in his judgment may seem wisest. He may be expected to require salary reductions to the point where a corporation will not be embarrassed—and when you embarrass a railroad corporation you embarrass the users

of the railroad, you increase the dangers of travel if you do not have the best administrator you can find, and so it is with every type of corporation—unless you get the best man that can be secured you do the public and yourselves injury.

So I ask you to leave this to Mr. Jones and the Reconstruction Finance Corporation.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Substitute amendment offered by Mr. CELLER: Page 5, line 5, strike out "$17,500" and insert "$25,000"; page 5, line 10, strike out "$17,500" and insert "$25,000."

The question was taken and the substitute amendment was rejected.

The CHAIRMAN. The question is on the adoption of the committee amendment.

The question was taken; and on a division (demanded by Mr. LUCE) there were—ayes 115, noes 73.

So the committee amendment was agreed to.

Mr. BLANTON. Mr. Chairman, I offer the preferential motion that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. STEAGALL. Mr. Chairman, I make the point of order that the Committee has voted on that identical motion.

Mr. BLANTON. But the Committee has transacted some business since then.

The CHAIRMAN. Two amendments have been adopted since that motion was last made. The Chair overrules the point of order.

The question is on the motion of the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 75, noes 115.

So the motion was rejected.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 5, line 10, strike out "$17,500 per annum" and insert "what appears reasonable to the Reconstruction Finance Corporation."

The CHAIRMAN. The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. BLANTON and Mr. MCFARLANE) there were—ayes 121, noes 65.

So the committee amendment was agreed to.

The Clerk read as follows:

SEC. 9. 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: *Provided*, That nothing contained in sections 5, 6, 7, 8, and 9 of this act 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. SABATH. Mr. Chairman, I move to strike out the proviso beginning in line 12, page 7.

The Clerk read as follows:

Amendment by Mr. SABATH: Page 7, line 12, strike out the proviso which reads: "*Provided*, That nothing contained in sections 5, 6, 8, and 9 of this act 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. SABATH. Mr. Chairman, ladies, and gentlemen, there are many of you who are in favor of the bill because it seeks to amend section 201 of the Reconstruction Finance Corporation Act, which would make possible loans to States and municipalities and to eliminate certain provisions under which no loans were made as originally intended by the House by the Reconstruction Finance Corporation. The proviso that I have moved to strike out refers only to matters pertaining to the California situation.

I am willing that the provision that will relieve the situation in California should be adopted, but why should we restrict municipalities in all other States from being authorized to receive money from the Reconstruction Finance Corporation? The securities of these municipalities are good, and loans will be repaid, every dollar.

When I originally advocated the passage of the Reconstruction Finance Corporation Act it was because I believed that it was going to give rise to employment and relieve the existing conditions. I want to read to you the title of the act that we passed in January 1932. It was—

To provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes.

So far no relief has been given to commerce or industry of the United States. All the loans that have been made, with a few exceptions, are loans to the railroad companies, to the banks, and to the insurance companies, and now we come in with this bill to increase loans to insurance companies.

We amended that act in July 1932, and that was to relieve the destitution. The title of the act of July 1932 was "To relieve the destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting public works."

I say now that the Reconstruction Finance Corporation has failed to provide or extend any credit or relief for the purposes that were originally contemplated in the legislation that was passed, though I have reasons to believe that under the new management the Government will be protected and deserving applications for loans will receive consideration and those not deserving will be rejected.

But I am of the opinion that if this bill is passed in its present form it will only aid four or five casualty companies. It will not help construction, because, as I pointed out early in the afternoon, the public works bill that will come in tomorrow precludes the making of any loans provided in the bill we are now considering.

So these provisions are nothing but gestures and inserted merely to get votes for the insurance loans that gentlemen are interested in.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, the amendment offered by the gentleman from Illinois [Mr. SABATH], as he has suggested, will have very little time within which to be operative. If the legislation coming before this House tomorrow should be enacted into law, the activities contemplated in this amendment will be taken over by another organization. In view of the situation that exists, there will be no objection to the amendment on the part of the committee.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Illinois.

The amendment was agreed to.

The Clerk read as follows:

SEC. 10. 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. SHOEMAKER. Mr. Chairman, I move to strike out section 10.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. SHOEMAKER: Page 7, line 17, strike out all of section 10.

Mr. SHOEMAKER. Mr. Chairman, we have been financing some of these railroad companies and pouring money into this bottomless hopper for a number of months, and here we find in this section 10 in line 22, the following:

Provided further, That the Corporation may make loans to trustees of railroads which proceed to reorganize under section 77 of the Bankruptcy Act of March 3, 1933.

We are not satisfied with trying to finance going concerns in distress, but we want to finance receivers of bankrupt organizations.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. SHOEMAKER. Yes.

Mr. HANCOCK of North Carolina. Does the gentleman understand that under the existing law it is permissible to make loans to receivers of railroads, but since the passage of the bankruptcy bill of March 3, 1933, instead of having receivers, those in charge of railroad properties appointed by the courts are trustees, and this provision only extends the right to lend to trustees who occupy the same position as receivers would before the passage of the bankruptcy act. It should also be noted that the present Chairman of the Reconstruction Finance Corporation has requested this clarifying amendment.

Mr. SHOEMAKER. That is the very thing that I am opposed to, whether it happens to be a receiver or a trustee. Our farmers are going bankrupt all over the country. Their homes are being taken from them. Workingmen's homes are being taken from them. Nobody steps in to give those receivers money out of the Treasury of the United States to save their property.

Mr. HANCOCK of North Carolina. To remedy the situation the gentleman complains of, he would have to go back and have Congress repeal the original act of January 1932, and later amended by an act approved July 21, 1932.

Mr. SHOEMAKER. Mr. Chairman, I don't see any reason why this Corporation should exist any longer. Everybody is going bankrupt. It is not helping anybody but the big insurance companies and financial institutions and railroad companies at the expense of the taxpayer. Every day we are appropriating more money and issuing more tax-free bonds for the people to pay interest on. We are not going to alleviate this situation by perpetuating a system of appropriating more money. Yesterday it was $150,000,000, and today it is another $50,000,000, and if we keep on for another 30 days we will not have to come back here at all.

We will not have any Government. The people will take it into their own hands and the Congress of the United States will be out on the streets along with the 16,000,000 unemployed, and the veterans that have their feet sticking through their shoes. We may as well turn the entire Government over to Morgan and give him keys to the Capitol and say that we are done, and let him run the rest of the show.

