president, Luella B. Leacock, chairman of the resolutions committee, actuated by the knowledge of the destructiveness of the principles underlying the Russian Soviet Government, call upon Congress to voice its stern objection to the diplomatic recognition of Soviet Russia by our Government; to the Committee on Foreign Affairs.

1362. By Mr. DE PRIEST: Petition on behalf of the Chicago branch, National Association for the Advancement of Colored People, by A. C. MacNeal, president, as to the constitutional rights of certain citizens; to the Committee on the Judiciary.

1363. By Mr. FITZPATRICK: Petition of the Congregation Linas Hazedik, located at Ward and Watson Avenues, Bronx, New York City, relative to the inhuman treatment of the Jewish citizens by the German Government; to the Committee on Foreign Affairs.

1364. By Mr. GOSS: Petition of James F. Martone, Bladis Waitkus, Nicholas Muccino, and other citizens of the city of Waterbury, Conn., urging the restoration to all service-connected disabled veterans their former benefits, privileges, schedules, ratings, etc.; to the Committee on Appropriations.

1365. By Mr. HOEPPEL: Petition of certain citizens of the United States, residents and voters of the State of California, protesting certain phases of the so-called "Economy Act regulations", particularly insofar as they pertain to the legitimately service-connected disabled veteran, and petitioning Congress to take such action as is necessary to revise the regulations and/or the Economy Act itself so that there shall be restored to all veterans who were actually disabled in the military or naval service the former rights, benefits, privileges, ratings, schedules, compensation, presumptions, and pensions heretofore enjoyed by them and existent prior to the enactment of said Economy Act; to the Committee on Appropriations.

1366. By Mr. KRAMER: Petition of R. F. Beckwith and other citizens of the United States and the State of California, protesting against certain phases of the so-called "Economy Act regulations", particularly insofar as they pertain to the legitimately service-connected disabled veteran, etc.; to the Committee on Expenditures in the Executive Departments.

1367. By Mr. MERRITT: Petition of Banner Council, No. 54, Sons and Daughters of Liberty, of South Norwalk, Conn., urging the passage of House bill 4114 to further restrict immigration into the United States; to the Committee on Immigration and Naturalization.

1368. Also, petition of Star Council, No. 42, Sons and Daughters of Liberty, of Greenwich, Conn., urging the passage of House bill 4114 to further restrict immigration into the United States; to the Committee on Immigration and Naturalization.

1369. By Mr. PARKER of Georgia: Resolution adopted at a mass meeting of the Jews of Savannah, Ga., on June 5, 1933, preliminary to a campaign for raising funds for the immediate relief of Jews in Germany; to the Committee on Foreign Affairs.

1370. By Mr. SUTPHIN: Petition of Monmouth County Board of Chosen Freeholders, New Jersey, urging Federal beach protection; to the Committee on the Public Lands.

1371. By Mr. TRAEGER: Petition of 260 residents of California, to restore to all service-connected disabled veterans their former benefits, privileges, schedules, rating, etc.; to the Committee on Pensions.

1372. By the SPEAKER: Petition of the Chamber of Commerce of Eau Claire, Wis., urging Congress to adopt House Joint Resolution 137; to the Committee on Rules.

1373. By Mr. COLLINS of California: Petition of citizens of the State of California, requesting Congress to restore to all service-connected disabled veterans their former benefits, ratings, etc.; to the Committee on Expenditures in the Executive Departments.

1374. Also, petition of citizens of the State of California, requesting Congress to restore to all service-connected disabled veterans their former benefits, ratings, etc.; to the Committee on Expenditures in the Executive Departments.

SENATE

MONDAY, JUNE 12, 1933

(Legislative day of Tuesday, June 6, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of June 9 and June 10 was dispensed with, and the Journal was approved.

SPECIAL COMMITTEE ON INVESTIGATION OF CAMPAIGN EXPENDITURES

The VICE PRESIDENT. The Chair announces the appointment of the Senator from Utah [Mr. THOMAS] as a member of the Special Committee on Investigation of Campaign Expenditures to fill the vacancy caused by the resignation of the Senator from New Mexico [Mr. BRATTON].

RATIFICATION BY WYOMING OF THE REPEAL OF EIGHTEENTH AMENDMENT

The VICE PRESIDENT laid before the Senate the proceedings and minutes of the Constitutional Convention for the State of Wyoming, held at Casper, Wyo., on May 25, 1933, which were ordered to lie on the table and to be printed in the RECORD, as follows:

THE STATE OF WYOMING,
OFFICE OF THE SECRETARY OF STATE.

UNITED STATES OF AMERICA,
State of Wyoming, ss:

I, A. M. Clark, secretary of state of the State of Wyoming, do hereby certify that the annexed is a full, true, and correct copy of the minutes of the constitutional convention held at Casper, Wyo., on May 25, 1933.

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

Done at Cheyenne, the capital, this 6th day of June A.D. 1933.

[SEAL] A. M. CLARK, *Secretary of State.*
By C. J. ROGERS, *Deputy.*

PROCEEDINGS AND MINUTES OF THE CONSTITUTIONAL CONVENTION FOR THE STATE OF WYOMING, HELD AT CASPER, WYO., MAY 25, 1933

Pursuant to the statutes of the State of Wyoming providing for the calling of State conventions, prescribing the method and manner in which such conventions shall be called and held in the State of Wyoming to consider and vote on the question of repealing, amending, or altering the Constitution of the United States of America; providing for the payment of the expenses thereof, prescribing the duties of the Governor, the secretary of state, the chairman or other member of the board of county commissioners and the officers of the several counties; and appropriating money to defray the expenses incurred thereby; and a public proclamation by Hon. Leslie A. Miller, Governor of the State of Wyoming, which proclamation reads as follows:

PUBLIC PROCLAMATION

Under and by virtue of the power vested in me by reason of the laws of the State of Wyoming, I, Leslie A. Miller, Governor of the State of Wyoming, do hereby order and proclaim that on the 25th day of May A.D. 1933, at 10 o'clock a.m., at the city hall in the city of Casper, in the State of Wyoming, there shall be held a State convention to which State convention there shall be submitted the following joint resolution proposing an amendment to the Constitution of the United States, for such action as may be had thereon.

"[Seventy-Second Congress of the United States of America; at the second session, begun and held at the city of Washington on Manday, the 5th day of December 1932]

"Joint resolution proposing an amendment to the Constitution of the United States

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein)*, That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three fourths of the several States:

"'ARTICLE —

"'SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"'SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"'SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions

in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress.'

"JNO. N. GARNER,
"*Speaker of the House of Representatives.*
"CHARLES CURTIS,
"*Vice President of the United States and President of the Senate.*"

The number of delegates (who shall be qualified electors) of which said convention shall consist, and the method and manner by and in which delegates to such State convention shall be elected, shall be in all respects in conformity with the provisions of Enrolled Act No. 53, Senate, Twenty-second Legislature of the State of Wyoming, and as herein ordered.

It is further ordered and proclaimed that on the 15th day of May A.D. 1933, at 10 o'clock a.m., in each of the election precincts in each of the counties of this State there shall be held a meeting of the qualified electors of such precinct, at which meeting there shall be held a precinct election at which election there shall be elected 1 delegate from each of such precincts and 1 additional delegate for each 600, or major portion thereof, of the inhabitants of such precinct to a convention of such delegates to be held at the county seat of such county. Such precinct meetings shall be held at the established polling place in each of the election precincts as the same are now or as may be hereafter constituted and shall be presided over by any qualified elector of such precinct. The presiding officer of each of such precinct meetings shall forthwith certify to the county convention, under oath, the names of the delegates to such county convention chosen by such precinct meetings.

It is further ordered and proclaimed that on the 18th day of May A.D. 1933, at 10 o'clock a.m., there shall be held a county convention in each of the counties of this State, and the delegates thereto shall assemble and elect 1 delegate for each county and 1 delegate for each 5,000, or major fraction thereof, of the inhabitants of such county as delegates to the State convention hereinbefore mentioned. The meeting place shall be in the court room of the courthouse, if there be one in such county; and if not, in the court room in said county whereat the business of the district court is usually transacted. It shall be the duty of the chairman of the board of county commssioners, or some other member of such board in each county, to convene such county convention and to preside over the same until the delegates chosen thereto shall select a chairman of such convention, and the delegates shall thereafter select a secretary of such convention. It shall be the duty of the chairman and secretary of such county convention to certify to the secretary of state of the State of Wyoming and to said State convention hereby called under oath the names of the delegates to such State convention chosen by such county convention.

The rules of practice, procedure, and conduct of the business of the several county conventions shall be those prescribed by Roberts' Rules of Parliamentary Procedure and Order.

The vote on the selection of delegates to either of the conventions herein mentioned shall be by written or printed ballot.

In the apportionment of representation in the several conventions herein mentioned the last census enumeration taken and made by the United States Government shall be the basis upon which the right to representation in such conventions shall be determined.

The secretary of state of the State of Wyoming shall convene such State convention at the time and place herein designated and shall preside over the same until the delegates chosen thereto shall select a chairman of such State convention, and the delegates shall thereafter select a secretary of such State convention. It shall be the duty of the officers of such State convention to certify to the secretary of state of the State of Wyoming under oath the result of the vote cast at such State convention upon the question hereby submitted to such State convention.

In witness whereof I, Leslie A. Miller, Governor of the State of Wyoming, have hereunto set my hand and caused the great seal of the State of Wyoming to be affixed.

Done at the capitol, in the city of Cheyenne, this 14th day of March A.D. 1933, and in the year of the independence of the United States the one hundred and fifty-seventh.

LESLIE A. MILLER, *Governor.*

By the Governor:
[SEAL]
A. M. CLARK,
Secretary of State.

The State convention provided for by said proclamation was convened by Hon. A. M. Clark, secretary of state of and for the State of Wyoming, on the 25th day of May A. D. 1933, at 10 o'clock a.m. at the city hall in the city of Casper, Natrona County, Wyo., as follows:

Secretary of State CLARK. I notice that we are short the official certificates for four counties, and I am going to call those four counties' names, and if the chairman of your delegation has your certificate will he please bring it to the desk, so that we can complete our list of official delegates. Campbell County, Converse County, Lincoln County, and Weston County.

At this time the delegates from the four counties mentioned presented to Mr. Clark their credentials.

Secretary of State CLARK. Members of this convention, we now have the credentials, seemingly, from all counties and the certificates necessary to entitle the delegates to sit at this convention. I have appointed Mr. J. R. French as temporary secretary of this convention, and I am inclined to do my little part as quickly as possible and in as short a manner as possible. If I remember correctly, in the list of delegates to this convention there is one lady. [Applause.] I don't know how many drys there are, because, you know, it looks as though we drys are all wet. I am going to dispense with the reading of the proclamation of the Governor, as copies have been distributed among you, as have also copies of the law providing for this convention, and a little later we will try to furnish each one of you with one of our official directories, which will give your names, as well as those of other State officers.

Before we go further I will ask the temporary secretary, who is taking a report of the convention, to call the roll of delegates and alternates.

The secretary then proceeded with the roll call of the delegates by counties, as follows:

There were present and answering to roll call at said convention the following-named delegates (or alternates) from the following-named counties, for whom certificates had been filed showing that they were entitled to vote at said convention, to wit:

Albany County: N. A. Swenson, alternate for T. L. Johnson; J. R. Sullivan; Oscar Hammond.

Big Horn County: J. P. Wheeler, alternate for T. K. Bishop; J. R. French, alternate for H. B. Richardson.

Campbell County: Guy Garrett, W. D. McGrew.

Carbon County: Victor H. Scepansky, alternate for H. J. Cashman; Gus Larson; C. D. Williamson.

Converse County: Waldo Bolen, Joe Garst.

Crook County: Charles Louis, alternate for James T. McGuckin; G. W. Earle, alternate for Jay Durfee.

Fremont County: Mrs. Sam Payne, Walter Oswald, R. S. Price. (Also alternates Charles Moore and A. O. Heyer.)

Goshen County: L. G. Flannery, J. M. Roushar, Erle H. Reid. (Also alternate William Bosse.)

Hot Springs County: Henry Cottle, John McCullum.

Johnson County: Frank O. Horton, Jean Van Dyke. (Also alternates Berton Hill and Richie Young.)

Laramie County: A. D. Homan, Fred W. Roedel, Wilfrid O'Leary, Abe Goldstein, Perry Williams, Fred Hofmann. (Also alternates W. Q. Phelan and T. Joe Cahill.)

Lincoln County: Dr. C. D. Stafford, Glen E. Sorensen, Oluf Jefson.

Natrona County: Robert N. Ogden; J. E. Jones, alternate for John Nance; T. F. Speckbacker; T. C. Spears; E. J. Sullivan; J. F. Cowan. (Also alternate L. B. Townsend.)

Niobrara County: Albert P. Bruch, C. W. Erwin.

Park County: Alex Linton, B. C. Rumsey, M. L. Simpson. (Also alternate Eugene Phelps.)

Platte County: Hans Christiansen, B. L. Dixon.

Sheridan County: Malcolm Moncreiffe, Peter Kooi, R. A. Keenan, Roy Bedford.

Sublette County: Albert Larsen. (Also E. D. Key, his alternate.)

Sweetwater County: William Evers, Dr. R. H. Sanders, Glen A. Knox, P. C. Bunning, Joe Bertagnolli.

Teton County: R. C. Lundy, Sr., O. A. Pendergraft.

Uinta County: Matthew Morrow, S. S. Kastor, J. H. Holland.

Washakie County: Dr. W. O. Gray, R. C. Shultz. (Also L. L. Dorman, alternate.)

Weston County: A. L. Leslie, alternate for E. C. Raymond; M. M. Falk. (Also A. S. Boatsman, alternate.)

Secretary of State CLARK. If there are any reporters in the room who want room at the table there is plenty of room up here, and you are welcome to use it. What is the next pleasure of this convention.

Senator FRANK O. HORTON. Mr. Chairman, I presume the next order of business is the selection of a permanent chairman, but before going into that I should like the privilege of the floor. There undoubtedly are a great many men here entitled to that honor, irrespective of their party affiliations. Perhaps it would be well if we could select a Democrat, because they have been honest in their stand, and due largely to that stand are they in power in this State today, and I am not talking politics, I am just giving credit where credit belongs. Mr. Chairman, there is some one person who is entitled to be chairman of this convention because his work and labor has been more outstanding than that of anyone else. It is almost impossible at an open convention of this kind to find that one man, therefore I have this suggestion to make, that the temporary chairman appoint as a nominating committee the chairman of each of the county delegations, let this committee of one delegate from each county retire and thresh the entire field and find that one man and come back here and tell us about it. This would, of course, not preclude other nominations. I give you that in the form of a motion.

Secretary of State CLARK. Do I hear a second?

(Motion seconded from the floor.)

Secretary of State CLARK. It has been moved and seconded that the Chair appoint the chairman of each county delegation as a committee to retire for a short time and submit the name of some person for chairman of this convention. Are there any more remarks? All in favor of the motion say "Aye", contrary minded "No." The motion has prevailed. The committee on nominations will retire, for I hereby appoint the chairman of each county delegation as a nominating committee, and I believe they will select a good man.

(From the floor:) Mr. Chairman, while the committee are out, may we not have a short recess?

Secretary of State CLARK. I had that in mind; if no objection, we will stand in recess subject to the call of the Chair.

(During this recess Governor Miller was brought in and introduced to the convention, and made a very fine talk regarding the matter for which this convention was called.)

Secretary of State CLARK. Is the committee on nomination ready to report?

Senator HORTON. Your committee is ready to report. I should like to say that there were 106 men whose names were considered, and every one of them was outstanding, and we thought each one should be the choice for permanent chairman of this convention; but we had to narrow it down, and we have decided upon a man who has ability to preside and whose work has been outstanding over all the rest. I have the pleasure of presenting to you the name of Mr. Erle H. Reid for permanent chairman, and move the adoption of the report.

(The motion was seconded from the floor.)

Secretary of State CLARK. You have heard the report and motion and its second. Are there any remarks? All in favor of the motion say "Aye", contrary minded "No." The motion has carried unanimously, and it is so ordered.

(From the floor:) Mr. Secretary, I move the temporary secretary be instructed to cast the unanimous vote of this convention for Mr. Reid for permanent chairman of this convention.

(Motion seconded from the floor.)

Secretary of State CLARK. It has been regularly moved and seconded that the secretary be instructed to cast the unanimous vote of this convention for Mr. Erle H. Reid as chairman of this convention. Are there any remarks. [Question called for.] All in favor of the motion as stated say "Aye", contrary "No." The motion has carried. Mr. Secretary, cast the vote of this convention for Mr. Reid as chairman.

Temporary Secretary FRENCH. I hereby cast the unanimous vote of this convention for Mr. Erle H. Reid for permanent chairman of this convention.

Secretary of State CLARK. I declare Mr. Erle H. Reid elected. Mr. Reid will you come forward? Members of this convention, I wish to introduce to you your permanent chairman of this convention, Mr. Erle H. Reid, of Torrington. Mr. Reid, you will now take the chair. [Applause.]

Chairman REID. Thank you, Governor. Madame delegate and gentlemen, you have done me a great honor this morning, and I want to assure you I appreciate it very much. I am here, interested as you are, in the accomplishment of a great thing for the State of Wyoming and this United States of ours, a movement toward better government in our State and country, and I speak your cooperation to that end; and I hope the work of this convention will be speedily taken care of so we may return home. I presume the next work of this convention is the selection of a credentials committee. May I suggest, that while I am acquainted with a great many here, there are also a number here whom I have not met, and it might expedite business if you give your name and county when addressing the Chair.

Mr. VAN DYKE, of Buffalo. Mr. Chairman, I move you, the Chair, appoint a credentials committee of three.

Mr. MORROW, of Uinta County. I second the motion.

Mr. HORTON, of Johnson County. I suggest the gentleman from Buffalo withhold that motion for a moment, as I wonder if the next order of business would not be the selection of a permanent secretary.

Chairman REID. I think that is right.

Mr. ROUSHAR, of Goshen County. I move you, Mr. Chairman, that the temporary secretary be made the permanent secretary of this convention.

(Motion seconded from the floor.)

Mr. GARST, of Converse County. Mr. Chairman, does the secretary have to be from the delegates?

Chairman REID. I think that the secretary need not be; however, the present secretary is one of the delegates. Are there any remarks? So many as are in favor of the temporary secretary for the office of permanent secretary will please rise. The motion is carried unanimously. Mr. French, you are elected permanent secretary of this meeting. We will now return to the other order of business, and I will take up the motion as made by Mr. Van Dyke and seconded by Mr. Morrow, for the appointment of a credentials committee. Are there any remarks? All in favor of the motion as stated signify by saying "aye", contrary "no." The motion is carried, and I will appoint on that committee Mr. Ogden, of Natrona; Mr. Glen Knox, of Sweetwater; and Mr. Wilfrid O'Leary, of Laramie County.

Secretary of State CLARK. Mr. Chairman, I should like to meet with that committee at once. I have the credentials sent in for the delegates and believe I can assist them materially.

Mr. HORTON, of Johnson County. Mr. Chairman, I move you we stand in recess, while this committee is out, and subject to the call of the Chair.

(Motion seconded from the floor.)

Chairman REID. You have heard the motion and its second; are there any remarks? All in favor of the motion as stated signify by saying "Aye", contrary "No." The motion is carried; the convention will stand in recess subject to the call of the Chair.

(At this time a recess of 15 minutes was taken.)

Chairman REID. The convention will be in order; is the credentials committee ready to report?

Mr. OGDEN, of Casper. Yes, Mr. Chairman. Your committee finds that the respective delegates and alternates answering the roll call are all properly accredited. In Uinta County three delegates were elected, and the honorable secretary of state informs us two is all they were entitled to; we therefore find that the delegates from Uinta County are entitled to only two-thirds vote each in this convention. We find that the following delegates are entitled to seats and to vote in this convention:

Albany County: N. A. Swenson, J. R. Sullivan, and Oscar Hammond.

Big Horn County: J. P. Wheeler and J. R. French.

Campbell County: Guy Garrett and W. D. McGrew.

Carbon County: Victor H. Scepansky, Gus Larson, and C. D. Williamson.

Converse County: Waldo Bolln and Joe Garst.

Crook County: Charles Louis and G. W. Earle.

Fremont County: Mrs. Sam Payne, Walter Oswald, and R. S. Price.

Goshen County: J. G. Flannery, J. M. Roushar, and Erle H. Reid.

Hot Springs County: Henry Cottle and John McCullum.

Johnson County: Frank O. Horton and Jean Van Dyke.

Laramie County: A. D. Homan, Fred W. Roedel, Wilfrid O'Leary, Abe Goldstein, Perry Williams, and Fred Hofmann.

Lincoln County: Dr. C. D. Stafford, Glen E. Sorensen, and Oluf Jefsen.

Natron County: Robert N. Ogden, J. E. Jones, T. F. Speckbacker, T. C. Spears, E. J. Sullivan, and J. F. Cowan.

Niobrara County: Albert P. Bruch and C. W. Erwin.

Park County: Alex Linton, B. C. Rumsey, M. L. Simpson.

Platte County: Hans Christiansen and B. L. Dixon.

Sheridan County: Malcolm Moncreiffe, Peter Kooi, R. A. Keenan, and Roy Bedford.

Sublette County: Albert Larsen.

