

as I am concerned, I should be very glad if we could fix a time definitely for a vote tomorrow on the nomination.

Mr. McNARY. Let me suggest to the Senator that we recess at this time until 11 o'clock tomorrow, in executive session, and vote upon the confirmation of the nominee tomorrow at 3 o'clock.

Mr. BARKLEY. Mr. President, I am anxious to have this case disposed of; but if several Senators on the other side are to speak, as indicated by the Senator from Mississippi, and they are to take all the time until 3 o'clock, and then we are to vote, I could not enter into any such agreement. I want at least time enough to reply to this stuff being dumped into the RECORD.

Mr. CLARK. I desire to make a few remarks myself.

Mr. HARRISON. Mr. President, would the Senator from Oregon be willing that we recess until 11 o'clock, and that the time tomorrow be equally divided between the proponents and the opponents of the nomination?

Mr. McNARY. That is very fair. That would give each side 2 hours.

Mr. President, I propose that we recess in executive session, after we conclude the session today, until 11 o'clock tomorrow, and that we vote upon the pending nomination at 3 o'clock, the time to be divided equally between those opposing and those supporting the nomination.

Mr. BARKLEY. Does that take into account the 2 hours which have already been occupied by one opponent of the nomination?

Mr. McNARY. Certainly not. There would be 4 hours tomorrow. I thought 2 hours would be an abundance of time for the Senator and his associates.

Mr. BARKLEY. I myself think 2 hours will be all that is necessary to answer 4 hours of argument on the other side.

Mr. HARRISON. I think that arrangement will be satisfactory.

Mr. REED. Mr. President, may I suggest that in the unanimous-consent agreement the Senator from Oregon indicate by whom the time is to be allotted on each side?

Mr. McNARY. I did not indicate any individuals. I specified that it should be equally divided between those supporting and those opposing the nomination.

Mr. REED. I suppose we can agree, when the time comes, as to whether a Senator is speaking on one side or the other. Sometimes it is hard to tell. [Laughter.]

Mr. ROBINSON of Arkansas. No one ever has any difficulty in determining on which side the Senator from Pennsylvania speaks.

Mr. REED. I thank the Senator.

Mr. McNARY. I submit the request for unanimous consent.

The PRESIDING OFFICER. Is there objection to the unanimous-consent proposal offered by the Senator from Oregon? There being no objection, the unanimous-consent agreement is entered into.

Mr. ROBINSON of Arkansas. Mr. President, I suggest that the clerk proceed with the call of the calendar.

The PRESIDING OFFICER. The clerk will call the next order of business on the calendar.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Alexander W. Weddell, of Virginia, to be Ambassador Extraordinary and Plenipotentiary to Argentina.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess, in pursuance of the order heretofore agreed to, until 11 o'clock a.m. tomorrow.

The motion was agreed to; and (at 6 o'clock p.m.) the Senate, in executive session, under the order previously entered, took a recess until tomorrow, Thursday, June 1, 1933, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate May 31 (legislative day of May 29), 1933

SECRETARIES IN THE DIPLOMATIC SERVICE

William F. Cavanaugh, of California, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

Bernard Gufler, of Washington, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

Louis G. Dreyfus, Jr., of California, now a Foreign Service officer of class 1 and a consul general, to be also a secretary in the Diplomatic Service of the United States of America.

UNITED STATES ATTORNEY

William A. Holzheimer, of Alaska, to be United States attorney, division no. 1, District of Alaska, to succeed Howard D. Stabler, term expired.

UNITED STATES MARSHALS

Paul E. Ruppel, of Illinois, to be United States marshal, southern district of Illinois, to succeed Charles W. Cushing, term expired.

Bertrand Money Bates, Jr., of Tennessee, to be United States Marshal, western district of Tennessee, to succeed Arthur Rogers, resigned.

PROMOTIONS IN THE NAVY

Rear Admiral William D. Leahy, United States Navy, to be Chief of the Bureau of Navigation, in the Department of the Navy, with the rank of Rear Admiral, for a term of 4 years, from the 1st day of July, 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 31 (legislative day of May 29), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Alexander W. Weddell to be Ambassador Extraordinary and Plenipotentiary to Argentina.

APPOINTMENT IN THE REGULAR ARMY

James Fuller McKinley to be The Adjutant General.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 31, 1933

The House met at 11 o'clock a.m.

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

Almighty God, our Heavenly Father, maker of all things, judge of all men, we beseech Thee to heal our infirmities; grant that we may love, fear, and serve Thee with all faithfulness; direct the tides of our affections, and may they rule our daily conduct. Blessed Father, accept us and, in the performance of public service, crown us with courageous perseverance. By pure motives and sincere convictions, couched in understanding, may we seek the everlasting good of our Republic and merit the esteem of our fellow countrymen. In the holy name of Jesus. Amen.

The Journal of the proceedings of Monday, May 29, 1933, 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, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 5329. An act creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.

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

S. 285. An act to authorize the addition of certain lands to the Ochoco National Forest, Oreg.;

S. 317. An act authorizing the Reconstruction Finance Corporation to make advances to the reclamation fund;

S. 324. An act to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes;

S. 510. An act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes;

S. 696. An act to authorize Frank W. Mahin, retired American Foreign Service officer, to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of the Royal Netherland Order of Orange Nassau;

S. 1103. An act to authorize the Secretary of the Navy to proceed with certain public works at the Naval Air Station, Pensacola, Fla.;

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.;

S. 1513. An act to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land;

S. 1536. An act giving credit for water charges paid on damaged land;

S. 1648. An act to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building and loan associations;

S. 1738. An act authorizing the Reconstruction Finance Corporation to make loans to irrigation districts for certain purposes; and

S.J.Res. 54. Joint resolution limiting the operation of sections 109 and 113 of the Criminal Code.

FANNIE E. WRIGHT

Mr. WARREN. Mr. Speaker, I present the following privileged report from the Committee on Accounts, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 139

Resolved, That there shall be paid out of the contingent fund of the House to Fannie E. Wright, daughter of J. W. Wright, late an employee of the House, an amount equal to 6 months' compensation, and an additional amount, not exceeding \$250, to defray funeral expenses of the said J. W. Wright.

The resolution was agreed to.

MEMORIAL DAY

Mr. BEITER. Mr. Speaker, in the past, when practical, on Decoration Day the House has paused for a moment to pay tribute to the memory of our soldiers in past wars. Owing to pressing duties before the various committees, this year it was impossible to do that. I ask unanimous consent to address the House for 3 minutes in connection with revived memories of war and sorrow.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEITER. Mr. Speaker, I think it is eminently fitting and proper that the Congress in special session should set aside a few moments of its crowded program and in this public manner return to the men who served her so valiantly and so victoriously in the most stupendous war in the entire history of the human race; but American men, women, and children have already demonstrated their gratitude and pride in every way which human ingenuity could devise. We are only doing in solemn and official manner what the great, proud, pulsing, loving heart of America has expressed in enthusiastic and impromptu fashion. What we say will matter little, but what our soldiers did will never fade from human memory so long as the world endures. They demonstrated American prowess in arms to all the nations of the earth and raised our country's fame to a pinnacle of exceeding glory.

America is proud of her soldiers, but not because they constitute a part of a military machine. The pride of Rome in her legions, the pride of France in the disciplined troops that followed Napoleon, the pride of Germany in her vast military machine has never been hers. The pride of America in her soldiers has ever been that they were citizen soldiers, called from the peaceful pursuits to serve and sacrifice for the preservation of their liberty, the safety of their country, and the security of their homes. They served not for military distinction, not for fame or glory, not for place or power, but in fulfillment of their obligations as a citizen, because they believed that any sacrifice was better than the surrender of all they held dear. It is this that has ever lent distinction to their service. It is this that has ever made their supreme sacrifice so solemn and so sacred.

Sixty-eight years ago this month, after the close of the great Civil War, this city witnessed the greatest parade that has ever passed down historic Pennsylvania Avenue, when our victorious soldiers of the Armies of the Tennessee and of Georgia, 200,000 strong, marched down the Avenue in the great review before President Johnson and General Grant and other famous men of the Nation. The victory had been won; the Union had been maintained; rebellion had been crushed; but in the flush of victory there was grief profound that so many of the comrades of the marchers had made the supreme sacrifice and yielded up their lives on the battlefields of the South and that the great emancipator, Abraham Lincoln, had passed over to the other shore only a little while before that historic and victorious parade. On that occasion a great banner was hung across the front of this Capitol Building, and on it was this inscription:

"The only national debt we can never pay is the debt we owe the victorious Union soldiers."

Today I repeat that the only national debt we can never pay is the debt we owe to the gallant soldiers, sailors, and marines of past wars, as well as those of the World War; the young heroes who have added new luster to the American flag. And may I turn aside to say just here, Mr. Speaker, that I know but one thing more beautiful in all the world than the American flag; that is the American boy in uniform, who was willing to die to keep that flag floating over your home and mine.

But my time has expired, and I think perhaps I have suggested quite enough for the time being, and will only say in closing that today we have for our heroic soldiers, sailors, and marines of all wars but one sentiment: "Cheers for the living, tears for the dead."

Mr. Speaker, I ask that the House now stand at attention for one half minute out of respect to the memory of our dead soldiers.

The SPEAKER. Is there objection?

There was no objection.

The Members of the House stood in silence for half a minute.

JUDICIARY COMMITTEE—LEAVE TO SIT DURING SESSIONS OF HOUSE

Mr. MAJOR. Mr. Speaker, on behalf of the Chairman of the Committee on the Judiciary, I ask unanimous consent that the Committee on the Judiciary be permitted to sit today and tomorrow during the sessions of the House.

The SPEAKER. Is there objection?

There was no objection.

NEWSPAPER CENSORSHIP IN WISCONSIN

Mr. PEAVEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. PEAVEY. Mr. Speaker, since the publication of my speech on newspaper censorship in Wisconsin under date of March 29, 1933, in which I answered the carping criticism of the reactionary Milwaukee Journal, Superior Telegram, Ashland Press, and Merrill Daily Herald of my absence on leave due to illness during the first 10 days of the present

session of Congress, the following significant events have taken place.

First, the Superior Telegram published a 4-column editorial defending itself against the charges I made. It published part of my speech, leaving out the two most pertinent sections; the one defending the soldiers against the Economy Act and the program I suggested that they adopt for the good of the people of Wisconsin.

The Superior Telegram used more space in an effort to answer some of the charges made in my speech than they have given me or my office since I was first elected to Congress. They made a specious plea for fairness when everyone knows that under cover the Telegram is the most bitter, partisan, reactionary influence in Superior.

That is why they fight me. That is why they always foster a second progressive association to split labor, the farmers, and the progressives generally that the representatives of "special privilege" may be elected.

In its editorial the Telegram said I was an inveterate publicity hunter. What a lie! The Telegram convicts itself; either it has suppressed publicity regarding me and my office or else very little has been issued because it has never been published. The Telegram's own files prove this. Does the Telegram think its flat statement is going to be accepted as a fact when the Telegram's own files prove beyond argument that either I send out very little publicity or that the Telegram and other daily newspapers suppress it. The files of the Telegram prove to anyone interested enough to look that the county coroner and his office have received more publicity than the Congressman of the Tenth District since I was elected to office.

The Telegram's files show that every reactionary assemblyman from Superior has been given double and triple the space allowed the Congressman. As for State senator, every occupant of that office since I was elected to Congress has been publicized by the Telegram until many people have been led to believe that the State senator's office is much the more important of the two. As for actual publicity, the Telegram's own files prove that their present State senator receives more publicity than the President of the United States.

Here are some things the Telegram has not told the people of Douglas County, and they have all the facts. The Telegram should tell its readers why the Telegram's State senator started the investigation of the Wisconsin Grain Commission. He knows and so does the Telegram that W. R. McCabe and Charles W. Peacock are honorable men; that they have conducted the affairs of the commission efficiently and in the public's interest. They all know that McCabe and Peacock are conducting the commission as well or even better than it has ever been run since it was established in 1911. Why did the Telegram and its State senator want them investigated? Would this investigation have been called if the State senator had not refused to appear in court and testify as to his connection with J. W. Leverich and the small-loans lobby investigation begun by the district attorney of Dane County? Does the Telegram think that bribery and political corruption already disclosed about the small-loans lobby should not be investigated? Does the Telegram approve of such bribery and corruption in legislative affairs? I am impelled to ask these questions because nowhere have I seen or read the Telegram's attitude on these matters. As a daily newspaper, I am sure the Telegram must have an opinion. I am not like some critics of the Telegram who believe the Telegram fostered the recent investigation of the Wisconsin Grain Commission because McCabe and Peacock had found it necessary in the interests of economy to cut off the two or three thousand dollars a year formerly paid the Telegram for advertising, when the State had nothing to sell which the readers of the Telegram would buy.

The Telegram would like to have its readers believe that they are fair in publishing the news. Let us see. Will the Telegram deny that there was any purpose in the action of their State senator's private examination of J. W. Connor,

a biased, political enemy of mine, held after the other committee members had returned to Madison than to elicit malicious slander against me under the color of a quasi-legal proceeding? A more flagrant case of manufactured political slander to suit the purposes of a prejudice-interested publisher has never come to my attention. Does the Telegram think the people of Superior are dumb, devoid of a sense of justice, that they will believe such a falsehood? The Telegram knows that there is not a store in Superior, Ashland, or Washburn but that welcomes any charge account that I give them. The Telegram knows that I have paid every just debt contracted in the 25 years I have lived in northern Wisconsin. They know my credit is good wherever I am known. Then why publish these villainous falsehoods?

What a reflection on the State of Wisconsin, under whose authority this political bushwhacking was conducted, all to direct attention from the State senator who had become contaminated with the notorious small-loans lobby at Madison!

Some Superior citizen might like to know how much "paid advertising" the Telegram received from those loaning money to the unemployed citizens of Superior at the munificent interest rate of 42 percent permitted by the present small-loans law?

ASHLAND PRESS

The Ashland Press has suppressed all news pertaining to me and my office ever since the last campaign, when I refused to support Hoover or to support Chapple's candidacy for the United States Senate. The Press denies this and vents its spleen in some vicious editorial criticism of me personally. The Press has convicted itself of every charge I made in my recent speech in the CONGRESSIONAL RECORD. I refer to the manner in which the Press has handled the news pertaining to the Ashland bank failures and all the negotiations toward a reorganization or starting a new bank.

Practically all these negotiations between the citizens' committees on reorganization, the depositors' committees and the comptroller's office were carried on through me and my office; the telegrams, long-distance calls, and letters show this. Everyone connected with the reorganization knows it, but the Press would not publish it. Why? They made vociferous denials that they suppressed the news when attacking me editorially. What do they say now?

The Press calls itself a daily newspaper. They enjoy their share of a subsidy (second-class mail) that cost the taxpayers of the United States \$102,000,000 last year. It seems to me the people of Ashland are entitled to some other answer than just another tirade of personal abuse against me.

MERRILL HERALD

Editor Chilsen, in a recent Herald editorial tirade against me, made the bald assertion, quoting from the Herald of March 29, 1933: "The Congressman is noted for his absenteeism." Mr. Chilsen and the Merrill Herald have aided and abetted the Superior Telegram and the Ashland Press for years past in spreading this falsehood to the public. The Herald, the Telegram, and the Press are afraid to face the issues, they do not dare attack my record votes in Congress, so they lie about the number of my votes. Why do they not print the roll calls? The CONGRESSIONAL RECORD is reliable. It is accurate. I challenge these protectors of "special privilege" to print the record roll calls as they are made. I challenge them to print the roll-call records not only of Congress but of the State legislature.

Why do not these daily newspapers give the people the facts and show who is absent on important roll calls and how the people's representatives vote? I challenge them to do it. I will put my record for voting and for being present to vote on important measures against that of any reactionary Mr. Chilsen or these other "privilege-protecting" daily newspapers can name.

That the people may have the facts, I have compiled a table of the list of votes for the last two sessions of Congress to this date, May 24. Here it is: Last session, December 5, 1932, to March 4, 1933, 37 yea-and-nay votes, 12 quorum calls, total 49. Of this number I was present and

answered 41; of the 8 that I missed, 2 were quorum calls, 4 were unimportant, and the other 2 came while I was at home for the Christmas holidays. During this special session from March 9 to May 24 there have been 35 ye-and-nay votes and 8 quorum calls; total 43. Of this number I was present and answered 35; of the remaining 8 that I missed, 2 were quorum calls and the remaining 6 were made during the first 10 days of the session when I was home on leave of absence because of illness.

No man can represent his constituents faithfully and well and take up their hundreds of different cases with the several departments at Washington and not miss an occasional roll call. I challenge these daily newspapers to name a single reactionary member of the State legislature or Congress who has a better record. These are the facts as shown by the CONGRESSIONAL RECORD. It is my record. I am proud of it, and I resent this deliberate attempt on the part of unscrupulous daily newspapers like the Herald, the Milwaukee Journal, the Superior Telegram, and the Ashland Press in not only suppressing the actual facts as to my voting record, but also by deliberate falsehoods and insinuations try to make the people believe that I am derelict in the performance of my official duties.

The CONGRESSIONAL RECORD shows just who is present and absent and how they vote on every roll call. So does the journal of the State legislature. Why does not the Herald and its "privilege-protecting" associates publish these roll calls? I will tell you why, because they do not dare do so. If they published the roll-call records, they would have to show how the reactionary supporters of privilege vote, and that would make it difficult, if not impossible, for these reactionary representatives to be reelected. Why not give the people the whole truth about the roll-call records of all the Members of Congress? Ours is a representative form of Government. How can the people govern themselves when they are unable to know how their Representatives vote? For years the daily newspapers have suppressed this vital information. Why? It is suppressed at all times and on all occasions, except when some newspaper wants to attack or injure some Member of the House or Senate. Why this censorship of the most vital information necessary to carry out the functions of representative government?

Not every citizen can buy the daily CONGRESSIONAL RECORD, but he can and does subscribe to the newspapers privileged under the law to circulate free within the county where published. Why protect the privileged few in Government at its source? Why not publish the whole record as to those absent and how those present vote on important roll calls. Are the daily newspapers afraid to tell the people how their representatives vote at Washington and Madison? Do the daily newspapers thus protect the friends of "privilege and graft" in the public business? Why permit free looting and political racketeering in this vital function of representative government? If daily newspapers will not publish the facts pertaining to roll-call records of their representatives, they should be made to surrender their franking privilege of "free postage" within the county where published.

ECONOMY BILL

Wisconsin newspapers for weeks past have carried on a propaganda campaign for the program of the National Economy League—the big Federal income-tax payers—to cut Government expenses, cut wages, slash pensions and benefits paid disabled soldiers. "Balance the Budget" is the burden of their cry. Why do not the daily newspapers do something themselves to this end? They unbalanced the budget to the extent of \$102,144,290.83 last year. That is the exact amount of the Government's deficit on second-class mail—newspapers and magazines—last year.

Income-tax payers, like the four newspapers mentioned, are for the national economy bill, of course; it balances the National Budget, keeps their tax-exempt securities at par, and the poorly paid Government employees and disabled soldiers drawing from \$12 to \$24 per month can carry the burden.

There are 13,000,000 able-bodied men out of employment now. What chance have the ex-soldiers, many of them the

most loyal, the most patriotic men to wear the uniform during the World War, to get a job? None. The passage of the Roosevelt economy bill as it pertains to the disabled World War veterans is economically unsound and patriotically unjust. These men, because of their loyalty to duty, their officers and their country's cause, carried on in the trenches and on the field, sacrificing their lives and health without regard to preservation of their Army records, now find themselves penalized for their patriotism.

Everyone familiar with soldier claims knows that most of those men now drawing disability allowances are doing so because they did not press their claims in time. Most of them have service-connected disabilities in fact, but they either sacrificed their soldier records for the good of the service or they, through a sense of patriotism, refused to press their claims until the economic necessities, 1929-32, to get a living for themselves and their families forced them to seek justice.

It is my earnest hope that President Roosevelt will be more lenient and generous in administering the law as it pertains to slashing the soldiers' pay in the economy bill than the harsh terms of the measure itself warrant.

The economic effect of this is that these disabled veterans, unable to work and turned adrift by the Federal Government, will become a direct charge on the communities where they live, and this means increase of local property taxes, both real and personal.

Had I been present the first 10 days of the special session, I would have voted "aye" on the beer bill, which passed by a vote of 316 to 97, and I would have voted "nay" on the economy bill slashing the soldiers. This measure passed by a vote of 266 for to 138 against.

Through the cooperation of the postmasters for the whole district I have secured the total number of soldiers drawing Government benefits who will be affected by the administration of the Economy Act. There are 2,063 disabled veterans in the Tenth District now drawing \$653,462.40 annually. More than one half of these soldiers will be cut off entirely on July 1. Of the remaining half, their compensation and pension will be reduced 25 percent or more, making approximately a reduction of 75 percent or \$490,096.80 annually. That is what the passage of the economy bill means to northern Wisconsin. The people of the Tenth District will lose \$490,096.80 annually.

THE DYNAMITE SITUATION

When I succeeded in securing the passage of my dynamite bill at the last session of Congress, I supposed the farmers of my district would have Government explosives at low cost early this summer. The biggest obstacle in securing the passage of a bill of that nature usually comes from the executive department concerned with its administration after it becomes a law. The War Department, the holder of the deteriorated surplus explosives to be reconditioned for use in land clearing, cooperated with me through the Committee on Military Affairs, the committee to which my bill was referred, when the measure was being considered by the committee. The Department of Agriculture, the Department responsible for the administration of the law, once the bill was enacted, offered no objection during the time the bill was before the committee and Congress, finally becoming a law on March 3, 1933.

A few days after March 3 the Agriculture Department informed me that a memorandum was being prepared to be submitted to the Director of the Budget for a reimbursable fund of \$15,000 for the administration of the law, to be returned to the Treasury as the explosives were sold to the farmers. After waiting 3 weeks for further word, I consulted the Department and was then informed that they were unable to administer the law because these surplus explosives in the possession of the War Department were so badly deteriorated it would be extremely dangerous to rework them for stump-blasting purposes. They said that at the present time explosives for land clearing can be purchased at \$10 per hundred pounds in carload lots. Few farmers want to buy more than 500 or 1,000 pounds at a time. Buying retail in small quantities, the farmers pay

from \$18 to \$20 per hundred pounds. The Department of Agriculture further advised me that the passage of the production-credits bank bill would, in their opinion, meet the situation and make the administration of my bill unnecessary.

Under the terms of this bill the farmers of any community can organize a local association and secure money and credit with which to buy dynamite in car lots for distribution. Those without the cash can in this manner secure funds for dynamite on time at 5- or 6-percent interest. The production-credits bank bill passed the House this week, and I hope it will work as recommended by the Department of Agriculture and that the cut-over land farmers of northern Wisconsin will be enabled thereby to secure cheap explosives on credit.

Should conditions change and the price of dynamite become excessive, my bill for the distribution of Government explosives can then be invoked.

I have advised the Department of Agriculture that I will oppose the repeal of my bill until such time as it is demonstrated that the cut-over land farmers are being supplied with cheap dynamite with which to clear land.

ALCOHOL-GASOLINE

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to make an announcement.

The SPEAKER. Is there objection?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, Members of the House are familiar with the agitation that has been carried on for some time with reference to the blending of alcohol manufactured from domestic-grown grain with gasoline as a motor fuel, as a measure of agricultural relief. Much attention has been given to this subject on both sides, and response thereto has come from various organizations. I have arranged, tentatively, that on the 7th of June in Washington, D.C., under the auspices of the Bureau of Standards, the American Motorists Association, the American Automobile Association, and various agricultural agencies and interested people in my State, to have a public demonstration of the merits or contended demerits of alcohol-gasoline as a motor fuel. All those Members representing agricultural States I know are vitally interested, because some 4 or 5 bills on that subject are pending now in the House. Anyone wanting any more detailed information can receive the same by keeping in touch with my office. I hope that a substantial delegation of Members may be in attendance at this demonstration.

FARM CREDIT ACT OF 1933

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes.

The motion was agreed to; accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 5790, with Mr. SHALLENBERGER in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

Mr. JONES. Mr. Chairman, this measure for the most part merely provides for implementing the Executive order which combined all of the agencies engaged in lending money for agricultural purposes under one head. It will be recalled that there are some 5 or 6 agencies in the different departments of the Government which were engaged in different forms of lending. Some 60 days ago the Chief Executive issued an order consolidating all of these agencies and placing them under one head, to be known as "the Farm Credit Administration." This measure provides for the necessary regional and local banks, corporations, and associations for proper functioning under that Executive order.

The measure provides for taking the unexpended balances and collections under the crop-production and seed loans, consisting of a fund estimated to be around \$80,000,000 or a little more, and undertaking to have a system of production credit based on a sounder system than has heretofore existed. In addition to this \$80,000,000 there is an appropriation authorized of some \$40,000,000, which will create a revolving fund of \$120,000,000. It is hoped that the system provided for under this portion of the bill will take the place of the present crop-production method which has been necessary in the great emergency and which, in its essence, cannot be on a very sound basis. This \$120,000,000 is used as a revolving fund for establishing a production corporation in each Federal land-bank city, with a capital stock of not less than \$7,500,000.

Mr. SNELL. Will the gentleman yield right there?

Mr. JONES. I yield.

Mr. SNELL. As I understand, you are going to establish some new production associations in each land-bank district in the United States?

Mr. JONES. Yes, sir.

Mr. SNELL. I thought as a result of the Executive order we were going to contract all of those loaning agencies instead of establishing new ones?

Mr. JONES. Well, it is not establishing new agencies centrally. They will all be under one head; but there are different forms of credit, and this will provide for the necessary harness or agency to carry out the activities that have been placed under the central head. It is estimated by those in charge that they will save at least \$2,000,000 annually in administrative costs.

Mr. SNELL. Was there evidence to that effect placed before the gentleman's committee?

Mr. JONES. Yes. They assured us that with this set-up they would save at least \$2,000,000 every year in administrative costs.

Mr. SNELL. As I read the report, to a certain extent this takes the place of the seed-loan organization?