He is now here in the very Capitol, and we would not even have to pay mileage to bring him here to get the keys; give him the rest of the Government bag and boodle. [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. STEAGALL. Mr. Chairman, I desire to say to the membership of the House that this bill represents the purpose of the administration to carry on a comprehensive war against this depression and to accomplish relief for every section and for every class of citizenship in the United States. If this bill did not represent that purpose it would not be before this body this afternoon and I would not be taking your time at this moment. I hope the House will not turn aside from the course upon which we have embarked in support of this administration in the stupendous task that has fallen to its hands, but that we shall go forward waging the battle on every front until we have accomplished the purpose of this extraordinary session to start forces that will ultimately bring complete economic recovery in the United States. [Applause.] That is the purpose of this legislation. The references to what is going on at the other end of the Capitol, as well as many other references and suggestions that have been made here, though they spring from the highest purposes, with which all Members of this House are in accord, have no legitimate bearing on this legislation or its purposes. This administration is entitled to continue the use of the Reconstruction Finance Corporation in this struggle. It was used on a large scale by the former administration. To terminate its activities or withdraw its support now would be unjust to the administration and hazardous to its program. [Applause.]

I move that all debate on this section and amendments thereto be closed.

The motion was agreed to.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Minnesota.

The amendment was rejected.

The Clerk read as follows:

SEC. 11. As used in this act the term "insurance company" shall include any corporation engaged in the business of insurance, irrespective of the nature thereof, and operating under the supervision of a State superintendent or department of insurance in any of the States of the United States.

With the following committee amendment:

Line 3, after the word "insurance", insert the words "or in the writing of annuity contracts."

Mr. McFARLANE. Mr. Chairman, I should like the chairman of the committee to explain the purpose of this amendment.

Mr. STEAGALL. It is simply to extend the provisions of this act, as far as it may be done, to all insurance companies. There are insurance companies who write annuity contracts, and there is no reason why, in the judgment of the committee, they should not be included in the provisions of this act. That is the purpose of it.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 12. 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. HOLLISTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. HOLLISTER: Page 8, line 11, after the word "loan", insert the words "if adequately secured."

Mr. HOLLISTER. Mr. Chairman, that language should have been printed in the bill. It was adopted in the committee.

Mr. STEAGALL. It is merely a clerical error, and I hope the House will correct it.

Mr. GREEN. Mr. Chairman, I rise in opposition to the amendment.

My colleague, I would not feel that I had performed my full duty to the constituency which I try to represent if I did not voice final disapproval of the Congress of the United States once more contributing indirectly in this case $50,000,000 to large corporations which pay their officials as high as $175,000 per year.

Mr. GOLDSBOROUGH. Mr. Chairman, a point of order. The gentleman is not speaking to the amendment.

Mr. GREEN. I hope the gentleman will not insist upon that. I do not intend to use all of the 5 minutes.

Mr. GOLDSBOROUGH. I insist on the point of order, Mr. Chairman.

Mr. GREEN. Large corporations paying $175,000 a year to the officers of such corporations. I hope my colleagues will think over this matter in a serious, personal manner. How can a corporation official honestly earn twice as much as is paid the President of the United States. The corporations should pro rate profits to their stockholders and, in case of insurance companies, to their policyholders, instead of the officers gobbling it up in high salaries.

Mr. GOLDSBOROUGH. Mr. Chairman, I insist on the point of order. The gentleman is not speaking to the amendment.

The CHAIRMAN. The gentleman from Florida must confine himself to the amendment.

Mr. GOLDSBOROUGH. There cannot possibly be any objection to the amendment. I must ask the gentleman to address himself to the amendment.

Mr. GREEN. I know at times facts seem harsh. If the Clerk will please read the amendment, I will confine myself to it.

There being no objection, the Clerk again reported the amendment.

Mr. GREEN. Very well. "Adequately secured." [Laughter.] My colleagues, do you believe that the corporations that will borrow this $50,000,000 can give adequate security? They have borrowed an enormous amount. We are informed by those high in official circles that the purpose of this $50,000,000 loan is to enable those corporations to pay a portion of which they have already borrowed. In conscience, when our people are unemployed and when ex-service men are given a dollar a day to work in the forests——

Mr. GOLDSBOROUGH. Mr. Chairman, I insist the gentleman is not speaking to the amendment. I insist that he confine himself to the amendment. The amendment provides that loans secured from the Reconstruction Finance Corporation should be adequately secured. I ask that the gentleman confine himself to that limitation.

Mr. GREEN. I will try my best to do so, because the Reconstruction Finance Corporation has not, I fear, confined itself to ample security in disposing of $2,800,000,000. [Applause.] My friends, it is ridiculous—I am sincere in this—when we are about to give $50,000,000 more to these same corporations, when our people are in destitution——

The CHAIRMAN. The time of the gentleman from Florida [Mr. GREEN] has expired.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. HOLLISTER].

The amendment was agreed to.

The Clerk read as follows:

SEC. 13. 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 if adequately secured 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. LUCE. Mr. Chairman, in line 7, on page 9, I am quite certain the word "expense" is a misprint for the word "extent." I ask unanimous consent to substitute the word "extent" for the word "expense."

The CHAIRMAN. Without objection, the correction will be made.

There was no objection.

Mr. KVALE. Mr. Chairman, I offer an amendment.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. KVALE. Mr. Chairman, I have offered an amendment, and I desire to know whether the gentleman from Alabama is asking unanimous consent or whether he moved to close debate.

The CHAIRMAN. The Chair did not put the motion, pending the gentleman's amendment.

The Clerk will report the amendment offered by the gentleman from Minnesota [Mr. KVALE].

The Clerk read as follows:

Amendment offered by Mr. KVALE: Page 9, line 13, after the word "Rico", at the end of section 13, add a new section, to read as follows:

"SEC. 14. Section 5 of the Reconstruction Finance Corporation Act, as amended, is hereby amended by adding at the end thereof the following new paragraph:

"'The Reconstruction Finance Corporation is further authorized to make loans to any municipality or municipal subdivision of any State for the purposes of furnishing food, clothing, shelter, fuel, medical attention, or other direct relief to poor persons residing in such municipality or municipal subdivision, such loans to be secured by the pledge of the bonds or certificates of indebtedness of such municipality or municipal subdivision, and the said Reconstruction Finance Corporation is hereby authorized to submit proposals and/or bids for the purchase of such bonds or certificates of indebtedness from such municipality or municipal subdivision and to otherwise comply with the laws of any State relating to the issuance and sale of such bonds or certificates of indebtedness, and the interest to be charged such municipality or municipal subdivision on such loans or on such bonds or certificates of indebtedness shall not exceed the rate of five (5) percent per annum.'"