Sweetwater County: William Evers, Dr. R. H. Sanders, Glen A. Knox, P. C. Bunning, and Joe Bertagnolli.

Teton County: R. C. Lundy, Sr., and O. A. Pendergraft.

Uinta County: Matthew Morrow, S. S. Kastor, and J. H. Holland.

Washakie County: Dr. W. O. Gray and R. C. Shultz.

Weston County: A. F. Leslie and M. M. Falk.

I move you the adoption of the report, Mr. Chairman, and that the committee be discharged.

Mr. KNOX, of Sweetwater County. I second the motion.

Chairman REID. You have heard the motion and second that the report of the credentials committee be accepted and the committee be discharged; are there any remarks? All in favor of the motion signify by saying "Aye", contrary "No." the motion has prevailed; the report of the credentials committee is accepted and the committee discharged with the thanks of the Chair.

I think at this time the Chair will entertain a motion to dispense with reading the proclamation of the Governor calling this convention. You all have copies of the proclamation, and a copy will be spread in the minutes by the secretary, and I see no purpose that will be served by reading it at this time.

Mr. GARST, Converse County. Mr. Chairman, I move you we dispense with reading the proclamation of the Governor.

Mr. HOFMANN, Laramie County. I second the motion.

Chairman REID. You have heard the motion and the second. Are there any remarks? If not, all in favor of the motion signify by saying "aye", opposed "no"; the motion is carried. We are met here this morning as a result of three distinct actions that have been taken; in the first place, the Congress of the United States has submitted to the several States, for ratification or rejection, a proposed amendment to the Constitution of the United States; second, the legislature of this State has passed a law providing for this convention, or similar convention which may be called in the future; and, third the Governor of this State has called this convention, who are now assembled, by proclamation. You have passed on the names of those who will constitute your convention. I take it there is but one thing before this convention at this time, and that is, Shall this convention ratify or reject the proposed amendment to the Constitution? I will ask at this time that the secretary read the joint resolution of the Seventy-second Congress of the United States submitting this amendment.

Whereupon the secretary read the amendment, as follows:

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

Chairman REID. The question before us is, Shall the proposed twenty-first amendment be ratified or rejected? The secretary will call the roll by counties.

Mr. SIMPSON, of Park County. Mr. Chairman, before that roll call is taken, may I say I am a bit fearful of the outcome of this vote, and I understand from other sources, as well as from the Governor, that there is some money left in the fund created to cover the expenses of this convention. Inasmuch as Natrona County and the city of Casper don't seem to be going to take care of us, I suggest we spend this money for a few bottles of beer for the delegates to this convention.

Chairman REID. The motion is carried. The secretary will call the roll and the chairman will respond for his county, giving the number of votes and whether for or against the adoption of the proposed amendment.

(From the floor:) In order that the question might be perfectly clear, should it be specified how the vote should be given; that is, for the adoption of the twenty-first amendment?

Chairman REID. I take it the vote should be, for instance, three votes for ratification or three votes against ratification; however, knowing the sentiment of the convention, I take it there will be none against ratification.

Mr. GARST, of Converse County. Mr. Chairman, I don't like to do too much talking, but there is a question in my mind whether there should not be a motion on the minutes of this meeting so we can vote whether to ratify or not ratify. I think that is a matter of procedure.

Mr. FLANNERY, Goshen County. Mr. Chairman, we are here to bury Caesar, and the quicker the better, I move you this convention ratify this proposed twenty-first amendment to the Constitution of the United States.

Motion seconded from the floor.

Mr. EARLE, Crook County. Are we to vote individually or by acclamation?

Chairman REID. I think we should have a roll call and vote by counties.

Mr. SULLIVAN, Natrona County. I admit we are here to bury Caesar, but when he is buried let him be wholly interred. The danger in this convention is in not having a minority, we might do things in an irregular way, the quest is known over the State as: "Will we repeal the eighteenth amendment", but the question here is will the State of Wyoming ratify the action of the Congress of the United States in submitting the twenty-first amendment to the Constitution of the United States, and if there is no objection I would like to present that language in place of that in the motion.

Mr. GARST, of Converse County. My motion was to ratify the resolution as read by the secretary, I think that would be proper.

Mr. SULLIVAN, Natrona County. I withdraw my suggestion.

Secretary of state, Mr. CLARK. Mr. Chairman, I am in a rather peculiar situation here, while I must work with the convention yet I am not a delegate, so if you will pardon this intrusion, while it is the office of the officers of this convention to make such report as they see fit to the secretary of state, we need to keep in mind that the secretary of state is required to report to the United States. In the suggested outline which I presented your secretary for his minutes, it has been our purpose to see that every vote be recorded individually and by counties, however there is no necessity for this convention following that order. If there should be a question raised, as there might be for 13 States can prevent the ratification of the twenty-first amendment, as to the sufficiency of our action, it is a good thing to have a complete record; that is the reason I have asked the reporter to sit here and take the minutes. In making this outline it has been our idea that even though there be but one in the minority that he be allowed to record his vote in the minutes of this meeting.

Chairman REID. I take it you think we should call the roll by delegates and not by counties.

Secretary of state, Mr. CLARK. You can call it by both county and delegate, as they are all shown on the list there.

Chairman REID. I think you have the right idea, and if there is no objection we will have the secretary call the roll on the question: "That the State of Wyoming, by this convention, do ratify the proposed twenty-first amendment to the Constitution of the United States of America", as read by the secretary and to be transcribed in the minutes.

(No objection being made, the secretary proceeded to call the roll by delegates and counties, as follows:)

Albany County, 3 votes: N. A. Swenson, aye; J. R. Sullivan, aye; Oscar Hammond, aye.

Big Horn County, 3 votes (1 vote absent): J. P. Wheeler, aye; J. R. French, aye.

Campbell County, 2 votes: Guy Garrett, aye; W. D. McGrew, aye.

Carbon County, 3 votes: Gus Larson, aye; Victor H. Scepansky, aye; C. D. Williamson, aye.

Converse County, 2 votes: Waldo Bolln, aye; Joe Garst, aye.

Crook County, 2 votes: Charles Louis, aye; G. W. Earle, aye.

Fremont County, 3 votes: Mrs. Sam Payne, aye; Walter Oswald, aye; R. S. Price, aye.

Goshen County, 3 votes: L. G. Flannery, aye; J. M. Roushar, aye; Erle H. Reid, aye.

Hot Springs County, 2 votes: Henry Cottle, aye; John McCullum, aye.

Johnson County, 2 votes: Frank O. Horton, aye; Jean Van Dyke, aye.

Laramie County, 6 votes: A. D. Homan, aye; Fred W. Roedel, aye; Wilfrid O'Leary, aye; Abe Goldstein, aye; Perry Williams, aye; Fred Hofmann, aye.

Lincoln County, 3 votes: Dr. C. D. Stafford, aye; Glen E. Sorensen, aye; Oluf Jefsen, aye.

Natrona County, 6 votes: Robert N. Ogden, aye; J. E. Jones, aye; T. F. Speckbacker, aye; T. C. Spears, aye; E. J. Sullivan, aye; J. F. Cowan, aye.

Niobrara County, 2 votes: Albert P. Bruch, aye; C. W. Erwin, aye.

Park County, 3 votes: Alex Linton, aye; B. C. Rumsey, aye; M. L. Simpson, aye.

Platte County, 3 votes (one delegate being absent): Hans Christiansen, aye; B. L. Dixon, aye.

Sheridan County, 4 votes: Malcolm Moncreiffe, aye; Peter Kool, aye; R. A. Keenan, aye; Roy Bedford, aye.

Sublette County, 1 vote: Albert Larsen, aye.

Sweetwater County, 5 votes: William Evers, aye; Dr. R. H. Sanders, aye; Glen A. Knox, aye; P. C. Bunning, aye; Joe Bertagnolli, aye.

Teton County, 2 votes: R. C. Lundy, aye; O. A. Pendergraft, aye.

Uinta County, 2 votes (two-thirds vote for each delegate): Matthew Morrow, aye; S. S. Kastor, aye; J. H. Holland, aye.

Washakie County, 2 votes: Dr. W. O. Gray, aye; R. C. Shultz, aye.

Weston County, 2 votes: A. F. Leslie, aye; M. M. Falk, aye.

Whereupon it was found that 65 delegates had cast 64 votes "aye" and were in favor of the ratification of said article, and no delegates had voted "nay."

Chairman REID. Ladies and gentlemen, you have cast a unanimous vote for the ratification and the twenty-first article to the Constitution of the United States has been ratified by this convention. I suggest that this finishes the official business of this convention.

Mr. ROUSHAR, of Goshen County. Mr. Chairman, this is an unusual procedure, the first time such a practice has been submitted to the people; heretofore it has been done for the people by the legislature of their State; and in view of the fact that there is an unexpended fund in the hands of the State treasurer, set aside for the purpose of bearing the expense of this convention, I feel we ought to go on record as having these minutes published and each delegate and alternate be furnished a copy thereof. Mr. Chairman, I move you we go on record as requesting the secretary to print these minutes and a copy thereof be furnished by mail to each delegate and alternate to this meeting.

Chairman REID. The Chair suggests that the expenditure of this fund is not in the hands of this convention, and your motion should be as a request to the Governor.

Mr. ROUSHAR. I amend the motion to the form stated by the Chair.

Secretary of State CLARK. While the money is technically in the hands of the secretary of state, I think we would have to take that up with the Governor.

Mr. SIMPSON, Park County. I rise to a point of order; what became of my motion?

Chairman REID. It was carried unanimously. I see no objection, Mr. Roushar, to your motion as amended. Was there a second to the motion?

(Motion seconded from the floor.)

Chairman REID. You have heard the motion and second that we go on record as requesting the Governor to have the minutes of this meeting published and a copy furnished each delegate and alternate to this convention. Are there any remarks? Those in favor signify by saying "Aye", contrary "No." The motion is carried.

Mr. GOLDSTEIN, of Laramie County. Mr. Chairman, I should like to present a resolution at this time: Be it

Resolved, That the Wyoming State Convention, assembled in Casper, Wyo., May 25, 1933, do hereby immediately telegraph the following message to Franklin Delano Roosevelt, President of the United States of America:

"Wyoming, at its State convention, held in Casper, May 25, 1933, on that day, by action of delegates assembled from the several counties of the Commonwealth, has voted unanimously for repeal of the eighteenth amendment to the Constitution of the United States."

(From the floor:) I believe the message should be corrected to say "has ratified the twenty-first amendment to the Constitution of the United States."

Chairman REID. Will you permit the correction, Mr. Goldstein?

Mr. GOLDSTEIN. Yes.

Chairman REID. Do I hear a motion for the adoption of the resolution?

(Motion made from the floor, and seconded, that the resolution, as amended, be adopted.)

Chairman REID. You have heard the motion for the adoption of the resolution as amended; are there any remarks? All in favor of the motion will signify by saying "Aye", contrary "No." The motion is carried. The secretary will see that the message is forwarded.

Mr. SULLIVAN, of Natrona County. Mr. Chairman, there is one more matter: There is no method provided by law for the recalling of this convention or calling another one; we have taken the action we think necessary for the ratification of the twenty-first amendment, and I am sure before we adjourn a motion will be placed before this convention that the secretary and chairman will certify the minutes of this meeting to the secretary of state. We hope that will be done, but being mindful of the uncertainty of human life, and if between adjournment of this convention and the time the minutes are prepared the chairman might become disqualified, having that in view I wonder if it will be agreeable to the convention to provide for the office of vice chairman, he to act only in the event of the disqualification of or disability of the chairman. Having that in mind, I move you we create the office of vice chairman of this convention.

(Motion seconded from the floor.)

Chairman REID. You have heard the motion that we create the office of vice chairman, he to act only in the event of the disqualification or disability of the chairman to act; are there any remarks? [Question called for.] All in favor of the motion as stated say "Aye", opposed "No." The motion is carried unanimously.

Mr. ROUSHAR, of Goshen County. I should like to move the nomination of Mr. E. J. Sullivan as vice chairman.

Mr. SULLIVAN. With thanks to the mover of the motion, it came in a very friendly way, but there were three men who were mentioned in the committee on nominations for the honorable office of chairman. We might take recognition of the fact that one of the men was a man who has done a great deal, in addition to what our chairman has done, for the worthy cause, and who is more worthy of this honor than I am. Will you remember that I am neither wet or dry. That I am one of the many who stand in the middle road seeking for temperance; and I should like permission to substitute the name of Richard A. Keenan, of Sheridan.

(Motion seconded from the floor.)

Mr. BEDFORD, of Sheridan County. Mr. Chairman, I move you the nominations be closed and the secretary instructed to cast the unanimous vote of this convention for Mr. R. A. Kennan as vice chairman of this convention.

Mr. SIMPSON, of Park County. I second the motion.

Chairman REID. You have heard the motion and second; are there any remarks? Those in favor say "Aye", opposed "No"; the motion is carried. Mr. Secretary, you will cast the unanimous vote of this convention for Mr. R. A. Keenan, of Sheridan, for vice chairman. [Secretary cast the unanimous vote of the convention for Mr. Keenan.] I declare Mr. R. A. Keenan elected as vice chairman of this convention.

Mr. KEENAN, of Sheridan. I wish to thank you very much for the honor conferred upon me, and I can assure you I consider it a very great honor.

Mr. LARSON, of Carbon County. Would it also be well for us to take the same action as to the secretary?

Mr. SULLIVAN, of Natrona County. The certificate is by the chairman, attest by a secretary, and should the young man French go to heaven, the chairman can appoint another secretary.

Chairman REID. While the law provides that the chairman and secretary certify the record of our proceedings, I presume it will be well to have such a motion.

Mr. BEDFORD, of Sheridan County. I move you, Mr. Chairman, that the chairman of this convention and the secretary, and in the absence or inability of the chairman, the vice chairman make the proper certification of our proceedings to the secretary of state.

(Motion seconded from the floor.)

Chairman REID. You have heard the motion and the second; are there any remarks? Those in favor signify by saying "Aye", opposed "No"; the motion is carried.

Mr. HOFMANN, of Laramie County. Mr. Chairman and fellow delegates, we have had a wonderful meeting and carried our point in the State of Wyoming, and we are all proud of it. For my part, I have been a wet since the day prohibition went into effect, and as I stand on the floor here I want to say to you our duty is not finished; we must not let the business we condemned in 1919 get into the same rut; we want to see it carried on in a clean and honorable manner, and you will never be able to do this if you have the Government, the States, or the cities mixing whisky with beer. Whisky should be divorced from beer; take it home to your family and teach your children its use in a proper way, and that is not standing against a bar drinking all day and having your wife waiting supper. It was the women of this country who voted it dry, and it will be the women who vote it wet again; they have found out their mistake; but it wouldn't have taken near as long to get the country wet again if it had not been for the efforts of our politicians.

Chairman REID. Unless there is some other business, the Chair will entertain a motion to adjourn.

(Motion from the floor that we adjourn. Seconded from the floor.)

Chairman REID. It has been regularly moved and seconded we adjourn. Those in favor say "Aye", opposed "No." The motion is carried; we will stand adjourned.

Dated at Casper, Wyo., this 25th day of May A.D. 1933.

ERLE H. REID, *Chairman.*

Attest:

J. R. FRENCH, *Secretary.*

THE STATE OF WYOMING,
County of Natrona, ss:

Erle H. Reid and J. R. French, each being separately duly sworn on oath, each for himself, does hereby certify and depose as follows: That the said Erle H. Reid is the duly selected chairman of the State convention held at Casper, Wyo., on May 25, A.D. 1933, and the said J. R. French is the duly selected secretary of the State convention held at Casper, Natrona County, Wyo., on May 25, A.D. 1933; that at said convention there were present and entitled to vote therein 65 delegates; that on the question of ratification of the following article:

"ARTICLE —

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

The 65 delegates, who were entitled to 64 votes, cast their unanimous vote in favor of ratification of said article, and that no delegates present and entitled to vote against ratification of said article, and that all votes cast were in favor of ratification of said article and said article was by said convention ratified and that annexed thereto and made a part hereof is a full, true, and complete record of the proceedings had and taken and all things done by said convention held at the city hall in the city of Casper, in the State of Wyoming, on May 25, A.D. 1933, and which fully and in detail shows the result of the vote taken and had at said convention on the questions submitted.

ERLE H. REID, *Chairman.*
J. R. FRENCH, *Secretary.*

Subscribed in my presence and sworn to before me at Torrington, Wyo., by Erle H. Reid, this 3d day of June A.D. 1933.

NELLE ARMITAGE, *Notary Public.*

My commission expires 20th day of January A.D. 1934.

Subscribed in my presence and sworn to before me at Bawin, Wyo., by J. R. French, this 31st day of May A.D. 1933.

F. H. SCHUYLER,
Clerk of the district court, Big Horn County, Wyo.

My term expires January 2, 1935.
[OFFICIAL SEAL]

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by Eunice Sterling Chapter, Daughters of the American Revolution, of Wichita, Kans., protesting against the recognition of the Government of Soviet Russia, which was referred to the Committee on Foreign Relations.

He also laid before the Senate the petition of the Chicago (Ill.) Branch of the National Association for the Advancement of Colored People, praying for the passage of appropriate legislation to fully enforce the thirteenth, fourteenth, and fifteenth amendments of the Constitution, which was referred to the Committee on the Judiciary.

He also laid before the Senate letters from John Filostrat, of New Orleans, La., and F. C. Bayles, of Sandy Hook, Miss., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, and condemning attacks made upon him, which were referred to the Committee on the Judiciary.

He also laid before the Senate a telegram in the nature of a petition from the Honest Election League, by Burt W. Henry, chairman, New Orleans, La., praying for the making of provision for funds to continue the investigation by the Special Committee of the Senate on Campaign Expenditures relative to the Louisiana senatorial election of 1932, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate a resolution adopted by the Chefs' de Cuisine Club, of San Francisco, Calif., favoring the prompt passage of legislation to legalize the manufacture and sale of wines, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the City Council of Chicago, Ill., favoring the allocation of Federal-aid funds for the construction of highway facilities in the Greater Chicago metropolitan region, which was ordered to lie on the table.

Mr. COPELAND presented resolutions adopted by the Steuben County Committee, American Legion, Department of New York, favoring the repeal or modification of legislation and Executive orders issued thereunder relating to veterans' relief insofar as deserving disabled veterans are affected thereby, which were referred to the Committee on Finance.

FEDERAL HOME LOAN BANK BOARD—WALTER H. NEWTON

Mr. SHIPSTEAD presented a resolution adopted by the annual convention of the Minnesota League of Building Loan and Savings Associations, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

The Minnesota League of Building Loan and Savings Associations notes with great pleasure the nomination by the President of Hon. Walter H. Newton, of Minnesota, as a member of Federal Home Loan Bank Board.

Mr. Newton's record as a member of the Minnesota bar is an excellent one and he has achieved well-merited distinction in his chosen profession. His record in the Congress has reflected real credit upon himself and upon the district and the State which he has so ably represented. His service in other respects to the Nation has been characterized by loyalty and devotion to public duty and by executive ability of the highest order. His integrity has not been and cannot be challenged, and his personal character has long merited the respect of all who have known him both in official and in private life.

Mr. Newton's attainments and his ability unquestionably qualify him to perform ably and very satisfactorily the duties of a member of the Federal Home Loan Bank Board.

The Minnesota League of Building Loan and Savings Associations, in annual convention assembled at Rochester, Minn., hereby unanimously and enthusiastically commends the President upon the wisdom of his action and urgently requests the Senators from the State of Minnesota, Hon. HENRIK SHIPSTEAD and Hon. THOMAS D. SCHALL, to exert vigorously and promptly their efforts to secure the prompt confirmation by the Senate of the nomination of Mr. Newton as a member of Federal Home Loan Bank Board.

Resolved, That this resolution be telegraphed to Senators SHIPSTEAD and SCHALL and that copies thereof, attested by the officers of this association, be mailed immediately to them and to the Secretary of the Senate.

We certify that the foregoing is a true and correct copy of a resolution which was duly adopted by Minnesota League of Building Loan and Savings Associations on June 9, 1933, at its annual convention at Rochester, Minn.

MINNESOTA LEAGUE OF BUILDING LOAN AND SAVINGS ASSOCIATIONS,
By H. WINE, *President*.
D. ELIZA CRARY, *Secretary*.

INTERNATIONAL COPYRIGHT UNION

Mr. CUTTING. Mr. President, on Saturday last I introduced a bill authorizing the United States to enter into the Berne Convention relating to the International Copyright Union. I have here a petition from the Honorable Robert Underwood Johnson, who was formerly Ambassador to Italy, who has fought for a great many years for the principle of giving to American authors and publishers the rights which they have and which they have never obtained. Mr. Johnson points out that "although copyright legislation was instituted in 1790 on the initiation of Noah Webster, and was thereafter warmly supported by Henry Clay and Daniel Webster, the principle of the ownership of literary and artistic property by the person creating it is not yet fully established in the United States."

I ask that the petition from the Honorable Robert Underwood Johnson be printed in the RECORD, and appropriately referred, as a part of my remarks.

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

A PETITION FOR THE ENTRY OF THE UNITED STATES INTO THE BERNE COPYRIGHT UNION

To the honorable the Senate of the United States:

Your petitioner respectfully records that more than 40 years ago, as the representative of all the American advocates of the abolition of legalized piracy of literature and the arts, he was engaged with others in "spiritual lobbying" before the Congress in favor of various measures to establish in this country an international copyright. To the lasting honor of the Congress and of the country a bill was passed and was signed on the 3d of March 1891 accomplishing the desired purpose.