Mr. JONES. Yes. As I had just stated to the Committee, it is hoped that this will substitute a sound basis of credit for the emergency credit that has been arranged heretofore from year to year in the distress period.

Mr. SNELL. Does the gentleman really believe that if we have another emergent situation this will take the place of those seed loans?

Mr. JONES. That is a very difficult question to answer. That would depend upon how desperate the emergency might be. I have every hope that this measure will make unnecessary the future so-called "crop-production loans", at least, of a general nature.

Mr. SNELL. Well, there are a great many modifications in the gentleman's statement.

Mr. JONES. Of course the gentleman understands that in great emergencies like an earthquake or a storm there might be local situations which would require emergent attention, but as far as concerns the general demands of agriculture, country wide in scope, I hope that that will be unnecessary.

Mr. SNELL. Now, how many different organizations will there be in the Government to loan money to the farmers when you pass this bill?

Mr. JONES. There will be just one, with different branches. Of course, we have the land-bank system.

Mr. SNELL. That is one.

Mr. JONES. They are all under one head in Washington.

Mr. SNELL. They may be under one head, but I am wondering how many different organizations are going to loan money to different individuals connected with farms?

Mr. JONES. Then we will have the cooperative credit. They will not loan to individuals. They will loan to associations of individuals, and the gentleman understands that is an entirely different type of credit from the land-bank credit. Then we will have this production credit corporation, which will, through the local associations, loan to individuals. The production credit banks themselves will not loan to indi-

viduals, but the production credit corporation will furnish the major portion of the stock for the local associations, which will enable them to secure credit through the intermediate credit bank, which is the functioning agency.

Mr. SNELL. In my hasty examination of the report this morning it seems to me this sets up two different organizations in each of the 12 land-banks divisions of the country.

Mr. JONES. In each of those regions they will have the same directors and the same officers. It is a fact that they would probably put them all under one name in this region, but if you put the production credit and the cooperative credit as a part of the land-bank credit, it would probably make it much more difficult for the land bank to borrow its funds and dispose of its obligations.

Mr. SNELL. You appropriate \$120,000,000 to start this?

Mr. JONES. We appropriate \$40,000,000 and utilize the unexpended balances and collections.

Mr. SNELL. Well, it is practically an appropriation of \$120,000,000.

Mr. JONES. It utilizes \$120,000,000 but authorizes an appropriation of \$40,000,000.

Mr. SNELL. But it all comes out of the Treasury just the same. Can the gentleman give the House any information as to the number of additional employees necessary to carry out the provisions of this bill?

Mr. JONES. They assure us that not only will it not be necessary to provide additional employees, but that they will be able to very materially reduce the present number of employees. As a matter of fact, under this head, instead of several members of the Farm Loan Board, for instance, they will only have one, the Farm Loan Commissioner. Then these different lending agencies in each region are to have the same directors, and really, instead of being separate organizations in the regions, they are directed by the same people, but for the purpose of financing; that is, endeavoring, for the most part, to finance themselves through the regular credit structure of the country rather than through the Government, but they keep them separate so that one will not handicap the other in the process of financing.

Mr. SNELL. Does the gentleman know whether or not they have taken on a great number of additional employees in connection with this new financing in the Agricultural Department at the present time?

Mr. JONES. I regret that I am not able to furnish the gentleman full information on that. It is my understanding that so far they have not taken on a great many new employees because they have not fully developed their plans. How many may be necessary when their plans are fully made and in operation I am not in position to tell the gentleman.

Mr. SNELL. If the gentleman and his committee really understand this measure, I am sure the House does not.

Mr. JONES. The gentleman is asking a question clearly outside the purview of this bill now.

Mr. SNELL. Perhaps so far as the last question was concerned, but not my original question.

Mr. JONES. Yes. The last question of the gentleman was far removed from the situation.

Mr. SNELL. I appreciate that, but the other questions were directly connected with the bill.

Mr. JONES. I have tried to give the gentleman information.

Mr. CLARKE of New York. If the gentleman from Texas will permit, as I understand the testimony before our committee the net result of this bill, in the first place, means that you will resolve back into the different district units, agencies that are now in effect, that you will reduce the number of employees, that you will make these local agencies contact local conditions instead of having them come down here and working from here back to the agencies, and that the net result of it will be a saving in the administrative end of the proposition of about \$2,000,000. Is this right?

Mr. JONES. The gentleman is correct, and I thank him for his contribution.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. CHRISTIANSON. Do I understand if this bill is passed that a farmer who wants a seed-grain loan will have to join an association in which he will associate himself with other farmers who have the same need?

Mr. JONES. He will be compelled, in order to secure advantage of the production loans, to purchase stock in a local association, whether it is technically called membership or not, to the extent of 5 percent of the amount of his loans. This bill provides that there shall be no double liability, and it also does away with double liability on stock under the national farm-loan association system. So that the man simply is given this additional interest in the success of the local association.

Now, these local associations are not just banded together for the purpose of securing these particular loans. With this \$120,000,000 the Government will furnish four fifths of the stock of the local association and the man who secures the loan will put up 5 percent. If he borrows \$100, he will leave \$5 there in the form of stock subscription. If there are dividends after the payment of certain expenses provided for, certain reserves, then he will get a dividend on his stock. If the associations are successful, as it is hoped they will be, he may get his money back, but in any event he would only be out the additional \$5.

Now, I wish to state that we had before the committee evidence that in some of the small lending agencies borrowers paid as high as 30 or 40 percent on some of the small loans through a combination of expenses.

The method provided in this bill will put the credit system on a more sound and cheaper basis than at present.

Mr. CHRISTIANSON. I do not want the gentleman to believe that my questions imply opposition to the bill, because I intend to vote for it, but I do want some information.

Does the gentleman not believe that in times of emergency when speed is highly essential this will slow up the operation by which a farmer may get such relief? For instance, if a farmer has to find other people who have the same need and associate himself with them in order to get a seed loan is it not possible that the harvest will be on before money is provided with which to buy the seed?

Mr. JONES. It is hoped that in practically all the communities if proper interest is taken the system will furnish a continuing type of credit so that they will be able to meet any emergency. This same plan, or a very similar plan, has been in operation for some 2 years in 1 or 2 of the States of the Union, notably Arkansas, I believe, where it has been very successful and has worked out very satisfactorily, and in certain parts of my own State it has done so and has proven a very worthy type of credit.

If a continuing agency is established emergencies probably will not ever get quite so great. It is because of an accumulating condition frequently that the emergency becomes very intense and severe.

Mr. CHRISTIANSON. On the other hand, is it not possible that farmers not anticipating such an emergency will fail to organize themselves into a loan association and then, finally finding such an emergency thrust upon them, will be unprepared to avail themselves of the facilities which the Government is offering through this legislation?

Mr. JONES. I know that in 1 or 2 places the people have been able to organize and receive assistance in from 2 to 4 days. It all depends, of course, on how necessary it is to make haste. Under normal conditions it will probably take longer than that.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. COCHRAN of Missouri. Since 1921 we have loaned hundreds of millions of dollars to the farmers in the form of seed loans and crop-production loans. I do not think we have collected 50 percent of these loans. Will this new organization continue to collect the outstanding loans?

Mr. JONES. This organization is authorized under Executive order and under this legislation to continue to make collections; yes.

Mr. COCHRAN of Missouri. Will the money they collect go into this fund or into the Treasury?

Mr. JONES. The money they collect up to \$80,000,000 will go into this fund. After that it will go into the Treasury.

Mr. COCHRAN of Missouri. I notice that loans are to be made to cooperatives or associations. Is this going to get us into the same position as the Farm Loan Act got us into?

Mr. JONES. No. As a matter of fact, this measure repeats several features of the Farm Board and it continues only the lending features. It avoids all the difficulties that arose in the lending features of the Farm Board Act in that instead of being able to make loans for practically nothing there is a maximum and minimum margin of from 3 to 6 percent that must be paid as interest, and no stabilization activities can be engaged in.

Mr. COCHRAN of Missouri. If the gentleman will permit one further question: The farm relief bill had as one of its purposes a reduction in crop acreages, did it not?

Mr. JONES. Yes; that was one of the hopes of it, anyway.

Mr. COCHRAN of Missouri. Now, the purpose of this bill is to increase production, is it not?

Mr. JONES. No. The gentleman realizes that however desirable it may be to have the country on a cash basis, but there is practically no line of industry that is on a strictly cash basis. The effort of this measure is to try to get the loans and the credit activities on a sound basis. I believe that as a rule you do not favor a man by lending him money that he is not entitled to, and so far as it is practicable to do so I should like to get the credit structure of this country along all lines on a sound basis and get the interest rates lowered.

Mr. COCHRAN of Missouri. I fully agree with the gentleman.

Mr. JONES. High interest rates have been the curse of agriculture, and without being joined to the commercial system they have not had a method of obtaining credit, and I hope this will be a long step toward securing a credit system, dissociated and independent of the regular commercial banking system of the country.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. JONES. I yield.

Mr. HILL of Alabama. I am very much interested in the agricultural credit corporations. We have one in my State and it has rendered excellent service. As I read the language of this bill, there is nothing in the bill that would, per se, abolish or interfere with the functions of these corporations.

Mr. JONES. Nothing whatever. They may continue those corporations for a time or as long as they see fit. It may not be necessary to continue them indefinitely if the other types of credit furnished by this measure work out satisfactorily; but there is nothing in the bill which directly interferes with the functioning of them, and I understand it is their purpose to at least continue some of them.

Mr. HILL of Alabama. Certainly those corporations ought never to be abolished until this act has been in operation long enough to prove it is feasible and completely satisfactory to the farmer.

Mr. JONES. Of course, that is a question of administration; but I am sure that is correct.

Mr. HILL of Alabama. I hope the gentleman can assure the House to that effect.

Mr. JONES. That is my understanding.

Mr. HILL of Alabama. That is the gentleman's understanding?

Mr. JONES. It is my understanding that for the present it will at least be necessary to continue some of them. How long it will be necessary I do not know, but this bill does not directly forbid the exercise of those functions.

Mr. HILL of Alabama. In other words, the corporations can go along in spite of this bill.

Mr. JONES. If the Governor of the Farm Credit Administration sees fit to continue them, yes.

Mr. ARENS. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Minnesota.

Mr. ARENS. The gentleman from Texas is aware of the fact that up to the present time local cooperatives, such as elevators and creameries and oil stations and shipping associations, have not been able to receive any Government credits. The Federal Farm Board up until now has lent to regional cooperatives or Nation-wide cooperatives but not to locals.

Mr. JONES. Yes.

Mr. ARENS. Under this bill, will a local creamery or elevator be able to get credit direct from this new agency?

Mr. JONES. Yes; one of the purposes is to enable local credit to be had for local institutions of this character. As a matter of fact, in my judgment, that, perhaps, is more important than the other type of production credit.

Mr. ARENS. In order to make perfectly clear what I mean, under the present Federal Farm Board—

Mr. JONES. The Federal Farm Board could make such loans, but they had tied their money up so much in stabilization and other activities that they did not have the funds.

Mr. ARENS. I was just going to explain to the gentleman that it was not able to do it. The organization of which I am a member, Land O'Lakes Creameries, had set aside by the Federal Farm Board \$300,000, and, as the gentleman knows, Land O'Lakes is an organization of 480 cooperative creameries.

Mr. JONES. Yes.

Mr. ARENS. This \$300,000 they were instructed to lend to cooperative creameries, but they would not lend to them direct. However, conditions were such that Land O'Lakes could not make a single loan to a cooperative creamery.

Mr. JONES. Perhaps, they were cases of refinancing, and we make a change here in that regard. They are not only able to make original loans, but refinancing loans also.

Mr. ARENS. The condition was that they could make no loans for refinancing, but could make original loans.

Mr. JONES. We have provisions in this measure whereby they can refinance loans because refinancing loans are, of course, just as important as original loans in some cases.

Mr. ARENS. More so.

Mr. JONES. The Farm Board, however, could, prior to this act, make original loans, but they could not make refinancing loans.

Mr. ARENS. As I understand, this organization can lend direct to a cooperative creamery, but it will have to join the central bank by taking 5 percent of the loan as an interest in the bank.

Mr. JONES. They will have to make that contribution.

Mr. KVALE. Will the gentleman yield?

Mr. JONES. Yes.

Mr. KVALE. The gentleman from New York [Mr. CLARKE] a few minutes ago referred to the real purpose of setting up this parallel agency throughout the United States or a practical duplication of the Federal farm-loan system, and I hope if the gentleman is allowed to make a continuous statement, his remarks may include an explanation of why it is necessary to set up this thoroughgoing duplication of the Federal farm-loan system for the purpose of making production loans and loans to cooperatives.

Mr. JONES. I may state to the gentleman it is not a duplication of the farm-loan system. The Federal land banks are already located in each of the 12 districts. The Federal land banks finance themselves through the medium of their obligations.

The intermediate credit banks sell their debentures and obligations. Then we have the production credit feature and the cooperative bank feature. They are really for all practical purposes simply a part of the other activities, but if they were tied together integrally they would complicate and confuse and hamper the financing and functioning. These will have the same directors in each region as the Federal land-bank system. So for administrative purposes they will have the same directors.

Because of the fact that production credit is entirely different from mortgage land credit, it is felt that one should not be tied to the other in financing, so that if there was little call for production credit it would not entirely defeat the other types of credit. So they are kept essentially different, although practically under the same management.

Mr. MAY. Will the gentleman yield?

Mr. JONES. I yield.

Mr. MAY. Does the gentleman mean a liquidation of the Federal land banks, or is it an absorption into the farm credit?

Mr. JONES. It means placing of the entire credit system under one central head, the Farm Credit Administration.

Mr. BANKHEAD. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Alabama.

Mr. BANKHEAD. Does this bill in any respect make any material change in the Federal land-bank system?

Mr. JONES. It makes some minor changes in the Federal Land Bank Act. It provides that there shall not be double liability on stocks, but it makes no essential change in the Federal land-bank structure.

Mr. BANKHEAD. I should like to understand the gentleman clearly. This bill in nowise makes any fundamental change for the liquidation of debts?

Mr. JONES. No; it makes no essential change in the set-up or the law on this point.

Mr. DARDEN. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Virginia.

Mr. DARDEN. This bill is confined to production credit.

Mr. JONES. No. It also provides for utilizing the balance of the old Farm Board for the purpose of establishing cooperative agencies and credit. There is a central agency and then an agency in each Federal land-bank district.

Mr. DARDEN. Perhaps I did not make myself clear. Does this bill finance land under its provisions?

Mr. JONES. This bill does not make any stipulation as to that. That is provided for in other ways. This is to breathe life into the Executive order to enable it to function.

Mr. SANDLIN. Will the gentleman yield?

Mr. JONES. I yield.

Mr. SANDLIN. In the gentleman's opinion, if this law is passed, and the operation of it becomes well known to farmers, will it encourage or discourage them in making applications for loans?

Mr. JONES. I do not know that I get the full purport of the gentleman's question, but I think it would enable them to get a type of loan if they can offer the proper security, and that the law will be liberally administered.

Mr. SANDLIN. I have discussed this subject with the gentleman from Texas before. Of course, we all realize that under the conditions that existed, the breaking down of the banking system, the inability of the merchants to furnish credit to the farmers, nothing could be done except what has been done. The Government had to step in. But does not the gentleman believe that as soon as possible the Federal Government should get out of this kind of business, and does not the gentleman believe that if the prices of commodities increase, as we hope they will—cotton and wheat and other commodities—it will be possible for the farmers of this country to finance their affairs without having to come to the Federal Government to set up these agencies?

Mr. JONES. Yes; and this bill makes it possible for them to do so. It is hoped that that result will be achieved.

Mr. LANHAM. Then the committee does not assume that it is going to be permanently necessary for the Government to make these loans?

Mr. JONES. The Government under this measure is not making production loans, but furnishes a part of the capital to make them. It provides for a system whereby through rediscount with the intermediate credit banks they may provide the essential funds for carrying on lending by the association, and it is hoped that it will work out so that the system will be self-operating.

Mr. SWICK. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. SWICK. What percentage of these seed loans have been repaid?

Mr. JONES. There are varying percentages. The gentleman will find that in the Record—and I have them over at my office—when we had the matter up for discussion through the short session. It varies in different localities, and in different years. I think the highest amount that has been paid back was perhaps 92 percent, and the lowest average outside of the last two was 56 percent. They are continuing collections even on the old ones. I do not recall the amount on these last two, and up to the time those figures were furnished there had been so small an amount collected, because cost-collection time had not passed, that one could not get any idea. Outside of the last two, it has probably averaged 60 or 70 percent.

Mr. SWICK. As I understand, there are now some seven agencies to which farmers may go to get help, and the greatest difficulty seems to be to know to which agency they should go. In response to a question asked by the gentleman from Louisiana, I should say that this will facilitate, if this should become a law.

Mr. JONES. This will help in securing the essential credit.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. MARTIN of Colorado. Will it be possible to get a chart that would show the entire settlement of all these agencies under the Federal Farm Loan Act and this act? As far as I am concerned, it looks as if it would take a Philadelphia lawyer to get even an inadequate picture of it.

Mr. JONES. The gentleman will understand that this is a very big country, and there are a great many different types of activity in the country calling for different kinds of credit. It may be clear to the gentleman, but I have had to do a great deal of study to understand the Federal Reserve System and how the finances of this country work generally.

Mr. MARTIN of Colorado. I would be willing to pay for a copy of a chart if I could get one.

Mr. JONES. I have here a chart of the set-up which I think will furnish the gentleman some information along that line.

Mr. GILLETTE. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. GILLETTE. Section 2 provides that the Governor is directed to organize one of these organizations and one bank in every city where there is a Federal loan bank.

Mr. JONES. Yes.

Mr. GILLETTE. Does that dispose definitely of the set-ups, the regional credit banks and seed-loan offices, where now located?

Mr. JONES. No; the present seed-loan offices have been taken over by the Farm Credit Administration, and they will probably continue those seed-loan offices. That is, of course, in the hands of the Farm Credit Administration, just as it has been heretofore in the hands of the Department of Agriculture. They can do as they see fit. It is my understanding that they will function until they finish their present loan.

Mr. GILLETTE. And the same remarks apply with reference to the R.A.C.C.

Mr. JONES. Probably, unless some of them are not able to function. There is nothing in the bill which would do away with those things necessarily.

Mr. McFARLANE. Do we understand that this is a part of the administration program?

Mr. JONES. Yes.

Mr. ROBERTSON. The chairman of the committee has prepared a very succinct report for the purposes of this bill. Would he mind extending his remarks in the Record by incorporating that report?

Mr. JONES. I should be happy to do so, but it is already available in the document room to Members, and if that is not sufficient we could do the other later.

Mr. JOHNSON of Texas. I want to ask a question about the rate of interest. I am in sympathy with the necessity of having a low rate of interest to the farmer on loans obtained. I read the bill very hurriedly but I did not discover any limitation relative to the rate of interest. Does the chairman of the committee not think that the bill should provide some limitation as to the maximum amount of interest that should be charged upon these loans?

Mr. JONES. I really think that can be done if it is found necessary. There is a limitation in the present acts that they cannot get more than a certain percent above the rediscount rates.

Mr. JOHNSON of Texas. I do not understand what act the gentleman is referring to.

Mr. JONES. The Intermediate Credit Act provides that not more than 1 percent above the rediscount rate shall be charged. They hope to keep the interest rates low.

Mr. JOHNSON of Texas. I know that; but the farmer who obtains a loan for \$100 must subscribe 5 percent of that for stock. Of course, he may get that back, and he may get dividends, but he may lose it. If he loses it, he loses 5 percent of the amount of the loan.

Mr. JONES. A great many of the crop-production loans will be small; and if he can get the longer-type credit, even though he should lose that 5 percent, he will be getting a lower rate of interest than he gets now on loans made by commercial banks and other agencies.

Mr. JOHNSON of Texas. I think that it true, provided their rate is not too high.

Mr. JONES. They assured us that they hoped to keep this low, and the present restrictions, I feel, are all that should be put on at the present time; but if there is any abuse, I shall be glad to join the gentleman in having a limitation placed.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. JONES. I yield.

Mr. SHOEMAKER. These loans do not apply to private dealers in farm products, do they?

Mr. JONES. No, sir; they do not.

Mr. WHITTINGTON. Will the gentleman yield briefly?

Mr. JONES. I yield.

Mr. WHITTINGTON. Under the set-up there will be no direct applications for loans, and all applications will have to be made through the local crop-production associations. Will it be necessary for the prospective borrowers to subscribe to any stock other than the 5 percent?

Mr. JONES. No other stock.

Mr. Chairman, I reserve the balance of my time. [Applause.]

The CHAIRMAN. The gentleman has consumed 38 minutes.

Mr. CLARKE of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, this bill is not as intricate and complicated as may appear from a casual reading of it. You will all recall that shortly after the beginning of the present administration a consolidation was effected, by order of the President, of the Federal land banks, the intermediate-credit banks, the Federal Farm Board, the regional agricultural credit corporations, and the division in the Federal Department of Agriculture which was engaged in making crop-production loans. This measure is simply putting into effect and reorganizing the powers that were given the farm-credit administration under that consolidation order. It is true it does set up different machinery, but the purpose and effect is really to continue the loans that have been made by the various agencies that were consolidated.

The Federal land banks, of course, will continue to make loans just as they have, and under the additional authority which they have been given by the act which was recently passed by Congress as a part of the general farm bill. Heretofore loans to cooperatives have been made by the Federal Farm Board. They have all been made from a central agency in Washington. Under this bill that agency is, to a certain extent, decentralized. There will still be a central cooperative bank, which will make loans to national and

regional cooperatives. In addition, there are set up 12 regional cooperative banks, one in each Federal land-bank district, and the directors of the Federal land bank for that district will, ex officio, be directors for the cooperative bank in that district, thus necessitating no new set-up as far as the directors of the banks are concerned.

The regional cooperative bank will make loans to local cooperatives within the territory served by the Federal land bank in that district.

Now, there has been taken, for the purpose of creating a revolving fund for these banks, the funds which are now in the hands of the Federal Farm Board, or which have been loaned by that board and which will, of course, be repaid from time to time. That revolving fund will constitute the fund from which loans will be made to cooperatives by the central cooperative bank in Washington and the regional cooperative banks throughout the country.

Now, to take the place of the loans which have been made in the past through the regional agricultural credit corporations, which, as you know, were set up by the Reconstruction Finance Corporation, one in each Federal land-bank district, and to a certain extent to take the place of the crop-production loans, there has been set up an organization of 12 banks known as the "Production Credit Corporations", one in each Federal land-bank district. Those banks will not make direct loans to farmers, but they will be used to furnish the capital for local production credit associations. The local production credit associations will be organized in any community where 10 or more farmers get together and decide they want to take advantage of the provisions of this act. When they do so, the initial capital of the association will, upon request, be contributed by the regional production credit corporation. The local organizations will be organized, as already indicated, in exactly the same way as the local farm-loan associations. That is, they will be under local management and control, the only difference being that in this case the central production credit bank will furnish the initial capital. Each farmer who gets a loan from the corporation will be required to leave 5 percent of that loan for the purchase of capital stock in the local association, just as the farmer who now secures a loan from the Federal land bank must leave 5 percent of that loan for the purchase of stock in the local farm-loan association.

Mr. WHITE. Will the gentleman yield?

Mr. HOPE. Briefly, yes.

Mr. WHITE. Will the gentleman explain what collateral those loans will be secured by?

Mr. HOPE. I will go into that in just a moment.

Mr. HILL of Alabama. Will the gentleman yield briefly?

Mr. HOPE. I yield.

Mr. HILL of Alabama. Will this regional credit corporation have any State agency in the several States, or will it all be concentrated at this one corporation?

Mr. HOPE. The bill does not provide for State agencies. That question was asked the Governor of the Farm Credit Administration when the committee was considering the bill, and I think his answer was that it was something that had not been worked out, yet it might be advisable and advantageous to have a State agency.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. WHITTINGTON. How is it contemplated that the cotton, corn, wheat, and other agricultural products will be marketed after the loan is obtained through these local associations?

Mr. HOPE. I do not understand that this will have any connection whatever with marketing.

Mr. WHITTINGTON. Is there any connection now between these loans and the cooperative associations? Will it be necessary to have a cooperative association to market the products after it has been raised as a result of the money borrowed?

Mr. HOPE. There is no such connection. There is a provision in the bill to the effect that cooperative associations

may organize production-credit associations for the purpose of obtaining credit for their individual members, but there is no connection between the production-credit associations and the marketing organizations.

Mr. WHITTINGTON. They can market their crops just as they see fit?

Mr. HOPE. Yes; there is no connection whatever between the two.

Now, your local production-credit association will finance the loans which it makes for its members through the intermediate-credit banks. We have had the intermediate-credit bank system for a number of years, and I have always felt that it was not rendering the service which it ought to render to the farmers of this country. I think this has partly been due to a lack of interest on the part of the farmers themselves, because under the system as set up it is necessary for the farmers to organize their local associations to make the loans which are rediscounted by the intermediate-credit banks, and that has not been done to a very large extent.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Briefly.

Mr. BLANCHARD. Will the gentleman say just exactly what new machinery is necessitated by this act?

Mr. HOPE. I am trying to do that as I go along. I would rather not depart from the continuity of my remarks just at this time to do that, but I will endeavor to do it before I conclude.

The intermediate-credit banks raise the money which they loan to these organizations by selling their debentures. Now, at the present time intermediate-credit debentures carry an interest rate of about $2\frac{1}{2}$ percent. They have to get about 1 percent more in order to pay the expense of operation when they make the loans. That means that today at the rate of interest that the intermediate-credit bank debentures are bearing it would be possible for them to make loans to local production-credit associations for from 3 to $3\frac{1}{2}$ percent.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. HOPE. It is provided that the local organization borrowing from the banks shall not charge more than 3 percent additional rate of interest. In other words, if money can be borrowed today from the intermediate-credit bank by a local credit association, the maximum rate which could be charged to the members of that association would be $6\frac{1}{2}$ percent. Whether it is necessary to charge this maximum or not will depend largely upon the size of the association. I understand that the Producers Livestock Association, which finances itself through the intermediate-credit bank, makes a charge of only $1\frac{1}{2}$ percent above the rate at which the money is borrowed from the intermediate-credit bank, whereas small associations, which have a large overhead compared with the amount of business they do, must necessarily charge the full 3 percent in many cases. This will answer the inquiry which was made a while ago as to what the interest rate will be on these individual loans. On the basis of present interest charges by the intermediate-credit bank, it could not be more than $6\frac{1}{2}$ percent and might perhaps be as low as 5 percent.