Mr. KVALE. Mr. Chairman, I shall not consume the 5 minutes on this amendment. My reason for offering the amendment is to make sure that the action of the committee upon the Sabath amendment which strikes out the proviso in section 9 and applies to the operation under section 7, will make unnecessary my amendment.

The chairman of the committee knows the delegation from one of the large cities in my State has been in consultation with him. He knows of the need for such an amendment.

If I can have the assurance that my amendment will be unnecessary in view of the committee's earlier action, I shall be glad to ask unanimous consent to withdraw it.

Mr. STEAGALL. If I understand the purport of the gentleman's amendment the purpose is accomplished by the Sabath amendment, but I may say to the gentleman that neither his amendment nor the Sabath amendment will probably be effective very long for the reason that under legislation now contemplated the activities to which the gentleman refers in his amendment will be transferred to another administration of the Government. That is what is in contemplation at this time.

I may say also we recently passed a $500,000,000 relief bill, and an administration has been set up for the purpose of handling this very fund which is empowered to do everything contemplated by the gentleman's amendment.

Mr. KVALE. I beg the gentleman's pardon. The emergency relief bill will take care of about 30 percent of the immediate acute needs out there, and that is why I am interested in seeing that this amendment which I offer, or some similar amendment, will take care of the acute need until the new legislation can be brought into operation.

Mr. STEAGALL. I think that would.

Mr. KVALE. Then, Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. STEAGALL. Mr. Chairman, I move that debate on this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk concluded the reading of the bill.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FULLER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration 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, pursuant to House Resolution 156, he reported the bill back to the House with sundry amendments adopted by the Committee.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. BLANTON. Mr. Speaker, I demand a separate vote on the twin amendments of the committee, the first one beginning in line 5, page 5, and the other one beginning in line 10, of page 5, and being identical amendments dealing

with the same subject matter. I ask unanimous consent that we may vote on them in block in order to save time.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them in block.

The amendments were agreed to.

The SPEAKER. The gentleman from Texas asks unanimous consent to consider the two committee amendments on page 5 in block. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the amendments.

The Clerk read as follows:

Page 5, line 5, strike out "$17,500 per annum" and insert "what appears reasonable to the Reconstruction Finance Corporation;".
Page 5, line 10, the same amendment.

The SPEAKER. The question is on the committee amendments.

Mr. BLANTON. Mr. Speaker, I demand a division, and pending that I ask for the yeas and nays.

The yeas and nays were refused.

The Committee divided; and there were—ayes 128, noes 74.

So the amendments were agreed to.

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

Mr. BLANTON. Mr. Speaker, I move to recommit the bill to the Committee on Banking and Currency.

The Clerk read as follows:

Mr. BLANTON moves to recommit the bill, S. 1094, to the Committee on Banking and Currency.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. BLANTON and Mr. MCFARLANE) there were—ayes 147, noes 96.

Mr. BLANTON. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 203, nays 137, not voting 90, as follows:

[Roll No. 45]

YEAS—203

Adams	Cooper, Tenn.	Hill, Samuel B.	Oliver, N.Y.
Allen	Corning	Holdale	Parker, N.Y.
Allgood	Cross	Hollister	Perkins
Almon	Crowe	Holmes	Peterson
Andrew, Mass.	Culkin	Hooper	Peyser
Andrews, N.Y.	Cullen	Hope	Powers
Ayres, Kans.	Darden	Huddleston	Prall
Bacharach	Darrow	Jacobsen	Ragon
Bacon	Dear	Jeffers	Ramspeck
Bakewell	Delaney	Jenckes	Ransley
Beedy	Dickinson	Jenkins	Reid, Ill.
Beiter	Dickstein	Johnson, W.Va.	Reilly
Blanchard	Dingell	Kahn	Richardson
Bland	Dirksen	Kee	Robertson
Bloom	Disney	Keller	Rogers, Mass.
Boehne	Ditter	Kelly, Pa.	Rogers, N.H.
Boileau	Dockweiler	Kenney	Rudd
Boland	Dondero	Kinzer	Sandlin
Boylan	Doughton	Kleberg	Schuetz
Brooks	Doutrich	Knutson	Schulte
Brown, Mich.	Drewry	Kopplemann	Sears
Brumm	Duffey	Kramer	Seger
Brunner	Duncan, Mo.	Kurtz	Shannon
Buchanan	Durgan, Ind.	Kvale	Sirovich
Buck	Eagle	Lea, Calif.	Sisson
Burch	Eaton	Lehlbach	Snell
Burke, Calif.	Edmonds	Lindsay	Somers, N.Y.
Burke, Nebr.	Ellzey, Miss.	Lloyd	Spence
Burnham	Englebright	Lozier	Stalker
Byrns	Farley	Luce	Steagall
Cady	Fish	McClintic	Stokes
Caldwell	Fitzpatrick	McCormack	Stubbs
Cannon, Mo.	Flannagan	McDuffie	Studley
Carden	Ford	McGrath	Sullivan
Carley	Fuller	McKeown	Sutphin
Carter, Calif.	Gibson	McSwain	Swick
Carter, Wyo.	Goldsborough	Mansfield	Taber
Cavicchia	Goodwin	Marland	Treadway
Celler	Greenwood	Marshall	Turner
Chavez	Guyer	Martin, Mass.	Turpin
Church	Haines	Martin, Oreg.	Underwood
Cochran, Mo.	Hancock, N.Y.	Mead	Utterback
Cochran, Pa.	Hancock, N.C.	Meeks	Vinson, Ga.
Colden	Hartley	Millard	Wadsworth
Collins, Calif.	Hastings	Moran	Waldron
Condon	Hess	O'Connell	Walter
Connolly	Higgins	O'Connor	Watson
Cooper, Ohio	Hill, Ala.	Oliver, Ala.	Welch
West, Ohio	Wilcox	Withrow	Wolverton
West, Tex.	Williford	Wolcott	Woodruff
Wigglesworth	Wilson	Wolfenden	