There were, however, in this measure certain manufacturing and nonimportation clauses which limited the entire right of the producer of the copyrightable property. As was then prophesied, conditions have since changed so materially as to convert those who desired these limitations and to make them willing to renounce them in favor of a pure and simple copyright law which shall fully recognize the rights of the original producer from which all other rights are derived. Great as was the moral advance in putting an end to literary and artistic piracy, our country has not yet reached the highest ethical position on this subject. The United States have long been invited to accept the benefits of the International Copyright Union, under whose terms a citizen of any subscribing nation is entitled to copyright in any other by the mere fact of authorship and such membership without laborious and annoying details. This country has been unable to enter the convention by reason of the restrictions in our law above referred to.

Your petitioner, an American author and citizen, very respectfully represents to your honorary body the opportunity now offered to place the United States upon the highest ethical ground in the matter of the recognition of those claims for security which are specially mentioned in the Constitution of the United States by which there was granted to the Congress the function of protecting the rights of authorship.

This opportunity is the acceptance by the United States of the International Copyright Convention of Rome, signed on June 2, 1928.

Your petitioner respectfully calls attention to the fact that although copyright legislation was instituted in 1790 on the initiation of Noah Webster and was thereafter warmly supported by Henry Clay and Daniel Webster, the principle of the ownership of literary and artistic property by the person creating it is not yet fully established in the United States. This is largely because this principle has been lost sight of in the consideration of secondary rights. Henry W. Longfellow well said "A good principle works well in all directions", and we may be assured that the essential consideration is security for the copyright property at its source.

Your petitioner respectfully asks that the Senate may take into account its responsibility for early action on this subject.

ROBERT UNDERWOOD JOHNSON.

NEW YORK, *May 17, 1933*.

REPORTS OF COMMITTEES

Mr. TYDINGS, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S.Res. 78) authorizing the appointment of a special committee to investigate the administration of bankruptcy and receivership proceedings in United States courts, reported it with amendments.

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (S. 308) to authorize the award of a decoration for distinguished service to Harry H. Horton, reported it without amendment and submitted a report (No. 143) thereon.

PURCHASE OF MATERIALS OR EQUIPMENT FOR THE CIVILIAN CONSERVATION CORPS

Mr. SHEPPARD, from the Committee on Military Affairs, submitted a report, pursuant to Senate Resolution 88, to investigate alleged irregularities in connection with purchases of materials or equipment for the use of the Civilian Conservation Corps, which was ordered to be printed as Report No. 144, and to be printed in the RECORD, as follows:

The Committee on Military Affairs submits the following report, pursuant to Senate Resolution 88, Seventy-Third Congress, first session, directing the said committee to investigate the negotiations between the Director of Emergency Conservation Work and the BeVier Corporation and report the results of the investigation to the Senate, together with its recommendations:

We find that these negotiations resulted in large purchases without advertising for competitive bids and on representations of a single salesman. We call attention to the danger inherent in such a situation and believe that steps should be taken to prevent its recurrence.

We recommend that in cases of emergencies where there is not time for competitive bidding, or for any other reason such bidding would be impracticable, the Comptroller General be empowered and directed by Executive order of the President to pass upon the reasonableness of the price proposed before the contract becomes operative.

We find no evidence in the record that would sustain a charge of corruption or improper motive on the part of anyone. However, we find that lower prices could have been obtained for articles of a quality sufficient to meet all requirements, and that fewer articles would have served all practical purposes of the Civilian Conservation Corps. It is but justice to add that the prices paid for the particular articles purchased were not excessive.

We recommend that the purchase of all supplies for the Civilian Conservation Corps be vested in a single agency of the Government possessing adequate experience and organization.

MURIEL CRICHTON

Mr. COPELAND. Mr. President, for the Senator from South Carolina [Mr. BYRNES], I report a resolution from the Committee to Audit and Control the Contingent Expenses of the Senate and ask unanimous consent for its present consideration.

There being no objection, the resolution (S.Res. 100) was read, considered, and agreed to, as follows:

Resolved, That the Secretary of the Senate is authorized and directed to pay from the contingent fund of the Senate to Muriel Crichton $1,200 in full settlement of all claims for hospitalization, medical care, and all other expenses as a result of injuries suffered in the Senate wing of the Capitol Building; and Senate Resolution No. 60, Seventy-third Congress, first session, agreed to April 15, 1933, is hereby rescinded.

SUPPRESSION OF RACKETS AND RACKETEERING

Mr. COPELAND. Mr. President, on behalf of the Senator from South Carolina [Mr. BYRNES] I report back from the Committee to Audit and Control the Contingent Expenses of the Senate, with an amendment to the amendment of the Committee on Commerce, Senate Resolution 74, submitted by myself on May 8, 1933. I ask unanimous consent for the present consideration of the resolution.

There being no objection, the Senate proceeded to consider the resolution.

The amendment of the Committee to Audit and Control the Contingent Expenses of the Senate to the amendment of the Committee on Commerce was, on page 3, line 5, after

the word "exceed", to strike out "$25,000" and insert "$10,000."

The amendment to the amendment was agreed to.

The amendment of the Committee on Commerce was to strike out all after the word *"Resolved"* and the comma and to insert in lieu thereof the following, as already amended:

That the Committee on Commerce, or any duly authorized subcommittee thereof, is authorized and directed to investigate so-called "rackets" and "racketeering" practiced in the United States and to report to the Senate as soon as practicable the results of its investigations, together with its recommendations, if any, for necessary remedial legislation through the exercise of the postal power, the power over interstate and foreign commerce, or otherwise.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress until the final report is submitted, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $10,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman, or by the chairman of the subcommittee, if one shall be appointed.

The amendment as amended was agreed to.

The resolution as amended was agreed to.

The preamble was amended by striking it out and inserting in lieu thereof the following:

Whereas there have grown up in this country numbers of so-called "rackets", and newspapers carry numerous accounts of "beer rackets", "poultry rackets", "milk rackets", food rackets", "laundry rackets", "drug rackets", and other similar schemes for the exploitation, deception, and terrorizing of our citizens; and

Whereas the legitimate trade and commerce of the country, as well as the general welfare of our people, demand that the Federal Government take any steps within its power to suppress such practices: Therefore be it

The preamble as amended was agreed to.

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. CAPPER:

A bill (S. 1929) granting an increase of pension to Mary E. Cramer (with accompanying papers); to the Committee on Pensions.

By Mr. AUSTIN:

A bill (S. 1930) to amend the Legislative Appropriation Act, fiscal year 1933, as amended, so as to limit the authority of the President to abolish the functions of executive agencies; to the Committee on Expenditures in the Executive Departments.

By Mr. COSTIGAN:

A bill (S. 1931) to amend the laws relating to the Postal Savings Depository System; to the Committee on Banking and Currency.

By Mr. GORE (by request):

A bill (S. 1932) for the relief of Alfred Hohenlohe, Alexander Hohenlohe, Konrad Hohenlohe, and Viktor Hohenlohe by removing cloud on title; to the Committee on the District of Columbia.

By Mr. WHITE:

A bill (S. 1933) for the relief of Frank L. Weed; to the Committee on Military Affairs.

A bill (S. 1934) conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the 4-masted auxiliary bark *Quevilly* against the United States, and for other purposes; and

A bill (S. 1935) to amend the act of March 2, 1929, conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the steamship *W. I. Radcliffe* against the United States, and for other purposes; to the Committee on Claims.

A bill (S. 1936) for the relief of Joseph J. Fortin; to the Committee on Finance.

A bill (S. 1937) granting a pension to Emily A. Bailey;

A bill (S. 1938) granting a pension to George N. Butler;

A bill (S. 1939) granting a pension to Benjamin F. Howatt;

A bill (S. 1940) granting a pension to Isidore H. Smith;

A bill (S. 1941) granting an increase of pension to Edward L. Hayes; and

A bill (S. 1942) granting an increase of pension to Achsah E. Purinton; to the Committee on Pensions.

By Mr. BORAH:

A joint resolution (S.J.Res. 62) temporarily suspending the portion of the Executive order of the President relating to payments for agricultural experiment stations, cooperative agricultural extension work, and agricultural colleges; ordered to lie on the table.

By Mr. McNARY:

A joint resolution (S.J.Res. 63) disapproving section 18 of the Executive order of June 10, 1933, relating to the organization of executive agencies; ordered to lie on the table.

By Mr. REED:

A joint resolution (S.J.Res. 64) disapproving sections 1 and 2 of the Executive order of June 10, 1933, relating to procurement and to national parks, buildings, and reservations; ordered to lie on the table.

UNEMPLOYMENT RESERVE FUND IN THE DISTRICT

Mr. WAGNER. Mr. President, I ask unanimous consent to introduce a bill to create an unemployment reserve fund in the District of Columbia, and ask that the bill be printed in the RECORD and appropriately referred.

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

The bill (S. 1943) to create an unemployment reserve fund in the District of Columbia, to provide for its administration, and for other purposes, was read twice by its title, referred to the Committee on the District of Columbia, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc.,

PUBLIC POLICY DECLARATION

SECTION 1. As a guide to the interpretation and application of this act, the public policy of the District of Columbia is declared to be as follows:

Economic insecurity due to unemployment is a serious menace to the health, welfare, and morals of the people of the District of Columbia. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by Congress to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and his family. Congress therefore declares that in its considered judgment the public good and the well-being of the wage earners of the District require the enactment of this measure for the compulsory setting aside of financial reserves for the benefit of persons unemployed through no fault of their own.

SHORT TITLE

SEC. 2. This act shall be known and may be cited as the "District of Columbia Unemployment Reserve Law."

DEFINITIONS

SEC. 3. Whenever used in this act—

(1) "Secretary" means Secretary of Labor.

(2) "Department" means Department of Labor.

(3) "Employment", except where the context shows otherwise, means any employment in the District of Columbia under any contract of hire, express or implied, oral or written, including all contracts entered into by helpers and assistants of employees, whether paid by employer or employee, if employed with the knowledge actual or constructive of the employer; except that for the purposes of this act an employment shall not include:

(a) Employment as a farm laborer; or

(b) Employment not in the usual course of trade, business, or occupation carried on by the employer for pecuniary gain, or in connection therewith.

(c) Employment of a member of the immediate family of the employer.

(4) "Employee" means any person employed by an employer in any employment subject to this act, except persons employed at a rate of remuneration of $2,000 a year, or more, at other than manual labor, but does not include persons directly employed by the United States or the District of Columbia and persons engaged in the operation of any means of interstate transportation except suburban electrical railways and motor vehicles.

(5) "Employer", except when otherwise expressly stated, means a person, partnership, association, corporation, and the legal representatives of a deceased employer, or the receiver or trustee of a person, partnership, association, or corporation employing four or more persons.

(6) "Fund" means the unemployment reserve fund created by this act.

(7) "Employer's account" means the separate unemployment reserve account of an employer with the fund.

(8) "Reserve per employee" shall refer to the status of an employer's account as determined by the Secretary at the beginning of an accounting period. It shall be calculated by dividing the net amount of such employer's account by the maximum number of employees subject to this act employed by such employer in any week during the preceding accounting period.

(9) "Benefit" means the money allowance payable to an employee as provided in this act.

(10) "Wages" includes the money received for service rendered and the reasonable value of board, rent, housing, lodging, or similar advantage received from the employer.

(11) "Average weekly wage" shall be computed by averaging the wages received during at least 3 full weeks of employment within the 12-month period preceding the claim for benefit. In case there are no such full weeks of employment, the 3 weeks which most closely approximate full weeks of employment shall be taken for the purpose of computing such average.

(12) "A week of employment" means any calendar week in which the employee has performed at least 1 full day's work or its equivalent for an employer.

EXCLUDED INDUSTRIES

SEC. 4. This act does not apply to any seasonal industry in which it is customary to work not more than 17 weeks in 12 months. The Secretary shall by order establish whether any employment is seasonal after a hearing at which opportunity to be heard shall be given to employers in such industry, or their representatives, and the employees or their representatives of such employers.

LIABILITY FOR PAYMENT OF BENEFITS

SEC. 5. (1) Benefits shall be paid to each unemployed employee entitled thereto from his employer's account in the fund, except that exempted employers shall pay benefits directly to their unemployed employees under the plan approved by the Secretary as the basis for the exemption.

(2) Benefits shall become payable 1 year from the date on which the employer's contributions become payable under this act, except as a shorter period may be provided in the case of exempted employers.

(3) An employer's account shall be liable to pay benefits to employees in the ratio of 1 week of benefit to each 3 weeks of employment of such employee by such employer within the preceding 52 weeks, but in no case shall such account be liable for more than 16 weeks' payment of benefits in any 12 months to any one employee.

(4) In no case shall an employer's account be liable to pay benefits to an employee for any unemployment occurring more than 12 months after the date on which such employee last performed services for such employer.

(5) When the condition of any employer's or pooled account is such that it is unable to pay the benefits provided in this act, the Secretary may reduce the amount of benefit payable from such account to an amount which will assure equitable treatment of persons entitled to benefits from such account.

AMOUNT OF BENEFITS

SEC. 6. (1) An employee shall be entitled to benefits on account of unemployment which continues subsequent to a waiting period of 3 weeks after notification of unemployment: *Provided*, That not more than 3 weeks of unemployment for which no benefit is paid shall be required as a waiting period within any 13 consecutive calendar weeks (except as otherwise provided under section 8, subsection 2). No week of unemployment shall count as a waiting period in any case except weeks of unemployment as to which notification of unemployment has been given.

(2) Benefits shall be payable at a rate as provided herein but not to exceed:

(a) Fifteen dollars a week; or

(b) Fifty percent of the employee's average weekly wage, whichever is the lower.

(3) Benefits shall be paid to each employee for the weeks during which he is unemployed and eligible for benefits; but no employee shall receive in any 12 months more than 16 weeks of benefit.

(4) When an employee is employed by more than one employer within any 12-month period, the payment of benefits due such employee shall be made from the successive employer's accounts in inverse order to such successive employments. Until the last employer liable shall have met or been unable further to meet his benefit liability to an eligible employee no previous employer shall be due to pay benefits to such employee.

ELIGIBILITY FOR BENEFITS

SEC. 7. (1) Benefits shall be paid to an employee only:

(a) If he has been employed by one or more employers in the District for not less than 13 weeks during the preceding 52 weeks;

(b) While he is available for employment and unable to obtain employment in his usual employment or another for which he is reasonably fitted.

(2) No employee shall be required to accept employment:

(a) In a situation vacant in consequence of a stoppage of work due to a trade dispute;

(b) If the wages, hours, and conditions offered be not those prevailing for similar work in the place of employment or are such as tend to depress wages or working conditions;

(c) If acceptance of such employment would abridge or limit the right of the employee either:

(A) To refrain from joining a labor organization or association of workmen, or

(B) To retain membership in and observe the rules of any such organization or association.

LIMITATION ON PAYMENT OF BENEFIT

SEC. 8. (1) An employee shall not be entitled to benefits:

(a) While he is receiving compensation under the workmen's compensation law; or

(b) Unless he has given notice of his employment as required by this act, or unless the obligation to give notice has been dispensed with; or

(c) If he has left or lost his employment due to a trade dispute involving the employer by whom he was employed, so long as such trade dispute continues; or

(d) If he has refused a job offered him in a trade or occupation for which he is reasonably fitted.

(2) An employee shall not be entitled to benefits except for unemployment which continues subsequent to a waiting period of 10 weeks if he has lost his employment through misconduct, or if he has left employment voluntarily without reasonable cause.

BREAK IN UNEMPLOYMENT

SEC. 9. (1) Employment at any work for which provision of benefits is not required, shall suspend the right to benefits. If the employee becomes unemployed after 3 months or more of such employment, his right to benefits shall recommence upon notification of unemployment and the running of the waiting period. If he becomes unemployed within 3 months of his acceptance of such employment, his right to benefits shall recommence upon notification of unemployment.

(2) If an employee undertakes such employment during the 3-weeks waiting period, it shall not affect the running of such period if it continues for 6 days or less.

(3) The employee shall inform the employment office at which he has given notice of unemployment when he begins and leaves such employment.

NOTIFICATION

SEC. 10. An employee shall give notice of his unemployment either in the District employment office or in the employment office established under this act by trade associations or by organizations of employers and employees under collective agreements, for the industry in which he is usually or was last employed, or as otherwise designated by the Secretary.

PROOF OF RIGHT

SEC. 11. The employee shall prove his right to benefits and the continuance of such right in such manner as may be provided by the rules and regulations prescribed by the Secretary.

JURISDICTION CONTINUOUS

SEC. 12. Jurisdiction over benefits shall be continuous. Benefits paid to any individual shall be modified whenever necessary to make the amount correspond to the amount determined by the Secretary, in accordance with subsection 5 of section 5.

PAYMENT OF BENEFITS

SEC. 13. (1) Claims for benefits, except from exempted employers, shall be filed with the officer of the employment office at which notice of the unemployment has been given. Claims shall be filed within such time and in such manner as the Secretary shall by regulation prescribe, but such regulation shall provide for a notice to the employer or employers whose accounts may be affected and for a hearing at the request of the employer or employee. Benefits shall be paid at such periods and in such manner as the Secretary shall prescribe.

(2) (a) If the employer or any group of employers or any association or organization, approved under section 27, upon request by the employee, fails to pay or to continue to pay the benefit due, the employee may file a claim for benefit with the officer in charge of the employment office at which he has given notice of his unemployment. The claim must be filed within 1 month of the default in payment.

(b) If such officer believes the claim correct, or if incorrect, as soon as it has been corrected, he shall notify in writing within 5 days such employer or group of employers or the governing board of any association or organization, approved under section 27, of the claim and that he or it may contest the claim by filing, within 5 working days after receipt of notice, a denial of the claim in such form as the Secretary may provide; and such denial shall operate as an application for a hearing before such officer.

(c) If the claim appears to such officer to be invalid or improperly made, he shall, within 3 days, notify such employer, and shall also notify the employee of this and of his right to make an application for a hearing before the officer which must be made within 5 working days. Such notifications and applications shall be in such form as the Secretary may prescribe.

(d) The officer shall hold a hearing when applied for, and after a hearing, or in case no hearing is applied for, without hearing, shall make an order fixing benefits and notify the claimant, his last employer, and the Secretary.

(e) Under (b), (c), and (d) of this subsection the Secretary may designate an umpire to act in place of the officer in charge of the employment office.

APPEAL BOARD

SEC. 14. There shall be an appeal board, consisting of 3 members designated by the Secretary for 2-year terms, 1 of whom

shall be an umpire, who shall be chairman, 1 of whom shall be an employer or a representative of employers, and 1 of whom shall be an employee or a representative of employees. The members of the appeal board shall receive a per diem compensation for the days actually spent in the work of the board, to be fixed by the Secretary.

APPEALS

SEC. 15. (1) An appeal may be taken from a decision of the officer by any party affected within 30 days after the decision has been made by filing a notice of appeal with the officer, who shall mail a copy of such notice to the other party or parties and shall send to the appeal board a copy of the notice and of his decision. The appeal board shall fix a time for hearing and shall notify all parties. Upon a hearing the officer may be heard, and any party may present evidence and be represented by an agent. No fees shall be allowed any agent of an employer or employee in any proceeding under section 13 and under this section.

(2) The parties shall be notified of the decision of the appeal board, which shall be rendered not more than 30 days after the hearing.

FINAL DECISION ON FACTS

SEC. 16. A decision by the officer, if not appealed from, and a decision of the appeal board shall be final on all questions of fact and, unless appealed from, on all questions of law.

TECHNICAL RULES OF EVIDENCE OR PROCEDURE NOT REQUIRED

SEC. 17. The officer or board conducting a hearing shall not be bound by common law or statutory rules of evidence or by technical or formal rules of procedure, except as provided by this act, but may conduct such hearing in such manner as to ascertain the substantial rights of the parties.

QUESTIONS OF LAW TO COURT

SEC. 18. Within 30 days after notice of the filing of the award or the decision of the appeal board has been sent to the parties an appeal may be taken to the Supreme Court of the District of Columbia from such award or decision by the employee, by the employer, or by the group of employers or by the governing board of any association or organization approved under section 27. The appeal board may also, in its discretion, certify to such supreme court questions of law involved in its decision. Such appeals and the questions so certified shall be heard in a summary manner and shall have precedence over all other civil cases in such court, except cases arising under the workmen's compensation law. In case a question is certified by the appeal board the attorney of the United States for the District, without extra compensation, shall represent the appeal board. An appeal may also be taken to the Court of Appeals of the District of Columbia in all cases where the decision of the supreme court is not unanimous and by the consent of the supreme court or the court of appeals where the decision of the supreme court is unanimous. It shall not be necessary to file exceptions to the rulings of the appeal board. No bond shall be required to be filed upon an appeal to the Court of Appeals of the District of Columbia. Otherwise such appeals shall be subject to the law and practice applicable to appeals in civil actions. Upon final determination of such an appeal the appeal board shall enter an order in accordance therewith.

WAIVER AGREEMENT VOID

SEC. 19. No agreement by an employee to waive his rights under this act shall be valid.