I am not sure how far the farmers of this country will avail themselves of this method for production loans. They have not done so in the past, and one reason is that in many cases they have been able to get local credit for this purpose. I think the necessity of setting up local associations and going through that machinery has deterred many farmers in the past from getting this type of loan. Probably it will be something which will have a discouraging effect upon the progress of this program in the future, but I do think that we are perhaps approaching a time when a method like this is going to be the only avenue of credit which will be left to the farmers in many sections of this country.

If we are going to go ahead and centralize our banking system and drive out our little banks in the rural districts

throughout the country through legislation which is now in process of being enacted, it may be that there will be no avenue left to the farmers of this country to secure production credit except through the medium of these local associations and the intermediary-credit banks. If this should be the situation, as I hope it will not, then I would expect that these facilities would be used to an extensive degree.

Now, as to this set-up and organization taking the place of the present crop-loan facilities, I can only say that I have my doubts as to whether it will take the place of the crop loan as we know it today, for the reason that our present crop loans are distress loans. In order to get a crop loan a man has to prove that he has no money, that he has no credit, and no way of getting any money or credit. If this system is going to work, if it is going to be a success, if the stockholders, the farmers themselves, are not going to lose the money they put into it, then it must, of necessity, confine itself to good loans. It cannot therefore take the place of the type of crop loan which the Government has been making for the past 5 years.

Mr. WHITE. Will the gentleman yield?

Mr. HOPE. Yes.

Mr. WHITE. Under this system, when a great cooperative organization is organized and the men subscribe for the stock, the secretary and president are endorsers on every loan and this makes each individual liable to the extent of his stock for the loans to the other individuals, does it not?

Mr. HOPE. That is true, in exactly the same manner that the local farm-loan association is now liable for the loans made by its members.

Mr. WHITE. And this would tend to discourage operations under the act, because such a man has to be good for all the loans to the members of the organization.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. HOPE. The gentleman understands there is no double liability. He simply loses the 5 percent he has put in the stock.

Mr. WHITE. If the fund becomes impaired, he is liable for just that much.

Mr. HOPE. Yes; but there is no double liability. The bill takes care of that specifically and also does away with the double liability of members of Federal farm-loan associations as to future transactions.

Mr. WHITE. And by the endorsement of the officers of his organization, they are security for each loan up to the amount of the 5 percent of stock to which he has subscribed.

Mr. HOPE. Up to the amount of his stock; yes.

Mr. FOCHT. Will the gentleman yield?

Mr. HOPE. Yes.

Mr. FOCHT. Do I understand the gentleman to say that in the last analysis the farmer will have to pay $6\frac{1}{2}$ percent for the money borrowed?

Mr. HOPE. That would be the maximum.

Mr. FOCHT. And we are framing a bill here to relieve the farmers at $6\frac{1}{2}$ percent.

Mr. HOPE. The gentleman understands there are a good many farmers in the country paying a good deal more than $6\frac{1}{2}$ percent.

Mr. FOCHT. That is what has ruined them, and that is why we want to relieve them. I should like to ask the gentleman another question. A while ago we gave the national banks the right to issue notes. Why cannot this whole thing be done through the national banks of the country instead of involving us in setting up machinery like this, where the farmer in the last analysis will have to pay the bill? Why do you want 3 or 4 different kinds of machinery, when you have already experimented and found that they have all failed? You are setting up here another piece of the same kind of machinery.

Mr. HOPE. I may say this is not a new piece of machinery. It is taking the place of two agencies which we now have—the Regional Agricultural Credit Corporations and the Crop Production Loan System.

Mr. FOCHT. And they have all failed, have they not?

Mr. HOPE. No; I would not say that; but we hope the new plan will work better and be of greater assistance to the farmer.

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. DOXEY].

Mr. DOXEY. Mr. Chairman, the gentleman from Texas [Mr. JONES] and the gentleman from Kansas [Mr. HOPE] have explained to the Committee the general provisions of this bill, the gentleman from Texas stressing the individual loans to the borrower for production purposes and the gentleman from Kansas going more into detail with reference to the set-up in regard to the banks that are for the purpose of lending to the cooperatives. Both of these gentlemen have explained the situation in such a way that I may say to the Committee that I shall not attempt to add anything of general information with respect to what they have said. However, as a member of the Committee on Agriculture, speaking frankly, we have given this proposed bill, even though it is highly technical and complicated, a great deal of thought, and in the brief time I have I want to take up with you and give you, as I see it, a picture of the set-up and discuss it in a practical way.

Mr. BLANCHARD. Will the gentleman yield for a question at this point?

Mr. DOXEY. I shall be pleased to yield; but I have noticed from some of the questions of the speakers who have preceded me that they have talked about the chart or the picture, and if you will just go along with me I think I can tell you what this bill proposes in a practical way and we will consider title I and title II in the beginning, which has reference to the individual loan to the farmer, and this seems to be what you are interested in.

We all agree that distressed agriculture must be financed. Knowing conditions as we do, we readily understand that this Government must do a major portion of this financing, either directly or indirectly. It has for the past few years, and it will be necessary in the order of events for it to continue to do so for some time. Just how long this must of necessity continue is purely a matter of speculation. It depends upon the future developments of our economic life.

The methods employed and the system used by this Government in the past to a great degree have been, to say the least of it, unsatisfactory and resulted in loss to the Government and in many instances disaster to the farmers, individually and collectively.

It is a gigantic undertaking, which of necessity must result in many mistakes, both as to the provisions of the law and the administration thereof.

But, my friends, we have reached the stage in "the new order" of things brought about by this present administration where we are going to correct some of these mistakes which experience has shown and taught us. We can do it, and we will do it to a marked degree, by this proposed legislation.

Those in authority in our present Department of Agriculture, together with your Committee on Agriculture, have labored long and hard to bring to this Congress a real, constructive piece of legislation designed to extend relief to agriculture and at the same time be a protection to the Government if properly administered.

We know the Federal farm board is dead. It passed away on the night of Friday, May 26, 1933. We are informed on good authority that there will be no more direct crop-production or seed loans under the present system after 1933.

Most of the credit banks and regional agricultural credit corporations set up during this emergency to extend credit to the farmer for production purposes are insolvent. They will through necessity cease to function unless most of them are reorganized, resystematized, or revitalized through governmental activity.

However, I want to say to you, my friends, that the Regional Agricultural Credit Corporation in my State, located at Jackson, Miss., and handling loans for Alabama, Louisiana, and Mississippi, has given very satisfactory service indeed, as has the one at Montgomery, Ala., in which my friend from Alabama [Mr. HILL] has shown such an interest. The business of the Jackson office has been handled in a most efficient manner and from the reports I get most of the loans that they have made will in all likelihood be paid in full. Therefore, I trust that the very excellent showing this Regional Agricultural Credit Corporation has made will cause my friend, Mr. Henry Morgenthau, Jr., Governor of the Farm Credit Administration, to continue this institution at Jackson, Miss., and use its facilities there in furthering his plans for extending financial relief to the farmers, as it has at all times rendered conscientious, common-sense service to both the borrowers and the Government.

I hold in my hand a short application and loan report of the Regional Agricultural Credit Corporation at Jackson, Miss., as of May 12, 1933, which to my mind is a most creditable showing. I feel it gives valuable information with reference to the work of this Corporation in our section. Therefore, I ask unanimous consent that this short report be inserted in the RECORD at this point.

The CHAIRMAN. Is there objection?

There was no objection.

The report is as follows:

Regional Agricultural Credit Corporation of Jackson, Miss.—Application and loan report, May 12, 1933

	Combined total		Alabama		Louisiana		Mississippi	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
APPLICATIONS								
Received to date.....	14,425	\$10,144,958.27	4,406	\$1,984,780.25	3,544	\$3,608,490.01	6,475	\$4,551,688.01
Withdrawn.....	550	299,282.94	334	149,365.49	116	71,187.50	100	78,729.95
Rejected:								
Partial.....		1,285,906.73		216,559.65		482,186.10		587,160.98
Total.....	3,194	1,204,620.45	931	273,789.19	598	390,615.39	1,655	540,215.87
Pending.....	370	203,496.00	282	113,856.50	39	64,196.00	49	25,443.50
LOANS								
Authorized.....	10,311	7,151,652.15	2,859	1,231,209.42	2,791	2,600,305.02	4,661	3,320,137.71
Withdrawn.....	3,032	833,778.08	172	52,141.00	1,103	325,692.80	1,757	455,944.28
Rejected.....	16	32,752.75	4	3,035.00	1	13,775.75	11	15,942.00
Authorized (proceeds not disbursed).....	1,912	3,056,432.56	1,170	468,355.49	384	1,330,898.47	358	1,257,178.60
Disbursed.....	5,351	3,228,688.76	1,513	707,677.93	1,303	929,938.00	2,535	1,591,072.83
Repayments.....	188	86,231.47	5	14,549.50	173	44,643.40	10	27,038.57
Loans outstanding.....	5,163	3,142,457.29	1,508	693,128.43	1,130	885,294.60	2,525	1,564,034.26
Repayments (items in suspense).....	10	7,040.02	9	3,459.31			1	3,580.71

Mr. DOXEY. This historic and extraordinary session of Congress is now driving to complete its program, finish its labors, and adjourn within the next 10 days. Unless an unexpected emergency arises and our great President again calls us into a special session, we will not meet after adjournment of this special session until January 3, 1934. No one at this

time can visualize what pressing and momentous problems will await us when we again convene here. We all know it takes time to prepare and enact legislation and that agricultural-relief measures should be enacted and the set-up perfected and the machinery put into operation by early spring in order for the farmer to obtain the full benefits and the

operation of the law to accomplish the purpose prompting its enactment.

A practical illustration and striking example of this fact is evidenced by the recent omnibus farm bill just passed by this Congress. In order for it to have had a fair chance in bringing the hoped-for relief to the farmer for the crop year 1933, it should have been enacted so the machinery would have been ready and functioning before crop-planting time.

Before that law was finally passed, most all the spring crops were planted, were up, and worked out.

The thought I am trying to impress upon you is, in order to obtain the best results, do not let us put off doing for agriculture until next year what we should do now. Let us look at the situation in a practical and businesslike way and do the job now and not put it off. Do not make the mistake of waiting until the patient is dead and then trying to revive him. It is too late to send for the doctor after your friend has passed away. All of us realize that agriculture is desperately ill and needs relief now and will need it next year.

With that thought in mind, this administration through our Committee on Agriculture has brought to you for your consideration this measure known as the "Farm Credit Act of 1933", H.R. 5790, which provides—

For organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes.

The limited time in which I have to speak to you will not permit me to give you facts and figures in detail or present to you the picture as it really exists. However, briefly, I want to analyze this bill and explain some of its major provisions in your presence and answer questions as best I can.

It is within the knowledge of all that this bill is exceedingly complicated and extremely technical. Yet the foundation and groundwork upon which it is based is sound business, economical administration, good banking, and mutual helpfulness and benefits to both the lender and the borrower through cooperative efforts of the Government and the farmer. The theory of it is, by extending to the producer financial aid so essential in the production and marketing of crops, the Government as a unit will be repaid and the taxpayers generally protected through a safe, sound, and economical administration of the law.

To say the least of it, surely it will be an improvement over the present system under which we are operating.

Generally speaking this Farm Credit Act provides as follows:

The Governor of the Farm Credit Administration is invested with broad powers and is a most important factor in the administration of this law.

The Federal land banks in each of the 12 Federal land-bank districts as they now exist are the parent banks. As subsidiaries, other necessary banks, corporations, and credit associations are to be set up and operated within the districts and as circumstances demand spread out until almost each county within the various districts will be organized into associations to extend credit to the farmers for production and marketing purposes.

A revolving fund not to exceed \$120,000,000 is to be used to finance these various institutions. It is estimated that about \$80,000,000—represented by collections and unexpended appropriations—will be salvaged from the present set-up. The additional \$40,000,000 necessary to supply the total \$120,000,000 will be appropriated out of the Treasury.

The sum of \$2,000,000 is also appropriated which shall be available for administrative expenses and purposes in establishing the 12 corporations to be known as "production-credit corporations" and also 12 banks, known as "banks for cooperatives."

This sum compared with the \$9,000,000 that was testified to, as shown by the hearings before our Committee on Agriculture as the sum spent in the administration alone of the present seed-loan set-up shows quite a saving and a resolve on the part of the present efficient Governor of the Farm

Credit Administration to administer this law on a business basis and at a great saving to the Government in cost of operation alone.

Each of the 12 production-credit corporations is to have initial capital of \$7,500,000. The farmers are to organize themselves into what is known as "local production-credit associations" and secure loans for general agricultural purposes from intermediate-credit banks, all associations to be incorporated under a Federal charter, approved by the Governor of the Farm Credit Administration.

The farmers do not obtain their loans direct from the production-credit corporations, but said corporations provide each local production-credit association with not less than \$5,000 capital and up to 20 percent of volume of loans.

These local production-credit associations are formed by the farmers themselves. When 10 or more farmers each desire a loan, they can organize a local association and the capital is represented by two classes of stock—A and B. Class A stock is a nonvoting stock preferred as to assets and sharing equally with class B stock in dividends. Class A stock is originally purchased by the production-credit corporation serving that respective district out of the corporation funds provided by this act.

I judge this class A stock will be sold and held mostly by investors and people who want to help their community and have money to spare and invest.

B stock is to be absorbed and held by the borrowers who are the only class privileged to vote in matters pertaining to their local organization. This class B stock is acquired by each borrower taking 5 percent of the amount of his loan and purchasing that amount in stock class B.

For every dollar the borrower puts up, the Government matches it with four, and \$1 capital makes possible about \$5 of sound production credit.

These local production-credit associations can rediscount notes of farmers up to about 4 to 8 times its capital.

These local production credit associations are to run their own business subject to the approval of the production-credit corporation as long as the production-credit corporation holds stock in the local production credit association. The local production credit associations are required to build up a guaranty fund to at least 25 percent of the paid-in capital before the payment of any dividends. A limitation of dividend payments is placed at "not to exceed 7 percent."

These local production credit associations deal with the production credit corporations through the established intermediate credit banks. It is prescribed that no loan can be made by a local production credit association for less than \$50 nor more than 20 percent of the capital and guaranty fund of the production credit association unless approved by the production credit corporation. A loan can be made in excess of 50 percent of the capital and guaranty fund by the local production credit association if secured by collateral and approved by the credit commissioner of the Farm Credit Administration.

No definite rate of interest has been provided in the bill, but we are assured by those who are going to have charge of the administration of this act that the farmers are going to be given as low a rate of interest as it is possible under prevailing circumstances.

My friends, I see that my time has about expired. I have in a general way been discussing with you only titles I and II of this act. This bill, as you know, contains eight separate and distinct titles, some more important than others, yet each of them embracing important legislation bearing on the general subject of extending credit and amendments to existing laws.

I have been mainly dealing with and endeavoring to explain the set-up and machinery provided in this act relating to loans to individual farmers for production purposes.

Time will not permit me to dwell upon title III of this act which relates to the establishment, powers, and purposes of the "Central Bank for Cooperatives."

These banks as the name suggests are created to make loans to cooperative associations, as defined in the Agricul-

tural Marketing Act, as amended. They deal with the cooperatives as a unified borrowing association much like the production-credit corporations through the local production-credit associations deal with the individual farmer. The ultimate purposes are the same—financial relief to the farmer—but the type of banks and their respective set-ups and methods employed in extending loans operate in somewhat different fields.

Title V repeals and amends certain provisions of the Agricultural Marketing Act.

Title VI relates to "provisions common to corporations created under the act."

Title VII amends the Federal Farm Loan Act.

Title VIII is "Miscellaneous" and relates mainly to details of organization of Farm Credit Administration.

Now, my friends, as we are to consider this bill and read it under the 5-minute rule of the House, I trust that whatever amendments are adopted will be helpful and will strengthen the bill instead of hurting it and hampering the administration of it.

I believe if we pass the bill substantially as it is written and it is administered by those in authority in the manner they indicated to our committee they planned to administer it the act will be a saving to the Government and the means of rendering most beneficial service to the borrowing class of our farmers and prove a great help to agriculture in general. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 5 additional minutes to the gentleman from Mississippi [Mr. DOXEY].

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. DOXEY. Yes; I shall be glad to.

Mr. WHITTINGTON. I think it is generally conceded that the weakness of the Federal land bank system has been the local associations. What has the gentleman to say about the cost of overhead of these local associations, with just 10 members?

Mr. DOXEY. That is a matter that your local associations have to work out. Necessarily they are going to look after it in a businesslike way, because the members of your local association are responsible and they will have to meet all losses entailed. In other words, this set-up protects the Government and is intended to be a saving to the Government over the present set-up and an improvement over the method they are now using in financing agriculture for crop production and marketing purposes.

Mr. WHITTINGTON. There is no comparable arrangement suggested in this bill whereby a borrower can go direct to a crop production regional loan office for a direct loan.

Mr. DOXEY. The gentleman means a central office as in New Orleans?

Mr. WHITTINGTON. Yes.

Mr. DOXEY. None at all. He has to go through the association or not at all.

Mr. WHITTINGTON. The overhead of the local associations bothers me a good deal. These associations must be efficiently managed or the system will fail.

Mr. DOXEY. My friend must realize that we cannot regulate overhead and administration expenses by legislation, because that is a matter that has to be handled in the administration of it.

Mr. WHITTINGTON. I submit that we might, if we thought it desirable, require at least 100 borrowers instead of 10 borrowers, because you would get a better local management if you paid a man for his services than you would from somebody who works for nothing.

Mr. DOXEY. This bill is wide open for amendment. Your Committee on Agriculture has brought you a bill here that we hope each one of you will not only feel an interest in, but will contribute something worth while to it and assist us by adding anything that is constructive in making this as good a piece of legislation as possible. This is the bill of the

committee, but I do ask you before you seek to amend to let it be an amendment that will strengthen and help the bill to carry out its original purpose and not hamper it in the administration of the measure.

Let us pass this bill today and not wait until the next session. It means much to agriculture. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. JOHNSON].

Mr. JOHNSON of Minnesota. Mr. Chairman, after sitting here for weeks listening to the different proposals, one's good American citizenship rises to a fever heat. We continuously hear legislators advocate different measures, but the great majority of the time they seem to lose that which is fundamental, namely, the true representation of the greatest American industry, agriculture.

It has been the practice, for many years, of politicians to extol the greatness of the farming industry, but we have seen no results, except the deliberate exploitation of our many good farmers. Those in power for sessions past have apparently done nothing except to bow down in humble submission to the plunderbund of Wall Street headed by the gentleman who is now paying a Senate committee an indefinite visit.

It is disheartening indeed to be a participant of some of the actions of this present Congress when Members will rise and take the floor denouncing some of the parts of these farm bills, and pleading the cause of the farmer and the desire to once again see the farmer get better prices for his products and then watch these same Members when the roll is called and have them vote against the farmer's interest. I often think that if the RECORD were not a part of the daily actions of Congress, we would not hear so many of the Members tell how they are so desirous of wanting to do something for the farmer.

I believe that the legislation today is meritorious, and although I do not want Congress to take up so much time in establishing a machinery for farmers to borrow money, I believe that this bill will offer some real relief for immediate loans, and I am going to vote for this bill.

Congress should concern themselves with establishing a fair price for farm products and then the great majority of the obstacles will be removed. The farmer does not want to continue to borrow, and pay interest and principal all the days of his life. Give him a cost of production, such as John Simpson has advocated and he will make a profit and will be able to maintain his home, farm, and family.

If the farmer is going to get a real benefit out of this legislation he must have a lower rate of interest so that whatever little he makes from the sale of his products will not be eaten up in paying interest rates on his loan. We have been fighting for years for a decent rate of interest and I am happy indeed that there is a general trend toward lowering the discount on loans for the farmers.

Reasonable interest rates and fair prices for the farmer will bring him out of the chaotic condition that thousands of them are now in. Without reasonable prices on farm commodities it is hard to say whether this so-called "breathing spell" the administration spoke of in the last farm-relief measure will do much good. The interest will possibly be paid but the principal will still hang as a rope around their neck, and there will be no escape.

Many bills have passed this House and I have not been insisting on taking up very much time, but I remember 19 years ago I was sent here by the farmers of the State of Minnesota to work on a committee asking for farm legislation, for something that was going to better the condition of the farmers in the great agricultural Northwest. I remember we asked for Federal grain grades. Pardon me for detouring for a moment from the bill under consideration.

But after some fight we finally got Federal grain grades, but I say to you, we got it in the neck [applause], and ever since that time we have been coming to Washington and most of the time we have been getting the same kind of treatment. I am satisfied that most of the legislation that

has been enacted in this special session of Congress is going to be beneficial. I have not tried, nor have the other members of the Farmer-Labor Party tried to put any obstacles in the way. I have confidence in the Membership of this Congress and I know that you have passed legislation that will certainly help us. However, in connection with it, let me say to you, you are trying to create one organization after another to loan us money. The trouble with the American farmer today is that he has been borrowing too much money. Therefore, we got it in the neck right there again. [Applause.] There are thousands of bankers and other organizations that have been loaning money to the farmers. Our great trouble is that we have not got the cost of production and have not had an honest price with which to pay our obligations. That is everything in a nutshell.

I am not against this bill. I have confidence in the gentleman from Texas [Mr. JONES], chairman of the committee. The gentleman means well and I know that you all have good intentions. Now, to create a local cooperative organization may be all right as far as it goes, because there are some farmers who need assistance, especially in the communities where we do not have a local bank. I know several of those communities in the State of Minnesota today, and this would help considerably in those places. I would like to see the farmer who goes there to obtain a loan get all of it; but there may be another side of the story. Probably if these organizations are formed, they can look up the farmer who wants a crop loan of \$100 or \$200 and see that he does not take that money to pay some other obligation, or that he does not need that much money to plant a crop. We have new farmers starting all the time.

A young man and his wife who want to start farming, and they need a little money, and they can go there and get it. That is all well and good.

In conclusion, Mr. Chairman, I say to you that we farmers know how to raise grain and other commodities on our farms. We know how to raise it if you will give us the price. There is no question about that at all. But if you let the cooperative organizations or individuals be forced on the market to sell their products below the cost of production, you will never get out of this difficulty in which you are today. Here are the great chain stores in this country with cash, and they offer cash, and they get the products because they have the medium of exchange. They have the consumers in their mind and not the producers of the products.

During the last few years I have tried to assist the farmers in getting a fair, honest price. Therefore the Congress of this country ought not to take up so much time about loaning us money, to create the machinery through which we can borrow money, but to see to it that we can have an honest, fair price for the things that we produce on the farms. Therefore we fought to have a certain amendment put into the bill that passed a few weeks ago, the cost-of-production amendment, but were defeated. This would have gone far to help the farmers stay in business.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. JOHNSON] has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman 4 additional minutes.

Mr. JOHNSON of Minnesota. Mr. Chairman, we realize full well that farming is the basic industry of this country. You have tried to help us by loaning money, as I stated before, but how are we going to pay our obligations unless we have the cost of production?

Most of you statesmen are lawyers and bankers, and you mean well. There is no question about that at all. I have sat here and listened to your discussions and listened to one who made a speech this morning, for yesterday was Memorial Day. I am pleased to know that the gentleman voted against the economy bill. Those are some of the things which we should take into consideration because we vote on these measures and put them into law, but maybe after a few weeks or months we will find that it was an error. Of course, we cannot expect to be right at all times. I have made mistakes, but I have voted against gag rules

because it has always been my principle to look into those bills. I am willing to vote for this bill because I have confidence in the chairman, and I hope it will do considerable to help agriculture, and by helping this industry you will help the rest of the people in this great country of ours. [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. JOHNSON] has again expired.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Chairman, I am very glad this bill is thrown open for every Member to offer such amendments as he thinks will help perfect it and make it a good bill.

I agree with the gentleman from Minnesota [Mr. JOHNSON], who has just spoken, that we should have a high commodity price that will soon prevent the borrowing of money by our people. I agree with the gentleman from Minnesota that too much borrowing may have been some of our troubles, but without borrowing we could not have existed at all. In my opinion, no money has been used by the Federal Government in the past 3 years that has borne better fruit than that loaned to the people engaged in agriculture.

This bill simply creates a manner of loaning that is perpetuated from year to year with a \$120,000,000 revolving fund and the responsibility of loaning and collecting this money placed upon one head. I believe that with the set-up provided in this bill money will be loaned and it will be collected and the Government will not lose any of it.

Necessity sometimes is the mother of invention. When great trouble came on us a few years ago in the form of the drought it forced us to look to our own doors for relief. In my State in that year we set up a loan agency with a million dollar capital to be expanded to 10 times that amount and to be loaned in addition to what we borrowed from the Federal Government, which was \$9,000,000. A set-up similar to this was adopted in that State, and the report at the end of the years was that most of the entire amount in that set-up had been paid. Why? Because it was loaned in a careful way.

If 10 of your neighbors, or 20 of them, organize into a group to loan money, they know everything connected with a man applying for a loan, his ability to pay, his disposition to pay; and they are careful about taking people into their organization when they are partly responsible for the paying back of the loan. This is the reason that no losses are going to be had through this character of loan. The farmer has only 5 percent withheld for this purpose; and if he pays, he takes credit for that on the amount that he has borrowed. Then, too, the next year he does not have to wait, like he did this year, until March or April to know whether or not Congress will pass another bill so he may do any borrowing. With this set-up he knows just where to go and when to go to get his crop-production loan. Money loaned in this way is placed on a safe and sane basis. As expressed by one of the Members this morning, there has been considerable difficulty in the past, due to the character of loans that have been made; they were in many instances unsafe and unsound. Yet the emergency has been on us, and we have had liberal loaning of that kind, because it was necessary.