NAYS—137

Adair	Fletcher	Lee, Mo.	Rogers, Okla.
Arens	Focht	Lehr	Ruffin
Arnold	Frear	Lemke	Sabath
Bailey	Gasque	Lundeen	Sanders
Beam	Gavagan	McCarthy	Schaefer
Blanton	Gilchrist	McFadden	Secrest
Brennan	Gillette	McFarlane	Shallenberger
Bulwinkle	Glover	McGugin	Shoemaker
Carpenter, Kans.	Goss	Major	Smith, Wash.
Carpenter, Nebr.	Gray	Maloney, Conn.	Smith, W.Va.
Cary	Green	Mapes	Snyder
Castellow	Griffin	Martin, Colo.	Strong, Tex.
Chapman	Griswold	May	Swank
Chase	Hamilton	Miller	Tarver
Christianson	Harlan	Milligan	Taylor, Colo.
Claiborne	Hart	Mitchell	Taylor, S.C.
Clark, N.C.	Healey	Monaghan	Taylor, Tenn.
Collins, Miss.	Hildebrandt	Morehead	Thom
Colmer	Hill, Knute	Mott	Thomason, Tex.
Connery	Hoeppel	Murdock	Thompson, Ill.
Cox	Howard	Musselwhite	Truax
Cravens	Imhoff	Nesbit	Umstead
Crosby	Johnson, Minn.	O'Malley	Vinson, Ky.
Crosser	Johnson, Okla.	Owen	Warren
Cummings	Jones	Parker, Ga.	Wearin
Deen	Kelly, Ill.	Parsons	Weideman
Dies	Kennedy, N.Y.	Patman	Werner
Dobbins	Kloeb	Pettengill	White
Doxey	Kniffin	Polk	Whitley
Dunn	Kocialkowski	Ramsay	Whittington
Eicher	Lambeth	Randolph	Young
Eltse, Calif.	Lamneck	Rankin	Zioncheck
Faddis	Lanham	Rayburn	
Fernandez	Lanzetta	Reece	
Fiesinger	Larrabee	Richards	

NOT VOTING—90

Abernethy	Douglass	Lesinski	Robinson
Auf der Heide	Dowell	Lewis, Colo.	Romjue
Ayers, Mont.	Driver	Lewis, Md.	Sadowski
Bankhead	Evans	Ludlow	Scrugham
Beck	Fitzgibbons	McLean	Simpson
Berlin	Foss	McLeod	Sinclair
Biermann	Foulkes	McMillan	Smith, Va.
Black	Fulmer	McReynolds	Strong, Pa.
Bolton	Gambrill	Maloney, La.	Sumners, Tex.
Britten	Gifford	Merritt	Sweeney
Brown, Ky.	Gillespie	Montague	Terrell
Browning	Granfield	Montet	Thurston
Buckbee	Gregory	Moynihan	Tinkham
Busby	Harter	Muldowney	Tobey
Cannon, Wis.	Henney	Norton	Traeger
Cartwright	Hornor	O'Brien	Wallgren
Clarke, N.Y.	Hughes	Palmisano	Weaver
Coffin	James	Parks	Williams
Cole	Johnson, Tex.	Peavey	Wood, Ga.
Crowther	Kemp	Pierce	Wood, Mo.
Crump	Kennedy, Md.	Pou	Woodrum
De Priest	Kerr	Reed, N.Y.	
DeRouen	Lambertson	Rich	

So the bill was passed.

The following pairs were announced:

On the vote:

Mr. Tobey (for) with Mr. Johnson of Texas (against).
Mr. Brown of Kentucky (for) with Mr. Wallgren (against).
Mr. Bankhead (for) with Mr. Pierce (against).

Until further notice:

Mr. Black with Mr. Crowther.
Mr. Ludlow with Mr. Beck.
Mr. Busby with Mr. Dowell.
Mr. Gregory with Mr. McLean.
Mr. Lewis of Maryland with Mr. Muldowney.
Mr. Abernethy with Mr. Simpson.
Mr. Cartwright with Mr. Reed of New York.
Mr. Crump with Mr. James.
Mr. Scrugham with Mr. Gifford.
Mr. Fulmer with Mr. Britten.
Mr. Driver with Mr. Traeger.
Mr. Gambrill with Mr. Bolton.
Mr. Kemp with Mr. Foss.
Mr. Woodrum with Mr. Evans.
Mr. Sumners of Texas with Mr. Buckbee.
Mr. Weaver with Mr. Lambertson.
Mr. Smith of Virginia with Mr. Clarke of New York.
Mr. Parks with Mr. McLeod.
Mr. Montet with Mr. Strong of Pennsylvania.
Mr. Sweeney with Mr. Thurston.
Mr. Granfield with Mr. Moynihan.
Mr. Montague with Mr. Rich.
Mr. Kennedy of Maryland with Mr. Merritt.
Mr. DeRouen with Mr. Peavey.
Mr. Tinkham with Mr. De Priest.
Mr. Browning with Mr. Sinclair.
Mr. Maloney of Louisiana with Mr. Cannon of Wisconsin.
Mr. McMillan with Mr. Biermann.
Mr. Gillespie with Mr. Terrell.

Mr. Hughes with Mr. Henney.
Mr. Wood of Georgia with Mr. Williams.
Mr. Fitzgibbons with Mr. Harter.
Mr. Kerr with Mr. Hornor.

Mr. TRAEGER. Mr. Speaker, I was on my way over here at the first bell but did not arrive in season. If present, I would have voted "aye."

The result of the vote was announced as above recorded.

On motion of Mr. STEAGALL, a motion to reconsider the vote whereby the bill was passed was laid on the table.

Mr. BYRNS. Mr. Speaker, if there is no objection, I should like to announce that my colleague the gentleman from Tennessee, Mr. MCREYNOLDS, is absent on account of a consultation at the State Department. If present, he would have voted "aye." Also, that the following gentlemen are unavoidably detained and, if present, would have voted "aye": Mr. SADOWSKI, Mr. ROBINSON, Mr. POU, Mr. COLE, Mr. O'BRIEN, Mr. AUF DER HEIDE, Mr. LESINSKI, and Mrs. NORTON.

ALFRED E. SMITH AND THE REPEAL OF THE EIGHTEENTH AMENDMENT

Mr. KENNEDY of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

Mr. KENNEDY of New York. Mr. Speaker, I listened with great interest on Monday evening to the radio appeal of the State chairman of my party, exhorting the voters of New York to register conclusively their opinion for the repeal of the prohibition amendment. As the speaker proceeded with his appeal I listened intently for him to pay at least a word of most deserved tribute to that man who has done more than any other person to bring about the magnificent triumph of liberalism and sanity that took place yesterday in the State of New York.

I was disappointed when the able chairman passed completely over the name of Alfred E. Smith. I have deep respect for the sincerity and industry of our chairman, as I have for our able President, Franklin D. Roosevelt. Nevertheless, I am convinced, as is the vast majority of our citizens, that without the unceasing efforts, without the transcendent ability of Alfred E. Smith, we would never have reached the pinnacle of victory that became ours yesterday; and on the eve of victory, nothing would have been more fitting than to acknowledge the splendid role that this great man played in the course of events leading up to the wonderful climax.