ASSIGNMENT OF BENEFITS—EXEMPTION

SEC. 20. Benefits due under this act shall not be assigned, released, or commuted and shall be exempt from all claims of creditors and from levy, execution, and attachment or other remedy for recovery or collection of a debt, which exemption may not be waived.

UNEMPLOYMENT RESERVE FUND

SEC. 21. (1) There is hereby created a fund to be known as "the unemployment reserve fund." Such fund shall consist of all contributions received and paid into the fund, of property and securities acquired by and through the use of moneys belonging to the fund and of interest earned upon moneys belonging to the fund and deposited or invested. Such fund shall be applicable to the payment of benefits and shall be administered by the Secretary.

(2) A separate account shall be kept by the Secretary with each employer contributing to said fund, and this separate employer's account shall not be merged with any other account except as provided in subsection 3 or 4 of this section.

(3) Whenever two or more employers in the same industry desire to pool their several accounts with the fund, they may file with the Secretary a written application to merge their several accounts in a pooled account with the fund. The Secretary may approve such a pooled account, provided that the several employers each accept such suitable rules and regulations not inconsistent with the provisions of this act as may be drawn up by the Secretary for the conduct and dissolution of such pooled accounts.

(4) (a) Whenever it appears to the satisfaction of the Secretary that the assurance of the safety of the funds and the carrying out of the purposes of this act require a wider base than the individual account, he shall by order require the pooling of contributions of the employers in any industry and may make the necessary regulations to secure such pooling.

(b) Before making such order the Secretary shall hold a hearing at which an opportunity to be heard shall be afforded to any employer, or representative of employers, and the employees of any employer, or representative of employees, who may be affected by such order. A public notice of such hearing shall be given in such manner as may be fixed by the Secretary. Such notice shall be made at least 1 month before the hearing is held.

(c) All the employers in any pool shall be treated as a single employer for the purposes of contribution or of fixing rights to benefits, and the employees of all the employers in such pool shall be treated for the purposes of benefits as if they were the employees of a single employer.

PAYMENT OF CONTRIBUTIONS

SEC. 22. (1) On and after the 1st day of July 1934 contributions shall be payable by each employer then subject to this act. Contributions shall become payable by any other employer on and after the date on which he becomes subject to this act.

(2) All contributions from employers shall be paid at such times and in such manner as the Secretary may prescribe.

CONTRIBUTIONS TO THE UNEMPLOYMENT RESERVE FUND

SEC. 23. (1) The contribution regularly payable by each employer shall be an amount equal to 3 percent of the pay roll of the employees for whom he is liable to pay benefits under this act. During an employer's first 2 years of contribution, he shall make contributions to the fund at the rate of 3 percent of his pay roll, and thereafter shall make such payments during any accounting period at the beginning of which his account amounts to less than $65 reserve per employee.

(2) If the employer has been continuously subject to this act during the 2 preceding years, the rate of contributions may be reduced or suspended by the Secretary under the following conditions:

(a) Whenever at the beginning of an accounting period, the employer's account amounts to $65 but less than $100 reserve per employee, such employer shall pay contributions to the fund at the rate of 1 percent of his pay roll during the continuance of such period.

(b) Whenever at the beginning of an accounting period, the employer's account has a reserve per employee of $100 or more, no contributions to the unemployment reserve fund shall be required of such employer during the continuance of such period.

AGREEMENT TO CONTRIBUTIONS BY EMPLOYEES VOID

SEC. 24. No agreement by an employee to pay any portion of the payment made by his employer for the purpose of providing benefits required by this act, either through the fund or otherwise, shall be valid and no employer shall make a deduction for such purpose from the wages or salary of any employee.

EMPLOYEES' VOLUNTARY CONTRIBUTIONS

SEC. 25. Employees individually or collectively may make voluntary arrangements with their employers or with groups of employers for the payment of contributions to increase the benefits paid them over the benefits provided by this act, and may authorize the deduction from their wages of such contribution. With the consent of the Secretary and of the employer, or of employer members of a pool, by whom any employee or group of employees is employed, such arrangement may provide for the payment of such contributions into the fund and for their distribution in the same manner and under the same conditions as are benefits under this act, and for other necessary conditions.

ADMINISTRATION

SEC. 26. (1) This act shall be administered by the Secretary of Labor, and for such purpose the Secretary shall have power to make all rules and regulations and to appoint such officers and employees as may be necessary in the administration of this act.

(2) The Secretary shall fix the accounting periods.

(3) The Secretary shall establish an advisory council composed of persons representing employers and employees in equal numbers and the public, which shall consider and advise him concerning policies and methods connected with the administration of this act. Members of such council shall be selected from time to time in such manner as the Secretary shall prescribe and shall serve without compensation. The advisory council shall have access to all files and records connected with the administration of this act and may recommend such changes in policies and methods as it deems necessary.

(4) The Secretary may establish and maintain as many employment offices as he deems necessary to carry out the provisions of this act.

(5) It shall be one of the purposes of this act to promote the regularization of employment in the District. The Secretary shall take such steps as are within his means for the reduction and prevention of unemployment. To this end, the Secretary may employ experts and may carry on and publish the results of any investigations and research which he deems relevant, whether or not directly related to the other purposes and specific provisions of this act.

EXEMPTED EMPLOYERS

SEC. 27. (1) The Secretary may exempt from the provisions of this act requiring contributions to the unemployment reserve fund any employer or group of employers submitting a plan for unemployment benefits, whether the plan is submitted by an individual employer or by a group, or for an industry, by a trade association of which the employer is a member or by an employers' organization and an organization of employees, acting under a collective agreement, provided that the Secretary finds that such plan:

(a) Makes eligible for benefits at least the employees who would otherwise be eligible under this act and at least to the same amount;

(b) Provides that the proportion of the benefits to be financed by the employer or employers will on the whole be equal to or greater than the benefits which would otherwise be provided; and

(c) Is on the whole as beneficial in all other respects to such employees as the plan otherwise provided in this act.

(2) If under such a plan any contributions are made by employees, the accounts of the plan shall be so kept as to make clear what proportion of the benefits is financed by the employer or employers, and what proportion by the employees. If under such a plan any contributions are made by employees, the Secretary shall require that such employees be represented, by representatives of their own choosing, in the direct administration of such plan, and the Secretary may take any steps necessary and appropriate to assure such representation to contributing employees.

(3) As a condition of granting exemption, the Secretary may require the employer or group or trade association or organization to furnish such security as the Secretary may deem sufficient to assure payment of all promised benefits or wages, including the setting-up of proper reserves. Such reserves and other security and also the manner in which an exempted employer carries out his promises of benefits shall be subject to inspection and investigation by the Secretary at any reasonable time. If the Secretary shall deem it necessary he may require an exempted employer or group or trade association or organization to furnish additional security to assure fulfillment of his promises to his employees.

(4) If an exempted employer or group or association or organization fails to furnish security satisfactory to the Secretary, or fails to fulfill the promises made to employees, or willfully fails to furnish any reports that the Secretary may require under this act or otherwise to comply with the applicable portions of this act and the rules, regulations, and orders of the Secretary pertaining to the administration thereof, the Secretary may, upon 10 days' notice and the opportunity to be heard, revoke the exemption of such employer, group, association, or organization. In such case or in case any exempted employer, group, association, or organization voluntarily terminates exemption, such employer or each of such group or association or organization shall at once pay into the fund an amount equal to the balance which would have been standing to his account had he been making contributions to the fund and paying out the benefits provided in this act: *Provided*, That in any case where such balance cannot reasonably and definitely be determined, the Secretary may require such employer to meet his liability under the present subsection by paying into the fund a lump-sum amount equal to the contributions he would, if not exempted, have paid into the fund during the 12 months preceding the termination of his exemption. The account of any employer whose exemption has been terminated shall thenceforth be liable to pay to his employees the benefits which may remain or thereafter become due them, as if such employer had not been exempted under this section; and such employer shall thenceforth pay all contributions regularly required under this act from nonexempted employers.

(5) Such plans shall provide that upon the going out of business in the District by any employer, or the legal abandonment of the plan, the fund which shall have been contributed under such plan shall be retained for a sufficient period to meet all liability for benefits which may thereafter accrue, and that at the end of such period the proportion then remaining of employer contributions shall be paid to the employer or his assigns, and the proportion then remaining of employee contributions shall be distributed in such equitable manner as the Secretary may approve.

(6) The rules and regulations for the government of such plan must be submitted to and approved by the Secretary. The Secretary may, on the petition of any interested party, or on his own motion, and after public hearing, modify any such plan.

INDUSTRY EMPLOYMENT OFFICES

SEC. 28. (1) Any trade association for any industry, or any organization of employers and an organization of employees acting under a collective agreement, with a plan for administering its own benefits approved by the Secretary may, with the approval of the Secretary, establish an employment office to serve the industry, with such branches as it may think desirable. The expense of such office shall be a charge upon the unemployment fund of such association or organization. The governing board appointed in accordance with rules and regulations approved by the Secretary shall appoint and fix the remuneration of the officers and employees of such employment office, and shall, with the approval of the Secretary, make rules and regulations for its operation. The Secretary may at any time investigate the conduct of any employment office so maintained.

(2) There shall be an advisory committee of five members for each such office; two members shall be appointed by the employers of the industry, and two members shall be appointed by the employees of the industry in such manner as the Secretary may provide by regulation, and one shall be appointed by the Secretary. The advisory committee shall meet at least every 3 months and shall be consulted on the policy and operation of the office.

TREASURER OF THE DISTRICT OF COLUMBIA CUSTODIAN OF FUND

SEC. 29. The treasurer of the District of Columbia shall be the custodian of the fund, and all disbursements therefrom shall be paid by him upon vouchers signed by the treasurer or assistant treasurer. The treasurer shall give a separate and additional bond in an amount to be fixed by the auditor of the District of Columbia and with sureties approved by such auditor conditioned for the faithful performance of his duty as custodian of the fund. The treasurer may deposit any portion of the fund not needed for immediate use in the manner and subject to all the provisions of law respecting the deposit of other District funds by him. Interest earned by such portion of the fund deposited by the treasurer shall be collected by him and placed to the credit of the fund, and shall be allocated annually to the separate account of each employer or pooled account in the proportion which such account on June 30 in each year bears to the whole fund.

INVESTMENT OF SURPLUS

SEC. 30. Any of the surplus funds belonging to the fund may, by order of the Secretary, be invested in any obligations of the United States of America and of the District of Columbia. All such securities or evidences of indebtedness shall be placed in the hands of the treasurer of the District of Columbia, who shall be custodian thereof. He shall collect the principal and interest thereof, when due, and pay the same into the fund. The treasurer of the District of Columbia shall pay all vouchers drawn on the fund for the making of such investments when signed by the Secretary, or other officer or employee of the department duly authorized by the Secretary, upon delivery of such securities or evidence of indebtedness to him. The Secretary may sell any of such securities.

RECORD AND AUDIT OF PAY ROLLS

SEC. 31. Every employer shall keep a true and accurate record of the number of his employees and the wages paid by him, and shall furnish to the Secretary, upon demand, a sworn statement of the same. Such record shall be open to inspection at any time and as often as may be necessary to verify the number of employees and the amount of the pay roll. Any employer who shall fail to keep such record or who shall wilfully falsify any such record shall be guilty of a misdemeanor.

COLLECTION OF CONTRIBUTIONS IN CASE OF DEFAULT

SEC. 32. If an employer shall default in any payments required to be made by him to the fund, after due notice, the amount due from him with interest at 6 percent from the date when due, shall be collected by civil action against him brought in the name of the Secretary, and the same when collected shall be paid into the fund, and such employer's compliance with the provisions of this act requiring payments to be made to the fund shall date from the time of the payment of said money so collected.

BANKRUPTCY

SEC. 33. In the event of bankruptcy or insolvency of an employer the amount due for contribution to the fund shall be a prior claim and shall be entitled to such priority in bankruptcy, as is provided by section 64, subsection b, subsection 7, of the Federal Bankruptcy Act.

DISCLOSURES PROHIBITED

SEC. 34. Information acquired from employers or employees pursuant to this act shall not be open to public inspection, and any officer or employee of the Department who, without authority of the Secretary or pursuant to his regulations, or as otherwise required by law, shall disclose the same shall be guilty of a misdemeanor.

EXPENSES OF ADMINISTRATION

SEC. 35. (1) The Secretary and the auditor of the District of Columbia annually as soon as practicable after July 1 shall ascertain the total amount of expenses incurred by the department during the preceding fiscal year in connection with the administration of this act and shall add thereto one half of the total expenses of maintaining the public employment offices as established for the purposes of this act. An itemized statement of the total expenses so ascertained shall be open to public inspection in the office of the Secretary for 30 days after notice published as the Secretary shall provide before the Secretary shall make an assessment as hereinafter provided. The Secretary shall assess upon the fund and upon the exempted employers such total amount of expenses in the proportion that the total benefits paid from the fund or benefits paid by any exempted employer in such year bears to the total of benefits paid in such year. The Secretary shall apportion the share of such expense borne by the fund among the employers' accounts in the proportion which the benefits paid by or on behalf of each employer's account bear to the total benefits paid from the fund.

(2) No employer shall be assessed under this section in any fiscal year more than an amount equal to three tenths of 1 percent of the total wages paid by him to his employees during the year in which the assessed expenses were incurred by the department.

EXPENSES OF HEARINGS

SEC. 36. Fees of witnesses and other expenses, except legal services, involved in hearings and appeals under this act shall be paid at the same rate as similar expenses are paid in hearings under the act entitled "An act to provide compensation for disability or death resulting from injury to employees in certain employments in the District of Columbia, and for other purposes", approved May 17, 1928, and shall be treated as expenses under this act.

STUDY OF PARTIAL UNEMPLOYMENT

SEC. 37. The Secretary shall appoint a committee of not more than three persons who shall make a study of partial unemployment, and shall make recommendations to the Secretary in respect to provision for the inclusion of benefits for partial unemployment in this act. The Secretary shall transmit the report

and recommendations of the committee, with his comments thereon and recommendations to Congress not later than the 1st of February 1934.

PENALTIES

SEC. 38. (1) Any person who wilfully makes a false statement or representation:

(a) To obtain any benefit or payment under the provisions of this act, either for himself or for any other person; or

(b) To lower contributions paid to the fund; or

(2) Any person who wilfully refuses or fails to pay a contribution to the fund; or

(3) Any person or corporation who refuses to allow the secretary or his authorized representative to inspect his pay roll or other records or documents relative to the enforcement of this act; or

(4) Any employer who shall make a deduction from the wages or salary of any employee to pay any portion of the contribution which the employer is required to make shall be guilty of a misdemeanor. If a corporation is convicted of any such violation, its president, secretary, treasurer, or officers exercising corresponding functions shall each be guilty of a misdemeanor.

(5) Any employer who fails to pay his contributions to the fund promptly and when due shall be liable for interest at the rate of 6 percent from the time due until the time of payment.

SEPARABILITY OF PROVISIONS

SEC. 39. If any provision of this act or the application thereof to any person or circumstance is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

APPROPRIATION

SEC. 40. The sum of ——— dollars, or so much thereof as may be necessary, is authorized to be appropriated and paid for the purposes of carrying out the provisions of this act in like manner as other appropriations for the expenses of the government of the District of Columbia.

EFFECTIVE DATE

SEC. 41. This act shall take effect immediately.

REVISION OF FOOD AND DRUGS ACT

Mr. COPELAND. Mr. President, I ask leave to introduce a bill for reference to the Committee on Commerce, and present a memorandum to accompany the bill showing the changes it proposes to make in the present Food and Drugs Act. I ask that the memorandum may be printed in the RECORD.

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

The bill (S. 1944) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drugs, and cosmetics, and to regulate traffic therein, to prevent the false advertisement of food, drugs, and cosmetics, and for other purposes, was read twice by its title and referred to the Committee on Commerce.

The memorandum presented by Mr. COPELAND to accompany the bill was ordered to be printed in the RECORD, as follows:

MEMORANDUM ON THE BILL FOR REVISING THE FOOD AND DRUGS ACT, INDICATING DIFFERENCES BETWEEN BILL AND PRESENT LAW

S. 1944	PRESENT LAW
SECTION 1. Title.	
SEC. 2. Definitions of food, drug, cosmetic, advertisement, and other terms used in bill.	Definition of drug does not include therapeutic devices, or drugs or devices intended to affect nonpathologic conditions of the body. Cosmetic and advertisement not defined.
SEC. 3. (a) Food defined as adulterated if dangerous to health; if added poisonous substances present in excess of tolerances prescribed by Secretary; if filthy or decomposed; if prepared under unsanitary conditions; if from diseased animals; or if packed in poisonous containers.	No provision against packing under unsanitary conditions, or in poisonous containers. No authorization to establish tolerances for poisons. Other provisions essentially the same.
(b) Food adulterated if valuable constituent removed; if another substance substituted partly or entirely for the article; if damage or inferiority is concealed; or if any substance has been mixed with it to increase its bulk or weight or to reduce its quality or to create a deceptive appearance.	Contains essentially the same provisions.
(c) Confectionery defined as adulterated if it contains alcohol, resinous glazes, or nonnutritive substances.	Resinous glazes not prohibited and only certain enumerated nonnutritive substances banned. Otherwise essentially similar.
(d) Prohibits use of uncertified coal-tar colors in foods.	No similar provision. No action can be taken unless it can be proved that colors or their impurities are poisonous and that they are present in such quantities as may be harmful to health.
SEC. 4 (a) A drug defined as adulterated if under the conditions of use prescribed in the labeling it may be dangerous to health.	Contains no such provision.
(b) A drug defined as adulterated if its name is the same as, or simulates, a Pharmacopœial or National Formulary name, and it fails to meet all the requirements of the Pharmacopœia or Formulary. Where the tests provided by the Pharmacopœia or Formulary for determining the standard of strength, quality, or purity are insufficient, the Secretary is authorized to prescribe improved tests. Drugs exempted from this provision if labeled to show wherein their strength, quality, and purity differ from Pharmacopœial or Forumlary requirements.	Does not authorize establishment of new tests when tests prescribed are insufficient. Other provisions essentially the same.
(c) Drugs not recognized in Pharmocopœia or Formulary must meet the standards under which they are sold.	Contains essentially same provisions.
(d) Drugs defined as adulterated if any substance has been mixed with them to reduce their quality or strength, or if any substance has been substituted wholy or in part for them.	Contains no similar provision. Action, if possible, must be taken under other adulteration provisions or under misbranding provisions.
SEC. 5. (a) Cosmetics defined as adulterated if injurious to the user.	No provisions on cosmetics.
(b) Cosmetics defined as adulterated if they contain poisonous substances in excess of the tolerances prescribed by the Secretary.	No provisions on cosmetics.
SEC. 6. (a) Food, drugs, and cosmetics defined as misbranded if labeling is false or misleading in any particular.	No provisions on cosmetics. Otherwise essentially the same.
(b) Food, drugs, and cosmetics in package form must bear labels which show the name and address of the manufacturer or distributor and the quantity of the contents. Canned food which moves in substantial quantities from packing to labeling establishments, there to be labeled, is exempted from penalties if it is actually labeled properly before leaving the labeling establishment.	Neither food nor drugs required to be labeled with the name and address of manufacturer or distributor. No provision on cosmetics. While statement of quantity of contents, required on food, no such requirement of contents for drugs. No provision specifically exempting canned food from labeling to show quantity of contents, but by order of Secretary such exemption administratively allowed.
(c) All statements required by this and other sections of the act must be plainly and conspicuously set forth in terms readily intelligible to the consumer.	Specifically required only for statements of quantity of contents; otherwise required only by inference.
SEC. 7. (a) Food misbranded if in deceptive or slack-filled containers.	No similar provision.
(b) Food misbranded if offered for sale under name of another food.	Contains same provision.
(c) Food misbranded if imitation and not so labeled.	Contains essentially same provision.
(d) Food misbranded if it fails to meet the definition of identity legally promulgated by regulations, or if its label fails to bear the name of the article.	Definitions now promulgated have no legal effect, but must be supported by expert testimony. Name of food defined not required to appear on label.
(e) Food misbranded if standards of quality have been legally promulgated and its label fails to state the quality of the food.	A similar provision is applicable only to canned foods.
(f) Food misbranded if it is represented as one for which no definition has been prescribed	No provision for informative labeling. On the contrary, food sold under a distinctive name

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and its label fails to bear the name of the food and of each ingredient in the order of predominance by weight. Secretary authorized to require by regulation such further information on the label as may be necessary to prevent deception.	which does not imitate the distinctive name of another article is exempted from provisions against adulteration and misbranding if it does not contain added poisonous ingredients. Exemptions also made for articles sold as compounds and blends. Extent of these exemptions not fully clarified by court decisions.
SEC. 8. (a) A drug misbranded if labeled with the name of a disease for which it is a palliative but not a cure and fails to state that it is not a cure, or if its label bears any statement concerning the effect of the drug contrary to the general agreement of medical opinion	A drug labeled with disease names for which it is a palliative not required to be labeled to show it is not a cure. False statements of therapeutic effect are banned only if such statements are fraudulently made.
(b) Labels for drugs containing any narcotic or hypnotic substance must bear the name and quantity of such substance with the statement, "Warning! May be habit-forming."	Labels must bear the name and quantity of a limited number of such substances, enumerated in the law, and their derivatives. No warning legend provided.
(c) Presence and amount of alcohol, ether, and chloroform must be declared on the labels.	Contains same provision.
(d) Methods of use must be prescribed on the labels.	Contains no such provision.
(e) Drugs sold under names not recognized in Pharmacopœia or Formulary required to bear their common name, if there is any, and the name and quantity of each medicinal ingredient. The Secretary is authorized to require such further information on the label as may be necessary to protect public health.	Contains no similar provision.
(f) Pharmacopœial and Formulary drugs must be packed and labeled as required by these authorities.	Contains no such provision.
(g) Drugs liable to deterioration must be packaged and labeled as required by regulations.	Contains no such provision.
(h) A drug misbranded if its container is deceptive, or if it imitates another drug, or if it is offered for sale under the name of another drug.	No provision regarding deceptive containers. Otherwise the same.
(i) Germicides and antiseptics must kill micro-organisms under conditions of use indicated in labeling.	Contains no such provision. Some of more flagrant abuses can be reached by general provisions against adulteration and misbranding.
SEC. 9 (a) and (b) Advertising of food, drugs, and cosmetics defined as false if misleading in any particular.	Contains no such provision.
(c) Public advertising of drugs for diseases wherein self-medication may be dangerous prohibited.	Contains no such provision.
SEC. 10. Secretary authorized to prohibit added poisons in food and cosmetics, or prescribe tolerances for them.	No provision on cosmetics. Expert testimony must be brought in each contested case on food to show beyond a reasonable doubt that the poison is present in such quantity as may be harmful to health.
SEC. 11. Secretary authorized to establish definitions of identity and standards of quality and fill of container for food.	Law authorizes establishment of standards of quality and fill of container for canned food only. Present definitions and standards for other food do not have the force and effect of law, and in all cases expert testimony must be introduced to sustain their validity.
SEC. 12. Secretary authorized to require permits for interstate shipment of classes of food, drugs, and cosmetics which by reason of conditions surrounding their manufacture may be injurious to health, and where their injurious nature cannot be adequately determined after interstate shipment.	Contains no such provision.
SEC. 13. Inspectors authorized to make inspection of factories, warehouses, and other establishments in which food, drugs, or	Contains no such provision.