Now we are about to pass a law, as stated by a speaker who preceded me a little while ago, that will further put us on the road toward a stable prosperity. We have already seen the fruits of legislation passed by this Congress. We have seen corn go to three times the price it was when we began our agitation for farm-relief legislation. We have seen wheat go to three times its price. We have seen cotton nearly double in price. We have seen rice go up three times in price. We have seen beef double in price. We have seen the fruits and effect of legislation passed by this Congress before these acts got into full force and effect. I believe that after this law we are now considering and others we have passed get into full operation, and since we have gotten off the iniquitous gold standard, we are going to have prices that will make the farmer independent

and put him in a position where he can finance his own farm without going to any organization or to any bank to borrow money to make a future crop. This is what we hope to do—to put the farmer in a condition where he will not have to borrow at all. That is the day to which I am looking forward, and which I believe is here, or soon will be here.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, as I interpret this act it provides the machinery for the administration of farm credits, and perhaps ought to have been called "the farm credit administration act" instead of what it is now called, namely, Farm Credit Act. This is because it does not really involve new credits except in a small way and it does not involve or require any new methods of extending credits to farmers. It simply provides a new set-up, a new deal, a new administration; and I like to think of it, therefore, as being a farm credit administration act.

In this connection there happens to be going on at the present time in my part of the country, an agitation designed to change the method or machinery by which the Federal farm-land banks are set up.

Now, the Federal farm-land bank set-up is not involved directly by the bill, but it is involved indirectly because section 2 of the bill provides that directors of the Federal farm-land banks shall be ex-officio directors of these new banks that we are incorporating under this act. Therefore, since the directors of the Federal land bank are ex-officio directors of the new banks under the present bill we find ourselves interested in the method of their appointment. At the present time, or at least up until the 28th of the month when the Farm Board went out of existence, three of these directors were selected by the local farm associations, three by the Federal Farm Loan Board, and the seventh by the Farm Loan Board from a list of three nominations made by the several farm-loan associations. The seven so selected make up the directorate of each Federal farm-land bank. In this way neither side had a preponderance because the seventh and deciding man was selected from a list of three men who would be satisfactory to each of the groups. Now, we are perpetuating this system in substance in this bill although, of course, the governor of the Farm Credit Administration, Governor Morgenthau, will under this new set-up have the selection of these three members. I think none of us are objecting to this, but there is just now going on a propaganda or agitation whereby it is hoped in some quarters to give the entire control of this board to the governor by allowing him to select four members of this board. I think if this were done it would be a serious mistake.

I have in my hand a dispatch that went to the New York Times, Sunday, May 28, and I should like to revise and extend my remarks by putting into the Record certain excerpts from it and ask unanimous consent to do so, Mr. Chairman.

The CHAIRMAN. Without objection the request is granted.

There was no objection.

Mr. GILCHRIST. This dispatch states that certain influential gentlemen in the dominant party out in the district where I live hope to be able to control this Board by causing a change to be made in the law under which the members of the Federal Farm Loan Board out there at Omaha will be appointed.

It will be a very serious thing if the farm credits of this country are allowed to degenerate down to the level of ward politics. The directorate of a great bank should not be selected on the basis of pie-counter politics. It may be all right to pass around the fleshpots but the spoils of office in a farm banking institution or in any other banking institution should not be put into the pot and the efforts of any partisan leaders in this direction ought to be noted, observed, and curbed.

Republicans and Democrats alike certainly ought not to allow this thing to degenerate into partisan politics. [Applause.] This is all I am asking. When farm credits become a football to be kicked around as a party or political matter, it will be a sad day for the farmers affected by the bill or any other bill.

The dispatch referred to is from the New York Times of May 28, 1933, and is as follows:

[From the New York Times May 28, 1933]

LAND BANK CHANGE LAID TO POLITICS—SPOILS SYSTEM SEEN IN PROPOSAL TO ALTER RULES FOR OMAHA INSTITUTION—AIMED TO OUST PRESIDENT—DEMOCRATIC NATIONAL COMMITTEEMAN SEEKS TO SUPPLANT REPUBLICAN OFFICIAL—TO CONTROL PERSONNEL—NEW WAY TO SELECT DIRECTORS WOULD BE APPLICABLE TO OTHER UNITS OF THE SYSTEM

(By Roland M. Jones, editorial correspondence, the New York Times)

OMAHA, NEBR., May 24.—When the patronage activities of Arthur F. Mullen, Democratic national committeeman for Nebraska, reached out for the Federal land bank at Omaha they stirred up a hornet's nest and the buzzing can be heard all over the eight land banks districts which includes Iowa, Nebraska, South Dakota, and Wyoming. Doubtless it will extend much farther, for the Omaha bank is only one of 12 such institutions and the method by which he seeks to accomplish his purpose involves them all.

Specifically the national committeeman proposes a fundamental change in the rules governing the selection of land-bank directors. At the present time 3 are chosen by the local farm-loan associations which hold stock in the parent bank, 3 by the Federal Farm Loan Board, and a seventh by the Board from a list of 3 nominated by the local associations. The change contemplated would vest the appointment of this seventh man unreservedly with the Board, giving it an absolute preponderance of power and the ability to dictate the personnel of the banks.

Mr. Mullen makes no attempt to conceal the fact that one of his purposes is to effect the removal of Dennis P. Hogan, president of the Omaha bank, and to restaff the institution to a large extent with Democrats and Progressives who supported the Roosevelt ticket in the last campaign. He justifies it, however, on the ground that it is in line with the President's policy to consolidate all the Government's farm-loan activities under the new Farm Credit Administration, administered by Henry Morgenthau, Jr. It is necessary, he says, that all the local units of this organization be in perfect harmony with the President's aims and purposes.

SPOILS PLAN RESENTED

While he is supported by Senator BULOW, of South Dakota, and some of the Nebraska Congressman, there is a wide-spread feeling back where the mortgages are made that it is not necessary to apply the spoils system to the land banks in order to secure this sympathy and cooperation. It is believed that so far as the local bank at least is concerned it has been excellently managed free from political influence. Protests have gone forward from individuals and from the local loan associations, one group of 14 in South Dakota having joined in a strongly worded resolution.

The most noteworthy, perhaps, and certainly the one which has stirred up greatest interest, is the personal protest of former Senator Gilbert M. Hitchcock objecting to the "attempt to drag the bank into partisan politics after the splendid record made under the present management." The Senator was an active participant in framing the law which brought the land banks into existence. He feels it to be one of the outstanding achievements of the Wilson administration, and he has watched the progress and growth of the local institution with pride and satisfaction. How deeply he feels on the subject is apparent from the fact that this protest against Mr. Mullen's activity represents the first serious disagreement between the two in a political and personal friendship of a quarter of a century.

HOGAN'S POLICY SUCCEEDED

Mr. Hogan, the subject of this controversy, is a soft-spoken Iowa banker and farm landowner, who has been president of the bank ever since it was organized in 1917. His present term will expire January 1, 1935. Under his management the Omaha bank has become the largest of the 12 institutions, although that perhaps is attributable primarily to the territory in which it does business. Politically he is a Republican, but the matter of his politics did not enter into his appointment during a Democratic administration, nor had it been raised until now. Mr. Mullen charges that a majority of the 150 employees of the bank are also Republicans. That, however, is not strange, in view of the fact that until last November the territory in which the bank operates was overwhelmingly Republican.

The bank is considered to have weathered the deflation of land values in its territory exceptionally well. Its percentage of delinquencies has not been alarming, with its foreclosures comparatively few considering the state of the farm debt in the Middle West. It has been President Hogan's policy to encourage the farmer to make every effort to hold his land rather than to surrender it. To that end the bank has accepted chattel mortgages in lieu of interest and principal installments in many cases. This practice has given rise to the chief criticism which has been made against him.

In spite of Mr. Mullen's justification of his course as in harmony with the administration's plans, it does not square entirely with Mr. Morgenthau's explanation of the purposes of the re-financing portion of the farm relief bill. In his radio speech on the subject he pointed out that one purpose was to provide a better means, on a permanent basis, for meeting the farmers' land-loan needs, and the policy adopted for accomplishing this purpose was to put land credit so far as possible on a cooperative basis. Shifting the balance of land-bank directorate power from the borrowers to the Government would destroy the keystone of the cooperative feature of the whole land-bank set-up.

Now, I do not pretend to know the truth concerning the statements made in this article. But the matter is certainly of interest to us in connection with this bill, and I submit it to you with the hope that any financial institution which is to preserve the farmer from impending ruin shall be kept free from partisanship.

Wholly aside from this question, may I speak of another thing that seems to me to be of importance? There has been a controversy over the jurisdiction of State and Federal courts in the set-up of this bill. Under the language of the first three lines on page 26 full jurisdiction is given to Federal courts to handle litigation that may arise as between the corporations which we are now chartering and farmers or other litigants. This question is one that is coming more and more into public observation and consideration. Litigation in the Federal courts is very expensive and is very unsatisfactory to many citizens who are compelled to attend upon those and defend in them. A feeling has arisen that the common man is further forgotten there. I hope at the proper time to present an amendment which will preserve the right of the local organizations and the local citizens to have redress in State courts and not be compelled to go into the Federal courts, as the last three lines of section 60 of the bill would force them to do. It seems to me that neither a farmer nor any other citizen should be compelled to go away a great distance and at great expense in order to defend himself in Federal courts. The effect of these three lines would be to compel him to do that very thing. I am preparing an amendment to correct this, and it is now under discussion, and I hope it can be agreed upon. There was something said about it in committee and the principle of the proposed amendment was favored there, although the language has not yet been agreed upon exactly. I will present it when section 60 of the bill is reached.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, I hope when this bill goes into effect, we will not be confronted by the extremely hard-boiled tactics that have been used with respect to seed and feed loans under Secretary Hyde. I hope a number of these extremely embarrassing questions, as well as the third-degree methods that have been used in the past, will be set aside and that this bill will be of some real value to the farmers who are compelled to negotiate small loans for short periods of time.

Another thing I like about the bill is that the committee has estimated approximately \$80,000,000 of the \$120,000,000 will come from payment of loans that have already been extended.

The best feature of this bill is that it has a tendency to encourage cooperative organizations by lending to cooperative organizations, whereas the Federal Farm Board of the past has had a tendency to wreck and smash practically every worthwhile cooperative organization in the United States of America. This has been the experience of the Farm Board, and it has really shown a hostile spirit toward the cooperative movement.

Another thing about this bill is that it sets a minimum interest charge of 3 percent and a maximum of 6 percent, and it does not create, especially in the local organizations, any high-salaried officials to conduct the affairs of the local borrowing units within the district.

While it may not be possible to lend to all the farmers through this bill, and it may also not be possible that the

5 percent in stock will make up losses that may accrue, it will affect business in general from this standpoint.

I know that in my State and throughout the Northwest it has been common practice, especially among the chain bankers, when a farmer comes to make a loan or get \$100 or \$200 for a production loan, or for a crop loan, to be invariably told that the money must come from the East, and the banker charges the farmer ordinarily a 10-percent commission for making the loan, which he says that he must pay his representative in the East. Then a mortgage is given and many times the interest rate runs up to 10 or 12 percent by contract. The commission is immediately deducted from the loan as well as the interest in advance, in many instances. I feel that this bill, if it does nothing more, will have an influence upon the bankers throughout the country and make them meet the conditions and the interest rates as prescribed in this bill.

I hope the administration of this measure, after it is passed—and I feel it will pass—is going to be a benevolent administration, rather paternalistic, if you please, and I feel that the administration is duty bound to make it so, and I hope our ambitions and hopes along this line will be realized and I hope the bill will be passed. I shall support several amendments, especially the amendment referred to by the gentleman from Iowa [Mr. GILCHRIST], for I feel that the local organizations and the local units of these organizations should have something to say with regard to the directors who exercise the power of control over these organizations.

Mr. Chairman, I yield back the remainder of my time.

Mr. CLARKE of New York. Mr. Chairman, I yield 4 minutes to the gentleman from Pennsylvania [Mr. SWICK].

Mr. SWICK. Mr. Chairman, in 1929 the value of the agricultural products of the United States was \$11,908,000,000. In 1930 the value was \$9,414,000,000. In 1931 the value was \$6,911,000,000. In 1932 it was \$5,143,000,000.

So you see there has been a gradual drop in the value of agricultural products to less than one half of what it was in 1929. I hope this bill will do something to encourage the 32,000,000 persons in farm industry.

Several weeks ago Congress enacted the emergency agricultural relief measure, which was intended to be the dawn of a new day for all those engaged in farming. That measure was the result of intensive study by the agricultural section of the "brain trust", the members of which are responsible for leading the farmer to prosperity. The Secretary of Agriculture was made guardian of this "new deal for agriculture", and raised to the degree of dictator.

Ignoring the time-honored principles of the Democratic Party, the framers of this legislation provided for higher tariffs, camouflaged under the title of compensatory taxes. These tariffs were necessary to balance the processing taxes levied on the manufacturer which were intended to assure the farmer a reasonable profit on his crops. Recognizing the evil of overproduction, acreage reduction was provided for in the bill, the farmer to receive payment for his idle acres. With the passage of this legislation the agricultural problem was solved.

The Secretary of State, a profound advocate of free trade, was floundering in the sea of diplomacy, preparing for the International Economic Conference to meet in London June 12, 1933. Overlooking the provisions of the farm bill, and with the approval of the administration, he obligated the United States to enter a tariff truce, pending the outcome of the conference.

Since it was impossible to retard the advance of spring, the President was compelled to instruct the Secretary of Agriculture, so it is reported, that the acreage reduction and processing-tax provisions of the farm bill would be inoperative until further notice. He had previously let it be known that the collection of compensatory taxes on imports would be held in abeyance until after the conclusion of the Economic Conference.

The Secretary of Agriculture, now armed with a piece of legislation intended to restore prosperity to agriculture,

finds the essential parts of the plan temporarily set aside, leaving him powerless to act. The farmers proceed with their usual spring planting; and by the time the economic conference adjourns and the farm bill becomes operative, crops will have made considerable growth. Will the Secretary decide to pay the farmer for a portion of the unmatured crop and order it plowed under? Will it be necessary to postpone the administration of this great emergency program until next year? Perhaps the Secretary of Agriculture and the Secretary of State drew lots to determine whose plan should be tried first.

It may become necessary for the Secretary of State to conquer those charged with the administration of the Industrial Recovery Act, if it becomes a law this session; certainly its provisions for minimum wages, maximum hours, and controlled production cannot be applied if free trade is to flourish, unless the administration contemplates the substitution of European standard of living for that which to Americans are accustomed.

Bernard M. Baruch, recognized as an outstanding Democrat and confidant of the administration, in an address before the Brookings Institute, speaking of the domestic economic policy, said,

This process is certain to raise American costs even further above world costs, and to require additional protection against importations. Coupled with the further effect of the farm bill to raise prices, all this struggle suggests inconsistency in domestic policy with any plan to lower tariffs in the World Economic Conference.

In spite of this, Congress is asked to grant the President authority to raise or lower the tariff as he sees fit, and in order that the conference may not be disturbed, Democratic leaders are prepared to force adjournment of Congress before June 12.

I believe the time has come for Congress to assume its constitutional rights. We Members of Congress are charged with the welfare of the country, and should stay on the job, prepared to safeguard the Nation in this time of emergency. It has been repeatedly stated by administration spokesmen that much of the emergency legislation so far enacted is experimental. Already the Democratic Members of this House have decided in caucus that the veterans' provisions of the Economy Act are being overdone in accordance with the President's regulations. Yet they are content to rely on the administration to correct these wrongs. If they are sincere in their protest, why do they not assert themselves by legislation?

Congress should not adjourn until the experimental stage has passed, until that time, the emergency will continue to exist.

Mr. CLARKE of New York. Mr. Chairman, a Republican yields to a Democrat, the gentleman from Ohio [Mr. TRUAX] 4 minutes.

Mr. TRUAX. Mr. Chairman, and members of the committee, and my distinguished colleague from New York. I think there is one subject that the real progressive Democrats and Republicans can always agree upon, and that is the absolute necessity for farm relief of various sorts.

In my judgment there is not a piece of legislation passed by this Congress that will be of more lasting and permanent benefit to the farmers of this country than this bill that we are going to enact, for I am sure we will enact it.

In my State, Ohio, the vast majority of farmers, in their loans for seed and livestock and field operations when they borrow, have to pay 36 percent to the loan sharks.

The chairman of the committee, Mr. JONES, in his opening remarks stated the fact that evidence was before the committee to show that in many instances small farm loans were made at the rate of 30 to 40 percent.

In Ohio, when a farmer borrows \$100 or \$300, he pays 3 percent interest per month. He pays it once every month. He must pay \$3 on a hundred-dollar loan every month, and they take a chattel mortgage on every bit of property he owns. They take a chattel mortgage on every bit of livestock on his place, and they will hold that mortgage and come back about every 90 days and take an inventory, and

if he has any increase in the livestock, they demand an additional mortgage that will cover all the increase in the livestock.

In our State we feed a great many cattle. We feed quite a number of lambs and a great many hogs.

Now, the average farmer who is progressive and wants to fertilize and enrich his soil feeds more livestock than he can raise sufficient feed for. Consequently he must buy feed, and he goes to the money lender. Formerly banks would loan on 6 months for feed operations. Then they cut that down to 90 days, then to 60 days, and finally to 30 days; and now lending operations by local banks to the livestock feeder in Ohio is represented by that quantity known in algebra as "minus x", which means the tail end of nothing. [Laughter.]

I am not one of those to say he hopes this is only a temporary measure. I hope it may be made a permanent measure. The farmers in my State use a great deal of fertilizer, and when they buy that fertilizer they usually want some time upon it. Under this bill I am told that these small loans may be made for a period of 1 year, at not to exceed 6 percent interest, and at the expiration of that time, if additional time is needed, it may be renewed for 2 years or even extended for the third year. I think every Member here agrees on the absolute necessity of maintaining the real base, the real structure of this Nation, its agriculture.

Mention has been made here of the various legislative remedies that have been enacted for the benefit of agriculture during the past 4 years. In my humble judgment, practically all the measures passed by Congress during the past 4 years have been enacted with the thought uppermost that these measures were of real benefit to farmers. Unfortunately, in the past, Members of Congress have been misled or deceived by high administration officials or by so-called "farm leaders." These so-called "farm leaders" have not been confined to any one farm organization, but like a pestilence have been prevalent in many. Their business is to farm the farmers at high salaries for themselves. Back in 1925, 1926, and 1927, when the McNary-Haugen bill was debated on the floor of the House, not a single so-called "farm leader" in Ohio supported the bill. In fact, they opposed the bill, using the old bromidic hog wash that all the farmer needed was to let him alone and he would work out his own salvation.

Strange to relate, it was practically all these so-called "farm leaders" in Ohio who were out carrying the banner of Herbert Hoover in the 1928 campaign. Clever and selfish as usual, they had their ears to the ground and sensed that Hoover would be elected. They knew that the real farmers of the country would demand relief legislation. So they conceived and concocted the hybrid child of the industrialist—international bankers—farm-the-farmer crowd of relievers. Hence the Federal Farm Board, with Alexander Legge, king of the International Harvester Trust, was their own baby. Congress, even though it was a Republican Congress, should not be blamed for this abortive attempt to relieve the farmer. With Legge, the \$100,000-a-year Harvester king at the head, little except what has actually occurred in the farm debacle could have been expected. In 1930, Alexander Legge in a letter to me, at a time when wheat was selling for 75 cents a bushel predicted that it would soon sell for 40 cents. His prediction proved to be right. It was all a scheme of the International Harvester Co. to bring down the price of wheat to 40 cents a bushel so that farmers would then trade their wheat for grain binders and other machinery at Legge's trade-in price of 70 cents a bushel. In view of this dastardly betrayal of the farmer for the benefit of the Harvester king and his associates, I now wish to defend all those Members of Congress, Democrats, Republicans, and Farmer-Laborites, alike, who voted for the bill authorizing the creation of the Hoover Federal Farm Board. These gentlemen were honest in purpose and sincere in their convictions.

This Seventy-third Congress has enacted, however, legislation that will prove to be a cure instead of a local anes-

thetic. Instead of giving the farmers sugar-coated pills to swallow, we are giving them a blood transfusion that will rebuild their shrunken frames to normal size. The general farm relief act, the Farm Mortgage Act of 1933, the abandonment of the gold standard are proving their effectiveness in advance of actual operation, proof of which is found in the recent rapid advances in the grain markets, in the cotton markets, in the livestock and provisions markets, to say nothing of sharp advance in securities and bonds, and the renewal of hope the country over.

Unfortunately one serious omission has been made. A legislative omission that is costing 3,000 farmers their homes and farms and their all, every time the sun rises and sets. The average money lender of today is a Shylock to the core. He not only demands, but receives his pound of flesh. If the shocking revelations of the business methods of Morgan & Co. giving to preferred lists of customers millions of dollars, by selling them stock at \$20 a share when it was selling on the open market for \$37.50 a share, is only a form of legalized bribery, yet this practice is no worse, no more to be condemned, no more damnable than the legal confiscation of 3,000 farms in this country every day by the money lenders.

On April 25 I introduced a bill in the House of Representatives to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, approved March 3, 1933; to restore confidence and prevent revolution by farmers and home owners by providing for a suspension of real-estate foreclosures for a period of 1 year. This bill reduced to simple terms, and enacted into law, would cause a complete suspension of foreclosures for the period of 1 year. Its provisions are simple and are as follows:

SECTION 1. If on or within 6 months after the day this act takes effect any farmer is unable to pay, and is in default in the payment of, either principal or interest of any debt secured by a mortgage on his farm, or of taxes the nonpayment of which constitutes a default under such mortgage, such default shall constitute an act of bankruptcy and such farmer being therefore unable to pay his debts as they fall due shall be deemed insolvent and a bankrupt for the purposes of this title.

SEC. 2. No proceeding to foreclose or otherwise to enforce any claim against or out of the farm of such bankrupt and no sale on foreclosure, execution, or otherwise shall be instituted, further prosecuted, held, or effected on or within 6 months after the day this act takes effect except upon petition in bankruptcy duly filed in the court of the United States pursuant to the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as heretofore amended.

SEC. 3. Upon proper petition under oath alleging the facts constituting bankruptcy as defined in section 1 hereof any court of the United States having jurisdiction shall, and any court of record of a State having appropriate equity jurisdiction may, forthwith by temporary order, and on due notice and hearing by further order, stay, or enjoin any proceeding or sale in violation of this title and may enter such other orders pursuant to law as may be appropriate and reasonably required in such cases in order that the relief provided for by this title may be made available and proceedings in bankruptcy thereby avoided.

In my judgment, every Member of this House, be he Democrat, Republican, or Farmer-Laborite, wants to stop this wanton foreclosure. The question in the past has been how can it be done legally? How to hurdle the barrier of constitutionality? I have answered that question. Archimedes, I believe, it was who exclaimed "Eureka" when he found that for which he had been searching for years—my exclamation now is "Eureka." I have found that which all the constitutional lawyers, all the judges, all the Governors of States, and even Members of Congress said cannot be found—an absolute and immediate suspension of foreclosures. In those never-to-be-forgotten days of easy money, swollen fortunes, and fat incomes for others, which ended abruptly on October 25, 1929, when \$30,000,000,000 zoomed out of Wall Street, little heed was given to farmers' complaints. When we asserted that 40 percent of the Nation's purchasing power emanated from the soil, we were branded as chronic kickers, quacks, demagogues, and radicals.

And so conceited, self-satisfied, smug, and complacent did the Nation become that tariff walls were erected so high that the farmers' last hope, the foreign markets, were effec-

tually closed. Then, when the banks and financial institutions closed, security values went down almost to the vanishing point, city real estate became a liability instead of an asset, and the farmers all bankrupted—the little farmer, the big farmer, the man with 40 acres of land, the owner of 5,000 acres, all frozen fast in the strangling clutches of the money lender; the whole Nation has undergone a rude, painful, and costly awakening. At last the Wall Street banker, the industrialist in his swivel chair, realizes that 50,000,000 people are directly dependent upon soil prosperity for their own welfare, and that the other 70,000,000 people automatically rise or fall with the purchasing or nonpurchasing power of the 50,000,000.

The depression which now engulfs us may be rightly termed "the logical sequence of an era of super selfishness, blind indifference, stupid meddling, and colossal blundering"—selfish because they first said there was nothing wrong with the farmer; blind because they then told him to work out his own salvation; blundering because each attempt at farm relief was abortive and costly to taxpayers. The Farm Board failed because the Government refused to restrict the predatory plundering of Chicago grain gamblers and racketeers, who sold the Farm Board short by margining wheat 10 cents a bushel and cotton \$15 a bale.

Here it is, H.R. 5237. The enactment of this bill into law will immediately suspend all foreclosures and give the farmers and home owners a breathing spell, an opportunity to hold their homes and their farms until they, by rising commodity prices or by reemployment, can pay the delinquent taxes and interest that they owe. Will you enact it into law or will you permit this human suffering and misery that is breaking the purses and the hearts of 3,000 of our best citizens go on? The time to act is now—yesterday is gone, tomorrow never comes, but today is here.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I want to direct an inquiry to the chairman of the committee. On page 15 of the bill I notice that so far as the capital of the central banks is concerned, it shall be an unascertained amount, to be determined by the Governor, while on page 18, in section 7, the so-called "central bank" is authorized to issue debentures, the only limit of which is not to exceed five times the paid-in capital and surplus of the bank. If you have an unascertained capital for the bank, and it can issue debentures for five times the paid-in capital and surplus, it occurs to me that you are granting a tremendous amount of authority that would be easily subject to abuse and would probably precipitate the same difficulty that the so-called "joint-stock land banks" found themselves in with some of their stock selling as low as 16 or 17.

Mr. JONES. The Governor will determine the amount of the stock so that it will be fixed. Of course he has to use the funds available for both the central bank and the various regional cooperative banks and fix the amount in each case.

Mr. DIRKSEN. Precisely; but there is no limitation in the bill that I can see on the amount that he can issue.

Mr. JONES. He has to determine the credit needs and what capital is required to meet it. There is limitation on what is available for its use.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman 1 minute more.