The whole life of Alfred E. Smith has been spent in an endeavor to make secure the voice of the people. We have only to scan his public record to find an unbroken sequence of labor for the common weal, toward the making secure of toleration.

When prohibition became a law in 1919 the developing events thereafter aided the country in recognizing the rare ability of Alfred E. Smith, and he was raised to a position of national prominence. As a pioneer in the cause of toleration, he was instrumental in inserting in the State Democratic platform of 1918 a plank calling for a State referendum submitting the question of prohibition to the voters of New York. Here was evidence of a characteristic that has intrenched him deeply in the hearts of the masses. From the beginning, his attitude on prohibition, as on all other public questions, has been clear-cut, well-defined, unequivocal. He has never parried, never straddled, never curried political preferment through ambiguous policies.

In the election of 1920 he temporarily sacrificed his political career because he preferred to be honest, open, and frank when hedging would have assured him of victory at the polls. In 1922 he returned to the Governorship of the State, called back by the voters when the far-seeing predictions he had made regarding the detestable State enforcement law, the Mullan-Gage Act, came true. His political foresight was paid tribute to in the fact that the same legislature which had passed the Mullan-Gage Act voted for its repeal three years later. In the same year, following his leadership, the Democratic State Convention inserted a plank in its platform favoring an amendment to the Volstead Act permitting the States, under certain restrictions and after popular referendum, to permit traffic in light wines and beer, and the voters of the State supported him overwhelmingly.

In 1926, as a result of his leadership, the referendum as to what should be the attitude of the State regarding modification of the Volstead Act, carried by more than a million votes. In 1928 the Nation witnessed the event of his famous telegram to the National Democratic Convention, advising them, when they had failed to include a liquor plank in their platform, that if selected to carry the banner of democracy in the ensuing campaign, he would do so only on condition that his views on the repeal of the Eighteenth Amendment be made a part thereof. This splendid gesture of unselfishness was made to allow the convention to select another candidate, if they were unwilling to support him on this stand—in a word, refusing the greatest honor the Nation can bestow on one of its citizens unless he were permitted to make known in definite, clear, honest language his stand on the question of prohibition.

As a last milestone, no one need be reminded of the part Alfred E. Smith played in committing the Democratic Party at the last election away from a policy of ambiguity and evasion to a definite, honest, open stand for repeal.

Ladies and gentlemen, I would be shirking my duty to my constituents if I did not rise today and pay tribute to that great leader of men, Alfred E. Smith, for his magnificent efforts to repeal the Eighteenth Amendment.

UNJUST ECONOMY

Mr. THOMASON of Texas. Mr. Speaker, I ask unanimous consent to extend and revise my own remarks.

The SPEAKER. Without objection, it is so ordered.

Mr. THOMASON of Texas. Mr. Speaker, the comprehensive and carefully prepared plans of the President for the relief of the distress occasioned by the economic situation have had my enthusiastic support, and it is my belief that no Executive in our history has met such a grave condition with more courage and determination than Franklin D. Roosevelt. I particularly admire his candor and his frankness. He has admitted that in this emergency experimental legislation is necessary, and I trust and believe that he will be quick to acknowledge errors when they are made by some of those persons to whom he has intrusted administration of some of the recently enacted laws.

I firmly believe that serious errors in judgment have been made by the officials of the Veterans' Administration in promulgating rules and in interpreting provisions of the regulations issued pursuant to the act. As I told this House on May 11, during consideration of the appropriation for the Veterans' Administration, I intend to do everything in my power to see that the sick and disabled veterans are treated with justice and fairness. I was one of the first Members of this House to sign the petition calling for a Democratic caucus on this important subject, and you may be sure that I intend to continue my efforts to see that the injustices in the administration of the Economy Act are abolished.

Mr. Speaker, my particular interest is in the reductions applied to certain classes of service-connected cases of disability. I submit that it was not the intention of the Congress, nor do I believe it was the intention of President Roosevelt, to slash the allowances to these veterans by 50, 60, and 70 percent. Yet I have the evidence in my office, in the form of statements from veterans in my own district, that this very thing is being done. It appears that those charged with carrying out the act have disregarded the spirit of the law as passed by the Congress, and have not only reduced the allowance for particular disability ratings but have also revised the schedule of ratings for certain disabilities and injuries so that the veteran is subjected to an unreasonable reduction.

There are a number of other important phases of this matter that demand attention immediately. If action is not taken without delay by the Veterans' Administration officials and the Executive, I predict that it will be taken by the Congress, and I for one intend to do all in my power to right these wrongs.

All classes of our citizenship have been called upon to make sacrifices in the economic crisis that recently confronted the Nation. No greater patriotism was shown by any of them, however, than by the veterans. Those in my district—and I know this is true of the Nation at large—have cheerfully accepted the added burden they have been called upon to bear. They should not, however, be subjected to unfair treatment and great suffering.

Our President has shown himself to be a man of great sympathies and a strong sense of justice and fair play. He is doing an almost superhuman task and I know that he is not able to examine minutely all details of the vast emergency program he has inaugurated. However, I feel sure that when the serious wrongs that have been committed in the name of economy are called to his attention, he will take prompt steps to rectify them.

HOUSE RESOLUTION 159

Mr. LAMBETH. Mr. Speaker, by direction of the Committee on Printing, I call up from the Speaker's desk House Resolution 159.

The Clerk read the resolution, as follows:

House Resolution 159

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

With the following committee amendment:

In line 4, page 1, strike out "1,000" and insert "500."

The committee amendment was agreed to.

The resolution as amended was agreed to.

HOUR OF MEETING TOMORROW

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet tomorrow at 11 o'clock a.m.

The SPEAKER. Is there objection?

There was no objection.

GOVERNORSHIP OF HAWAII

Mr. McCANDLESS. Mr. Speaker and colleagues, there was read in this Chamber Monday a message from the President asking that the residence qualifications for the Governor of Hawaii, as set forth in the organic act of Hawaii, be temporarily set aside to enable the President to select for that post, if he so chooses, a nonresident of Hawaii.

Ladies and gentlemen, to say that this action came as a surprise to me is putting my emotions mildly. I was stunned. Nor do I yet comprehend the reason for such a request from the administration, for it is well known that Hawaii has among her own citizens many men well qualified for the governorship of the Territory. And the message indicates an intention, or at least a desire, to name someone not a resident, someone from the mainland United States; in short, to appoint what is known in the South as a carpetbagger.