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cosmetics are manufactured or held. Provision made to enjoin interstate shipments from factories or warehouse refusing privilege of inspection.	
SEC. 14. Interstate carriers of food, drugs, and cosmetics, and interstate consignees of such articles, required to permit inspectors to copy records showing interstate shipment.	Contains no such provision.
SEC. 15. Authorizes the Department to investigate food, drugs, and cosmetics, through its own agents or through State or city officials. Prescribes duties of United States attorneys to whom violations of the act are reported. Requires Secretary to give opportunity for hearing before criminal prosecution.	Hearing is not required except in prosecutions against dealers who have received and distributed goods in violation of the act. Nevertheless, the administrative practice has always been to afford hearings to prospective defendants. Other provisions essentially the same.
SEC. 16. Authorizes seizure of articles in violation of the law by process pursuant to libel, or in cases where there is probable cause to believe that articles are adulterated so as to be imminently dangerous to health, upon the order of an officer of the Department, after which jurisdiction of the court attaches. Where recovery is had in a suit against an officer by reason of seizure on probable cause, judgment will be paid out of appropriations for the administration of this act. Courts authorized to dispose of articles condemned after seizure by destruction or sale. Proviso made that seized goods may be returned to the claimant under bond for destruction or for bringing them into compliance with the law if this can be done.	Contains no provision for executive seizure, even though product imminently dangerous to health. Other provisions essentially the same.
SEC. 17. Provides penalties of imprisonment and fine for both first and subsequent violations of act; repeated offenders and willful offenders subjected to heavy penalties. Exempts publishers and radio broadcasters and advertising agencies from penalties if they furnish name of person responsible for the advertising. Exempts dealers from prosecution who hold guaranties. Prohibits forging of label identification devices authorized by regulations under sections 12 and 22.	Penalties are very small, and imprisonment authorized only on second offenses. No special penalty provided for willful violation. Contains no penalties for false advertising. Contains same exemption for dealers.
SEC. 18. Provides for liability of officers of corporations violating the law.	Contains similar provision.
SEC. 19. To avoid multiplicity of seizure and criminal proceedings United States courts are vested with jurisdiction to restrain repetitious violations by injunction.	Contains no such provision.
SEC. 20. Lays down procedure for excluding adulterated, misbranded, and falsely advertised food, drugs, and cosmetics from importation.	No provision on cosmetics. No provision against importation of falsely advertised food and drugs. Otherwise essentially the same.
SEC. 21. Secretary authorized to publish all court proceedings and to disseminate such other information regarding food, drugs, and cosmetics as may be necessary to protect the public health or to protect the public against fraud.	Authorizes publication of judgments of the court only.
SEC. 22. Secretary authorized upon application of manufacturers to designate supervisory inspectors in factories of food, drugs, and cosmetics, who, if the goods conform to the requirements of the act, will permit the use of marks showing compliance with the act and such other information as the regulations may provide. Such services to be paid for by appli-	Contains no such provision.

S. 1944	PRESENT LAW
cant and proceeds to be turned into the Treasury for use by the Secretary in expenditures incurred in carrying out this section.	
SEC. 23. Secretary authorized to prescribe rules and regulations for carrying out the provisions of the act except those relating to imports. Secretaries of Treasury and Agriculture authorized to prescribe regulations covering imports. Sections 9 and 10 of Federal Trade Commission Act incorporated by reference.	Regulations made by Secretaries of Treasury, Agriculture, and Commerce. No provision similar to sections 9 and 10 of Federal Trade Commission Act.
SEC. 24. Authorizes suit for personal injuries caused by violation of the act.	Contains no such provision.
SEC. 25. Separability clause.	Contains no such provision.
SEC. 26. Effective date and repeals.	

The outstanding changes in the bill from the provisions of the present law are:

1. Extension of jurisdiction to advertising.
2. Inclusion of cosmetics.
3. Authorization to limit added poisons in food to specific tolerances.
4. Authorization to establish definitions and standards for food.
5. Authorization to require permits when food may be injurious and public cannot be effectively protected by other provisions.
6. Provision to control more adequately false or misleading therapeutic claims on drugs.
7. Requirement for fully informative labeling of food and drugs.
8. More adequate remedial provisions.

REQUEST FOR RETURN BY THE PRESIDENT OF RAILROAD-RELIEF ENROLLED BILL

Mr. DILL. Mr. President, there is an urgent matter which I desire to bring to the attention of the Senate.

In the passage of the railroad bill the conference report left out two words. The bill has gone to the White House, and we are anxious to have it recalled from the White House.

Out of order, therefore, I ask unanimous consent to submit a concurrent resolution, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. POPE in the chair). Is there objection?

Mr. McNARY. Mr. President, before granting permission I should like to have the concurrent resolution read.

The PRESIDING OFFICER. The concurrent resolution will be read.

The Chief Clerk read the concurrent resolution (S.Con.Res. 5), as follows:

Resolved by the Senate (the House of Representatives concurring), That the President of the United States be, and he is hereby, requested to return to the Senate the enrolled bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

Resolved further, That in the event the said bill is returned by the President, the action of the Speaker of the House of Representatives and of the Vice President of the United States in signing the said enrolled bill be rescinded, and that the Secretary of the Senate be, and he is hereby, authorized and directed to reenroll the said bill with the following amendment, namely: In section 13, after the word "conditions", insert the words "and relations."

There being no objection, the concurrent resolution was considered by unanimous consent and agreed to.

REDUCTIONS IN PERSONNEL AND COMPENSATION AND CURTAILMENT OF SCIENTIFIC RESEARCH ACTIVITIES

Mr. McCARRAN. Mr. President, I ask unanimous consent for the present consideration of the resolution which I send to the desk.

Mr. McNARY. Let it be reported.

The VICE PRESIDENT. The resolution will be reported.

The resolution (S.Res. 101) was read, as follows:

Resloved, That the Secretary of the Interior, the Secretary of Agriculture, and the Secretary of Commerce are requested to furnish the Senate at once all available information as to any reductions in personnel, cuts in compensation, or curtailment of activities within the past year in connection with Federal scientific research or experimentation, carried on or conducted by said Departments or any bureau or agency thereunder.

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

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

THE HOME-OWNERS LOAN CORPORATION (S.DOC. NO. 74)

On motion by Mr. HAYDEN, on behalf of the Committee on Printing, a statement by W. F. Stevenson, Chairman of the Federal Home Loan Bank Board, entitled "The Home-Owners Loan Corporation" was ordered to be printed as a Senate document.

COST OF LIVING AND WAGE CUTS—STATEMENT BY ETHELBERT STEWART

Mr. WHEELER. Mr. President, I ask to have inserted in the RECORD an article relating to a statement by Ethelbert Stewart, former Chief of the United States Bureau of Labor Statistics, dealing with governmental cost-of-living figures and wage cuts, which appeared in Labor, June 6, 1933.

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

[From Labor, June 6, 1933]

STEWART HITS "COST OF LIVING" FIGURES; USE TO DEFEND WAGE CUTS CALLED A CRIME—FAMOUS STATISTICIAN DECLARES GOVERNMENT DATA ARE MISLEADING AND VICIOUS; WORKERS NEVER REACHED DECENT STANDARD

One of the world's outstanding economists and statisticians, Ethelbert Stewart, former Chief of the United States Bureau of Labor Statistics, who during his 45 years with the Federal Government became internationally famous for the accuracy of his findings, has come out of retirement to deliver a smashing broadside against the widely prevalent practice of using the Government's "cost of living" figures as a basis for fixing wage rates.

One of the main arguments used by employers—from Uncle Sam down to the owner of a "hole-in-the-wall" bookstore—in their wage-cutting drive throughout the depression, has been that "living costs have come down."

FIGURES ARE MISLEADING

The figures on which that conclusion is based, Stewart points out in an article which will appear in the June issue of the Railroad Trainman, are 15 years old and their use as an argument, or as a basis for reduction of wages, "is a crime, a fraud, and an outrage." They are so misleading, he says, "as to be actually vicious."

"The Bureau of Labor Statistics never intended for 1 minute that this survey of 1918 should be used as a basis of computing the cost of living in 1933", Stewart emphasizes. And particular weight attaches to that statement in view of the fact that he was in charge of the Bureau when it made the survey.

As far back as 1926 Stewart protested that the 1918 standard-of-living figures had become obsolete. They are still more unsound today. Furthermore, he points out, the 1918 survey merely undertook to secure statistical information as to how the workers in 92 industrial centers lived and what it cost them.

NEVER MEANT AS STANDARD

"The bureau", he explains, "never said and never meant to indicate that the conditions it found were to be set up as a standard, or to be considered even normal, much less ideal."

Yet all the wage cutters base their arguments—when they feel it is necessary to offer an alibi for sandbagging their employees—on the cost-of-living indices as put out by the Bureau of Labor Statistics today which, Stewart solemnly declares on his reputation as a statistician, "are based upon standards that no longer exist and as far as the individual families are concerned could not possibly exist."

Stewart, a pioneer in the old Knights of Labor movement and a veteran of that organization's early struggles, sounds a fighting note in his statement—the first public utterance he has made since he retired from Federal service.

BLASTS "COST OF LIVING"

"I will not keep still", he says. "I will not by my silence seem a party to an attempt to crowd the American workmen back to the living conditions, into the status of 15 years ago."

And this is what he thinks of the whole theory of the "cost of living" basis for wage rates:

"The fixed standard of living is perhaps the most vicious fallacy in all the realms of statistical thinking. * * * There can be nothing that could produce greater mental anguish and physical discomfort than to crowd the workers back into an economic condition which they had outgrown.

IGNORES HUMAN RIGHTS

"I never did believe and do not now believe in 'cost of living' or 'standards of living' as a basis for wage rates. The whole theory and idea grows out of a system of economics utterly lacking in social outlook and utterly oblivious of human rights. I have hated it progressively with my advancing years." (He is 76 years of age.)

And the old veteran drops this verbal bomb into the camp of the wage slashers:

"Much of our financial and industrial trouble today results from clinging to a system of political economy which defines itself as being the 'science of wealth.' Its wage theory is that labor is a commodity to be secured at the lowest possible price.

"HANGOVER FROM SIMPLE ERA

"Its dictum of 'natural wages' is the lowest amount upon which a worker can live and reproduce another worker to take his place when his life ends or his working power is exhausted.

"Our present thought on this whole subject of the cost of living in its relation to wages is a hangover from a day when economics was concerned with producing enough for the people's sustenance and not to this period when the problem is how to distribute the enormous surplus.

"It is the 'Breeders' Gazette' theory of labor, and until it is abandoned there can be no adjustment of our social life with our enormous powers to produce in a machine age.

"If there be a possible standard of living, the workers of the United States have not reached it yet."

THE OIL SITUATION—ARTICLE BY SECRETARY OF THE INTERIOR

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in yesterday's New York Times. The article is entitled "The Crisis in Oil—A Huge National Problem", and was written by the Secretary of the Interior. Following this I ask to have printed in the RECORD three pages from the Federal Oil Conservation Board report which I have indicated.

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

The article and excerpts from the report are as follows:

[From the New York Times, Sunday, June 11, 1933]

THE CRISIS IN OIL—A HUGE NATIONAL PROBLEM

By Harold L. Ickes, Secretary of the Interior

With respect to oil we are writing the most amazing chapter in the history of our dealings with our natural resources. We have laid waste our forests, leaving slashings exposed to fire hazards with resultant wanton destruction, not only of potential future forests but of soil fertility. Soil erosion has followed as a natural sequence and raging floods in their turn have periodically drowned out fertile farms and taken heavy toll of animal and human life.

Uncontrolled grazing on the public domain is destroying the forage necessary for the herds that we need to furnish us with meat and wool and hides. We have given away precious land by the millions of acres. We have alienated valuable water-power sites, flung to the greedy exploiter mineral resources of untold value, and allowed our water fronts to be stolen.

IRREPLACEABLE RESOURCES

But, compared with oil, we have been as frugal as a Scotchman in our management of our other natural resources. After all, we can replant our devastated forests. We can prevent further soil erosion and mitigate floods by protecting our watersheds as nature did originally. But we cannot replenish a depleted oil pool. We cannot recapture out of the air the billions of feet of natural gas which we have allowed to escape. Once gone these natural resources are irreplaceable, and for the oil there is no known substitute.

If an individual should squander his property as the Nation is squandering its oil resources, the courts would appoint a conservator to manage his affairs. He might even be adjudged an insane person. There can be little doubt what the finding of posterity will be when it reads the record we have written on oil. Unless we put a stop to this wanton waste, this profligate dissipation of an indispensable natural resource, our children will feel for us the pitying contempt that we will so richly have earned.

A NECESSITY FOR THE NATION

For our children cannot live without oil any more than we can. Nor can our country defend itself against an enemy without oil. If we continue to exploit our oil at the present rate, those who follow us will either have to go without a domestic supply altogether or pay so much for it as seriously to curtail its use. Such a result might well have an adverse effect upon our civilization and gravely weaken our defensive ability in time of war.

The huge oil industry of the greatest oil-producing country of the world is being brought to its knees. Unscientific exploitation, overproduction, oversupply in storage above the ground, reckless and improvident methods of capture, ruthless dissipation of the natural gas occurring with oil, and just human greed are to blame. So great is the production of oil that it has entered into keen competition with coal. The result is that about half of our oil production is today displacing the equally effective use of coal, the supply of which is virtually inexhaustible. Unless this waste is checked, this most valuable and necessary natural resource upon which our national defense and general welfare so vitally depend must inevitably soon reach practical exhaustion.

EXTRAVAGANT METHODS USED

Methods of capturing oil at the surface still in use are extravagant and enormously wasteful. To quote from the New Republic for June 7:

"The chaos of the oil industry has long been recognized, and especially the effect of this chaos in waste, both of natural and other economic resources. As J. Howard Marshall and Norman L. Meyers wrote in the Yale Law Journal of November 1931 (Legal Planning of Petroleum Production):

"'In the ill-planned production of the competitive system as much as 80 and 90 percent of the oil is lost and abandoned in the sands, natural gas is blown into the air, and the function of gas energy disregarded in the mad scramble for "more oil now." * * * In Texas two wells on the top of a dome were allowed to blow dry gas in the hope that oil would eventually be drawn up. After blowing for 34 and 18 days, respectively, and expending approximately 250,000,000 cubic feet, oil appeared; one well yielded 10 barrels a day, the other 26. Recently at Kettleman Hills in California a billion cubic feet of gas a day, enough to supply the industrial needs of San Francisco and the whole northern part of the State, has been allowed to escape into the air.'"

Pools of oil, of course, occur in large subterranean units; at the top there is likely to be free gas; in the oil saturating the sands below there is gas in solution; around and under the oil there is water. If the pool were properly tapped according to engineering principles, with the right number of wells strategically placed, the pressures of gas and water would be utilized to the utmost to facilitate a natural flow, and thus to extract most of the oil and eliminate the expense of pumping, and the gas would be saved.

In addition, there would not be incurred the considerable cost of drilling and maintaining superfluous wells or building storage facilities above ground—storage facilities which in turn incur losses through evaporation and occasional burning. A properly engineered oil pool would supply the demand almost as simply and economically as turning on and off a water tap in a city water system.

FAILURE TO ENFORCE STATUTES

The oil-producing States have undertaken conservation programs, but failure or inability to enforce State statutes, widespread evasion of both State and Federal taxes, and illegal production and distribution of excess oil and its derivatives have tended to break these down. The public is vitally concerned in bringing production of crude oil into balance with the demand for petroleum derivatives. Once this is attained, all concerned will be protected—royalty owners, landowners, the consuming public, and the marketing and manufacturing agencies.

A minority in the industry has thus far nullified voluntary cooperation or the carrying-out of State conservation plans by clandestinely purchasing and transporting oil illegally produced. This means that crude oil in excess of demand is being dumped on the market in unknown quantities but variously estimated at from 250,000 to 500,000 barrels a day. This oil pays no tax to the State or Federal Government.

These lawless interests are diminishing State and Federal taxes, evading royalties due, and threatening owners and operators of more than 300,000 oil wells with the possibility of having to abandon their wells, as the price in many areas has been driven below the cost of production. In brief, these refiners and marketers are undermining the capital structure of the whole industry as a result of their unfair practices.

A CHANGED INDUSTRY

The oil industry, as we know it today, is different from the oil industry of tradition and legend. In its modern phase, it may almost be said to date from the beginning of the second decade of this century. It is a long step from the small beginning of "mineral oil" production in western Pennsylvania to the far-flung oil empire of today.

The modern oil cycle began with the rise of the automotive industry, with its dependence on gasoline. The oil industry has been one of the most highly organized in our time. Conditions peculiar to it have made it unavoidably speculative. The difficulties of locating and recovering oil from the ground, the uncertainties of the results for drilling, and the possibility of rich rewards have been incentives to the venturesome who are willing to take the chances involved.

Today this is the second industry in the country. Its manufacturing methods have constantly improved and are generally efficient, although there are still admitted wastes. Its growth has been phenomenal, keeping step with the rapidly increasing demand of the ever-multiplying millions of motor vehicles. The number of petroleum products has been increased far beyond the realization of most people, and the processes by which these have been recovered from crude oil have been constantly improved. The cracking process for converting heavier elements into more volatile ones is the best known of the many of these improvements.

The most important modern product of the industry is gasoline, displacing kerosene, which in the earlier period represented the largest value in crude oil. Today gasoline can be bought almost anywhere on any busy highway in the world. The distributing system has been developed to an extent and with a rapidity that stand out as one of the astonishing achievements of modern business. It may even be doubted whether the distributing system has not overrun its legitimate possibilities. In the country's foreign trade petroleum products have come to rank among our foremost contributions to the commerce of the world.

The country's oil supply comes from something like 400,000 wells, the great majority of them producing from a fraction of a barrel to a few barrels daily. These are scattered through nearly half of the States of the Union. We hear little of most of these wells because they are not spectacular; we hear much of gushing wells

and flush fields. These latter are responsible for the trouble at the production end of the industry. Yet if new fields were not discovered and brought into production from time to time, the industry could not keep up with demands. The trouble is not with newly discovered fields but with uncontrolled production.

CYCLES OF PRODUCTION

From its beginning in 1857 the oil industry has been a series of cycles—excess of production from new fields followed by periods of threatened scarcity and serious concern about future supplies. Within a decade the industry has seen itself in one of these periods of seriously threatened shortage of supply. Today it is literally swamped by the excess of its liquid wealth. We may be quite sure that, as oil is a resource which does not reproduce itself, we shall again swing to the lower arc of the cycle. But for the present our problem is one of coping with an overproduction which is more serious than perhaps ever before since the beginning of the industry, when Colonel Drake first pioneered for oil in Pennsylvania.

Enormous quantities of excess production have gone into tank storage, which is both expensive and wasteful. It is said by experts that the wells now producing and being drilled in the east Texas fields alone could, if allowed to flow at their full capacity, supply the entire national demand for an indefinite period. A reasonable price for crude oil, as well as a reasonable price for its products, is manifestly necessary for the health and solvency of the industry and the prosperity and well-being of the country.

The natural, logical, and economic storage for oil is in the ground, where nature put it. If we could be sure that just enough would be found and brought up each year to meet requirements, conditions would be ideal. Experience has demonstrated that under a regime of unrestricted competition in production no such balance of supply and demand can be even approximated. Some effective measure of public control must be introduced for the sake of both the industry and the public interest.