Mr. DIRKSEN. Just to carry on the discussion. I would say that you can build up a tremendous need in any particular locality and, with the Governor having practically arbitrary power to determine the amount of stock to be issued and likewise the amount of debentures, does not the chairman believe that some ascertained amount should be written into the bill?

Mr. JONES. The total amount that may be available for all these banks is simply the balance that may be left from

the result of the Farm Board debacle. So there is in essence a physical limitation on those funds, and there will probably not be more than \$140,000,000 or \$150,000,000 in toto for all the cooperative banks and the central cooperative bank. If it is a sound credit, there is not any reason why there should not be security adequate for whatever the credit system will need.

Mr. DIRKSEN. The reaction will come back ultimately in the difficulty of putting these debentures on the market.

Mr. JONES. There is a 5-to-1 limit on debentures.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Chairman, I have asked this in order to make an inquiry about what new machinery is necessary in this set-up. Just what new machinery is being created?

Mr. JONES. There is no new machinery except the necessary regional and local banks and corporations for the purpose of carrying out the consolidation of lending agencies needed in making loans to agriculture, and those would simply be a regional production corporation and a regional cooperative bank in each Federal land-bank district, plus a central cooperative bank in Washington.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Chairman, some years ago the Intermediate Credits Act was passed for the purpose of extending loans to farmers. Under the Intermediate Credits Act farmers in various States and counties in the agricultural sections of the country set up production-credit associations. Most of those associations, as far as the South is concerned, failed, I believe, largely because of the type of men who organized the associations and because they were not properly supervised by the land-bank officials or the intermediate-credit bank officials. Later we commenced making what is known as seed loans. We all realized that these loans are unsound and very wasteful. Recently we established what is known as the Regional Agricultural Credit Corporation, which is making loans direct to farmers. For instance, one branch located at Raleigh, N.C., is making loans in several States, in a great many instances far removed from the actual farmer who is doing the borrowing. This method of financing farmers brings about quite a lot of expense, and it is very inconvenient and unsatisfactory to the farmer. This bill proposes to create or establish 12 production credit corporations that will eventually take over the Regional Agricultural Credit Corporations and seed-loan agencies now functioning in the United States.

This bill also establishes 12 cooperative banks. Neither the corporations nor banks will loan direct to farmers but will furnish the capital to cooperatives and to production credit associations for the purpose of loaning money direct to farmers through these associations. The farmers' paper given to these associations will be discounted at the intermediate-credit banks.

My friends, I believe that this bill will establish the necessary machinery to give to farmers production credit, one of the things which the farmers very much need and at a reasonable rate of interest. During this session of Congress we have passed a great many helpful pieces of legislation, especially for farmers. The success of these bills will depend largely on how they are administered. What we actually need now to complete the picture for farmers in the way of legislation, to be helpful to agriculture, is what the gentleman from Minnesota [Mr. JOHNSON] referred to awhile ago, and that is a real marketing system, fair distribution, when and where needed, and at a fair price to the man who produces farm products in this country.

My friends, today the consuming public needs every pound and every bushel of farm products that we have on hand, and the consuming public could use them at a fair price to

the actual producer. Farmers cannot organize, properly grade, and market their products. They are at the mercy of middlemen and a cutthroat marketing system. "Oh!" they say, "let us leave it to the cooperatives." As far as the South is concerned, they never have been able to organize and never will. There should be some machinery created on the part of this Government whereby central marketing facilities can be set up, so that the farmer will be able to market his product at a fair price. In the meantime it would mean as much to the consumer as it would to the farmer. I agree with the gentleman from Minnesota [Mr. JOHNSON], and I have made this statement all along, that until something is done to bring about a fair price for that which the farmers produce, in line with the price they pay for that which they buy, normal prosperity will be long drawn out.

My friends, this is a good bill, and I am glad to support it. I believe this will bring about the proper financing of farm production and marketing, and I am hoping that a real marketing bill, a fair price fixing bill, so to speak, will eventually be passed by this Congress.

The CHAIRMAN. The time of the gentleman from South Carolina [Mr. FULMER] has expired.

Mr. CLARKE of New York. I yield the gentleman 1 additional minute.

Mr. JOHNSON of Minnesota. Will the gentleman yield? I want to ask the gentleman one question.

Mr. FULMER. I yield.

Mr. JOHNSON of Minnesota. I know we have great cooperative organizations. There is the grading and standardizing of the products, but when it comes to selling, what power have we got then? A certain chain store that I know of sold butterfat in its stores for less than they paid the cooperative organizations for it.

Mr. FULMER. May I say to the gentleman that the farmers in South Carolina have sweetpotatoes cured and stored away, and various other farm products and vegetables, but they are unable to sell them at a fair price? When they deliver them in the city of Washington and other places by truck, express, or by freight, the price is fixed at a ridiculously low figure, largely because we have not a real marketing system whereby farmers have any bargaining power.

Mr. JOHNSON of Minnesota. Would it not be better to see that we put the farmer in a condition where he can bargain, and not allow the long end to be in the hands of those who have got the money to pay for it, who beat down the price on our side?

Mr. FULMER. I agree with the gentleman.

The CHAIRMAN. The time of the gentleman from South Carolina [Mr. FULMER] has again expired.

Mr. CLARKE of New York. Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. TURPIN] 3 minutes. He has a letter from an overseas World War veteran who has paid for his farm and he cannot borrow a cent through the land bank of his district, because he cannot show any crop report for the last year.

Mr. McFARLANE. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. McFARLANE. Has not all time for general debate expired?

The CHAIRMAN. There are 3 minutes remaining.

Mr. TURPIN. The letter from my constituent, an overseas veteran, reads as follows:

HONORABLE SIR: Permit me a few moments of your time, as I feel that I have a just complaint.

I own and live on a farm of 42 acres in Fairmount Township. It is free of debt but unstocked, and with very little tools. I managed to pay for the place when times was better by working at my trade, which is carpentry, with the goal in mind that I could eventually be able to quit the carpenter business and farm it. This depression, of course, of the past 4 years has set me back, and I find myself with no work and no way of working my farm. The banks won't loan any money, and my only hope was this new farm-relief bill. From the secretary of the farm-loan bank in this district I find out that I can't obtain a loan because I can't show any crop report for last year. Now, Mr. TURPIN, where I feel that I have a just complaint is that I know of people who have been granted loans and who also have made

very little effort to keep out of debt. I, who have managed to pay my obligations, born in this country, served overseas in the World War, can't get a loan. Now, Mr. TURPIN, as one ex-service man to another, I ask, does that seem fair and right? The loan I would like to get would be for \$1,000. With that amount I could stock the farm and fix up my buildings, that sadly need it. My purpose of writing to you was the hope that perhaps there will be some measure enacted that would help me and that you, sir, would be kind enough to inform me.

Thanking you, sir, and hoping, I am truly yours,
JOHN J. MEYERS.

I want to bring to the attention of the Committee that this overseas veteran, who has worked at the carpentry trade and who has paid every dollar that he owes on his farm but has not actually farmed it because working as a carpenter, now wants to move onto the farm, get implements, and fix up the buildings; and while others who cannot pay their mortgages can make a loan, this man, who has paid for his farm, is unable to get a loan simply because he cannot show a return on crop production for the last year, which, of course, was not harvested.

I hope the Congress will so word the Farm Credit Act now under discussion that our thrifty folks back home may benefit by the same privileges that our less fortunate or less ambitious people now enjoy.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. TURPIN] has expired.

Mr. CLARKE of New York. I want to ask the Chairman of the Committee on Agriculture this question: It is my understanding that anybody who is in a situation like this overseas veteran will have made available by this bill an opportunity to get money. Is that right?

Mr. JONES. This bill will enable the farm-credit administration to function completely. I think his opportunity to secure funds would be under the farm mortgage bill which was included as a part—

Mr. CLARKE of New York. It is only to borrow money for crop production. His farm is paid for.

Mr. JONES. I misunderstood the gentleman. This bill furnishes the type of credit to cover situations of that sort.

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc.,

TITLE I

SECTION 1. This act shall be known as the "Farm Credit Act of 1933."

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it has been said frequently that when one lie is told it usually takes a dozen more to patch it up. That can about be said in connection with legislation. When one bad piece of unsound legislation is enacted, it usually takes a dozen more unsound pieces of legislation to patch it up.

I do not know how far we are drifting, but this much is certain: We are headed as directly as we can be to that day when Government handles all banking in this country. We find the Government, through the Reconstruction Finance Corporation, furnishing credit for railroads, banks, insurance companies, and whatnot.

We find various forms of credit relief being given by this Congress and by previous Congresses. We have the Government engaged in all ends of the banking business. Through the Postal Savings deposits it is accepting deposits. It is in the business of lending money and it is likewise engaged in the business of borrowing money at the rate of billions of dollars per year.

The proper institution to take care of farm loans is the local bank, but the trouble is that about 10 years ago the Government, through the national-banking department, made rules and regulations pertaining to bank examinations that destroyed agricultural credit, laying down the rule that agricultural credit should be liquidated every 60 or 90 days or 6 months. That destroyed local credit for agriculture, and it has gone on until credit has been denied to agriculture. In desperation agriculture has been forced to turn to the Government for all these socialistic forms of

credit, very unsatisfactory, not even a good substitute for that which was wrongfully taken away from agriculture.

Then, to top it off, last week this House of Representatives, by an overwhelming vote passed a piece of legislation which makes banking in country communities impossible. The House passed a bill by which no bank can long be safe and secure which does not get into the Federal Reserve. In the same bill it is provided that no bank may enter the Federal Reserve without a minimum capitalization of \$50,000. A bank in a country town of 100 people would have to have a capitalization of \$50,000 in order to enter the Federal Reserve. There, through legislation, country banking was destroyed.

So Congress last week put on the cap piece of destruction of local banking for agriculture and the result is that this bill is absolutely necessary for agricultural credit. This bill would not be necessary except for the asininity of the Government itself through the rules of the national banking department, the operation of the Federal Reserve, and unwise legislation. In the end, Government has done much to destroy the local country banks, and now we find in an effort to make amends for those mistakes the Government is obliged to take \$40,000,000 out of a depleted Treasury and advance it to this institution, take \$80,000,000 more that has heretofore been appropriated for farm credit and place it into this fund. So we have taken \$120,000,000 of money out of the Treasury of the United States to set up a Socialistic banking system to replace the sound banking system we once had in this country and that so well served the interests of agriculture. This can never be a substitute for that which the Government has destroyed, but it is better than leaving agriculture with no credit. Upon this theory I am going to support this bill, but he who does not like this bill should remember that when he sat here last week and voted for a banking bill which required a capitalization of \$50,000 minimum for a bank to get into the Federal Reserve he created the situation which made this bill absolutely necessary. He who voted for that bill voted to set up conditions which destroy the State banking system. It has been the State banking system which furnished most of our agricultural credit. Now the Public Treasury must do that which was once done so well by local country State banks.

The Clerk read as follows:

REVOLVING FUND AND APPROPRIATION

SEC. 5. (a) There is hereby created a revolving fund of not to exceed \$120,000,000, which shall be made up as follows:

(1) The Reconstruction Finance Corporation is authorized and directed to make available to the Governor of the Farm Credit Administration all unobligated balances of the following funds and all sums heretofore returned or released to the Corporation from such funds:

(A) Any balances of funds for, and all collections on loans by, the Secretary of Agriculture pursuant to section 2 of the Reconstruction Finance Corporation Act, as amended;

(B) All collections on loans made or to be made pursuant to the act of February 4, 1933 (Public, No. 327, 72d Cong.);

(C) All balances of funds authorized and directed to be made available to the Secretary of Agriculture by such act and not used for loans pursuant thereto; and

(D) Any balances of the funds originally directed to be allocated and made available to the Secretary of Agriculture by such acts except as expended pursuant to subsection (e) of section 201 of the Emergency Relief and Construction Act of 1932.

(2) There are hereby made available to the Governor of the Farm Credit Administration all unobligated balances of appropriations and funds available thereunder to enable the Secretary of Agriculture to make advances or loans under the following acts and resolutions, and all repayments of such advances and loans: March 3, 1921 (41 Stat. 1347), March 20, 1922 (42 Stat. 467), April 26, 1924 (43 Stat. 110), February 28, 1927 (44 Stat. 1251), February 25, 1929 (45 Stat. 1306), as amended May 17, 1929 (46 Stat. 3), March 3, 1930 (46 Stat. 78, 79), December 20, 1930 (46 Stat. 1032), as amended February 14, 1931 (46 Stat. 1160), and February 23, 1931 (46 Stat. 1276), and Public Resolution No. 11, Seventy-second Congress, approved March 3, 1932.

(3) There is hereby authorized to be appropriated the sum of \$40,000,000 out of any money in the Treasury not otherwise appropriated.

(b) There is hereby authorized to be appropriated the sum of \$2,000,000, which shall remain available until expended, for all necessary administrative expenses in connection with the establishment and supervision of the Production Credit Corporations and the Production Credit Associations.

(c) The authority of the Governor of the Farm Credit Administration to allocate and expend out of the funds covered by subsection (a) of this section such amounts as he shall deem necessary for salaries, expenses, and all other administrative expenditures during the fiscal year 1934 in the execution of the functions for which such funds have hitherto been available shall not be deemed to be restricted by this section.

(d) The authority to make loans during the calendar year 1933 pursuant to the act of February 4, 1933 (Public, No. 827, 72d Cong.), out of funds made available by that act shall not be deemed to be restricted by this section.

Mr. HOPE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE: On page 6, in line 3, after the comma following the parenthesis, insert "as amended."

Mr. JONES. Mr. Chairman, I think this amendment should be adopted. I have no objection to the amendment.

The amendment was agreed to.

The Clerk read as follows:

TITLE II—PRODUCTION CREDIT ASSOCIATIONS
ESTABLISHMENT OF PRODUCTION CREDIT ASSOCIATIONS

SEC. 20. The governor is authorized and directed to provide for the establishment of corporations to be known as "Production Credit Associations." Such associations may be organized by 10 or more farmers desiring to borrow money under the provisions of this title. Such individuals shall enter into articles of incorporation which shall specify in general terms the objects for which the association is formed and the powers to be exercised by it in carrying out the functions conferred upon it by this act. Such articles shall be signed by the individuals uniting to form the association and a copy thereof shall be forwarded to the Production Credit Corporation of the district, and such copy shall be filed and preserved in its office. The governor may, for good cause shown, deny a charter to such individuals. Upon the approval of such articles by the governor, the association shall become as of the date of such approval a body corporate. The governor shall have power, under rules and regulations prescribed by him, or by prescribing the terms of the charter of the association, or both, to provide for the organization, management, and conduct of the business of the association; and the power of the governor shall extend to prescribing the amount of the stock of such association; fixing the territory within which its operations may be carried on; fixing the method of election and appointment of, and the amount and payment of the compensation of, directors, officers, and employees; fixing the maximum amount of individual loans which may be made; prescribing the conditions under which the stock may be retired; and providing for the consolidation of two or more such associations. The governor may, at any time, direct such changes in the charter of any such association as he finds necessary in accomplishing the purposes of this title. Bylaws of any such association may be adopted by the directors but shall not be valid unless approved by the governor.

Mr. HASTINGS. Mr. Chairman, I move to strike out the last two words. Title II, section 20, deals with production-credit associations. Perhaps I should wait until title II has been read throughout, but ever since I have been in Congress I have never seen the necessity of creating all these little local associations, and I just want to interrogate, in a good-humored way, our distinguished chairman with reference to the necessity of organizing the production-credit associations.

Why is it that in making loans to farmers we make him go through so many different associations as to bewilder him in a way to make it difficult for him to get the money? That is the truth of it.

Mr. JONES. If the gentleman will—

Mr. HASTINGS. Just a minute; I merely want to have a good-natured colloquy with the gentleman from Texas.

In the rural credit bill of 1916 we provided for farm-land banks. This bill is similar. Then we provided for local loan associations, and when they were organized nobody could get any money unless he joined one of these local loan associations. When the members of the local loan associations have secured the loans for which they made application they take no more interest in the associations.

Now, why is it necessary to organize these production-credit associations, and why is it necessary to have section 20 and the following sections of title II with reference to associations, and why is it that farmers have to take stock in the production-credit association, and why is it that it could not be arranged for loans to be made to the individual farmer-borrower direct?

Mr. JONES. The gentleman has embodied several questions in one, but if the gentleman will permit, the system

he suggests would require the Government to furnish all the money. This is a rediscount system which enables them to secure the funds through the intermediate credit bank.

Mr. HASTINGS. Why could not the loan be made direct to the individual farmer without his having to go through the local association?

Mr. JONES. Under the Federal land-bank system the administrative cost, annually, is \$950,000, of which about \$350,000 is repaid. The direct-loan system of the crop-production loans and the regional Agricultural Credit Corporation has an administrative cost annually of \$9,000,000.

If you were going to try to lend direct on these notes you would have to send men out to examine the security behind \$25, \$50, and \$75 notes. Nobody is interested, yet someone must make the examination, and the cost would be prohibitive unless the Government is going to pay the cost.

Mr. HASTINGS. Who pays the cost under this bill?

Mr. JONES. I may state to the gentleman that I do not like the association method any better than he does, and if he can find some method that will carry its own cost that is better than this and not cost the farmer 30 or 40 percent, I should like for him to suggest it.

Mr. HASTINGS. If the gentleman will permit me a moment of my own time, let me say to him that if costs have to be incurred, of course, they have to be paid. The organization of production associations will not reduce the cost.

[Here the gavel fell].

Mr. HASTINGS. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HASTINGS. If these costs are necessary and have to be paid, they have to be borne by somebody, either by the members of the local production credit association or by the Corporation. In the end the individual borrower must pay them. I do not see how you are going to avoid the costs, and I do not think the gentleman's explanation—

Mr. JONES. The gentleman has studied this question too much to make that statement. The gentleman understands that the hope is that local people being interested, even in a small degree, they may help in the supervision and in furnishing the information with respect to loans.

Mr. HASTINGS. But our experience with the Federal farm-land banks—and I speak out of a depth of experience—has been different, and I may say to the gentleman that I do not believe he will find that many of these local loan associations meets on an average of once in 10 years. They do not in my district. They never meet.

Mr. JONES. That depends on the locality. In some places they meet and they have been very successful whereas in other instances they have been unsuccessful. It depends very largely on the locality.

Mr. HASTINGS. As the gentleman knows, I have urged a direct loan provision, and there is a provision in the bill which recently passed providing for the making of direct loans without having to go through any local association. The farmer will understand that.

Mr. JONES. Let them try this and see if they can make it work. Under the Federal land bank system where a man has a 30- or 40-year loan, it is quite different. They have a system similar to the one in the bill in Arkansas and have three of these associations in my section of the State, and they are working very well. A man may want a temporary loan for just a short time, and if you have to go out every time one of these applications for a temporary loan is made, you make the cost prohibitive.

Mr. HASTINGS. I have a farmer in my district who has written to me asking how he is to make application for a loan. Will the gentleman from Texas in my time give me the form of letter that I should write him in order to give him this information?

Mr. JONES. I will say to the gentleman that they will have a production credit corporation at Wichita, Kans. They will have the forms and the instructions as to how he should proceed. If there is an association in his locality

he can go immediately to the secretary of that association and get the information.

Mr. HASTINGS. Suppose there is no association in his locality?

Mr. JONES. Then it will be necessary for at least 10 of them who want to make such loans, to get together and form an association.

Mr. HASTINGS. Suppose he cannot get 10 farmers who want to make such applications for loans to join in forming an association?

Mr. JONES. He still has all the sources of credit which he has today in the commercial-credit system of the country.

Mr. HASTINGS. Can he apply direct?

Mr. JONES. The gentleman does not think that the United States Government, as a government, should furnish all the credit to every citizen in America?

Mr. HASTINGS. No; but the credit that it does furnish, I want it to furnish direct, so that the individuals may know how to make application for it.

Mr. JONES. The gentleman cannot get into an argument with me about this, because I have raised the question and I have always been met face to face with the cost proposition in making such loans. With respect to a long-time loan I agree with the gentleman and we did away with the necessity of this where a man gets his loan for a long period of time and then is through; but we hope to have local associations which will continue and furnish continuing sources of short-time credit.

Mr. HASTINGS. Can this farmer in my district make an application for this loan in any other way than through the production credit association, must he become a member of it under this bill?

Mr. JONES. He must become a member of it under this bill; yes.

Mr. HASTINGS. And he cannot make an application direct.

Mr. JONES. He cannot make an application direct.

Mr. HASTINGS. That answers my inquiry. I now yield to my good friend from New York.

Mr. CLARKE of New York. I think the gentleman is conducting a filibuster here against farm legislation with a double-header ball game in progress.

Mr. HASTINGS. There is nobody more deeply interested in farm legislation than I am, and I want to be able to instruct my farmer constituents how they may be able to make applications for these production loans.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. HASTINGS. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. I want to ask the gentleman what type of corporation is this production-credit association. Is this a regular corporation organized under the laws of the State?

Mr. HASTINGS. The Government organizes it, as I understand it, but I yield to the chairman of the committee for the details.

Mr. JONES. It is organized under this act and is a corporation chartered by the Federal Government.

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I agree with the gentleman from Texas that the cost of administration of the seed and the crop production loans is excessive. I have repeatedly stated on this floor the situation that existed in the St. Louis office. At one time we had 455 employees in that office.

Senator McKellar told me at one period they had 750 employees in the Memphis office. It was clearly a political set-up, engineered by the former Secretary of Agriculture. The record shows that practically the same people who were in control prior to March 4, are in control today in the regional offices, although there is an exception in my city, St. Louis, as to the head of the office.

I do not agree that it is wise to entirely eliminate business directly with the individual. What I wanted to ask the gentleman from Oklahoma was, and I wish the gentleman

would answer in my time, what does it cost the farmer belonging to one of these associations which enables him to make a loan? Does he have to pay any dues?

Mr. HASTINGS. Only in connection with the amount he borrows. The farmer has to subscribe to a certain amount of stock.

Mr. COCHRAN of Missouri. It is not going to be like it is now. Now, if you borrow \$150 to buy seed to plant your crop you do not have to pay any dues or buy any stock.

Mr. HASTINGS. You do not have to pay any dues here.

Mr. DOXEY. All the farmer has to do to get his loan is to subscribe an amount of stock equal to 5 percent of the loan. Class B stock is an advantage to him in owning, because when he once gets that stock he can come back for a second loan, and he does not have to subscribe for any more stock. And that stock can be under certain circumstances transferred for class A stock.

Mr. COCHRAN of Missouri. Will the gentleman from Mississippi tell me where the farmer who wants to get a loan to plant seed and who has no money, where is he going to get it to pay for the stock he subscribes for?

Mr. DOXEY. Out of his loan.

Mr. COCHRAN of Missouri. Part of the money he gets from the Government purchases stock?

Mr. DOXEY. Absolutely.

Mr. BROWN of Kentucky. I want to ask the gentleman if under the bill when a man pays \$5 for class B stock, does the bill provide that he can get the money back when he pays the full amount of the loan within 2 years, and does he have to buy class A stock whether he wants it or not?

Mr. DOXEY. No. Class A stock is worth something.

Mr. BROWN of Kentucky. He is forced to buy the stock—

Mr. JONES. Oh, no; he does not have to buy stock.

Mr. BROWN of Kentucky. Well, then he does not get the loan. Under the farm mortgage bill, when they paid the loan they got credit for the amount of stock.

Mr. JONES. The gentleman is talking about the land-bank feature.

Mr. BROWN of Kentucky. It provided that when they came in and paid the loan they got credit for the amount of stock they owned.

Mr. JONES. The Government has to put up some money. It is hoped that this will furnish a source of legal credit.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. COCHRAN of Missouri. Mr. Chairman, I ask unanimous consent to proceed for 1 minute more. My time has been used by others.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Chairman, I simply want to say that I hope the Committee on Agriculture and the Secretary of Agriculture will finally determine what should be done to help the farmer. We pass an agricultural appropriation bill carrying \$60,000,000 for the purpose of showing the farmer how to raise more crops. Then we passed a farm bill which in its effect was to get the farmer to reduce his acreage. Now we come along with a third set-up, which is to continue loans to the farmers and so he can get deeper into debt. I think it is about time that you come to some conclusion as to what really ought to be done for the farmer and pass one bill and not half a dozen bills. Do not do one thing today and another tomorrow. If this bill will save the Government money in administration of the various laws now in force, I am for it.

Mr. JONES. I think we are entitled to pass as many bills for the farmer as we pass for the banker.

Mr. COCHRAN of Missouri. I think it is about an even break now.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

The Clerk read as follows:

Sec. 23. Each Production Credit Association shall, under such rules and regulations as may be prescribed by the Production Credit Corporation of the district with the approval of the governor, invest its funds and make loans to farmers for general agri-

cultural purposes, but such part of its funds as is represented by the guaranty fund provided for in section 22 shall not be devoted to making loans to farmers. Such loans shall be made on such terms and conditions, at such rates of interest, and with such security as may be prescribed by the Production Credit Corporation. No loan shall be made for a less amount than \$50, nor shall any one borrower be indebted to the association at any one time in an amount in excess of 20 percent of the capital and guaranty fund of the association or, if the loan is secured by collateral approved by the Corporation, in an amount in excess of 50 percent of the capital and guaranty fund, but loans may be made to any borrower in an amount in excess of 50 percent of the capital and guaranty fund if the loan is approved by the Production Credit Commissioner of the Farm Credit Administration. Borrowers shall be required to own, at the time the loan is made, class B stock in an amount equal in fair book value (not to exceed par), as determined by the association, to \$5 per \$100 or fraction thereof of the amount of the loan. Such stock shall not be canceled or retired upon payment of the loan, but may be transferred or exchanged as provided in section 21.

Mr. BROWN of Kentucky. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Brown of Kentucky: Page 12, line 21, strike out the word "not", and in line 22, of the same page, after the word "loan", strike out the remainder of the section and insert in lieu thereof: "and credit for par value allowed on loans."