Mr. Speaker and Members of this House, as Delegate in Congress from Hawaii, as a resident of Hawaii for the past 51 years, and as a Democrat, I must oppose any action by Congress that will in any way curtail the measure of self-government and of home rule which the Territory of Hawaii has enjoyed since it became by joint resolution of Congress part and parcel of the United States.

Since 1840 the people of Hawaii have governed themselves under a form of constitutional government patterned closely after that of the United States, to whom Hawaii has always looked for example and to whom she voluntarily annexed herself in the closing years of the last century.

From 1840 to 1893, under the monarchy, Hawaii had a constitution, was recognized by the United States as an independent member of the family of nations, and showed herself capable of producing leaders qualified to direct the affairs of her people. Under the provisional government from 1893 to 1894 the constitutional form of government was retained, and was continued under the Republic, which endured for the following 4 years. The Republic of Hawaii in 1898 voluntarily became annexed to the United States, and since that date the Constitution of the United States and its allied body of laws has applied.

Thus for 93 years Hawaii has proven herself capable of handling her own affairs, of making her local laws, electing her legislators, and of producing her leaders, be they kings, presidents, or governors, from among her own people.

I call your attention to the report of the Committee on Territories of the Fifty-fifth Congress, third session, which accompanied H.R. 10990. This bill set up a new government for Hawaii, and in its report the commission appointed to make recommendations incorporated in a majority of instances the laws and practices then in vogue in Hawaii into the new form of government which was established in 1900, when Hawaii became a Territory of the United States.

Ladies and gentlemen, I would call your attention to this fact in particular: Whereas the organic act, as first passed by this body, and which was in force for 21 years, specified that the Governor of Hawaii must be a citizen of the Territory, which meant a residence there of but 1 year, on July 9, 1921, the Congress of the United States amended this organic act to increase that residence requirement to 3 years, and specified that this term of residence must be next preceding appointment.

Was not this action an indication that Congress believed 3 years' residence in Hawaii a necessary qualification for the Governor? Does not that indicate that this body once decided that in order to know conditions in Hawaii, to understand her people, and to be able to perform the duties of governor with fairness and justice to the people of Hawaii the Governor should have lived among those people for at least 3 years next preceding his appointment to office?

If on two previous occasions Congress decided that the Governor of Hawaii had best be drawn from her own citizens, would you now rescind that action, remove the safeguard which assures the people of this Commonwealth that their chief executive be one of their own citizens, a friend who knows and understands them, and whom, because of this knowledge and understanding, they can trust as their leader?

The new Governor of Alaska, whom the President but recently appointed, and who was confirmed by the Senate, was a resident of the Territory of Alaska at the time of his appointment. Why, then, should an exception be made in the case of Hawaii?

Why even a temporary repeal of the residence qualifications for the Governor of Hawaii? There is no national emergency in which Hawaii is involved, and in which a mainland appointee for Governor would better serve the interests of the Nation than a resident of Hawaii. To be sure, Hawaii is suffering from the depression, but so are the 48 States, and yet there is no threat to name a carpetbagger as governor of any of the States. If the economic situation in Hawaii is acute, is it not logical to assume that one familiar with conditions in the Territory, with its people, its history, and its problems, can better serve as chief executive?

Our racial situation in Hawaii may be unique, but this very fact indicates the need of one familiar with the mental reactions, habits, and conduct of its racial groups in order to best inspire in them the trust and confidence which the Governor must have to properly fulfill his duties and obligations.

There is nothing in the racial problems of Hawaii that is a menace to harmony and the proper development of the Territory if allowed to develop naturally. This is indicated in a report submitted after a personal investigation by Mr. William Atherton Du Puy, former executive assistant to the Secretary of the Interior under the previous administration.

Hawaii has developed business, commercial, and industrial enterprises that compare favorably with those in any part of the United States. To do this she has had citizen leadership able to cope with unique and unusual situations, from which the Territory has always emerged victorious. We have our full quota of business executives and men of public

affairs who are keenly alive to the problems of the Territory and who are willing and capable of maintaining this leadership.

I am frank to confess that I do not see how the principles of Jeffersonian Democracy, of State rights and home rule, and the horror of carpetbaggers, all of which is part and parcel of the Democratic political faith, can permit of any action which would deprive Hawaii or any other Commonwealth of the United States of the fullest measure of local self-government and home rule which our present laws guarantee.

Certainly the passage of any legislation which would permit the appointment of a nonresident, a carpetbagger, as Governor of Hawaii, would not be keeping faith with the people of Hawaii or of the continental United States who are now looking to the Democratic Party as the guardian of their rights.

In short, Mr. Speaker and ladies and gentlemen, I oppose any move to allow the appointment of a nonresident as Governor of Hawaii on the grounds that for nearly a century the people of Hawaii have maintained a just and fair government; that they have shown themselves capable of meeting their own problems and solving them satisfactorily; that they have had in the past, and have now, many men capable of the leadership which the Governor should assume; that no nonresident is qualified for this leadership; that no emergency now exists which makes necessary the change of existing laws to permit the appointment of a nonresident; and that, on the contrary, the unemployment and other economic conditions existing as a result of the depression make it peculiarly necessary that the Governor of Hawaii be a citizen of that Territory.

I am forced to believe that the President has been misinformed regarding conditions in Hawaii, for on no other assumption can I understand his request. Certain it is that the people of Hawaii do not favor such a move, for on Monday there was read into the record of the Senate, and appears on page 3875 of the RECORD of May 22, a concurrent resolution passed by the Territorial legislature vigorously opposing any change in the residence qualifications of Hawaii's Governor.

I am a Democrat, have always been a Democrat, and shall continue to be a Democrat. But while I have heartily approved most of the legislation so far sponsored by the present administration, I have no course but to oppose this effort to make possible the appointment of a carpetbagger as Governor of Hawaii. My duty to Hawaii and my own personal convictions, the result of half a century of residence in Hawaii, dictate this opposition.

I therefore submit to this honorable body that a change in the organic act of Hawaii to permit the appointment of a nonresident as Governor is not an emergency measure. It it rather an undemocratic deal, an unfair deal, an unjust deal for the people of Hawaii.