In recent years the chief oil-producing States have made some progress toward rationalizing, conserving, and stabilizing production. In this they have had the cooperation of by far the greater part of the industry. Their experience, their failures, as well as their partial successes, have provided the way, I believe, for a possible cooperation between the interested States, the Nation, and industrial groups by which the industry may be well served and the community's concern for the future reassured.

FEDERAL LEGISLATION NEEDED

Federal legislation of some sort is necessary and, in my opinion, will sooner or later be enacted. It should be written in broad and liberal terms, trusting much to the discretion of administrators, but it stands to reason that the greater the necessity for the legislation the more drastic it will be. Real statesmanship calls for legislation now, and the oil industry would be serving its own best good by cooperating to obtain such legislation.

We must not impose conditions that would discourage the exploration of new fields, for only by discovering new sources can we be assured of an adequate domestic supply. But, on the other hand, we cannot afford to allow the industry to swamp itself. The results of any prolonged overproduction would be to destroy the value of hundreds of thousands of small producing wells which are the only source of income to thousands of royalty owners.

COMMITTEE RECOMMENDATIONS

Representatives of the governors of the principal oil-producing States met at Washington at my invitation on March 27. At the same time representatives of the industry itself, including independents as well as the major companies, came together. There resulted, after a series of conferences, recommendations submitted by a Committee of Fifteen representing all interests, together with a report by a group known as the Independent Petroleum Association Opposed to Monopoly.

The Committee of Fifteen made several recommendations which the Federal Government felt it could not wisely undertake, but which seemed rather to call for action by the oil-producing States, provided they could and would act. Therefore, the President, on April 3, transmitted the findings to the Governors of the oil-producing States and recommended that the States take necessary and appropriate action. At that time the President endorsed the suggestion of the Committee of Fifteen and the Independent Petroleum Association that Federal legislation be enacted barring from transportation in interstate and foreign commerce oil or its products produced in violation of the laws of the State of its origin.

More than 10 weeks have elapsed since this oil conference; and instead of action to correct the abuses complained of, the industry has gone from bad to worse. Oil has sold as low as 4 cents a barrel in Texas, and the posted price today is still so low that the producer can expect nothing but a heavy loss. Oil has been selling in Oklahoma and Texas at 25 cents a barrel, and it is fair to say that in every oil field in the country it is selling well below the cost of production.

THE HELPLESS STATES

As a result there is fear in the oil fields of an utter collapse of this basic, essential industry. The States have frankly confessed they cannot cope with the situation. "Gentlemen's agreements" have failed. State commissions have clashed with courts, courts have enjoined orders of State commissions, and legislatures have adopted resolutions on both sides of the question. Finally the Governors of the principal oil-producing States have thrown up their hands and asked the Federal Government to step in and save the industry.

If oil were not an irreplaceable natural resource essential to the very life and well-being of our country, we could sit by with folded hands and complacently watch the producers kill themselves off if they lacked the will or the enterprise to remedy their own situation. But we cannot. The Federal Government has a paramount interest in oil. We cannot permit men, even though they invoke the theory of the sanctity of private property, to allow to flow into the gutter what may prove to be the very lifeblood of the Nation.

DANGER IN UNCONTROLLED INDUSTRY

The situation is this: An industry unregulated, lacking self-control, and free of adequate State restraint can do irreparable damage to our economic situation. Collapse of the oil industry would mean a terrific strain on banks, the closing of wells, the shutting up of refineries, and the throwing out of employment of many thousands of men now at work. Such a collapse would not be felt alone in such States as Texas, Oklahoma, Kansas, and California, which are large producers of oil. It would have serious repercussions in every part of the country.

The Governors of the States of Pennsylvania, Kentucky, Kansas, Oklahoma, and Texas have pleaded for Federal assistance in helping the oil industry to right itself. President Roosevelt has definitely recommended legislation in line with the wishes of the Governors. That the Congress will pass sooner or later such legislation as is asked for there can be do doubt. Let us hope that such legislation will be enacted before further damage is done to the economic structure of the country.

[From the report of the Federal Oil Conservation report, Feb. 10 and 11, 1926]

APRIL 8, 1925.

Subject: Conservation of helium gas.

Dr. GEORGE OTIS SMITH,
United States Geological Survey,
Washington, D.C.

DEAR DR. SMITH: I do not know whether or not I have ever discussed with you anything more than the incidental conservation of gas under the plan I have recommended to you for the conservation of oil.

I have a partially developed program, but as you can imagine, I get but little time for work of this character after meeting the demands made upon my time in connection with my business. Up to date, most of my time and all of my research work have been devoted solely to oil conservation.

My attention has just been called to a bill introduced by Senator Wadsworth for the "Conservation of helium gas." This, of course, is a very important matter as a war measure, but as contrasted with the need of conserving our oil resources it is of minor importance, simply because oil conservation is primary and vital. However, possibly the conservation of helium gas would alone warrant the adoption of the plan I recommend.

I had planned to give special study to this problem and had expected to have had a communication in your hands on this subject prior to this time. Unfortunately, I am weeks behind my schedule. However, in view of the introduction of this bill, I thought it best to write you at this time on the problem of gas conservation, including helium gas.

I will touch on some facts in connection with oil production in this letter, which you and your experts know as much or more about than I do, because I am going to ask you to communicate with those interested in helium conservation, and to save your time I am trying to write this letter so you can use it if you wish, rather than to prepare a new communication.

Under our present system of oil production practically all the gas leaks into the upper sands or is wastefully blown to the air. The great bulk of this gas is never measured, and, in fact, it cannot be measured, and therefore no one knows accurately what it amounts to. It will undoubtedly be contended by some of the oil men who will appear before your Commission that this waste of gas amounts to no more or even less than 1,500 cubic feet per barrel of oil.

In my opinion, it amounts to far more than the biggest estimates heretofore placed on it. The underground waste alone is a large amount. Recently at Cromwell our men estimated the waste of gas at from 500,000,000 to 700,000,000 cubic feet a day, and other competent authorities estimated it to be as much as 1,200,000,000 cubic feet a day. The latter quantity in energy value would be equivalent to 48,000 tons of coal a day, or 200,000 barrels of oil a day.

I think up to date I have only discussed with you the incidental advantage of conserving this gas as a means of increasing oil production. Of course, I have in mind the conservation of this gas for its own value as well. I am not yet prepared to say what all can be done under a rational system of operation. Even if this loss is only 1,500 cubic feet per barrel of oil produced, it would amount to an energy value equal to 25 percent of the gross production of oil. The plan under which we now operate makes it impossible to save this gas. Under the plan I recommend it can practically all be saved.

Every gas and oil pool, if properly developed, becomes a gas-tight reservoir for the storage of gas. This is of vast importance from an economic standpoint. Gas or oil pools found near the cities supplied with natural gas, after once being emptied of their original contents, can be used to store natural gas during the summer months for use during the winter months. For instance, there are large areas of natural gas in the panhandle of Texas, also large areas in Louisiana. If I could create some gas-tight reservoirs in the neighborhood of Kansas City and the other

cities supplied by the Kansas Natural Gas Co. in Kansas and Missouri, then a pipe line to these distant fields could be operated at maximum capacity both in the summer and the winter, and the excess gas transported in the summer could be stored during the summer to take care of the excess demands in the winter.

These reservoirs are, of course, absolutely gas-tight before we drill into them, and if we do not have to drill in a frenzy of haste they can be drained of their oil and gas and remain absolutely gas-tight. In fact, one exhausted gas pool near Buffalo is so used and is said to be absolutely gas-tight.

Now, getting down to helium, our only supply, so far as I know, is in association with natural gas. While I know of no gas found in direct association with oil that contains recoverable amounts of helium, nevertheless there is no known reason why we should not find helium in the gas associated with oil. Even the dry gas in the upper sands containing the helium cannot be conserved under our present system, but can be conserved, no matter under what conditions it is found, under the system I recommend.

My present thought is to create some tight ground reservoirs for the storage of helium. To then set up plants in connection with one or all of our sources of helium-contained gases for concentrating the helium. We will then store this concentrated gas in our gas-tight reservoirs. When I say "concentrate" I mean to remove by refrigeration and condensation, or by other means, everything but the hydrogen and helium. There are no gases that do not condense way above the temperature of these two gases.

It would be uneconomical to attempt to produce a pure helium gas and to store it in exhausted oil and gas pools, for it would be contaminated by the oil vapors and gases remaining in the sands and it would have to be repurified before it could be used.

If my gas-tight reservoirs are near my gas pools which carry helium gas, then I will carry the helium gas to these reservoirs by pipe lines. If the distance is long I would propose carrying my gas by means of airships. The ship could carry the concentrated helium gas to the gas-tight reservoir with a heavy ballast, and after discharging a portion of its gas and all the excess ballast it could return and repeat the trip, or another plant could be installed at the gas-tight reservoir for the production of hydrogen, and the airship could return with pure hydrogen in place of the combination of hydrogen and helium. In this way huge quantities of helium could be accumulated against our war needs. I am assuring that gas carrying inflammable quantities of hydrogen can safely be transported in this way and under peace conditions, or that even straight hydrogen can be used. Hydrogen can easily be secured in the gas fields by cracking CH_4 down to lampblack and hydrogen. I have made a relatively pure hydrogen in this way, and by that I mean a gas of sufficient purity to have a greater buoyancy than helium.

Now, I am ashamed to send you this communication, knowing how little work I have been able to do on the problem. My plans may seem very amateurish to those who have given our helium problems much study. However, I felt that those interested in the conservation of our helium should be advised that conservation of helium can be practiced under the plan I recommend for the production of oil and gas and can, in my opinion, be practiced in no other way. I do not know whether those interested in the conservation of helium know what bearing the Oil Commission has on their problem. They should have time to study the problem and then to lay their recommendations before the Oil Conservation Commission. Should we discover natural gas associated with oil or overlying an oil deposit that contained a helium content beyond our present most optimistic dream, we could neither collect any considerable portion of it nor store what was collected under our present system of operation.

At the present time we are wasting or using for fuel purposes large deposits of natural gas containing helium, and while we all expect to find new deposits of natural gas containing helium, there is no certainty that we will do so.

In event you do not wish to prepare your own communication on this subject, I am enclosing you four additional copies of this letter, with the request that you send them to the four men most interested in our helium conservation, giving your endorsement to such portions of the representations as you can that I have made in the above letter.

Yours cordially,

(Signed) HENRY L. DOHERTY.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 5495) 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, and to extend the times for commencing and completing construction of said bridge.

ENROLLED BILLS SIGNED

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

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

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

H.R. 5495. An act 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, and to extend the times for commencing and completing construction of said bridge; and

H.R. 5645. An act to amend the National Defense Act of June 3, 1916, as amended.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that the committee presented to the President of the United States the following enrolled bills:

On June 10, 1933:

S. 804. An act to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co.;

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

S. 1745. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Umpqua River at or near Reedsport, Douglas County, Oreg.;

S. 1746. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Yaquina Bay at or near Newport, Lincoln County, Oreg.;

S. 1747. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Alsea Bay at or near Waldport, Lincoln County, Oreg.;

S. 1748. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Coos Bay at or near North Bend, Coos County, Oreg.;

S. 1749. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Siuslaw River at or near Florence, Lane County, Oreg.;

S. 1783. An act granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe County, Fla., from Lower Matecumbe Key to No Name Key; and

S. 1808. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century.

On June 12, 1933:

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

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

RELIEF OF MUNICIPAL DEBTORS

Mr. VANDENBERG. Mr. President, I desire to ask the Senator from Arizona [Mr. ASHURST] a question, if I may, in his capacity as the Chairman of the Judiciary Committee.

There are a great many of the larger municipalities of the country which would deem it absolutely a calamity if the present session of Congress were to adjourn without the passage of House bill 5950, which is now in the Senate Judiciary Committee, and which authorizes a national formula for the composition of municipal debts. I wish to ask the Senator from Arizona whether there is any reasonable

prospect of a report from his committee today in respect to that bill? I am referring to the so-called "Sumners bill."

Mr. ASHURST. Which has passed the other House?

Mr. VANDENBERG. It has passed the other House, and deals with the composition of municipal debts, and now impends in the Senate Judiciary Committee over which the Senator from Arizona so ably presides as chairman.

Mr. ASHURST. Mr. President, in reply to the question of the able Senator from Michigan, I wish to say: That bill, which reached the Senate only 3 or 4 days ago, was immediately referred at my request to the Senate Committee on the Judiciary, as I realized its importance. Immediately after the reference to the committee had been made I appointed a subcommittee to examine the bill, as it bristled with legal questions. Our Judiciary Committee certainly would not report off-hand a bill of such enormous magnitude without some consideration. The subcommittee is composed of the following Senators: The Senator from Indiana [Mr. VAN NUYS], chairman, the Senator from Nevada [Mr. MCCARRAN], the Senator from West Virginia [Mr. NEELY], the Senator from Delaware [Mr. HASTINGS], and the Senator from Rhode Island [Mr. HEBERT].

I say here, Mr. President, that not within my experience as a Senator has any subcommittee labored more diligently on a bill. Indeed, the subcommittee met the very day the bill reached the committee. They sent for experts from the Treasury Department and have given this bill a close scrutiny, and I could not justly do less than to offer the subcommittee my tribute of respect for the diligence and assiduity with which they have addressed themselves to this bill. It is my opinion, and I much regret to say so, that it will not be within the domain of probability to secure a report on the bill during this day. I am not attempting to speak for the subcommittee; it would not be proper for me to attempt to do so.

I see here before me one of the members of the subcommittee. They are all able lawyers; they would not consider me presumptous in requesting an expression from them, and I should like, therefore, to hear from the Senator from Nevada [Mr. MCCARRAN], one of the members of the subcommittee.

Mr. VANDENBERG. I shall be very happy to yield to the Senator from Nevada.

Mr. MCCARRAN. Mr. President, the bill as to which the Senator from Michigan has made inquiry of the Senator from Arizona was referred to the subcommittee, as I recall, along about Thursday or Friday of last week. Immediately we held a meeting on it; and the next day another meeting was held, at which the Assistant Secretary of the Treasury came before us, and also a number of others who are interested in the passage of the measure. Correspondence has been received by the chairman of the subcommittee protesting against the passage of the bill. The correspondence, I would say, has not been voluminous, but is in the nature of a few telegrams.

We are trying to make a study of the bill, and we have earnestly tried to arrive at an agreement on it; but I say candidly, from my observation of the attitude of the members of the subcommittee—and I had rather speak for myself individually than for them—that the bill is of such magnitude and of such far-reaching significance that I cannot see a possibility of an intelligent report being made on it within the next 2 or 3 days, assuming that the subcommittee could consider it all the time for 2 days.

Mr. VANDENBERG. Of course, there is nothing in my inquiry which reflects in any degree, intentionally or otherwise, upon the members of the subcommittee. I fully realize that this measure, House bill 5950, did not reach the Senate until the last few days of the session, and that it did not pass the House until June 9, so that none of us are at fault for not sooner presenting the matter in the forum of the Senate.

The fact remains, however, Mr. President, that this bill addresses itself to a critical situation which, in my judgment, we dare not desert in the adjournment program of this session of Congress. Except as orderly municipal financing is provided as contemplated by this legislation, there are many of the large municipalities of this country which will not know where to turn or what to do in respect to their fundamental municipal services. I refer to such essential services as police protection, fire protection, and education. They will not know in what direction to turn in the maintenance of these and other services except as this measure shall become a law, and the insufferable burden of debt service shall be temporarily lightened.

I am speaking, Mr. President, in no mere parochial or localized sense. It is true that Mayor Frank Couzens, of Detroit, in my own home State, is one of the prime petitioners for action before we adjourn; it is equally true that Mayor Curley, of Boston, is a prime petitioner, and it is further true that there are more than 4,000 municipal debtors—I am referring to municipal corporations—in 41 States that are in default at the present time in respect to their municipal obligations, and they uniformly sustain this prayer.

In addition to these 4,000 municipal debtors in 41 cities that are already in default—and I may say that these are not minor municipalities in any sense of the word, for I am referring to such cities as Mobile, Ala., Miami, Fla., Flint, Mich., Pontiac, Mich., Detroit, Mich., Asheville, N.C., Greensboro, N.C., Akron, Ohio, Charleston, S.C., Toledo, Ohio, and so forth—the list will include very shortly such cities as Chicago, and many others.

Now, what is the condition in these cities? I want to read to the Senate a telegram which has just been handed me from Mayor Frank Couzens, of the city of Detroit. I read:

DETROIT, MICH., *June 12, 1933.*

Hon. ARTHUR H. VANDENBERG,
Senate Office Building:

I cannot too strongly urge Congress Senate to adopt before adjournment the Sumner bill, H.R. 5950. If this bill is not adopted the city of Detroit, with many other large cities of the United States, will be facing an unavoidable default which would only bring about financial litigation and chaos in the city government. The amount of taxes which it is possible to collect this year will not cover more than the operating expenses of the essential functions of government in our city. This is just as important to the bondholders as it is to the Government and the taxpayers, because without this bill the bondholders cannot, under any stretch of the imagination, receive any money from our Government. Thank you for your fine cooperation with us.

FRANK COUZENS,
Acting Mayor of Detroit.

That condition is now duplicated or will be duplicated between now and the next session of Congress many, many times in the key cities of the United States. That jeopardy will be duplicated in a desperate challenge except as orderly municipal financing is charted under some such rational composition as this bill anticipates.

Mr. ASHURST. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Arizona.

Mr. ASHURST. Mr. President, some of the members of the subcommittee have come into the Chamber since my reply to the question of the Senator from Michigan. I repeat, that not within my experience has any subcommittee labored more diligently or more faithfully, in view of the fact that the bill bristles with many legal questions.

I want the Senate and the country, and particularly my able friend from Michigan, to know that I stand on no technicalities. My feelings are not easily hurt, and I would not at all consider it a reflection upon the Committee on the Judiciary—and I do not think any other member thereof would consider it so—if the Senate should discharge that committee from the further consideration of the bill.

Many Senators, men of delicate feeling and excellent judgment, seem to consider it a reflection upon them or their committees when someone presses their committees for an early report. I do not view the matter in any such light. The committee is not master of the Senate; the committee is only an agent of the Senate; and whilst I am not trying to induce or solicit any Senator to move to discharge my committee, I want it distinctly understood that I am not so thin-skinned, so tender and so sensitive a hothouse plant as to consider it offensive in any degree if some Senator

should move that the committee be discharged from further consideration of the bill.

I wish again to say, in conclusion, that personally I am impressed with the vast importance of this bill. The telegrams that have come to our committee have been numerous. They have come from all parts of the United States urging the enactment of the proposed legislation. I have replied to the telegrams—sending my replies "collect", because I would decimate, in fact, probably exhaust, the contingent fund of the Senate if I were to reply at Government expense—saying that I had appointed an able subcommittee and that that subcommittee would give its undivided attention to this legislation. Whenever I go to my committee room I find this able subcommittee at work on these bankruptcy bills. That is all I care to say and all I need to say.

Mr. VANDENBERG. That is all the Senator need to say. I repeat, there is nothing in my observations, of course, which implies the slightest reflection upon the subcommittee.

Mr. ASHURST. The Senator certainly has a right to move to discharge the committee from the further consideration of the bill.

Mr. VANDENBERG. I wholly realize the difficulties under which this adventure has proceeded in the Senate. There was no time until almost within the last 48 hours when the issue could be effectually raised. I do intend to pursue the course which the Chairman of the Judiciary Committee is gracious enough to suggest, but I want first to conclude my brief statement so that the Senate will understand the nature of the paramount problems with which we are attempting to deal through this proposed legislation. Mr. President, we are not free agents——

Mr. JOHNSON. Mr. President, will the Senator from Michigan, because of the importance of the matter, yield to me to suggest the absence of a quorum?

Mr. VANDENBERG. Yes.

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. HEBERT. I desire to announce the unavoidable absence of the Senator from Missouri [Mr. PATTERSON], the Senator from New Hampshire [Mr. KEYES], and the Senator from South Dakota [Mr. NORBECK].

Mr. VANDENBERG. I desire to announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is necessarily absent from the Senate in attendance upon the London Economic Conference.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate by reason of his attendance as a delegate representing our Government at the London Economic Conference. I wish this announcement to stand for the day.

I desire further to announce that the Senator from Massachusetts [Mr. COOLIDGE] is necessarily detained from the Senate.

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

Mr. VANDENBERG. Mr. President, before a quorum was called I was submitting to the Senate the matter of needed action on the so-called "municipal moratorium bill." I shall detain the Senate but a moment before making a motion in connection with it.

We confront a condition and not a theory. There are 4,000 municipalities in default of their municipal obligations now. Many of them are among the largest municipalities in the country. If there is no intervening legislation between now and New Year's, I venture regretfully to prophesy that there will be at least 4,000 more municipalities in default in respect of their municipal obligations before the Congress shall reassemble.

We are not free agents to choose the particular course we may wish to pursue. We can only choose the lesser of evils. None of us would voluntarily embrace a moratorium formally, of any nature. But in the face of this condition, I repeat, as differentiated from a theory, there are only three things that can happen:

First, these municipal defaults can run the legalistic course of ordinary defaults with a threat not only to the credit and essential human services of the municipality, but also with a definite threat to the bondholders themselves in respect to recovery of values they have invested in these securities.