Mr. BROWN of Kentucky. Mr. Chairman, I wish Members would turn to page 12. It will be seen that the stock which the farmers are required to buy is not canceled when they pay their loan off or retire it, but it can be transferred or exchanged, as provided in section 21, and section 21 provides that they can exchange it for the original stock of this corporation. You are going to have a stock-brokerage racket going on, because the farmer will come in and pay off a hundred-dollar loan and he has a \$5 share of stock he cannot get credit for, and the fellows who organize this corporation are the only market there would be for that; and unless the farmer could find somebody else who wanted to borrow some money these people can go out on the market and buy this \$5 share of stock for \$1 or whatever they offer. When the home loan bill and the farm loan bill were passed we provided that when the farmer or the home owner paid off the loan he got credit in that loan for the amount of stock he bought. There is no reason on earth why you should put this farmer under the obligation to pay \$5 worth of stock that he cannot get credit for when he pays off his loan. If something is not done to relieve that situation, you are making him pay a \$5 brokerage fee to get that loan, and then you charge him 6 percent on top of it, which makes in all 11 percent. If that is farm relief, I want to know what farmer is going to get relief under it. There are not over 25 or 30 of us here discussing this \$120,000,000 proposition this afternoon, but I should like 12 or 15 of us to give them a right when they walk in and pay every dollar they borrowed, plus 6-percent interest, to have credit for the \$5 worth of stock which we make them take when we loan the money.

Mr. JONES. Mr. Chairman, I wish it were possible to have the matter handled in that way. We raised that question in committee and had a discussion of it, but here is the difficulty in connection with the proposal of the gentleman from Kentucky. Some of these loans will be 90-day loans, and some of them 6 months. If a man is going to get his stock back immediately upon the payment of these short-term loans, there is no particular reason for requiring him to take it in the first place. It is expensive to make these short-term loans. It is hoped by having this small stock interest, even though it is small, that people in their local community will be able to supervise their loans and get credit on a little better basis at the place at which they rediscount and they can thus get the additional credit that will take care of the needs of the community. If he is to get his money back in each instance, then there is no provision at all for losses. There will be absolutely no way to take care of the losses, and ultimately each farm loan association must fail, and he predicts and foredooms every single association to failure. If you are going to have this system at all, let us have it as it is. If you are going to have a direct system, have it that way. If the directors of an asso-

ciation want to, they may permit the farmer to sell his stock, or they may take it over for its par value, or they may let him give it to somebody else who wants to obtain a loan. There will be no trouble about that, but you do not want to provide a loophole that will absolutely destroy any hope of success of the system.

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. BROWN of Kentucky. If this man walks in on a 90-day loan and pays back every dollar that he borrowed, has that association lost anything when it collects 6-percent interest on his loan; and if they require him to keep the \$5 worth of stock, have they not charged him a brokerage fee of \$5 for a loan of 90 days?

Mr. JONES. No; we have not, because he still has the value of that stock.

Mr. BROWN of Kentucky. If it has any value.

Mr. JONES. It will probably have a value. If this works out, it will; if it does not, we will have to change the system or do away with it entirely. It is not the business of the National Government to furnish all the money and all the credit to every individual in America.

We are trying to establish a sound system that will make credit available. It would not destroy a single chance that any individual farmer has to get credit as it is today. If you are going to make a success of the local corporations which must make a great many individual small loans, you must have some provision for building up the resources. If they are built up, if these individuals try to make it a success, they will get dividends on the stock. They will get their money back. I am sure that on the small loans, such as the illustration given by the gentleman from Kentucky [Mr. BROWN], the directors of the local association would say, "We will let the gentleman have his \$5 back." But there must be provision to do whatever is necessary to carry it on.

Mr. BROWN of Kentucky. Is it not absolutely impossible under this bill for that local association to do the very thing the gentleman says they may do?

Mr. JONES. No; it is not. If the gentleman will turn to page 10, line 3, he will find this provision:

No class B stock or any interest therein or right to receive dividends thereon, shall be transferred by act of parties or operation of law except to another farmer borrower or any individual eligible to become a borrower, and then only with the approval of the directors of the association.

Mr. BROWN of Kentucky. Then what the gentleman says is impossible. The association cannot say "We will give you credit for \$5 on this loan."

Mr. JONES. They can say "We will just transfer it."

Mr. BROWN of Kentucky. If they have a borrower who is willing to accept it. If not, he loses his \$5.

Mr. JONES. If they do not have in the locality some borrowers it will be a strange situation, judging by experience of the past.

Mr. BROWN of Kentucky. Then it will be costing him a \$5 brokerage fee.

Mr. JONES. Not necessarily. He will still have his stock.

The CHAIRMAN. The time of the gentleman from Texas [Mr. JONES] has expired.

The question is on the amendment offered by the gentleman from Kentucky [Mr. BROWN].

The question was taken; and on a division (demanded by Mr. Brown of Kentucky) there were, ayes 13 and noes 32.

So the amendment was rejected.

Mr. McKEOWN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have not been able to learn very much about this bill, but I hope it will do much good. However, I do know that if you are going to grant these extensions to farmers under the Federal farm-land banks, you will have to change the personnel of the officers of those banks or you are not going to get any relief along the line which the President of the United States is undertaking to give the farmers.

You have a set-up in those banks now where they have been antagonistic to the farmers of this country. They have been antagonistic to the policies of Congress, and they have sought in every way to avoid carrying out the intent of Congress in the matter of extension of credit under the \$125,000,000 that we provided for them. They did not undertake to grant extensions to the farmers, but they undertook to drive them further and further, and since you passed the act to provide credit for the farmers to extend their loans, what do we find? You find emanating from some of these banks the most cold-blooded information that a man ever read. It will make a borrower shiver in his shoes and wonder if we are not going to wipe him off the face of the earth. Now they say, "We are going to use the personnel of the various Departments." Was the personnel under the Federal Farm Act friendly to the farmers? They did everything they could to play to the other crowd, and they have not changed their viewpoint overnight. If you think those fellows are going to aid the farmers in getting this money that you have turned over to them, the farmers will find they are a hard set to deal with.

My friends, I know that Congress has appropriated money time after time, and Congressmen have gone home to their districts and said to their farmers, "We have made provision for you." The farmers have answered, "We never heard about it." We have said, "We made extension provisions. You can get your loan extended." They said, "Why, I have been there trying to get mine extended for months, and the bank says I have got to pay this loan or they are going to foreclose."

I will tell you what some of this outfit you propose to make these loans have done in the past. They have taken a mortgage and sold it to some man in the town who had money for half the value of the mortgage, and they would not let the farmer who lived on the place buy it at any price. They would not give him any extension. Is that the same crowd you are going to have to carry out the will and wish of Congress? If so, they will have to change their line of thought overnight. We say, "Appraised property of the normal value." What do we mean by that? We mean the normal value under normal conditions at normal times. But how will they appraise it? You find them going out and appraising the land at the present low, depressed prices, and the farmers will not get any relief. You can keep them in there if you want to, but if you do not change this system, you will be back here next January hollering your heads off to do something for the farmers. That is all I have to say about it. [Applause.]

The Clerk read as follows:

SEC. 24. Production credit associations doing business under this act are authorized to borrow from, and rediscount paper with, Federal intermediate credit banks subject to the restrictions, limitations, and conditions applicable under title II of the Federal Farm Loan Act, as amended (U.S.C., title 12, ch. 8). Except with the approval of the governor, production credit associations shall not have the power to borrow from or rediscount paper with any other bank or agency.

Mr. HASTINGS. Mr. Chairman, I move to strike out the last word. I shall not detain the committee any further. I have already detained you a few minutes ago on the same subject.

Mr. Chairman, it is my well-considered judgment that if I were writing this bill, I would strike out the whole of title II. I would not provide for production credit associations. I would have those applying for loans make direct application to the corporation. I would have them take stock, just as is provided they shall take stock through the production credit associations. With that I have no quarrel.

Out of deference to members of the committee and especially to our splendid, genial chairman I am not going to move to strike out title II, but I want to put myself on record as being opposed to this method of making loans to farmers. I am opposed to title II. If these loans ought to be made, they should not be made in such a circuitous way that it is an interminable process to get the loan through and get the money. There ought to be a more direct way of making application for these loans. These borrowers, per-

haps, should be required to subscribe to stock. I am not asking any modification of this feature, but instead of going through associations they ought to be permitted to make application direct to the corporation and then comply with practically all the other provisions of this bill.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. HOEPEL. The gentleman would have the Government itself make direct loans to the farmers.

Mr. HASTINGS. Well, there has got to be some kind of a set-up, some kind of an organization, to make an examination before these loans are made, and I am not criticizing that feature. The Government must be protected; I have no objection to that.

Mr. HOEPEL. Answering the gentleman from Texas, I would rather give the farmers a checking account against the Government than to give it to the banks, especially to Mr. Dawes.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. HOPE. The gentleman said he would provide a method by which the farmers would get direct loans. As a matter of fact we have that set-up now in our regional agricultural credit corporations, yet I am sure the gentleman has had complaints concerning the methods of those corporations just as I have, and I am sure he does not think they have been entirely satisfactory in their operation.

Mr. HASTINGS. I want to say, not exactly in reply to the gentleman from Kansas, but in reply to an argument made a few minutes ago, that this method of making loans takes some cost off the Government by having these local associations formed; but let me say that every penny of this cost has got to be borne, and it must be borne by the individuals either direct or through local production-credit associations. The cost has got to be borne somewhere along the line. The cost is not lessened by having applications for loans made through associations.

Now, the gentleman from Kansas represents a great agricultural State. Does not the gentleman believe that if production-credit associations were left out and these borrowers could make application direct for these production loans to the corporation, complying with all the other regulations stipulated in this bill, that it would be more satisfactory, that loans would be expedited and that the farmer borrowers would be better satisfied?

Mr. HOPE. I may say in reply to the gentleman's question that the farmers can do that very thing now and have been able to ever since the regional agricultural-credit corporations were organized last year, yet the farmers have not found it entirely satisfactory. They say it takes too long to get an application considered, that it takes too long for an inspector to come several hundred miles in some cases and inspect the collateral. I am sure that there could not be any more delay or any more difficulty about making loans as provided for in this bill than there has been in the case of the regional agricultural-credit corporations where direct loans have been made.

Mr. HASTINGS. In reply to the gentleman from Kansas, I cannot see any possible good to come to the farmer through organizing production-credit associations. The farmer wants to get a loan. He has to make application for it. Why can he not make application direct to the corporation instead of going through a production-credit association?

Mr. HOPE. As I have said, we already have placed in effect such a system, but the farmers say that it is not entirely satisfactory.

[Here the gavel fell.]

Mr. HASTINGS. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

Mr. HILL. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 3 additional minutes, as I wish to ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HASTINGS. I wish the gentleman from Kansas would point out to the committee what special benefit comes to the borrower by the organization of these production-credit associations. Wherein is the cost lessened?

Mr. HOPE. Of course, there is this benefit: If we want to get the Government out of the business of loaning money, we have an opportunity to do it here because we are setting up these production-credit corporations, and if they are successful, eventually they will be owned not by the Government but by the farmers themselves. Now, I consider this some advantage unless we want the Government to continue in the business of loaning money. The gentleman may not agree with me in this, but I think this is one advantage.

Now, in the second place, so far as the Federal land-bank system is concerned, these local associations have proven successful. Each farmer deals with his neighbors and friends. They know conditions in their own community. The expense of administration and inspection is cut down very materially because you have local men in charge of making these loans who know something about the local situation. If you do not have that, then you must have someone go out from the regional bank 300 or 400 miles away, someone who does not know anything about the territory or the people in it, and who has no information as to the farmer's credit standing except what he may acquire by spending a few hours in that section. It seems to me that it is preferable to have a local set-up there with someone in charge who is familiar with local conditions. Does not the gentleman agree with me?

[Here the gavel fell.]

Mr. HASTINGS. I shall not take up any more time, but I may say that in my State they are inactive. They never meet.

Mr. HILL of Alabama. Mr. Chairman, I ask unanimous consent that the gentleman from Oklahoma may have 1 more minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HILL of Alabama. I think the gentleman has the same feeling about these agricultural-credit corporations as I have, and I may say that the corporation in my State of Alabama has rendered excellent service to the farmers there and have made better collections than have been made by the average commercial bank in that section.

Mr. HASTINGS. That is where loans are made direct.

Mr. HILL of Alabama. Yes.

Mr. HASTINGS. Then the gentleman is in sympathy with the suggestion I make.

Mr. HILL of Alabama. Exactly.

Mr. HASTINGS. And the gentleman believes that these intermediate or local associations should be abolished and the loans made to the individual farmers?

Mr. HILL of Alabama. As is now being done by the Agricultural Credit Corporations?

Mr. HASTINGS. Yes.

[Here the gavel fell.]

The Clerk read as follows:

LENDING POWER OF BANKS FOR COOPERATIVES

SEC. 41. The Banks for Cooperatives are authorized to make loans to cooperative associations for any of the purposes and subject to the conditions and limitations set forth in the Agricultural Marketing Act, as amended, including amendments made by title V of this act, and subject to such terms and conditions as may be prescribed by the board of the bank with the approval of the governor.

Mr. TRUAX. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise only for the purpose of requesting the distinguished chairman of the committee, the gentleman from Texas [Mr. JONES], to explain lines 9, 10, and 11, on page 20—

To make loans to cooperative associations for any of the purposes and subject to the conditions and limitations set forth in the Agricultural Marketing Act as amended.

Mr. JONES. "Including amendments made by title V of this act", the gentleman will notice. This permits loans to be made to cooperatives, properly secured, and it makes the further provision that they must not only comply with the terms set out as to their loans heretofore made, but they must pay rates of interest of not less than 3 percent or more than 6 percent. Under the old act they were forced to make loans at the lowest rate that the Government paid at the last issue of Government obligations and they had to make some loans at one eighth of 1 percent, in certain instances, which was unfair as compared with rates to others.

Mr. TRUAX. Is it not true that that money was reloaned at very much greater rates of interest?

Mr. JONES. I understand, in some instances, it was. I would not want to cite specific instances, but I understand there were some abuses and it is hoped that this may be avoided under the limitations of this act.

Mr. TRUAX. Are there provisions in this act to avoid a recurrence of such procedure in the future?

Mr. JONES. At least any such procedure as that would be very much more difficult, because they are compelled to furnish adequate security, which would be of such a nature that they probably could not get some of the types of loans that have heretofore been had. Then we provide for loans to local cooperatives through these regional banks. It is the purpose to decentralize and to have types of credit available to local organizations such as local creameries, and it emphasizes this rather than the larger purpose, though provision is made for both kinds.

Mr. TRUAX. Then the gentleman can assure the Committee that no repetition of the abuses under the old act will occur under the new act, in his judgment?

Mr. JONES. At least, we hope they will not, and I do not believe anything like the abuses that have heretofore prevailed will occur. I could not assure the gentleman there would not be any abuses, but I do not think anything like the abuses that apparently crept into the other act will be manifest under this new provision.

Mr. TRUAX. And under this act they will be required to pay from 3 to 6 percent instead of one eighth of 1 percent, in some instances, under the old act.

Mr. JONES. Both in the new loans and the refinancing; yes.

Mr. TRUAX. I thank the gentleman.

The Clerk read as follows:

SECTION 50. (a) The following provisions of the Agricultural Marketing Act, as amended, are hereby repealed:

- (1) Section 3 (relating to advisory commodity committees);
- (2) Paragraph (4) of section 5 (relating to powers of the Farm Board to investigate overproduction);
- (3) Paragraph (5) of section 5 (relating to miscellaneous investigations by the Farm Board);
- (4) Paragraph (3) of subsection (a) of section 7 (relating to loans to assist in forming clearing-house associations);
- (5) Paragraph (4) of subsection (a) of section 7 (relating to education in the advantages of cooperative marketing);
- (6) Paragraph (5) of subsection (a) of section 7 (relating to loans to enable cooperatives to advance a greater share of the market price of commodities than is practicable under other credit facilities);
- (7) Section 10 (authorizing the Farm Board to assist in forming clearing-house associations); and
- (8) Section 11 (authorizing the Farm Board to enter into price-insurance agreements).

(b) The repeal of section 7 (a) (5) shall not be construed to prohibit the extension, renewal, or refinancing of any loan made thereunder and outstanding on the date of the enactment of this act, but loans to extend, renew, or refinance any such loan shall bear interest rates as determined under section 8 (a) of the Agricultural Marketing Act as amended by section 54 of this act.

Mr. CARPENTER of Nebraska. Mr. Chairman, I move to strike out the last word. It is with a great deal of pleasure that I read this section whereby loans are renewed or refinanced or extended, and the Farmers National Cooperative Association pays only a reasonable rate of interest, and does not permit the loaning of Government money at one eighth of 1 percent; that that rate will be discontinued.

We have a condition in Nebraska whereby the Farmers National Cooperative Association has built up one of the

most damnable relief organizations that the country has ever seen. It was established by my predecessor, and it was an organization upon the acts of which I was elected to Congress. I made an aggressive attack against the acts of the Farmers National Association. The man at the head received \$5,000 a year, and he came into my district carrying the banner of the Republican Party. I condemned seriously the activities.

He discharged the manager of the creamery in my district and made it impossible for the creamery to obtain a loan.

He went fishing with a Republican, and after 3 days' fishing came back, and lo and behold, the chairman of the Republican central committee was made manager of the creamery. He never had one day's experience in conducting a creamery, and it resulted in a condition whereby the creamery got into debt to the United States to the extent of \$60,000 on a rate of interest of one half of 1 percent. I want to congratulate the committee that we will get rid of C. V. Thatcher, of the Farmers National Association, and men of that type.

The Clerk read as follows:

SEC. 55. Subsection (a) of section 15 of the Agricultural Marketing Act, as amended, is amended to read as follows:

"(a) As used in this act the term 'cooperative association' means any association in which farmers act together in collectively processing, preparing for market, handling, and/or marketing the farm products of persons so engaged and also means any association in which farmers act together in collectively purchasing, testing, grading, and/or processing their farm and farm-household supplies: *Provided, however,* That such associations are operated for the mutual benefit of the members thereof as such producers or purchasers and conform to one or both of the following requirements:

"First. That no member of the association is allowed more than 1 vote because of the amount of stock or membership capital he may own therein; and

"Second. That the association does not pay dividends on stock or membership capital in excess of 8 percent per annum.

"And in any case to the following:

"Third. That the association shall not deal in the products of or supplies for nonmembers to an amount greater in value than such as are handled by it for members."

With the following committee amendment:

Page 24, line 17, strike out the words "and farm household."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. HOEPEL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. HOEPEL: Page 25, line 2, strike out the following: "8 percent" and insert in lieu thereof the words "12 percent."

Mr. HOEPEL. Mr. Chairman, I have listened to so many arguments here on this floor in behalf of bankers and loan associations that I have become inoculated with bankeritis, and I am now very sympathetic toward the bankers of America. That is why I have introduced this amendment increasing the rate of interest. I recognize that the American farmer still has a dollar or two in his pocket, therefore he can afford to pay a high rate of interest.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. HOEPEL. In just a moment. I recognize that over on the other side of the Capitol they are investigating a certain individual who is unable to pay income tax. He is a banker. I am in favor of this gentleman having some sort of increased revenue. That is why I have raised this to 12 percent. It is not sufficient that the people who are to handle this fund are to be tax exempt, but they are going to reap profits at the expense of the American agriculturists. And I think as long as the farmer is aided, the banker should be in a position to get his also. I hope this amendment is not agreed to, in fact, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection?

Mr. GLOVER. Mr. Chairman, I object.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. FERNANDEZ. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. FERNANDEZ: On page 25, section 55, strike out lines 4, 5, 6, and 7, reading as follows:

"And in any case to the following:

"Third. That the association shall not deal in the products of or supplies for nonmembers to an amount greater in value than such as are handled by it for members."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in 7 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FERNANDEZ. Mr. Chairman, in support of this amendment, I desire to submit the following telegram, which has been received from Mr. Russell Clark, president of the New Orleans Cotton Exchange:

WESTERN UNION TELEGRAM FROM MR. RUSSELL CLARK, PRESIDENT OF THE NEW ORLEANS COTTON EXCHANGE

MAY 29, 1933.

Pending bill revising Agricultural Marketing Act provides for continuance of privilege of tax-exempt and tax-subsidized cooperatives to buy and sell and merchandise nonmember cotton in direct competition with taxpaying business. This sort of thing kills the ability of private business to pay taxes to Government and does not help the farmer. The cotton trade can demonstrate this fully. Recent disastrous experience resulting from Government-financed co-ops certainly appears to be sufficient evidence of enormous harm to be anticipated. Interest of Government as well as of the cotton trade requires that this matter receive most careful and thorough consideration before any action is taken. We earnestly ask that before such a bill is presented that the cotton trade be given an opportunity to be heard fully.

RUSSELL CLARK,

President New Orleans Cotton Exchange.

In addition to this telegram from the cotton exchange in the cotton-producing section of the United States or the world, I desire to also submit a telegram signed by the following outstanding individuals and firms connected with the American cotton industry:

Essential to the welfare not only of cotton producer but cotton consumer as well is properly balanced market facilities. Tuesday we understand a bill intended to revise the Agricultural Marketing Act will be presented to the House. Said bill contains a provision extending the privilege granted tax-exempt and tax-subsidized cooperatives to buy, sell, deal in, and merchandise nonmember cotton in competition with taxpaying merchants. This character of Government competition opposed to private initiative and enterprise literally dries up the sources from which Government derives tax revenues and does not and cannot benefit the cotton farmer in any way. The cotton farmer's troubles do not arise from any deficiency in the established marketing system but from causes not related to that system. We request and urge that before extending any such privilege the well-informed cotton trade be heard.

Alrey & Richardson; Anderson Clayton & Co.; Beer & Co.; Jas. E. Bennett & Co.; Bouden Clay & Co.; Butler & Keen; Jno. F. Clark & Co.; James L. Crump & Co.; Fenner, Beane & Ungerleider; Gilbert, Henican, Grinnen & Co.; Leslie J. Healy & Co.; McFadden & West; Norman Mayer & Co.; Meric & Claiborne; W. E. Richmond & Co.; Maurice Sterns Sons; Stewart Bros.; Thomas Hobson & Legendre; Tullis Craig & Co.; Wachsmann & Wassall; J. J. Williamson & Co.; Wells & Stanton; Mason Smith & Co.; Woodfin & Co.

The recent experience which the American people have had with this class of legislation and the tremendous losses that have been suffered by the Federal Treasury as a result requires no further argument than to merely bring it to the attention of the House. I well understand that this legislation has been on the statute books for the past decade and this fact is advanced for those who would emphasize its incorporation in the pending bill. In view of recent experiences, however, I believe that Congress is warranted in striking it from the pending measure. I sincerely trust that it will be stricken from the bill and that legitimate, private enterprise will be relieved from this insuperable class of competition.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. FERNANDEZ. Yes.

Mr. HOPE. If I understand what the gentleman has in mind, I do not believe his amendment will accomplish his purpose. As I understand it, the gentleman wishes to prevent cooperatives getting Federal assistance from dealing with any nonmember product.

Mr. FERNANDEZ. We don't want them to come in competition with the cotton merchants that buy in the open market. I think my amendment clears it pretty well.

Mr. HOPE. If the gentleman's amendment should be agreed to, it would mean that there would be no limit whatever on the amount of nonmember products that these associations could deal in. As it is now they can deal in not more than 49 percent of nonmember products. If the amendment should prevail they could deal in unlimited amounts of nonmember products.

Mr. FERNANDEZ. In any event, it is the law now (49 Stats., p. 88), so that it really does not matter.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Louisiana.

The amendment was rejected.

Mr. HART. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. HART: Page 25, line 7, strike out "such as are handled by it for members" and insert "10 percent of the value of all products and supplies handled by it."

Mr. HART. Mr. Chairman, I offer this amendment for the purpose of putting on an equality these cooperatives in operating with the ordinary line of business. Under the provisions of this act and the previous Agricultural Marketing Act, they were able to borrow money at very low rates of interest, rates with which the private individual could not compete. Then they went into the market and operated not only with a low rate of interest but with a bonus obtained by reloaning that money, and they were handling nonmembers' goods without a profit, destroying legitimate business. I do not want to hamper the cooperatives, and I leave that 10-percent clause in there so that they can go out and make up units for shipments. For instance, if they lack a certain amount of goods to fill out a carload, they can go out and get nonmember products and fill their shipment.

I am not trying to hamstring them, but they have no right to get low rates of interest and go out and destroy the ordinary business man.

I hope this amendment will be sustained by the House. I know it is practical.

Mr. WHITTINGTON. Mr. Chairman, may we have the amendment reported again?

There being no objection, the Clerk again reported the Hart amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. HART].

The amendment was rejected.

The Clerk read as follows:

GENERAL CORPORATE POWERS

SEC. 60. The Central Bank for Cooperatives, and the Production Credit Corporations, the Production Credit Associations, and the Banks for Cooperatives, organized under this act, shall have succession until dissolved in accordance with this or any other act of Congress; shall have power to sue and be sued in any court, to adopt and use a corporate seal, to make contracts, to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of their business, to prescribe fees and charges (which in any case shall be subject to the rules and regulations prescribed by the governor) for loans and other services; and shall have such other powers necessary and incident to carrying out their powers and duties under this or any other act of Congress as may be provided by the governor in their charters or in any amendments thereto. Each such bank, association, or corporation shall, for the purposes of jurisdiction, be deemed a citizen of the State or district within which its principal office is located.

Mr. GILCHRIST. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment by Mr. GILCHRIST: On page 26, line 3, after the period, insert the following: "No district court of the United States shall have jurisdiction of any action or suit by or against

any production-credit corporation or production-credit association upon the ground that it was incorporated under this act, or that the United States owns a majority of the stock in it; nor shall any district court of the United States within the land-bank district served by such association or corporation have jurisdiction, by removal or otherwise, of any suit by or against any such association or corporation, except in cases by or against the United States or by or against any officer of the United States, and except in cases of winding up such bank, association, or corporation."

Mr. JONES. Mr. Chairman, I wish to state that I have consulted most of the members of the Committee on Agriculture and the amendment offered by the gentleman from Iowa is agreeable to the committee.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Iowa [Mr. GILCHRIST].