CHILD-LABOR AMENDMENT TO CONSTITUTION

The SPEAKER laid before the House a communication from the Governor of the State of Washington announcing the ratification by the legislature of that State of an amendment to the Constitution of the United States to prohibit the labor of persons under 18 years of age.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. GILLESPIE, for 3 days, on account of the illness of a relative.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution and bills of the House of the following titles, which were thereupon signed by the Speaker:

H.J.Res. 159. An act granting the consent of Congress to a compact or agreement between the State of Kansas and the State of Missouri authorizing the acceptance for and on behalf of the States of Kansas and Missouri of title to a toll bridge across the Missouri River from a point in Platte County, Mo., to a point at or near Kansas City, in Wyandotte County, Kans., and specifying the conditions thereof;

H.R. 4014. An act to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to provide for the protection of the watershed within the Carson National Forest for the Pueblo de Taos Indians of New Mexico, and others interested, and to authorize the Secretary of Agriculture to contract relating thereto; and to amend the act approved June 7, 1924, in certain respects;

H.R. 5152. An act granting the consent of Congress to the State Highway Commission of Virginia to replace and maintain a bridge across Northwest River in Norfolk County, Va., on State highway route no. 27;

H.R. 5173. An act granting the consent of Congress to the State Highway Commission of Virginia to maintain a bridge already constructed, to replace a weak structure in the same location, across the Staunton and Dan Rivers, in Mecklenburg County, Va., on United States Route No. 15;

H.R. 5476. An act to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.; and

H.R. 5480. An act to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 753. An act to confer the degree of bachelor of science upon graduates of the Naval, the Military, and the Coast Guard Academies.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 34 minutes p.m.), in accordance with the order heretofore made, the House adjourned until tomorrow, Thursday, May 25, 1933, at 11 o'clock a.m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. POU: Committee on Rules. House Resolution 160. Resolution providing for the consideration of H.R. 5755, a bill to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes; without amendment (Rept. No. 160). Referred to the House Calendar.

Mr. LAMBETH: Committee on Printing. House Resolution 159. Resolution authorizing the Committee on Labor to have printed for its use additional copies of hearings on "30-Hour Work Week"; with amendment (Rept. No. 161). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DICKSTEIN: A bill (H.R. 5765) to provide for review of the action of consular officers in refusing immigration visas, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. STEAGALL: A bill (H.R. 5766) to amend the Reconstruction Finance Corporation Act, as amended, and the Emergency Relief and Construction Act of 1932, to re-

move limitations upon the aggregate amount of funds which the Reconstruction Finance Corporation may lend to aid in the reorganization or liquidation of banks and savings banks either closed or in process of liquidation, and to authorize the Corporation to disburse funds after the date of expiration of its power to make loans under existing law pursuant to commitments made prior to such date, and for other purposes; to the Committee on Banking and Currency.

By Mr. RANKIN: A bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii; to the Committee on the Territories.

By Mr. SANDLIN: A bill (H.R. 5768) to provide for the commemoration of Fort Humbug, in the State of Louisiana; to the Committee on Military Affairs.

Also, a bill (H.R. 5769) to provide for the commemoration of the Battle of Mansfield, in the State of Louisiana; to the Committee on Military Affairs.

By Mr. POU: Resolution (H.Res. 160) providing for the consideration of H.R. 5755, a bill to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes; to the Committee on Rules.

By Mr. SIROVICH: Joint Resolution (H.J.Res. 190) to create the position of liaison officer; to the Committee on the Civil Service.

By Mr. FISH: Concurrent resolution (H.Con.Res. 19) expressing sympathy for the Jews in Germany; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Territory of Hawaii, protesting against any action by the Congress of the United States of America toward the elimination of the 3-year residence qualification for the Governor of Hawaii; to the Committee on the Territories.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ADAMS: A bill (H.R. 5770) for the relief of the Hamburg-American Line; to the Committee on Claims.

By Mr. ALLEN: A bill (H.R. 5771) granting a pension to Sarah A. King; to the Committee on Invalid Pensions.

By Mr. BECK: A bill (H.R. 5772) for the relief of William Renicks; to the Committee on Military Affairs.

By Mr. CHAPMAN: A bill (H.R. 5773) for the relief of Maggie Standeffer; to the Committee on Military Affairs.

By Mr. HARTLEY: A bill (H.R. 5774) granting compensation to Wallace B. Bogart; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 5775) for the relief of the estate of George B. Spearin, deceased; to the Committee on Claims.

Also, a bill (H.R. 5776) for the relief of Fred Baker; to the Committee on Military Affairs.

Also, a bill (H.R. 5777) for the relief of Robert C. Lehr; to the Committee on Military Affairs.

By Mr. IMHOFF: A bill (H.R. 5778) granting an increase of pension to Ursula Gates; to the Committee on Invalid Pensions.

By Mr. LEHLBACH: A bill (H.R. 5779) authorizing the appointment of Charles W. Albright as a warrant officer, United States Army; to the Committee on Military Affairs.

Also, a bill (H.R. 5780) for the relief of Lt. H. W. Taylor, United States Navy; to the Committee on Naval Affairs.

Also, a bill (H.R. 5781) authorizing Frederick W. VanDuyne, colonel, United States Army, to accept the decoration of the Legion of Honor, tendered him by the Republic of France; to the Committee on Foreign Affairs.

Also, a bill (H.R. 5782) for the relief of Michael Giannetti; to the Committee on Claims.

Also, a bill (H.R. 5783) for the relief of William H. Chambliss; to the Committee on Claims.

By Mr. MONAGHAN: A bill (H.R. 5784) for the relief of the Western Montana Clinic; to the Committee on Claims.

By Mr. MONTAGUE: A bill (H.R. 5785) for the relief of the Butler Lumber Co., Inc., Richmond, Va.; to the Committee on Claims.

By Mr. PETTENGILL: A bill (H.R. 5786) for the relief of George N. Strike; to the Committee on Claims.

By Mr. SANDLIN: A bill (H.R. 5787) for the relief of Edward W. Goetz; to the Committee on Military Affairs.

Also, a bill (H.R. 5788) for the relief of William Bernard Clancy; to the Committee on Naval Affairs.

By Mr. THOM: A bill (H.R. 5789) granting a pension to Lee J. Bethel; to the Committee on Pensions.

By Mr. CARTWRIGHT: Joint resolution (H.J.Res. 191) conferring upon the United States District Court for the Eastern District of Oklahoma the power to retain jurisdiction and to hear, try, and give judgment in case no. 6091 law, entitled "Charles Pope Hollingsworth against United States of America"; to the Committee on the Judiciary.

PETITIONS, ETC.

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

1173. By Mr. CONNERY: Resolution of the City Council of the City of Revere, Mass., protesting contemplated reductions in veterans' compensation; to the Committee on Economy.

1174. By Mr. CULLEN: Petition of the Warehousemen's Association of the Port of New York, protesting against the passage by the Congress of the United States of Senate bill no. 158, to the enactment of any law under which a definite limit of the hours of any working day shall be placed; to the Committee on Labor.