Or, second, these defaults can result in an impulse to turn entirely to the Federal Government and ask for sufficient funds out of the Federal Treasury to finance the municipal deficits of the country. There is a growing school of thought in the country which embraces this second alternative. It was submitted at the White House very recently. The President specifically stated that this second alternative cannot be embraced, and I agree.

That only leaves a third alternative, the alternative of voluntary composition with debtors, the precise theory upon which the Senate already has amended the bankruptcy act in respect to many other types of debtors. The pending bill is an emergency formula which permits 30 percent of the municipal debtors to initiate composition under the auspices of the United States court, and that composition becomes mandatory only when 75 percent of the debtors have acceded to the formula.

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

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

Mr. VANDENBERG. I yield.

Mr. LONG. I do not know whether the Senator knows it or not, but I let him take the floor away from me, so I want to interrupt him just long enough to make a little statement.

Mr. VANDENBERG. I hope the Senator will not be long.

Mr. LONG. Only a minute. It is a matter of absolute practical impossibility to get the bill through the committee. I am a member of the committee.

I want to say further to the Senator that there is another suggestion here, I think in the form of an amendment proposed by the Senator from Wisconsin [Mr. LA FOLLETTE], to finance municipalities through the Reconstruction Finance Corporation to the extent of $300,000,000 or $400,000,000. I think the President is making a mistake not to have acceded to that proposition. I think it is going to be disastrous to his administration, in large part, but I see no hope whatever to get the legislation through. I think we had better call it a day.

Mr. VANDENBERG. I decline to call it a day until I have made the final effort which I am to make as soon as I have concluded a brief statement.

Mr. ASHURST. Mr. President, I hope before the able Senator concludes he will yield to me for a moment, because the motion might not be debatable, and I owe it to candor to say a word on the subject.

Mr. VANDENBERG. I shall be very glad to yield before I make the motion, but I prefer to continue now myself.

In the face of this reality—and I repeat that it is a condition and not a theory—the problem for the Senate to determine is the best course in respect, first, to the public welfare; and, second, in respect to the inherent values of

these municipal securities in the hands of the bondholders themselves. What course is the best for both these interests and factors?

I submit that from the public viewpoint the pending so-called "Sumners bill", H.R. 5950, which has passed the House of Representatives and comes to us with a presumption of utility because of the fact that it has passed the House, should receive serious consideration.

Secondly, the bill has the unqualified approval of the Treasury Department and the Department of Justice, as I understand the situation. Therefore, in respect to public authority, the pending measure has all the credentials that anyone could hope to bring to the support of a proposition of this nature.

Furthermore, I may say parenthetically that a municipal moratorium bill far more controversial and objectionable in many of its features was introduced in the last session of the Congress and was reported out in 48 hours by the Senate Judiciary Committee, a bill which bore the name of the then chairman of the committee, the Senator from Nebraska [Mr. NORRIS].

So that we have behind this bill, first, the action of the House of Representatives; second, the approval of the Treasury Department; third, the approval of the Department of Justice; and, fourth, the fact that this same Judiciary Committee of the Senate did favorably report a less uniformly approved measure from the standpoint of its critics within the last 3 or 4 months.

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

Mr. VANDENBERG. In just a moment. Let me continue my line of thought for a moment, and then I shall be glad to yield.

So much for the answer to the question as to what is best from a public-policy standpoint.

What is best, now, from the standpoint of the bondholders themselves? Is it best for the bondholders who find their municipal securities in default to be left at the general mercy of the usual chaotic default situation, with volunteer bondholders' committees, and infinite litigation of one sort and another? Is that the best thing for them; or is it best for them to have an emergency 2-year formula available under which all of their rights can be composed and protected in an orderly way and they can be sure that every bondholder has precisely the same common treatment?

I submit that the best proof of the fact that the pending measure can be answered affirmatively in behalf of the interest of the bondholder is the fact that the large insurance interests of the country—and certainly they represent the largest possible municipal-bond-holding class in the country—have signified their willingness to accept House bill 5950.

So we confront the proposition that simply through lack of time for the Senate subcommittee to complete investigations, which I earnestly wish they could have had time to pursue, simply because of the pressure of time, we are threatened with an adjournment without conclusive Senate action upon this measure, which has all of these moving, affirmative, compelling impulses behind it.

Mr. FLETCHER and Mr. McCARRAN addressed the Chair.

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

Mr. VANDENBERG. I yield first to the Senator from Florida.

Mr. FLETCHER. Mr. President, may I say to the Senator that this is no new proposition, either.

Mr. VANDENBERG. That is correct.

Mr. FLETCHER. It has been pending before. I offered an amendment to the bankruptcy bill in the last session of the Congress. The Senator from Delaware [Mr. HASTINGS] was chairman of the subcommittee. I endeavored to arrange for a hearing; but such pressure was brought to bear to get through the bankruptcy bill that the committee felt it wise to lay this amendment to one side, and so they did not report upon it. It has been pending, however. It has been discussed. It is important.

At the beginning of this session I introduced a similar bill. My associate and colleague in a way, Mr. WILCOX, of Florida, introduced a similar bill in the House. The bill has been pending before the Judiciary Committee ever since the beginning of this extra session, and has been pending in the House. I advised that they go on with the hearings before the House committee, because no matter what we did here it might not be approved in the House, and I felt that they ought to go on with the investigation. Extensive hearings on this subject were conducted in the House. The Department of Justice was consulted, and all the other departments, as the Senator has said. Finally the House committee reported out this bill, which passed the House, and has the approval of the various agencies and forces which the Senator has so well mentioned.

I am in favor of the Senator's motion to discharge the committee and act on the House bill. I think we ought to take up the House bill and act on it now. I believe we can pass the House bill, and that, if we do, a great thing will be accomplished for the benefit of the municipalities throughout the country.

Mr. VANDENBERG. I thank the Senator for his statement.

I yield now to the Senator from Nevada [Mr. MCCARRAN], who is a member of the subcommittee.

Mr. McCARRAN. Mr. President, I desire to address a question or two to the Senator from Michigan.

Under the Senator's understanding, is there anything in law or necessity right now that requires an immediate adjournment of this body?

Mr. VANDENBERG. There is not that I know anything about, and I am opposed to any such surrender until we have done the things we think we ought to do.

Mr. McCARRAN. Very well. Then why should a regular committee of this body, one of its standing committees, be forced to rubber-stamp a bill on which there is a divided opinion, simply because somebody wants to adjourn this body now?

Mr. VANDENBERG. Mr. President, I am proceeding on the well-known theory that it is the majority intention, if possible, to adjourn the body very shortly, tonight or tomorrow night. In the face of that well-known purpose, because of my belief that it will be an absolutely fundamental calamity if we adjourn without attending to these municipal debts, I have no alternative except to use such means as I can find and embrace to precipitate the issue.

Mr. TRAMMELL. Mr. President——

Mr. VANDENBERG. I yield to the junior Senator from Florida.

Mr. TRAMMELL. Mr. President, I desire to ask the Senator if it does not seem that the interests generally that would be concerned in regard to a law of this character seem rather uniformly to favor legislation on it at this time.

Mr. VANDENBERG. I think that is entirely true.

Mr. TRAMMELL. That is my observation from the correspondence which I have had. I fully agree with the Senator. I spoke last Friday night on behalf of this legislation being very essential, and that was one of the reasons why I urged that we should not adjourn on Saturday night.

Mr. McCARRAN. Mr. President——

Mr. TRAMMELL. I want to add this statement:

I have the pleasure of being situated here close to the Chairman of the Judiciary Committee, for whom I have a very high regard. I know that he has been pushing this matter with every possible expedition, and I am sure the subcommittee has. In view of the fact that there is going to be an effort to adjourn, probably tomorrow or the next day, with the possibility of a majority favoring that, no one now, in calling up this bill, means any reflection whatever upon the esteemed and able Chairman of the Judiciary Committee, nor on the members of the subcommittee. When I vote along the line suggested by the Senator's motion, I want it understood as being no reflection whatever upon

the committee or the subcommittee, but merely a matter of meeting an emergency.

Mr. VANDENBERG. Mr. President, I desire to reclaim the floor again just long enough to say that I entirely concur in the observations just submitted, and further to testify that so far as I am concerned I could not have had more complete cooperation in the effort to consider this bill in the Judiciary Committee than I have had, not only from the able Senator from Arizona [Mr. ASHURST], the chairman of the committee, but also the able Senator from Indiana [Mr. VAN NUYS], the chairman of the subcommittee, and all the members of the subcommittee. We simply confront the cold fact that there is not time to pursue the normal routine.

Mr. ASHURST. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Arizona.

Mr. ASHURST. Will the Senator yield to me, not only for a question, but for a short statement?

Mr. VANDENBERG. If I do not lose the floor; because I must keep the floor for the purpose of making my motion.

Mr. ASHURST. Just for a short statement.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield? I do not wish to make the point of order, but there is nothing before the Senate, and I think the Senate should proceed in order.

Mr. VANDENBERG. Then, Mr. President, I move that the Judiciary Committee be discharged from the consideration of House bill 5950; and, if it is in order, I make the parliamentary inquiry whether in the same motion I may ask that the Senate proceed to the consideration of the bill?

The VICE PRESIDENT.. It is not in order.

Mr. VANDENBERG. Then I move that the Senate Judiciary Committee be discharged from the consideration of the bill.

Mr. ASHURST. Just a moment on that motion, Mr. President.

Mr. ROBINSON of Arkansas. Mr. President, there is no question about the importance of the measure to which the Senator from Michigan has referred. It is apparent, however, that some of those who have been complaining about the administration railroading legislation through the Senate are now resorting to efforts to force premature action on this measure, of which the Senate knows very little.

I have had perhaps 15 long-distance telephone calls this morning asking if this measure cannot be passed immediately, stating that no one desires to delay the adjournment of the Congress. It is apparent, further, that some of the ablest Members of the Senate have been devoting all of their time to a study of the bill ever since it was received by this body.

Usually, when a motion is made to discharge a committee, it reflects the attitude of the mover and of those who support it as in opposition to the committee. If the subcommittee has been diligent, if in the conscientious performance of its duty it has been studying the measure almost constantly since it was received, then the Senate ought not to discharge the committee; and, if it does so, we shall be compelled to undertake to write the legislation on the floor of the Senate.

We have been in the habit of imposing on the Reconstruction Finance Corporation the obligation to finance many things—almost everything—but we have not entered very far into the sphere of financing State governments and their local subdivisions. This is one of the biggest movements ever undertaken permitting the Federal Government to finance the local governments.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. VANDENBERG. I think the Senator mistakes the nature of the legislation. Nothing of that sort is involved in the legislation. Its purpose is precisely opposite—to permit a composition of municipal debts without any reference to the Federal Treasury.

Mr. ROBINSON of Arkansas. Very well. I think perhaps I did overstate the terms of the legislation; but here is the proposal that addresses itself with force to my mind:

If the Federal Government is going to undertake the supervision of the financial condition of the States and of the municipalities, if it does so, will it not inevitably result that we shall be asked to put behind these local governments the power and resources of the Federal Government to finance them?

I think we have gone a long way in this direction already. It may be necessary, some time in the future, to enact legislation on this subject; but everyone should agree that it should be studied by a committee and that it ought to be worked out carefully. It does not seem to me to be a measure that should be passed hastily, whether it be regarded as primarily a financing measure or merely as supervision of the financing of the local governments.

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

Mr. ROBINSON of Arkansas. Certainly.

Mr. BARKLEY. It seems to me the question of propriety is involved here, whether Congress ought to pass a law permitting cities to take the bankrupt law, for that is what it amounts to; and if we are going to start out by doing it for cities, whether we ought not to offer the inducement for the States to take the bankrupt law; and then, if that is to be done, why cannot the Federal Government itself take the bankrupt law and discharge all debts?

Mr. ROBINSON of Arkansas. The Senator is right. Now, I go back to my original proposition. It was not so far wrong at first. If we put the Federal Government behind a system of bankruptcy for the local divisions of the State governments, will it not inevitably follow that whatever compositions are made and are regarded as beneficial to the local governments, that cannot be financed by them, will be brought back for the assistance of the Federal Government? Uncle Sam cannot go on financing everybody, with nobody financing Uncle Sam!

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

Mr. ROBINSON of Arkansas. Yes; I yield.

Mr. BARKLEY. Of course the suggestion as to the result, the ultimate goal, it seems to me is inevitable. Those who hold obligations against cities are not going to be willing to compose them unless they are able to receive a cash sum. Those cities have not the money, and they will be coming to Washington and asking the Government of the United States to loan it to them.

Mr. ROBINSON of Arkansas. Or to guarantee the loan.

Mr. BARKLEY. Or to guarantee their obligations, which means that the Government of the United States is to step in and take charge of municipalities all over this country.

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

Mr. ROBINSON of Arkansas. Yes; I yield.

Mr. REED. If I may volunteer a suggestion, all of the debate I have heard on this matter has considered only the outstanding and existing municipal debts. It seems to me that the strongest reason against the passage of this bill, and against the motion of the Senator from Michigan [Mr. VANDENBERG] lies in the destructive effect upon the credit of these municipalities in all that they have to do in the future. If we desire completely to destroy the credit and borrowing power of the municipalities of America, this is the way to do it, because no man would lend to them with the understanding that on a plea of embarrassment they could come in and in effect repudiate part or all of the obligation.

Mr. ROBINSON of Arkansas. While the Senator is speaking of the credit of the municipalities, may I ask him what effect he thinks it would have on the credit of the Government itself——

Mr. REED. A very bad effect.

Mr. ROBINSON of Arkansas. To provide a system of bankruptcy for Government agencies and divisions which are in no wise related to the Federal Government?

I think this subject is a very large one, and I request Senators not to embark upon so broad an enterprise in the closing hours of this session.

Mr. ASHURST. Mr. President, some opportunity should be extended to the chairman of the subcommittee [Mr. VAN NUYS] to say a word before the vote is taken.

It will be remembered that this proposed legislation came to the Senate late last week. Within half an hour after the bill reached the Senate I asked that the bill be referred to the Committee on the Judiciary. And within another half an hour I, as the chairman of that committee, appointed a subcommittee to consider the bill. That subcommittee is composed of the Senator from Indiana [Mr. VAN NUYS], chairman; the Senator from Nevada [Mr. MCCARRAN]; the Senator from West Virginia [Mr. NEELY]; the Senator from Delaware [Mr. HASTINGS]; and the Senator from Rhode Island [Mr. HEBERT]. Not heretofore within my experience here has any subcommittee addressed a subject with more assiduity and more diligence than has this subcommittee performed its task. Telegrams from all over the country have come to the committee urging the passage of this bill, and some telegrams and letters in opposition to the bill have arrived.

I am sure that no member of the Judiciary Committee would feel himself aggrieved, affronted, or insulted if the Senate, as it has the right to do, should reclaim its original jurisdiction on this bill. We of the Judiciary Committee are not so thin-skinned and tender as to see any reflection upon us in the motion to discharge the committee and thus return the bill to the Senate for consideration.

If the Senate should recall this bill from the committee, neither the Senate nor the country should construe such action to mean that the subcommittee has been lacking in diligence, because I am here to pay my tribute to the members of that subcommittee for their diligence and for the assiduity with which they addressed themselves to this task.

I call upon the chairman of the subcommittee, the Senator from Indiana [Mr. VAN NUYS], to bear me out as to the diligence of the subcommittee in the consideration of this subject. That is all I have to say.

Mr. VAN NUYS. Mr. President, I want to add but a word to what the Senator from Arizona [Mr. ASHURST] has said.

I think I speak the sentiments of the subcommittee in saying that we have no disposition in the world to obstruct or delay this important legislation. We have spent hours and days in the consideration of the different bills relating to the subject. Just to show that there is a controversial subject here, I will say to the Senator from Michigan that I received two telegrams this morning from two of the largest insurance companies in the State of Indiana, one of them investing 70 percent of its assets in municipal bonds, and they say that, in their opinion, the enactment of the proposed legislation would be suicidal, and they ask for an opportunity to be heard.

I also have a similar telegram from the National Insurance Co. of the Knights of Pythias Order, extending throughout the length and breadth of the Union, who say their funds, trust funds for widows and orphans, are invested in municipal bonds, and they object strenuously to the enactment of the proposed legislation. I say this only for the purpose of proving that this is a highly controversial subject.

As far as I am concerned personally—and I think I speak the sentiment of every member of the subcommittee—if the Senate wants to take the responsibility of rubber-stamping these bills, we will be very glad that they assume jurisdiction and proceed. I shall not vote on this pending motion, because I am wholly disinterested, but I hope the subject will be given that consideration which it deserves.

Mr. BYRNES. I move to lay the motion of the Senator from Michigan [Mr. VANDENBERG] on the table.

Mr. REED. Mr. President, will not the Senator withhold his motion a moment? I want to ask him a question.

Mr. BYRNES. I withhold the motion.

Mr. REED. As things now stand, I expect to vote as emphatically as I can against the motion of the Senator from Michigan; but there has been no disposition to filibuster, and I do not like motions to table, because they are practically gag motions. I shall be compelled to vote against the motion to table, although I am not at all in sympathy with the motion to discharge the committee.

Mr. BYRNES. Mr. President, I withdraw the motion to lay on the table the motion of the Senator from Michigan.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Michigan [Mr. VANDENBERG].

The motion was rejected.

INDEPENDENT OFFICES APPROPRIATIONS—FURTHER CONFERENCE

Mr. BYRNES. Mr. President, I move that the Senate insist upon its amendments numbered 1 to 46, inclusive, and numbered 48, to the bill H.R. 5389, the independent offices appropriation bill, agree to the conference asked by the House of Representatives, that the Senate disagree to the amendments of the House to the amendment of the Senate numbered 47, ask for a conference with the House thereon, and that the Chair appoint the conferees on all amendments in disagreement.

Mr. STEIWER. Mr. Presiden, I should like to ask a question of the Senator from South Carolina. There was some confusion in the Chamber, but as I heard the motion the Senator just made, it was that we agree to the request for a conference with respect to all questions save amendment numbered 47 as the bill passed the Senate. Am I right in that?

Mr. BYRNES. The motion was, in addition, that the Senate disagree to the amendments of the House to the amendment of the Senate numbered 47, in which the Senator was interested, and that we ask for a conference with the House on that amendment. As no conference was asked of the Senate in the preliminary stage, it is necessary for us to ask for a conference. That is the only reason for the difference in the language.

Mr. STEIWER. The result would then be——

Mr. BYRNES. To put the whole matter in conference.

Mr. STEIWER. If the Senator's motion is agreed to, and if the House agrees to the request for a conference, the whole proposition will be thrown into conference?

Mr. BYRNES. Exactly.

Mr. STEIWER. And that it would then come back to the Senate finally in a conference report?

Mr. BYRNES. Absolutely.

Mr. STEIWER. I thank the Senator.

Mr. CUTTING. Mr. President, I have no objection to the motion made by the Senator from South Carolina [Mr. BYRNES]. I intend at this time, however, to discuss the compromise amendment entered into by the House.

When the proper time comes, the Senator from Oregon [Mr. STEIWER] and I intend to make a motion instructing the Senate conferees to insist on an amendment in the nature of a substitute for the amendment adopted by the House. I desire at this time to explain the very material differences between the amendment adopted by the House and the amendment proposed by the Senator from Oregon and myself.

Let me remind the Senate, first, that there are three classes of cases with which we are dealing. There are, first, the Spanish-American War veterans. As to them, there is no question that they are entirely left out of the House compromise. The only guaranty concerning the Spanish-American War veterans is contained in a letter from the President to the chairman of the special Democratic Caucus Veterans' Committee of the House of Representatives in which the President says:

> If the Congress sees fit to substitute the language attached hereto in lieu of the Connally amendment, I will issue a regulation which will give some assistance to those Spanish-American War veterans who are 55 years of age or more who are substantially disabled and who are in need.

I think it requires little argument to show that that means little or nothing.

When the Economy Act was originally passed, we were assured that justice and sympathy would be meted out to all who served their country. Several times during the last few weeks we have been assured that the Spanish-American War veterans who were unable, for obvious reasons, to prove service connection of their disabilities, would be treated in a

generous spirit. Nothing is now promised except that a regulation will be issued which will give "some assistance." That is what Congress is asked to accept as a guaranty in behalf of the veterans of the Spanish-American War over 55 years of age—"some assistance."

There is a second class of veterans, called "combat-connected cases." As to those veterans, we have had a number of assurances on the floor of the Senate. In March, the Senator from Massachusetts [Mr. WALSH] offered an amendment to the original Economy Act which he guaranteed would take care of all these cases, so that not one of them could be stricken off the rolls. Unfortunately, the amendment of the Senator from Massachusetts contained the provision "except as to rates", and on account of the inclusion of those words the law has been construed by the Veterans' Administration and by the Director of the Budget as giving authority to cut down those veterans to less than 10 percent. When they are cut to less than 10 percent, they get no compensation at all, and therefore are actually stricken off the rolls.

On May 30 I offered an amendment to the independent offices bill which would take care of that small class of combat-connected cases by guaranteeing that no man who came in that class, and no dependent or widow of any man in that class who had died, should be cut more than 25 percent in the compensation being paid. The language of that amendment was clear. The amendment was accepted by the leaders of the majority in this Chamber. The Senate, however, voted to take up a stronger amendment which was proposed by the Senator from Florida [Mr. TRAMMELL]. That amendment limited the cut to 15 percent, and included presumption cases.