The amendment was agreed to.

The Clerk read as follows:

UNLAWFUL ACTS AND PENALTIES

SEC. 64. (a) Whoever makes any statement, knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Central Bank for Cooperatives, or a Production Credit Corporation, Production Credit Association, or Bank for Cooperatives, organized under this act, upon any application, advance, discount, purchase, or repurchase agreement, or loan, or any extension thereof by renewal, deferment, or action or otherwise, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than 2 years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by any such bank, association, or corporation; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by any such bank, association, or corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by any such bank, association, or corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than 5 years, or both.

(c) Whoever, being connected in any capacity with any such bank, association, or corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it; or (2) with intent to defraud any such bank, association, or corporation, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of any such bank, association, or corporation, makes any false entry in any book, report, or statement of or to any such bank, association, or corporation, or draws any order, or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than 5 years, or both.

(d) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U.S.C., title 18, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements of any bank, association, or corporation organized under this act, which, for the purposes hereof, shall be held to include advances, loans, discounts, and purchase and repurchase agreements; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

(e) Whoever conspires with another to accomplish any of the acts made unlawful by the preceding provisions of this section shall, on conviction thereof, be subject to the same fine or imprisonment, or both, as is applicable in the case of conviction for doing such unlawful act.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word for the purpose of seeking information from the chairman of the committee.

What is the judgment of the gentleman from Texas [Mr. JONES] as to the amount of credit which this bill will ultimately provide? The bill provides for \$120,000,000. When the collateral is turned over to the intermediate credit bank what percentage of turnover does the gentleman think there will be?

Mr. JONES. In similar organizations that have been established it has ranged about 5 to 1, and we expect it to range that here.

Mr. McGUGIN. That will be \$600,000,000 worth before we get through?

Mr. JONES. That depends altogether on how extensively this may be used. The gentleman understands those uncertainties.

Mr. McGUGIN. On page 27 I notice all obligations incurred under this act shall be tax exempt. So, in the last analysis, we might as well face the fact that this presents an avenue for another \$600,000,000 worth of tax-exempt securities. Is that right?

Mr. JONES. Yes. I believe that all issues of tax-exempt securities should be abolished, but so long as the system is in vogue I see no reason for discriminating against agriculture.

Mr. McGUGIN. I can see no reason for discriminating against agriculture, and we are going to accept this bill with those terms; but does the gentleman not believe that, as bad as it may be for the States, municipalities, and Federal Government to issue definite amounts of bonds that are tax exempt, it is a much more dangerous policy to be setting up these side corporations and authorizing them to issue indefinite amounts of securities which will be tax exempt?

Mr. JONES. I do not agree with the policy of issuing them at all; but I do feel that since industry has such an extensive amount already outstanding it is certainly no more than fair that agriculture should have the same right.

Mr. McGUGIN. Certainly. This is equally as decent as the Reconstruction Finance Corporation bonds being tax exempt, but the principle is certainly wrong of allowing these side corporations to issue tax-exempt securities. We know that the \$27,000,000,000 of the national debt which will be outstanding at the end of this session of Congress will be tax exempt. We know that the \$4,000,000,000 of bonds authorized to be issued in the farm-mortgage relief bill and in the city mortgage relief bill will be tax exempt. That will make \$31,000,000,000 of United States securities which we know will be tax exempt. We know that the States and the cities, together with other local governmental units, have outstanding billions of dollars of tax-exempt securities. But what will be the amount of tax-exempt securities issued by these side corporations no man will know. Maybe government can survive in the United States with a major portion of its property tax exempt and with public expenses mounting by the billions of dollars but I doubt it.

Mr. JONES. But certainly they are not tax exempt after the United States gets out of them?

The pro forma amendment was withdrawn.

The Clerk read as follows:

Sec. 71. Paragraph "Sixth", of section 14 of the Federal Farm Loan Act, as amended, is hereby repealed.

With the following committee amendment:

Page 31, line 17, after the word "is", strike out the words "hereby repealed" and insert:

"Sixth. To accept as additional security for any loan to any borrower under this act, or any installment on any such loan, any personal property which is exempt from execution upon judgment under the laws of the State in which the land with respect to which the mortgage is given is situated."

Mr. WHITTINGTON. Mr. Chairman, I desire to ask the chairman of the committee a question in connection with the committee amendment. This amendment authorizes but does not require additional security for the postponement of any installment?

Mr. JONES. That is correct.

Mr. WHITTINGTON. It is purely optional with the Federal land bank?

Mr. JONES. That is correct.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. PETERSON. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. PETERSON: Page 31, line 24, strike out the period and insert a comma and the following:

"Loans may be made under this act and the Federal Farm Loan Act and amendments thereto, notwithstanding the fact that the land or property upon which such loan is made is located in a county, improvement, or tax district which is in default of its bonds."

Mr. JONES. Mr. Chairman, I make the point of order that the amendment is not germane to the paragraph, to the section, or to the bill as a whole.

The CHAIRMAN. The Parliamentarian assures the Chair that this amendment is subject to the point of order. The committee amendment has already been agreed to.

The Chair sustains the point of order.

The Clerk read as follows:

Sec. 78. Section 31 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 986), is amended by adding at the end thereof a new paragraph, as follows:

"Any mortgagee who shall knowingly make any false statement in any paper, proposal, or letter, relating to the sale of any mortgage, to any Federal land bank under the provisions of section 13 of this act, as amended, or any appraiser provided for in this act who shall willfully overvalue any land securing such mortgage, shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding 1 year, or both."

With the following committee amendment:

Sec. 79. Section 13 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 781), is amended by adding at the end thereof the following new paragraph:

"Fourteenth. To enter into agreements with national farm-loan associations of the district under the terms of which losses incurred and gains realized on account of the disposition of lands covered by a defaulted mortgage endorsed by such association will be shared equally by the bank and the association."

The committee amendment was agreed to.

The Clerk read as follows:

Sec. 83. The Farm Credit Administration shall have a seal, as adopted by the Governor, which shall be judicially noticed.

Mr. DOXEY. Mr. Chairman, I offer an amendment which I send to the Clerk's desk, and with the Chair's indulgence before the amendment is read I will make a short explanation.

This amendment relates to section 36 of Public Act No. 10, the farm omnibus bill which we passed and which was approved May 12, relating to the loans made to levee, drainage, and irrigation districts.

Mr. CLARKE of New York. That was in cases where they were completed projects.

Mr. DOXEY. Absolutely. I would have taken this up with the gentleman under any ordinary conditions. Let me say this is a clarifying amendment, clarifying the language in existing law. It was sent to our committee by the Reconstruction Finance Corporation, which has to administer this portion of the law, and may have been sent there, possibly, in the absence of the gentleman from New York.

Section 36 provides for loans to drainage and similar districts to the extent of \$50,000,000. This amendment enables the Reconstruction Finance Corporation, as they say, to expedite the administration of this section through a clarification of the language. In other words, for example, where we said "bonds" they say "bonds and other obligations."

If my distinguished friend from New York will permit me, I will tell him just the situation. To be frank with the gentleman, I think the amendment is subject to a point of order. I do not think a point of order will be made by any gentleman if he understands that this amendment already is in the independent offices bill in the Senate, but there is no telling when that bill will be passed, as there are many controversial matters in it, involving veterans' appropriations, and other things of a controversial nature. No doubt it could be worked out satisfactorily with the conferees, but the thought of those who are interested in accelerating the activities of the Reconstruction Finance Corporation in administering the law that is so vital to these distressed districts was that if we adopted it here on this act, when this bill gets to the Senate, which we hope it speedily will, it will meet very little opposition; it will be agreed upon, the law will be clarified, and we will be enabled to operate more advantageously and quickly, in my judgment.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. DOXEY. I shall be delighted to.

Mr. CLARKE of New York. The attitude on our side is one, of course, of wanting to cooperate in every way.

Mr. DOXEY. I may say the gentleman has proven it.

Mr. CLARKE of New York. And I believe it will be the testimony of all Members present that we have tried to cooperate, but here is brought up an important matter with no Member on our side knowing anything about it; we have to just take it on faith, and I would take almost anything in the United States on the strength of the gentleman from Mississippi [Mr. DOXEY] say-so, but it is the way of doing the thing that is wrong.

Mr. DOXEY. I readily agree with the gentleman. I may say to the gentleman that I did not intend to present this amendment as an amendment to this legislation at all, but I had a short conference with Senator ROBINSON of Arkansas, who is especially interested in this matter, and it was suggested that if the amendment were added to this bill it would expedite matters. I am sure when the gentleman understands the amendment he will support it. It was before our committee and for some reason or other it was referred to me to look into. I was not there at that particular time. If there is any objection I bow graciously and can appreciate the gentleman's position, but it is a matter of importance, even if this is not the proper way of handling it. It can be fixed up in conference.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. DOXEY. I yield.

Mr. HOPE. Do I understand the gentleman to say it is simply a clarifying amendment?

Mr. DOXEY. I say it is simply a clarifying amendment because it does not change any of the principles. The gentleman is familiar with section 36 with reference to the \$50,000,000 that the Reconstruction Finance Corporation is to loan to these distressed levee districts, drainage districts, and drainage and levee districts.

Mr. CLARKE of New York. If the gentleman will yield right there, I should like to make certain I get the import of the amendment, and I do not think any man can get it with the matter brought up in this way, but as I recall the farm bill it was upon completed projects, was it not?

Mr. DOXEY. Absolutely.

Mr. CLARKE of New York. And this carries out that proposition?

Mr. DOXEY. Certainly. No project other than a completed project is included in the original act. If the gentleman will permit my amendment to be read, and I will furnish him the law, he will see that the changes are such as these: Where we said "assessments" they say "and assessments", and where there are ad valorem taxes and assessments the amendment makes them available as charges. Where we say "bonds" they say "or other obligations." This amendment was drafted by the legal division of the Reconstruction Finance Corporation which has to administer its provisions.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent that the gentleman be given 2 additional minutes.

The CHAIRMAN. Let the amendment first be reported. The Clerk read as follows:

Amendment offered by Mr. DOXEY: On page 36, after line 11, insert the following:

"Sec. 84. Section 36, Public Act No. 10, Seventy-third Congress, approved May 12, 1933, is amended to read as follows:

"Sec. 36. The Reconstruction Finance Corporation is authorized and empowered to make loans as hereinafter provided, in an aggregate amount not exceeding \$50,000,000, to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts duly organized under the laws of any State, and to or for the benefit of political subdivisions of States, which prior to the date of enactment of this act have completed projects devoted chiefly to the improvement of lands for agricultural purposes. Such loans shall be made for the purpose of enabling any such district or political subdivision (hereafter referred to as the "borrower") to reduce and refinance its outstanding indebtedness incurred in connection with any such projects, and shall be subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended; except that (1) the term of any such loan shall not exceed 40 years; (2) each such loan shall be secured by bonds, notes, or other obligations which are a lien on the real property within the project or on the assessments, taxes, or other charges imposed by the borrower pursuant to State law, or by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any

other bonds so secured except with the consent of the Corporation; (4) the borrower shall agree, insofar as it lawfully may, to pay to the Corporation, until all bonds or other obligations of the borrower acquired by the Corporation are retired, an amount equal to the amount by which the assessments, taxes, and other charges collected by the borrower exceed the cost of operation and maintenance of the project and maturities of interest and principal on its outstanding obligations; and (5) the borrower shall agree, to the satisfaction of the Corporation, to reduce, insofar as it lawfully may, the annual taxes, assessments, and other charges imposed by it for or on account of the project by an amount proportional to the reduction in the corresponding annual requirements for principal and interest of its outstanding indebtedness by reason of the operation of this section. No loan shall be made under this section until the Reconstruction Finance Corporation (A) has caused an appraisal to be made of the property securing and/or underlying the outstanding bonds of the applicant, (B) has determined that the project of the applicant is economically sound, and (C) has been satisfied that an agreement has been entered into between the applicant and holders of its outstanding bonds or other obligations under which the applicant will be able to purchase or refund all or a major portion of such bonds or other obligations at a price determined by the Corporation to be reasonable after taking into consideration the average market price of such bonds over the 6-month period ending March 1, 1933, and under which a substantial reduction will be brought about in the amount of the outstanding indebtedness of the applicant."

Mr. GILCHRIST. Mr. Chairman, I reserve a point of order for the purpose of asking the gentleman a question.

When this legislation about drainage districts was before the House there was put upon it an amendment that I thought was necessary for my part of the country, up in the State of Iowa. The committee agreed to it, the House agreed to it, it went to conference and then when the bill came back the amendment had disappeared from it. I should now like to ask the gentleman from Mississippi, under my reservation of the point of order, if he has objection to putting my amendment into his present amendment?

Mr. DOXEY. The gentleman's amendment relates to that principle of law known as the "last faithful acre"—is that the amendment the gentleman refers to?

Mr. GILCHRIST. Yes; in part at least.

Mr. DOXEY. My position now is just what it has always been. I did not feel that the gentleman's amendment added or detracted one bit in the world from that legislation, because of the mere legal phraseology, and for my part this is not my amendment here. This is an amendment that the Reconstruction Finance Corporation says will enable them to more effectively administer the law as it was passed and as it is now on the books.

Mr. GILCHRIST. Mr. Chairman, I shall have to insist on the point of order.

Mr. FISH. Will the gentleman reserve it?

Mr. GILCHRIST. I will reserve it further to hear from the gentleman, but I wish to call attention to the gentleman's own statement that the amendment I proposed neither added to nor subtracted from the bill. Then what objection does he have to it? However, I shall reserve further the point of order at the request of the gentleman from New York.

Mr. FISH. I only ask the gentleman to do this because I should like to hear a little more discussion from the chairman of the committee as to just what this accomplishes. It may be that after hearing from the chairman of the committee the objection will be withdrawn. It may accomplish what the gentleman has in mind and what some of the rest of us have in mind. Could the gentleman give us a statement about exactly what this accomplishes?

Mr. JONES. I may say that on this particular proposition I have relied upon the investigation and judgment of the gentlemen who are interested in the proposition within the limitations of the amount which we are willing to allow. I understand from the letter which came from the Reconstruction Finance Corporation that it will be practically impossible for them to make loans under the law as we passed it and the restrictions under which they operate under this act. They simply want this for the purpose of enabling them to carry out the powers granted them in the other act to make these loans. However, I have not studied this particular phase of the matter as have these gentlemen who represent districts that have these projects and are familiar

with them, and for that reason I was leaving the matter largely to the discretion of the gentleman from Mississippi.

Mr. SNELL. Will the gentleman yield for a question?

Mr. JONES. Yes.

Mr. SNELL. As I understand the situation, it is almost an entirely new bill that has been brought in here and no one knows anything about it, not even the members of the committee. It certainly is not right to offer this as an amendment and have it put through here unless the members of the committee at least know exactly what they are doing. I think it is subject to a point of order.

Mr. JONES. I may say to the gentleman that we had not intended to offer this amendment, but the request came from the other side with the statement that the matter may be delayed over there, and they hoped that it might go on here. I have no particular interest in the matter except to give the gentleman a chance to present it.

Mr. WHITTINGTON. Will the gentleman yield for a short statement?

Mr. GILCHRIST. I yield.

Mr. WHITTINGTON. May I say that I noticed this amendment in the RECORD Saturday. It was offered in the Senate by Senator ROBINSON of Arkansas. I undertook to compare it with the section of the act as we passed it in the House and my judgment from the examination I made is that this is a clarifying amendment in the interest of administration. I could not see where it made any change whatsoever in the substantive law. My colleague from Mississippi [Mr. DOXEY] conferred with me and stated that the amendment which Senator ROBINSON had proposed in the Senate and as carried in the RECORD of last Saturday had been submitted to his committee and at his suggestion I compared the amendment with the law as we passed it here and it struck me that it was merely clarifying and was in the interest of good administration and that the amendment should be adopted because it made no change whatever in substantive law.

Mr. CLARKE of New York. Undoubtedly, that is all true, and there is no one in the world who would depend more on the word of the gentleman from Mississippi [Mr. DOXEY] and the chairman of the committee than myself, but I say it is unfair to the members of the committee not to be fully consulted so that we may thoroughly understand all these matters. Whether it is one man's fault or another's, this matter is sprung on us here entirely unknown to us and it is unfair to ask us to go along on a thing like this.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. CLARKE of New York. Yes.

Mr. WHITTINGTON. I am not a member of the committee and I can appreciate very thoroughly just what the gentleman says and can appreciate his position in the matter and I have no fault to find with it. However, it does strike me that inasmuch as this is not an amendment personally introduced by my colleague [Mr. DOXEY] but comes at the request of the Reconstruction Finance Corporation, the agency of the Government that is to administer this act, there is at least some excuse for the manner in which it is presented here.

Mr. CLARKE of New York. There is no excuse in the world when the members of the committee do not have full access to the facts and know all that goes with it in order that they may form a mature judgment about the matter.

Mr. DOXEY. The gentleman and myself have been on this committee for some years. The gentleman was on the committee before I was, and there has never been any disposition, I think the gentleman will agree, on my part to do anything except to have a frank and free discussion of all matters.

Mr. CLARKE of New York. Absolutely. I would bank on the gentleman from Mississippi.

Mr. DOXEY. I appreciate that and the gentleman from New York knows what a high regard I have for him, to be frank about it. The matter was referred to our committee when we were in the midst of the hearings on this particular bill and I then took occasion to look into it and found that it was going to be handled on the other side of the Capitol.

I did not feel at that time that it was any use to burden my colleagues, and further that the Senate intended to put it in the independent offices appropriation bill, and that it would be approved of in the conference report, and that would end it.

Now, it developed—and that is one reason that I have not discussed it with anybody except those interested in the Senate procedure—but now it has developed that the independent offices bill will likely be tied up in the Senate for some time. If we do not start it here in the House and place it as an amendment on some legislation here, the Reconstruction Finance Corporation will not likely make any loan to these distressed districts out of this \$50,000,000 appropriation.

Mr. CLARKE of New York. It is my understanding that this does not close the door; it can be put on any other bill that may come up.

Mr. DOXEY. Yes; it can be put on another bill, but the next bill may have hard sailing in the Senate. We are fortunate in having the present bill go through the House without any trouble. I appreciate the gentleman's position, and I have nothing but the kindest feeling if the gentleman insists on his point of order.

Mr. HOPE. Let me say that this bill has to pass the Senate. Would it not be better to wait until it gets over there and let the Senate put this amendment on, and in the meantime the committee here can study the amendment and know something about it, and when it comes back from conference it can then be acted upon?

Mr. DOXEY. The gentleman's thought is to let the Senate put the amendment on?

Mr. HOPE. Yes.

Mr. DOXEY. I think that is a wholesome suggestion, and the gentleman will find me willing to go along with him in that way.

Mr. GILCHRIST. The gentleman made the statement that my amendment to this legislation is neither harmful nor helpful; then, how can there be any objection to it, and will the gentleman favor its being put on in conference?

Mr. CLARKE of New York. Mr. Chairman, I insist on the point of order.

The CHAIRMAN. The Chair sustains the point of order. The Clerk completed the reading of the bill.

Mr. JONES. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SHALLEMBERGER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, and had directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. JONES. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

There being no demand for a separate vote, the amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. JONES, a motion to reconsider the vote whereby the bill was passed was laid on the table.

DESERT-LAND ENTRYMEN

Mr. POUL, from the Committee on Rules, presented the following resolution, for printing under the rule:

Resolution 165

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. 5239, a bill to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 30 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Public Lands, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

NATIONAL EMPLOYMENT SYSTEM

Mr. **POU**, from the Committee on Rules, also presented the following resolution, for printing under the rule:

Resolution 157

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. 4559, entitled "A bill to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes", and all points of order are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of such consideration 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 the amendments thereto to final passage without intervening motion except one motion to recommit.

AUTHORIZING MEMBERS OF INTERNATIONAL TRIBUNALS TO ADMINISTER OATHS

Mr. **BANKHEAD**, from the Committee on Rules, presented the following resolution for printing under the rule:

House Resolution 168

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 consideration of S. 1581, a bill to amend the act approved July 3, 1930 (46 Stat. 1095), authorizing commissioners or members of international tribunals to administer oaths and so forth. After general debate, which shall be confined to the bill and shall continue not to exceed 40 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

PROTOCOLS OF ZION

Mr. **BYRNS**. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The **SPEAKER**. Is there objection?

There was no objection.

Mr. **BYRNS**. Mr. Speaker, on Monday last the gentleman from Pennsylvania [Mr. **McFADDEN**] made some remarks which reflected upon the people of a great race. Whether intended so or not, those remarks did a gross injustice to the Jewish people, who have contributed so much toward the development and the progress of our own country and of every other country in which they have resided. I know of no people, members of no race, who have been more law-abiding, more patriotic, and more loyal to the government in which they live and to the flag of that country. I hold in my hand a telegram from a distinguished citizen, Dr. Cyrus Adler, president of the American Jewish Committee, which I shall read to the House. It is addressed to the Speaker of the House of Representatives and reads as follows:

PHILADELPHIA, Pa., May 30, 1933.

SPEAKER, HOUSE OF REPRESENTATIVES,
Washington, D.C.:

In view of the statement made in the House of Representatives on May 29 by Mr. **McFADDEN**, in which he referred to the "so-called 'protocols of Zion'", I deem it my duty to call attention to the fact that these "protocols" are a forgery, as was proved by the

Constantinople correspondent of the London Times years ago. Mr. **McFADDEN** also referred in connection with the so-called "protocols" to the Dearborn Independent. Mr. Henry Ford, the then proprietor of the Dearborn Independent, stated in a written communication, dated June 30, 1927, "I confess that I am deeply mortified that this journal, which is intended to be constructive and not destructive, has been made the medium for resurrecting exploded fictions and for giving currency to the so-called 'protocols' of the wise men of Zion, which have been demonstrated, as I learn, to be gross forgery." In view of the fact that the press reports that Mr. **McFADDEN** quoted at some length from the protocols, I trust that the House of Representatives will be willing to place this message in the CONGRESSIONAL RECORD, so that the report of its proceedings shall not be disfigured by extracts from a forged document.

CYRUS ADLER,

President American Jewish Committee.

In view of that telegram and the facts stated, I hope that the gentleman from Pennsylvania [Mr. **McFADDEN**] may see fit to withdraw the remarks to which it refers.

JEWISH PERSECUTION

Mr. **DICKSTEIN**. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The **SPEAKER**. Is there objection?

There was no objection.

Mr. **DICKSTEIN**. Mr. Speaker, under consent to extend my remarks in the RECORD, I submit a statement by myself in answer to the remarks on May 29 by the gentleman from Pennsylvania [Mr. **McFADDEN**].

Hitlerism has shown its hand on the floor of the House. That untimely speech delivered by the gentleman from Pennsylvania [Mr. **McFADDEN**] on Monday, May 29, has spread it in the CONGRESSIONAL RECORD.

It is almost unbelievable that a person of otherwise sane views, and as seemingly in possession of all his faculties as is the gentleman from Pennsylvania, should stoop to such vulgar tactics in assailing the Jews of the United States and the world.

I only wish the Congressman had occasion to read some of the latest books on Jewish life. They would prove to him, beyond possibility of a doubt, that far from being the "money power" of the world, the Jews are really on the other side of the ledger. Jewish millionaires are few and far between. It is futile to speak of a Jewish money power, because such a power does not exist and never existed. The number of Jewish millionaires can almost be counted on the fingers of one hand and by no means do they compare with the wealth and opulence one may find among the "gentiles."

Of course, in this year of grace 1933, one must be very dense indeed to give any credence to the alleged "Protocols of the Elders of Zion." This publication, from which our friend Henry Ford some 10 years ago so copiously quoted in the now defunct Dearborn Independent, has gone the way of all flesh, and no sane person today believes that there is a shred of truth in the alleged document.

This book was written by a Russian, half-crazy student, and was copiously imitated on the European Continent by nations and races which should have known better. The story itself is so weird as to defy all intelligent description. According to this tale, the Elders of Zion are the heads of the Jewish people and presumably the great Jewish money lenders. They plot the destruction of the whole world, so that the Jewish money power may come to rule the universe. The Jewish bankers are supposed to meet in subterranean cellars on nights when the moon is not shining and all proceedings are so secret that the bankers do not even know each other. Nevertheless, they apparently keep a record of their doings and pass resolutions condemning the gentiles and exalting the Jews. Not only do they pass resolutions but they plot how to destroy the Christian world and how to erect in its place a Jewish world, where the Jews will have all the money and the gentiles will have to slave and toil for them. A beautiful picture, is it not? Such is alleged at least to be the avowed program of the "damnable Jewish plotters." And the gentleman from Pennsylvania, presumably a sensible person, believes in it.

When these fairy tales about the plottings of the Jewish bankers were first told, the world was amazed to see Henry Ford take it up in his newspaper, and every week send a

broadside in the world with more and more details about the Jews and their "nefarious" practices. I wonder if the gentleman from Pennsylvania is not going to read into the CONGRESSIONAL RECORD from day to day other chapters from the famous "protocols."

I have not before me any figures which would indicate how many Jews reside in the gentleman's congressional district or cast their votes there, but it would surely make very pleasant reading for his constituents when they will discover that their Congressman believes in fairy tales, if the fairy tales were at least of a pleasant and charming nature. But no; the story told in the "protocols" is apt, in the language of Shakespeare, "to make your blood curdle, your hair stand up, and your frame shiver." To believe the story one must think that the Jews are not only wicked and cruel but a race of bluebeards and vampires combined. Such is the story told in these nefarious "protocols."

Well, the time has come that our race, so maligned and unkindly dealt with, should take a decided stand against further persecution. The action of the gentleman from Pennsylvania can be termed nothing else but persecution of the Jewish race. To single out the Jewish people of America who as a group are responsible for this country going off the gold standard is as wild a thought and as mad an idea as ever was conceived by the human brain. It is almost unbelievable for an idea of this kind to have lodged in the mind of a Member of the American Congress. In my 11 years of service in this House I have never yet, either in public or private contact with the Members, been aware of any such stupid ignorance. The act of a Member of Congress charging the people of my race with being responsible for financial upset in the United States is nothing short of ignorant stupidity. The Jewish people of the United States have always led a law-abiding, patriotic existence. They have done their share, and more, in fighting for this country, in cherishing its ideals, and working for its upbuilding. Wherever any field of human endeavor in this United States is touched you will find a Jewish name actively engaged in the promotion of everything that is good and salutary. I have no doubt that even the gentleman from Pennsylvania must have met in his life and been associated with many members of the Jewish race, and I do not believe that he would find objection to be raised personally against the many splendid men and women of the Jewish race with whom he had come into contact at one time or another in his private or public life.