1175. Also, petition of the Chas. E. Wescott Post, No. 173, American Legion, Bath, N.Y., protesting against the enactment into law of bill S. 583 on the grounds that it is unjust and discriminatory to employees who have, and still are, rendering faithful and efficient services to our Government; to the Committee on Appropriations.

1176. Also, petition of the Phoenix Camp, No. 1, United Spanish War Veterans, protesting against the requirements of the Administrator of Veterans' Affairs which will result in nullifying Executive Order and Regulation No. 12 as promulgated March 31, 1933, upon the grounds, and for the reasons that the Veterans' Administration appears to have exceeded the provisions of the law, are contrary to common sense and American sense of justice and fair play, are in reckless disregard of our substantial rights heretofore recognized and granted to us and to our widows and dependents, discriminate against us, and are ill-advised; all for the alleged reason and under the guise that it has now become necessary for the greatest Government on earth to eliminate and/or reduce pensions and benefits to Spanish War veterans now averaging 60 years of age; to the Committee on Appropriations.

1177. By Mr. McFADDEN: Petition of some 26 citizens of Mount Holly, N.J., urging the passage of the following seven great bills by Congress: (1) Relief for the unemployed, (2) to create work and prosperity, (3) the soldiers' bonus, (4) helping taxpayers, (5) saving homes and farms, (6) safe banking facilities, and (7) automatic machinery; to the Committee on Labor.

1178. By Mr. LINDSAY: Petition of Charles E. Wescott Post, No. 173, American Legion, Bath, N.Y., opposing Senate bill 583; to the Committee on World War Veterans' Legislation.

1179. Also, petition of World Trade League of the United States, Inc., New York City, concerning reciprocal tariff arrangements; to the Committee on Ways and Means.

1180. By Mr. RUDD: Petition of Automobile Club of New York, opposing the proposed increase in the Federal gasoline tax to 1¾ cents; to the Committee on Ways and Means.

1181. Also, petition of World Trade League of the United States, favoring giving the President full authority to negotiate and conclude such tariff arrangements, the exercise of

this authority to involve such compensatory reciprocal advantages as the President may deem desirable in America's best interest; to the Committee on Ways and Means.

1182. Also, petition of Charles E. Westcott Post, No. 173, American Legion, Bath, N.Y., opposing the passage of Senate bill 583; to the Committee on World War Veterans' Legislation.

1183. Also, petition of Pacific Coast Borax Co., New York City, opposing the passage of House bill 3759 or any similar bill; to the Committee on the Judiciary.

1184. Also, petition of Rabbi Harris L. Levi, Calmud Corah Rechoboth, 478 New Lots Avenue, Brooklyn, N.Y., and the children of that school, all young citizens, protesting against the tragic experiences suffered by the Jews of Germany since March 5, and appealing to Congress to voice the protest of humanity against the return of any organized group to inhuman medieval practices; to the Committee on Foreign Affairs.

1185. By the SPEAKER: Petition from the Veterans' National Rank and File Convention; to the Committee on Ways and Means.

1186. By Mr. THOMASON of Texas: Petition of the El Paso (Tex.) Chamber of Commerce, urging that highway construction be given favorable consideration in the execution of the public-works program in Texas; to the Committee on Ways and Means.

SENATE

THURSDAY, MAY 25, 1933

(Legislative day of Monday, May 15, 1933)

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

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

Mr. LEWIS. I wish to announce the absence of the Senator from Arkansas [Mr. ROBINSON] for the day on official business.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed 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, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5390) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 1 and 7 to the said bill and concurred therein, and that the House had receded from its disagreement to the amendments of the Senate numbered 2 and 14 to the said bill and concurred therein, each with an amendment, in which it requested the concurrence of the Senate.

RETURN OF COURT RECORDS USED IN IMPEACHMENT TRIAL

The VICE PRESIDENT. The Chair asks that the following order be entered returning papers used in the trial for the purpose of withdrawing them from the files of the Senate. The clerk will report the order.

The legislative clerk read as follows:

Ordered, That the Secretary of the Senate be, and he is hereby, directed to return to the clerk of the United States District Court for the Northern District of California the original papers filed in said court which were offered in evidence during the proceedings of the Senate sitting for the trial of the impeachment of Harold Louderback, judge of the court aforesaid.

The VICE PRESIDENT. Is there objection?

Mr. NORRIS. Mr. President, just a moment. I did not hear the reading, and before the order is entered I should like to inquire what it is and who offers it?

The VICE PRESIDENT. The Chair is informed by the Parliamentarian that the district court in California desires the return of the original papers, and, therefore, the order has been prepared.

Mr. NORRIS. I am only anxious to ascertain what is being returned. Does it include everything that was offered in evidence during the impeachment trial?

The VICE PRESIDENT. It includes everything that was filed in evidence from the records of the district court in California. The order authorizes the return of those records to the files of that court.

Mr. NORRIS. I have no objection to that, but there was other evidence that never was offered.

The VICE PRESIDENT. It has all been printed in the record the Chair is informed.

Mr. NORRIS. Certain returns made by Judge Louderback to the assessment never were filed. Are they in the clerk's possession?

The VICE PRESIDENT. They are not included in this order, the Chair is informed by the Parliamentarian.

Mr. NORRIS. Very well.

The VICE PRESIDENT. Without objection, the order will be entered.

RATIFICATION OF CHILD-LABOR AMENDMENT BY LEGISLATURE OF WASHINGTON

The VICE PRESIDENT laid before the Senate a letter from the Governor of Washington, transmitting certified copy of a joint resolution adopted by the Legislature of the State of Washington, ratifying the proposed so-called "child-labor amendment to the Constitution", which, with the accompanying resolution, was ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF WASHINGTON,
OFFICE OF GOVERNOR,
Olympia, May 19, 1933.

The PRESIDENT OF THE SENATE OF THE UNITED STATES,
Washington, D.C.

SIR: I have the honor to transmit herewith certified copy of Senate Joint Resolution No. 1 of the State of Washington, proposing an amendment to the Constitution of the United States, as follows:

"ARTICLE —

"SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

"SEC. 2. The power of the several States is unimpaired by this article except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress."

Respectfully yours,

CLARENCE D. MARTIN, *Governor.*

STATE OF WASHINGTON,
DEPARTMENT OF STATE.

To all to whom these presents shall come:

I, Ernest N. Hutchinson, secretary of state of the State of Washington and custodian of the seal of said State, do hereby certify that the annexed is a true and correct copy of Senate Joint Resolution No. 1 as received and filed in this office on the 6th day of February 1933.