I believe if the gentleman from Pennsylvania will reflect, he will undoubtedly find that he has grievously erred in making the remarks which he uttered in this House on Monday, May 29. I hope he will delete his speech from the CONGRESSIONAL RECORD.

To recapitulate what the Jewish people of this country have done for its upbuilding and development would require volumes. Books have been written and are to be found in any library to which the gentleman from Pennsylvania has access, which will show him how the Jews have fought in every war this country waged, from the Revolutionary War down to the World War. We had Jewish soldiers and sailors in every battlefield, we had Jewish men and women in every profession and in every trade and industry. We have rich Jews and poor Jews, Jews more blessed with this world's goods, and Jews on the brink of starvation. We have good and bad. By all means dismiss from your mind any thought that the Jews are responsible for any financial legislation which this House must enact from time to time.

At this time, I wish to add my protest against any attempt to make the floor of this House the battle ground for anti-Semitic propaganda. It must not spread. Any attempt to indulge in it here should be nipped in the bud.

LEAVE TO ADDRESS THE HOUSE

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes in reply to a statement made by a colleague of mine day before yesterday in relation to a resolution which I introduced in the House on Monday.

The SPEAKER. Is there objection?

Mr. BOYLAN. Mr. Speaker, I reserve the right to object. Will the gentleman yield to me for a minute and a half?

Mr. TINKHAM. Yes.

Mr. BOYLAN. Mr. Speaker, in further reference to the telegram read by our distinguished leader [Mr. BYRNS] in relation to the matter put in the RECORD by Mr. McFADDEN, I would like to make a brief statement. An investigation was made by the London Times some years ago of the matter quoted by Mr. McFADDEN. They found out that it was a forgery. The same matter was subsequently published in the Dearborn Independent; Henry Ford later repudiated and apologized for its publication. This was the excerpt placed in the RECORD by the gentleman from Pennsylvania [Mr. McFADDEN]. I think in justice to the accuracy of the RECORD, the matter should be expunged. If I may be recognized to make such a motion at this time, I will make it. I move that the entire quotation be expunged from the RECORD.

The SPEAKER. That requires unanimous consent.

Mr. SNELL. I hope the gentleman will not make that request at this time. I think the matter should be taken under more consideration. I should have to object to that at this time.

Mr. BOYLAN. I am sure the gentleman would not object to having the forgery eliminated from the RECORD.

Mr. SNELL. Certainly not, but there is a good deal more to the gentleman's speech than what the gentleman from New York has referred to at this time. I think it would be unfair to make the motion.

Mr. BOYLAN. I do not ask to have the entire speech stricken out. I merely ask to have this quotation stricken out which appears at the top of the second column on page 4591 of the RECORD.

Mr. SNELL. As a matter of fact I have no definite information one way or the other in regard to it, and I am not in favor of anyone putting anything in the RECORD that is not founded on fact. At a later date perhaps the gentleman may make that motion but at present I shall object.

Mr. BOYLAN. All I ask for is to expunge the quotation in the gentleman's speech, the forged quotation which was repudiated by and apologized for by the paper that published it.

Mr. SNELL. I should like a little more opportunity to look into the matter.

The SPEAKER. Objection is heard.

FARM CREDIT ACT OF 1933—EXTENSION OF REMARKS

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their remarks upon the Farm Credit Act of 1933, which we just passed.

The SPEAKER. Is there objection?

There was no objection.

Mr. FULMER. Mr. Speaker, I am watching very closely the movement of the Secretary of Agriculture, Mr. Wallace, in making appointments of the men who are to compose the machinery to operate or administer the farm relief bill, introduced by me, and known as H.R. 3835.

I introduced a domestic allotment bill about 12 months ago known as the "Wilson plan." It was my opinion at that time that the allotment plan would work splendidly and helpfully to farmers on cotton and wheat. I stated, when H.R. 3835 was up for consideration in the House, that if same were properly administered, and if manufacturers and farmers would join in heartily with the Agricultural Department in administering the bill, it would work successfully and farm prices could easily be advanced to pre-war prices.

I have contended all along, and now contend, that until farm prices are put on a fair basis in line with prices which farmers have to pay for that which they buy, normal prosperity will be long drawn out. It is also my contention that if something is not done to bring about fair prices for farm products, in line with prices that farmers have to pay for that which they buy, the millions which the Government is now lending to railroads and other corporations,

and putting into various relief programs, will be just like putting that much money into a rat hole.

The bill should have been passed and put into operation before farmers began to plant cotton. Farmers then could have complied with the requirements of reducing acreage and production. This cannot be done now unless farmers would plow up a certain acreage of cotton which has been planted and is now growing. Farmers will not plow up cotton that is now growing, and it would be foolish on their part to do so.

The allotment plan can and should be put into operation at once. I want to try to show you just how this can be done, even though farmers cannot, as stated, reduce acreage and production, which was contemplated when the bill was first written. For instance, Farmer Jones, who planted 150 acres of cotton in 1932 and produced 100 bales of cotton, would have cut his acreage down to 100 acres and his production to 70 bales if he had come in under the plan before planting his 1933 cotton crop. This would be in line with the 30-percent reduction of acreage and production under the bill. Inasmuch as Farmer Jones did not have the opportunity to come in and comply, as just stated, we will take for granted that he has planted this year his same acreage, and with a normal season will produce the same number of bales as produced in 1932, which was 100 bales.

I contend that Farmer Jones can now come in by making an agreement that if he produces 100 bales, inasmuch as he has already planted 150 acres, as he did in 1932, he will offer for sale only the same number of bales in the fall of 1933 that he would have agreed to produce in the first instance, had he come in before the cotton was planted, which would be 70 bales. He would also have to agree to carry over the 30 bales to be used as a part of his allotment for 1934.

Naturally, this 30 bales, carried over, would have to be taken into consideration in connection with the reduction in production according to the amount of the surplus on hand at the beginning of the year 1934.

Farmer Jones would be permitted to carry this 30 bales on his own farm, subject to check by the officials of the Agricultural Department, or he could warehouse and borrow money thereon to help pay his 1933 obligations or help finance his 1934 crop. There is no difference in this plan and the one contemplated under the bill, if the bill had been put into operation before cotton was planted, except the Department and the farmer would have to take into consideration a 2-year agreement, 1933-34, instead of an agreement for 1933, under the original plan. Suppose Farmer Jones has 25 bales of cotton actually on hand at this time and wanted to come in. He should be permitted to do so and he should be given the immediate benefits under the allotment plan. He would have to agree to make the proper reduction in 1934 to take care of same, and use the 30 bales over production in 1933 as a part of his 1934 allotment. Jones should also agree to carry 25 additional bales out of the 70 bales allowed him for 1933, because he was permitted to sell the 25 bales on hand, and received the allotment benefits thereon. This would save carrying charges to Mr. Jones and give him considerable extra purchasing power.

Suppose all agreements as outlined by me have been entered into on the part of Mr. Jones, and he sells his 25 bales at once on the open market in the usual way. I take it for granted that 50 percent of the production of cotton will be consumed domestically and therefore Mr. Jones should receive the benefit of the adjustment charge under the allotment plan; that is, the difference between the world market price at the time of the sale of his cotton and the prewar price, which was 13 cents.

JONES' REAL PICTURE

Jones sells 25 bales on hand at once. He will be permitted to sell 45 bales next fall out of his 1933 crop, which will make his 70 bales, or his allotment for 1933, or up until the beginning of the operating period of 1934.

Statement of sale

25 bales at 9 cents (today's price, or \$45 per bale)-----	\$1,125
4 cents per pound, difference between today's price and pre-war price, on 12½ bales-----	250
Total-----	1,375

The benefits derived from the adjustment charge could be divided into two portions, one half payable to Mr. Jones at the time of the sale of the cotton, and the other half within 6 months therefrom. Mr. Jones will be in the following position in the fall of 1933: He will have 45 bales of cotton for sale out of his 1933 crop, added to the 25 bales, previously sold, making his total allotment of 70 bales. The balance of his 1933 production, according to agreement, would be used in his allotment for 1934. It is impossible to work out a plan whereby you can actually control the production of cotton, except by applying from year to year a certain reduction in acreage and production of cotton which would take care of any surplus that may be on hand.

Perhaps you will state that inasmuch as Jones will have to carry over 25 bales to take the place of the 25 bales sold prior to the gathering of the 1933 crop and the 30 bales of overproduction this year, his reduction for 1934 would have to take care of not only the 30 bales, but the 25 bales, which would be excessive.

Mr. Jones would not be required to make any cut in his acreage or production to take care of the 25 bales carried over to take the place of the 25 that he was permitted to sell, but he would not be permitted to sell this 25 bales carried over except in connection with his 1934 allotment. Therefore, if he does not take care of this 25 bales in reducing his production in 1934, he would have just that many more bales to carry into 1935, which could be used in his 1935 allotment.

I am going to withhold any comment on the appointments made to date by the Secretary of Agriculture, Mr. Wallace, for the purpose of administering this legislation. However, I am fearful that the machinery that is now being made up from day to day, according to the appointments already made, is getting topheavy with ——— (?). I will withhold the balance of this statement until the machinery has been completed and a program outlined for the administration or operation of this legislation.

Mr. SMITH of Washington. Mr. Speaker and Members of the House, we are limiting ourselves to 2 hours' debate on this bill to provide organizations within the Farm Credit Administration to make loans for the production and marketing of farm products, to improve the Federal Farm Loan Act and the Farm Marketing Act. I congratulate the able chairman of the Committee on Agriculture, the gentleman from Texas [Mr. JONES] and his colleagues and the Members of the House and the American people on this happy and fortunate state of affairs.

In former Congresses most individual Members would have stood on the floor and talked for over 2 hours, some of them perhaps for twice that length of time, and debated this bill for weeks and months, while we dispose of it here today in a few hours of time. It is simply another remarkable demonstration of the speed and expedition with which this Congress is discharging its duties to the American people. "Speed and more speed" is the challenge from the White House, and we are meeting it nobly and patriotically. We do not wonder that a wave of enthusiasm is sweeping over the country. Just a few days ago I received a letter from a Republican constituent of mine out in the State of Washington proposing that the name of our State be changed to Roosevelt.

Needless to say, I favor this bill as a valuable supplement and adjunct to the other farm-relief measures which we have already enacted during this session. They will do all that can be done by legislation to restore agriculture in this country. During the past 12 years the farmers have received but little more than promises; now they are finally assured of substantial aid, and with the recovery of business, which

is commencing in all sections of the country, we have reason to hope for better prices for farm products and some degree of prosperity for agriculture.

INVESTIGATION OF CIVIL SERVICE COMMISSION

Mr. COX, from the Committee on Rules, submitted the following resolution (H.Res. 146) for printing under the rule:

House Resolution 146

Resolved, That for the purpose of obtaining information necessary as a basis for legislation, the Committee on Civil Service, as a whole or by subcommittee, is authorized to investigate the Civil Service Commission, the heads of all the departments, commissions, and independent offices, to determine whether the third paragraph of section 2 of the act of January 16, 1883, being "An act to regulate and improve the civil service of the United States", as follows:

"Third, appointments to the public service aforesaid in the departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census", has been enforced and whether each State has its quota of Federal employees in the District of Columbia in the several departments, commissions, or independent offices, as required by said act.

The committee shall report to the House the results of its investigation, including such recommendation for legislation as it deems advisable.

The committee or any subcommittee thereof is authorized to hold such hearings, within the District of Columbia, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony and report its recommendations to the House.

PERMISSION TO ADDRESS THE HOUSE

The SPEAKER. The gentleman from Massachusetts [Mr. TINKHAM] asks unanimous consent to address the House for 15 minutes. Is there objection?

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, if I understood the gentleman's request, he desired time in which to reply to a statement made by his colleague from Massachusetts [Mr. TREADWAY] with reference to Mr. Norman H. Davis.

Mr. TINKHAM. That is true.

Mr. BANKHEAD. Mr. Speaker, at the present time Mr. Davis is diplomatic representative of the Government of the United States, conducting very delicate and responsible duties abroad for the Government of the United States. It seems to me it is very untimely action, under those circumstances, to attack the position and probably the character and reputation of our present ambassador abroad, and I imagine that is what the gentleman expects to do. If that is the gentleman's purpose, I shall have to object.

Mr. FISH. Will the gentleman yield?

Mr. BANKHEAD. Yes; I yield.

Mr. FISH. I do not know what my colleague from Massachusetts [Mr. TINKHAM] is going to say, but the gentleman has been for 20 years a Member of this House of Representatives. The gentleman holds a responsible position in his party and upon the Committee on Foreign Affairs. Certainly, the gentleman from Alabama, one of the most distinguished Members of this House, does not want to refuse opportunity to another Member of long and distinguished service to say whatever he desires on his own responsibility on the floor of the House, because if the gentleman objects he would be objecting and cutting off a Member from expressing his own views on this floor, and this is the proper place, if they are to be said to the country, and not in the press.

Mr. BANKHEAD. The gentleman's remarks will probably be predicated upon recent disclosures with reference to the Senate investigation.

Mr. SNELL. Will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. O'BRIEN. Mr. Speaker, I object.

Mr. SNELL. Will the gentleman withhold that for just a moment? I have been very generous here, and I, individually, have never objected to any man's making his own statement on the floor of the House. I do not know what the gentleman from Massachusetts [Mr. TINKHAM] is about to say. As the gentleman from New York [Mr. FISH] says, he

has been here a great many years—

Mr. O'BRIEN. Mr. Speaker, I still object.

The SPEAKER. Objection is heard.

Mr. BANKHEAD. Mr. Speaker, I was reserving the right to object.

Mr. SNELL. If that is going to be the attitude on the other side—

Mr. BANKHEAD. I merely reserved the right to object.

Mr. SNELL. But there are a half dozen objections being raised.

The SPEAKER. Objection is heard.

Mr. SNELL. Two can play at that same game.

MODIFICATION OF POSTAGE RATES AND EXTENSION OF GASOLINE TAX

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House may have until midnight tonight to file a report on the bill (H.R. 5040) to extend the gasoline tax and modify postage rates, and so forth.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

Mr. SNELL. We ought to object, but we will not.

Mr. TINKHAM. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

EXTENSION OF REMARKS

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and to include therein a Memorial Day address delivered by my colleague, Mr. COLMER, at Charleston, W.Va.

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

Mr. TINKHAM. Mr. Speaker, I object.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ADAMS, for the balance of the week, on account of important business.

To Mr. BOLAND (at the request of Mr. DELANEY), on account of illness.

To Mr. GAVAGAN (at the request of Mr. KENNEDY), on account of illness in family.

To Mr. LANZETTA, indefinitely, on account of illness.

To Mr. MANSFIELD, for today, on account of illness.

To Mr. BRUNNER, for today, on account of important business.

To Mr. RICHARDSON (at the request of Mr. GREENWOOD), for 3 days on account of urgent personal affairs.

To Mr. SNYDER, for 2 days, on account of important business.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1580. An act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended; to the Committee on Interstate and Foreign Commerce.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 4494. An act authorizing a per capita payment of \$100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 4494. An act authorizing a per capita payment of \$100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 3 o'clock and 35 minutes p.m.), the House adjourned until tomorrow, Thursday, June 1, 1933, at 12 o'clock noon.

COMMITTEE HEARING

The Committee on Ways and Means will hold hearings Thursday, June 1, at 10 a.m., in the Ways and Means Committee room on the control of oil industry bill.

EXECUTIVE COMMUNICATIONS, ETC.

83. Under clause 2 of rule XXIV a letter from the Comptroller General, transmitting a report and recommendation to the Congress concerning the claim of the Rio Grande Southern Railroad Co. against the United States, was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ENGLEBRIGHT: Committee on the Public Lands. H.R. 3659. A bill to extend the mining laws of the United States to the Death Valley National Monument in California; with amendment (Rept. No. 176). Referred to the Committee of the Whole House on the state of the Union.

Mr. WOLFENDEN: Committee on Interstate and Foreign Commerce. H.R. 4872. A bill authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.; without amendment (Rept. No. 177). Referred to the House Calendar.

Mr. SADOWSKI: Committee on Interstate and Foreign Commerce. H.R. 5495. A bill to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.," approved June 25, 1930; with amendment (Rept. No. 178). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H.R. 5589. A bill granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.; without amendment (Rept. No. 179). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H.R. 5659. A bill authorizing Charles N. Dohs, R. R. Hunt, their heirs, legal representatives, and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River between the States of Iowa and Illinois at or near the junction of the Iowa and Mississippi Rivers; with amendment (Rept. No. 180). Referred to the House Calendar.

Mr. CORNING: Committee on Interstate and Foreign Commerce. H.R. 5793. A bill to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.," approved March 2, 1929; without amendment (Rept. No. 181). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H.R. 5830. A bill to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.; without amendment (Rept. No. 182). Referred to the House Calendar.

Mr. COLE: Committee on Interstate and Foreign Commerce. S. 1562. An act granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct a bridge across the Deep Creek at Cherry Tree Landing, Sussex County, Del.; with amendment (Rept. No. 183). Referred to the House Calendar.

Mr. POU: Committee on Rules. House Resolution 165. Resolution providing for the consideration of H.R. 5239, a bill to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; with amendment (Rept. No. 184). Referred to the House Calendar.

Mr. POU: Committee on Rules. House Resolution 157. Resolution providing for the consideration of H.R. 4559; with amendment (Rept. No. 185). Referred to the House Calendar.

Mr. BANKHEAD: Committee on Rules. House Resolution 168. Resolution providing for the consideration of 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.; without amendment (Rept. No. 186). Referred to the House Calendar.

Mr. COX: Committee on Rules. House Resolution 146. Resolution to investigate the Civil Service Commission, the heads of all the departments, commissions, and independent offices, to determine whether the third paragraph of section 2 of the act of January 16, 1883, has been violated; with amendment (Rept. No. 187). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WARREN: Committee on Accounts. House Resolution 139. Resolution for the payment to Fannie E. Wright of an amount equal to 6 months' compensation of the late J. W. Wright (Rept. No. 175). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ENGLEBRIGHT: A bill (H.R. 5846) to authorize an appropriation for the benefit of the Indians of California to be reimbursed from any award made to such Indians under the act of May 18, 1928, as amended, and for other purposes; to the Committee on Indian Affairs.

By Mr. MOTT: A bill (H.R. 5847) authorizing the removal of rock from the submarine and destroyer base reservation at Astoria (Tongue Point), Oreg.; to the Committee on Naval Affairs.

By Mr. FISH: A bill (H.R. 5848) to amend title I of an act entitled "An act to maintain the credit of the United States Government", as amended; to the Committee on Expenditures in the Executive Departments.

By Mr. MAY: A bill (H.R. 5849) to authorize the Government to buy suitable idle productive lands, divide the same into small tracts, establish homes thereon for those without living income, and to aid in financing home owners in establishing themselves thereon, and for other purposes; to the Committee on Agriculture.

By Mr. LESINSKI: A bill (H.R. 5850) to authorize the Reconstruction Finance Corporation to make loans to public-school districts and aid in the maintenance of public schools, and for other purposes; to the Committee on Banking and Currency.

By Mr. MILLER: A bill (H.R. 5851) to amend and repeal parts of Public Law No. 2, Seventy-third Congress, being an act entitled "An act to maintain the credit of the United States Government", and to repeal certain Executive orders and regulations issued by the President under said act; to the Committee on Expenditures.

By Mr. SCRUGHAM: A bill (H.R. 5852) authorizing the Reconstruction Finance Corporation to make loans to irrigation districts for certain purposes; to the Committee on Banking and Currency.

By Mr. LUCE: A bill (H.R. 5853) to enable the United States to enter the International Copyright Union; to the Committee on Patents.

By Mr. McGRATH: A bill (H.R. 5854) to provide for the selection of certain islands, rocks, and pinnacles situated in

the Pacific Ocean, south of the mouth of Carmel River, State of California, for the use of the California State park system; to the Committee on the Public Lands.

By Mr. **BAKEWELL**: Resolution (H.Res. 167) expressing the belief that the delegates to the international economic conference should strive to secure an international agreement for the coinage of gold and silver at a definite fixed ratio; to the Committee on Foreign Affairs.

By Mr. **BANKHEAD**: Resolution (H.Res. 168) providing for the consideration of 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.; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the **SPEAKER**: Memorial of the State of Illinois, memorializing Congress to include in the independent offices appropriation bill such measures and appropriations as will permit the continuation of contracts to the State of Illinois relating to facilities available to mentally disabled veterans; to the Committee on Appropriations.

Also, memorial of the State of California, memorializing Congress to enact legislation prohibiting the importation of crude petroleum and crude petroleum by-products; to the Committee on Ways and Means.

Also, memorial of the State of Illinois, memorializing the Congress of the United States to disapprove and refuse to ratify the proposed treaty relating to the St. Lawrence waterway, that a fair and just agreement may be negotiated between the United States and Canada; to the Committee on Foreign Affairs.

Also, memorial from the Governor of California, memorializing Congress to adopt as part of its emergency unemployment-relief program an adequate bond issue, the proceeds of which shall be expended in furnishing employment to the unemployed; to the Committee on Ways and Means.

Also, memorial to the Congress to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation, and providing for the appointment of a committee to further this project; to the Committee on Rivers and Harbors.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. **ENGLEBRIGHT**: A bill (H.R. 5855) for the relief of Charles G. Johnson, State treasurer of the State of California; to the Committee on Claims.

By Mr. **HOIDALE**: A bill (H.R. 5856) to authorize the transfer of certain real estate by the Secretary of the Treasury to C. F. Colvin in settlement of the Northfield (Minn.) post-office-site litigation, and for other purposes; to the Committee on Claims.

By Mr. **McSWAIN**: A bill (H.R. 5857) for the relief of Mrs. William G. Serrine; to the Committee on Claims.

By Mr. **REECE**: A bill (H.R. 5858) for the relief of Charles C. Williams; to the Committee on Military Affairs.

By Mr. **SIMPSON**: A bill (H.R. 5859) for the relief of Matt Kerpan; to the Committee on Claims.

By Mr. **STOKES**: A bill (H.R. 5860) for the relief of Mary Ellen Tiefenthaler; to the Committee on War Claims.

By Mr. **WEST** of Ohio: A bill (H.R. 5861) for the relief of Tracey O'Brien Potter; to the Committee on Naval Affairs.

PETITIONS, ETC.

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

1239. By Mr. **BOYLAN**: Resolution adopted at the World Trade League 2-way trade dinner, May 17, 1933, New York City, N.Y., that the Congress of the United States invest the President with full authority to negotiate and

conclude reciprocal tariff arrangements, etc.; to the committee on Foreign Affairs.

1240. Also, resolution adopted by the Charles E. Wescott Post, No. 173, American Legion, Bath, N.Y., protesting against Senate bill 583; to the Committee on the Civil Service.

1241. By Mr. **COLDEN**: Resolution of the City Council of Los Angeles, Calif., with reference to welfare relief; to the Committee on Ways and Means.

1242. By Mr. **CULLEN**: Petition of the American Manufacturers Export Association, urging Congress to invest the President of the United States with 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.

1243. Also, petition of the World Trade League 2-way trade dinner, Hotel Roosevelt, New York, N.Y., on May 17, 1933, urging Congress to invest the President with 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.

1244. By Mr. **DONDERO**: Petition of the Frank Wendtland Post, No. 253, American Legion, Department of Michigan, Royal Oak, Mich., protesting against the discontinuing of the manufacture by our Government of flour for distribution to the needs of Oakland County, Mich., through the American Red Cross Society; to the Committee on Agriculture.

1245. By Mr. **FORD**: Petition of Board of Supervisors of Los Angeles, regarding proposed Federal legislation for unemployment relief, and resolution recommending community land chest bill to Federal administration for consideration; to the Committee on Ways and Means.

1246. By Mr. **MEAD**: Petition of the Order of Railroad Telegraphers, regarding the emergency railroad bill; to the Committee on Interstate and Foreign Commerce.

1247. By Mr. **YOUNG**: Petition of the Temple on the Heights, Cleveland, Ohio, Erwin Hecht, executive secretary; to the Committee on Foreign Affairs.

1248. Also, petition of the Kneseth Israel Congregation, J. Milder, president, and M. B. Friedman, secretary; to the Committee on Foreign Affairs.

SENATE

THURSDAY, JUNE 1, 1933

(Legislative day of Monday, May 29, 1933)

The Senate met in executive session at 11 o'clock a.m., on the expiration of the recess.

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

The **VICE PRESIDENT**. The clerk will call the roll.

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

Austin	Coolidge	La Follette	Robinson, Ark.
Bachman	Cutting	McAdoo	Sheppard
Barkley	Hale	McGill	Thomas, Utah
Borah	Hastings	Neely	Thompson
Bratton	Johnson	Patterson	Vandenberg
Brown	Kendrick	Pope	

The **VICE PRESIDENT**. Twenty-three Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. **DILL**, Mr. **FRAZIER**, Mr. **LOGAN**, Mr. **NORRIS**, Mr. **OVERTON**, Mr. **TRAMMELL**, and Mr. **WHEELER** answered to their names when called.

Mr. **PESS**, Mr. **CAREY**, Mr. **NYE**, Mr. **DALE**, Mr. **KING**, Mr. **COUZENS**, Mr. **COPELAND**, Mr. **ADAMS**, Mrs. **CARAWAY**, Mr. **McKELLAR**, Mr. **VAN NUYS**, Mr. **ERICKSON**, Mr. **HAYDEN**, and Mr. **WHITE** entered the Chamber and answered to their names.

The **VICE PRESIDENT**. Forty-four Senators have answered to their names. There is not a quorum present.