After a good deal of discussion, and after practical assurance on this floor that the President of the United States would veto a 15-percent limitation, but would not veto a 25-percent limitation, the Senate adopted the so-called "Connally amendment", which provided a 25-percent limitation, and included the veterans of the Spanish-American War as well as the veterans of the World War. The Connally amendment was likewise clear in its language. It limited the authority which the President would have to reduce compensation to 25 percent in the case of this class of veterans.

The assurance was given us by the Senator from South Carolina [Mr. BYRNES] that within a few days regulations would be issued by the Executive which would take care of combat-connected cases, whether or not Congress passed a law of that kind. Last week we were furnished with a regulation, and, as I think I demonstrated to this Chamber, it did nothing of the sort. It did not guarantee that any man now on the rolls should remain on the rolls. That Executive regulation contained the word "properly"; it contained the words "on a permanent basis" and it contained references to other sections of the law which completely took away any protection from the veterans whom the President's regulation pretended to protect.

Mr. President, after all that history, we are presented with a compromise in these cases which contains language infinitely less liberal than the language which was contained in the Executive order sent down here last week. The "joker" here, I am sorry to say, is a little less obvious than the "joker" contained in the Executive order issued last week. Instead of providing that the payments being made to any individual service-connected case shall not be cut more than 25 percent, it uses this language:

> In no event shall the rates of compensation payable for directly service-connected disabilities—
>
> And so on—
>
> be reduced more than 25 percent.

As anyone who has had any dealings with the Veterans' Administration knows, "the rates of compensation payable" are something altogether different from the compensation being paid. The phrase "rates of compensation payable" refers to a schedule stating that for a certain percentage of disability a certain amount of money shall be paid. Those are "the rates of compensation payable." All that we get in this so-called "compromise" is that those rates shall not be cut down more than 25 percent below the rates "payable" at the present time. An individual veteran may be rated down just as deep as it may be desired to rate him or just as deep as Mr. Douglas wants to rate him or just as deep as the employees of the Veterans' Administration want to rate him. He can be rated down to 10 percent, and then it is provided by this amendment that "the rates of compensation payable" shall not be cut down more than another 25 percent; so that the individual veteran may get 7½ percent instead of 10 percent of what he was getting under the old law.

While I am on this point, I wish to say that that "joker" escaped my attention until late Saturday night, although I had been studying the compromise all day. The amendment offered by the Senator from Oregon [Mr. STEIWER] and myself was prepared before we had discovered that "joker" and still contains the same "joker." Therefore, at the time when my motion shall be in order, I shall ask to perfect my amendment in order that it may actually take care of the compensation being paid to individual veterans and have no reference to the rates of compensation whatever.

Mr. COPELAND. Mr. President, will the Senator from New Mexico yield to me?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from New York?

Mr. CUTTING. I yield.

Mr. COPELAND. The Senator from New Mexico has no doubt that the Veterans' Administration would interpret the language exactly as he has stated? Experience in the past has indicated that the Bureau always takes the side of the Bureau instead of the side of the veteran?

Mr. CUTTING. That has been my experience, Mr. President.

Mr. COPELAND. The Senator's conviction is that the interpretation of the Bureau of the language would be exactly as the Senator has interpreted it here?

Mr. CUTTING. That has been my experience; and I think the Senator from New York has had as much experience as I have had of the manner in which the Bureau interprets language of that kind. If they had not meant to interpret it in that way, why should that language have been put in? Why not use the perfectly direct and clear phrase "compensation being paid"?

Mr. COPELAND. Mr. President, I have no doubt that the Senator is entirely correct.

Mr. CUTTING. So, Mr. President, the Spanish-American War veterans get nothing out of this compromise. Furthermore, the directly service-connected cases get nothing out of this compromise; the men who were wounded in action are left to the mercy of the Veterans' Administration just as much as they were 2 weeks ago when we began discussing the whole question of veterans' disability compensation. The only ones who, in my judgment, will obtain some benefit from this compromise are the widows and dependents of deceased World War veterans. The language in their case is pretty clear. It reads:

> And in no event shall death compensation * * * being paid to widows, children, and dependent parents of deceased World War veterans—
>
> And so forth—
>
> be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service.

That uses clear language in which I can find no flaw. It would have been perfectly easy to use the same language in regard to the cases of combat-connected disabilities themselves. The fact that that language was used in one case and not in the other demonstrates pretty conclusively that it is not intended through this amendment to give any protection at all to the combat-connected cases.

Now, Mr. President, I come to the third class of disabled veterans with whom we have been dealing, the so-called "presumptive cases"; that is, of men who are now suffer-

ing from tuberculosis and other diseases as to which it is impossible for anyone to prove that they came from a particular experience in the service. It is difficult for those who have had no direct experience to realize the misery and anguish which men in this class are undergoing as a direct result, in an enormous majority of cases, of the experiences which they went through at the time of the war. I shall discuss the justice of their cases at greater length later on. At present I merely wish to expound the compromise which the House entered into and which, in my judgment, gives these presumptive cases no protection whatever.

The President is authorized, under the House compromise, "to establish such number of special boards * * * as he may deem necessary to review all claims * * * in which presumptive service-connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are held not service-connected under the regulations issued pursuant to" the Economy Act.

These boards are to have the full power of review up to October 31, 1933. If a board finds that a man is improperly on the rolls, it can remove him from the rolls. If it does not so find, the man remains on the rolls and draws 75 percent of what he drew under the old law until October 31, 1933. On October 31, 1933, not only do the cases which the board has had no time to review go off the rolls but in addition there is no guaranty that the men whom the board found to be properly on the rolls shall not also go off at that date. There is not one particle of protection to a single presumptive case after October 31, 1933, a date at which I wish to point out the Congress will not be in session.

Now, Mr. President, let me go into a little further detail about this extraordinary provision. In the first place, as an apparent concession to the feeling of the country concerning the brutality with which the Veterans' Administration have been construing the Economy Act, it is provided that the majority of the members of such board shall not have been in the employ of the Veterans' Bureau at the date of the enactment of this act. In other words, the majority of these boards may not be present Veterans' Bureau employees. That, it might be thought, would liberalize their decisions; but, Mr. President, if you give the matter any thought, you will realize that the boards established all over the country—and they will have to be established in enormous number, if they expect to complete their labors before October 31, 1933—will not act merely on whim or caprice; that a board in New Mexico will not be able to keep on the rolls men whom a board in Massachusetts would take off.

It is perfectly apparent that even though these men were not employees of the Veterans' Bureau at the date of the passage of the act, they will be in the employ of the Veterans' Bureau during the administration of the act. The compromise itself quite naturally states that "the President shall prescribe such rules governing reviews and hearings as may be deemed advisable." The boards, of course, will follow the instructions laid down by the President, which, in effect, means instructions laid down by the Director of the Budget, Lewis Douglas, whose degree of sympathy for the disabled veterans we can judge by what he has done for them in the past. The fact that a majority of the members of these boards have not been in the past regular employees of the Veterans' Bureau gives us no protection at all.

Now we find an amazing and extraordinary sentence, and I ask any lawyer in this body if he can explain it—

> Such special boards shall determine, on all available evidence, the question whether service connection shall be granted under the provisions of the regulation issued pursuant to Public Law No. 2, Seventy-third Congress—

Then we have in parentheses the following—

> (notwithstanding the evidence may not clearly demonstrate the existence of the disease or any specific clinical finding within the terms of or period prescribed by regulations 1, part 1, subparagraph (c), or instruction no. 2, regulation no. 1, issued under Public Law No. 2, 73d Cong.).

In other words, the boards shall determine the question of service connection "under the provisions" of the Economy Act, but not "within the terms" of the Economy Act. What explanation can be made of this strange sentence I cannot conceive. This compromise proposes to get away from the Economy Act with regard to this class of cases and so provides, within the parentheses; but outside of the parentheses it says the service connection "shall be granted under the provisions of the Economy Act." In other words, the boards shall act under the Economy Act but not within the terms of the Economy Act.

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

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Oregon?

Mr. CUTTING. I yield.

Mr. STEIWER. With respect to the language included within parentheses, can the Senator state whether the provision is predicated upon the regulations that have been issued under the Economy Act? Is the language within the parentheses consistent with the regulations made under the Economy Act?

Mr. CUTTING. Yes; the language in parentheses refers to regulation 1, part 1, subparagraph (c) or instruction no. 2, regulation no. 1, issued under Public Law No. 2, Seventy-third Congress.

Mr. STEIWER. It refers to that, but does it not then further provide that, regardless of that fact, certain concessions may be made? I have not the language before me and that is why I am asking the Senator the question.

Mr. JOHNSON. Mr. President, will the Senator from New Mexico read again that particular sentence?

Mr. CUTTING. Certainly:

> Such special boards shall determine, on all available evidence, the question whether service connection shall be granted under the provisions of the regulations issued pursuant to Public Law No. 2, Seventy-third Congress (notwithstanding the evidence may not clearly demonstrate the existence of the disease or any specific clinical findings within the terms of or period described by regulations 1, part 1, subparagraph (c), or in instruction no. 2, regulation no. 1, issued under Public Law No. 2, 73d Cong.).

They refer to regulations issued by Executive order under the provisions of the Economy Act, and they first say that the board shall act under the provisions of the regulations and then they say it is not to act within the terms of the regulations.

Mr. STEIWER. That answers my question. It seems to me from the reading of the language that the first requirement is to be made under the terms of the regulations, and then we have language included in parentheses by which it is provided that they shall be made in a way contrary to the terms of the regulations. I am wondering if the Senator is able to advise the Senate, in the face of that equivocal reference, whether the action will be in accordance with the regulations or contrary to the regulations?

Mr. CUTTING. Mr. President, I have had no legal training, and I prefer to leave that question to the eminent constitutional lawyers who adorn this Chamber, but as a mere matter of lay experience, I should say that the Veterans' Administration will always construe any doubt against the individual veteran. I know that, because I have found it out in the course of a great many years.

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

Mr. CUTTING. I yield.

Mr. HATFIELD. And that notwithstanding the law includes a provision giving the veterans the benefit of any doubt.

Mr. CUTTING. Yes; that is true. The law does in the next clause say that in their decisions they shall "resolve all reasonable doubts in favor of the veteran, the burden of proof in such cases being on the Government." That sounds very liberal until we remember that every veterans' law we have ever enacted contained exactly such a clause. In spite of the fact that every veterans' law, beginning with the act of 1924, contains that porvision—and I think, perhaps, some prior to that—the veteran has never, as a matter of practice, been given the benefit of the doubt where the doubt could be resolved against him. So I say the boards are going to be helpless. No matter how kindhearted and able may be the men who are placed on them,

the boards will be helpless in view of the regulations under which they will act and which will be drawn up for them by the central office in Washington.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Idaho?

Mr. CUTTING. I yield.

Mr. BORAH. The Senator is making a heroic effort to construe this compromise. Was there any representative of the Senate who took part in arranging the terms so that we might have the benefit of construction, possibly, from those who had a part in it on behalf of the Senate?

Mr. CUTTING. So far as I know, there was not.

Let me continue reading briefly from the compromise:

Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe—

We do not know that there will be any appellate procedure, and if there is none the decision of the special boards shall be final—

and, except for fraud, mistake, or misrepresentations, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date.

May I say for the benefit of those Senators who are interested in my remarks that the House compromise is contained on page 5656 of the CONGRESSIONAL RECORD of Saturday last:

Except for fraud, mistake, or misrepresentation.

Of course, if a man is on the rolls by fraud or misrepresentation, I am sure we should all agree that he ought to be taken off. But what about "mistake"? How will the Veterans' Bureau construe the word "mistake"? Is it not possible under that word that every veteran drawing compensation for a presumptive case may be called up for review? I ask the Senator from New York [Mr. COPELAND] whether the mere fact of constant reviews is not in itself sufficient to jeopardize the chances of recovery on the part of a man suffering from severe tuberculosis?

Mr. COPELAND. Mr. President, I had no doubt of that at all. The first thing we say to a patient of that kind is "Do not worry." Certainly he is bound to worry if he has these repeated examinations and reviews. I entirely agree with the Senator.

Mr. VANDENBERG. Mr. President, if the Senator will permit me?

Mr. CUTTING. I yield.

Mr. VANDENBERG. If we tell the patient, "Do not worry, leave it to Lewis Douglas", I imagine the net result would be scarcely reassuring.

Mr. CUTTING. The Senator from New York and the Senator from Michigan confirm the belief I have in this matter. The word "mistake" ought to be clarified. In an amendment which the Senator from Oregon [Mr. STEIWER] and I are going to offer, it reads "unmistakable error", which has been previously construed by the Veterans' Administration in such way as to leave no doubt as to the construction to be placed upon it.

To continue quoting from the compromise:

Except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933.

In other words, by legislative action 25 percent are going to be cut off, although perhaps if we had left it to the administration under the old law, there is a conceivable, theoretical possibility that some of these men might have been kept on at 100 percent of what they are getting. There are plenty of them that ought to be drawing 100 percent. I submit the bill should read "not less than 75 percent", so that if the Veterans' Bureau wishes to reduce to 75 percent, they should take the responsibility and not have Congress take the responsibility for forcing the Veterans' Administration to strike off 25 percent of the compensation in those cases.

After going into the cases or reviewing them, the special boards may strike from the rolls those who may be found unworthy. That goes on until October 31, 1933. At that date everybody whose case has not been reviewed automatically goes off the rolls. There is no provision in the House compromise as to what is going to happen to the veterans whom the boards shall decide to leave on the rolls. They, too, so far as this legislation is concerned, may also be stricken from the rolls or their compensation may be reduced, not 25 percent as is provided for the period previous to October 31, not 50 percent or 75 percent, but perhaps 90 or 95 percent, perhaps sufficiently as to prevent them from drawing compensation at all.

Mr. President, I cannot conceive how language could be used more clearly taking away from the presumtive veteran the rights which he enjoyed under the old law and which he believed he was enjoying under contract with the Government of the United States.

That is the compromise which we are offered; and we are told that if we do not take this we cannot get anything better.

All I can say to that is that if we cannot get anything better than this, we had better take nothing, and go down fighting, at least, for what we think is right.

But why must we take this or nothing?

Let me call to the attention of the Senate the fact that they have already taken action in all the matters with which we are now concerned, and that they have taken action by a very decided vote.

On June 2 the Senate voted to suspend the rules and take up the amendment offered by the Senator from Florida [Mr. TRAMMELL] taking away from the President the authority to reduce more than 15 percent the compensation received by veterans whose disability had been traced to service connection; and that amendment included the presumptive cases as well as what are called the combat-connected cases. Fifty-nine Senators voted to suspend the rules. Twenty-one Senators voted not to suspend the rules. That is a vote of practically 3 to 1; and among the 21 who voted not to suspend the rules there were many who undoubtedly would have voted for a 25-percent limitation, although they did not vote for the 15-percent limitation.

For instance, the minority of 21 on that vote included the Senator from Missouri [Mr. CLARK], who cooperated with me in drawing up the amendment providing for a 25-percent cut. It included Senators like my own colleague [Mr. BRATTON] and the Senator from Arizona [Mr. HAYDEN], who are intensely interested in the presumptive cases, and whom no one could accuse of being unfair or hostile to the veterans. So when we say the vote was 59 to 21, the sentiment in this Chamber in favor of doing justice to the disabled veterans was far greater than can be expressed in any such figures.

A little later on the Senator from Arkansas [Mr. ROBINSON] offered an amendment to the Trammell amendment which would have allowed the President the leeway of 25 percent rather than 15 percent in the reductions which he was allowed to make in these cases. That amendment was defeated by a vote of 51 to 25—more than two thirds of the Senate. It was impossible to vote in the negative in that case unless one were willing to go ahead and see that justice be done to these disabled service men, because it was simply a question whether the President might reduce them 25 percent or 15 percent; and the Senate by a 2-to-1 vote said that he might reduce them by only 15 percent. That included the presumptive cases.

The other vote which was had on that day is not so clear. It was a vote on the amendment of the Senator from Texas [Mr. CONNALLY] restoring the 25 percent limitation, but including the Spanish-American veterans. The vote was 42 to 42, and was broken by the Vice President in favor of the Connally suggestion.

If we look at that vote, we shall see that everyone who voted against the Connally amendment was voting for a greater measure of justice to the veterans than was provided by that amendment, because, although the Connally amendment included the Spanish-American War veterans,

the Senator from Oregon [Mr. STEIWER] had already served notice on the Senate that if that amendment were defeated he would move to amend the Trammell amendment so as to include the Spanish-American War veterans on a 15-percent reduction. So the 42 who voted against that amendment were all in favor of more liberal measures in favor of the veterans. The list of those who voted for the Connally amendment contained perhaps a few names of Senators who did not want to change the Economy Act; but if we compare that list of names with those who previously had voted on the same day, we will see that it also included a great number of genuine friends of justice for the disabled veterans. Some of them were Senators who believed that 25 percent was a better figure than 15 percent; but a great many of them were influenced by the speech which the Senator from Texas [Mr. CONNALLY] made on this floor, in which he implied that a 25-percent reduction would be favored by the President, and that a 15-percent reduction would be vetoed.

Mr. CONNALLY. Mr. President, will the Senator yield just there?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Texas?

Mr. CUTTING. I yield to the Senator.

Mr. CONNALLY. In justification of what the Senator is imputing to me, I desire to advise him that the Senator from Texas entertained the view he expressed there, that a 15-percent cut would not receive the approval of the White House and would be vetoed, but that a 25-percent limitation on cuts probably would be favorably received; and the Senator from Texas was acting on what he thought were assurances that could be relied upon.

Mr. CUTTING. I am perfectly certain of that, and I thank the Senator from Texas for having made it clear. No one on this floor, least of all myself, would impute to the Senator from Texas anything except the best of faith in any statement he makes on this floor; and that just emphasizes the point I am making, that repeatedly, since this veterans' matter has been under consideration, we have been given assurances by men acting in the best of faith, like the Senator from Texas [Mr. CONNALLY], like the Senator from Massachusetts [Mr. WALSH], like the Senator from South Carolina [Mr. BYRNES], and the Senator from Arkansas [Mr. ROBINSON] as to what was going to be done; and each time something different has been done. Those Senators, of course, were acting in good faith, but they were not able to carry out the things that they guaranteed.

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

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Texas?

Mr. CUTTING. I do.

Mr. CONNALLY. With regard to the Senator's comment a moment ago as to those who voted for the amendment I offered, is it not also true that a perusal of the list shows that those who were most zealously supporting the administration, at least on the Democratic side, all voted in favor of the amendment which I offered?

Mr. CUTTING. Yes; that is quite true, Mr. President—every one of them.

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

Mr. CUTTING. I yield to the Senator from New York.

Mr. COPELAND. I should not want the statement of the Senator from Texas [Mr. CONNALLY] to pass unchallenged.

I voted against the Connally amendment because I was in favor of the Trammell amendment. I have supported the administration from start to finish, and expect to continue to do so. When it comes to protection of the veterans of my State and of the rest of this country, however, it is my purpose to vote according to the dictates of my conscience; and I think I best serve the administration by seeking to have justice done to the veterans.

That was the reason why I voted against the Connally amendment.

Mr. CUTTING. The Senator's sentiments do him high honor. What I am trying to say is that the vote on the Connally amendment does not show the sentiment of the Senate, because on both sides we can find Senators who desired to do everything that they felt was in their power for these cases which we are considering. The sentiment of the Senate is much more accurately shown in the vote on the suspension of the rules and on the vote on the amendment submitted by the Senator from Arkansas [Mr. ROBINSON]. In one case the motion was carried by 3 to 1, and in the other case defeated by 2 to 1.

Mr. President, I do not know just how much more I ought to add. I should like to hear some analysis of the House compromise which would give me any hope that it might be interpreted in a fair way. I have given it what study I can. I think there is nothing in it. I think that if that is all we can get, we had better let it alone. I think that if that is all we can get, we had better go home and tell the veterans in our States that we would not stultify ourselves by voting for something which was patently fraudulent and patently a sham.

If that is the best we can get, Mr. President, tens of thousands and hundreds of thousands of disabled veterans will be dead before we come back here in January. Perhaps we can do nothing about it; but we can at least vote for our convictions, and allow the responsibility for the death of these men to rest elsewhere than on our shoulders.

It is difficult for anyone who for 10 years or more has been engaged in trying to obtain justice for these helpless veterans of the war to realize that in most cases we simply cannot get the people of the United States to understand the questions involved. Propaganda has gone throughout this Nation to the effect that these men on the rolls are grafters; that it is all a veterans' racket, or a pension racket; that the fight for justice for these men has been waged by something that is called a veterans' lobby. If I have any criticism to make of the men who have been sent here by veterans' organizations to keep Congress in touch with the realities of the situation, it would be that they have not fought hard enough; that after the Economy Act was passed they trusted too long in the promises of decent and fair administration which were made at the time the Economy Act was passed.

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

Mr. CUTTING. I yield to the Senator from Pennsylvania.

Mr. REED. How can we blame them for that? We trusted those promises ourselves.

Mr. BORAH. Some of us.

Mr. REED. Yes; some of us, just as a great many Americans trusted the promise about sound money, and about observing sacred covenants, and a number of other things.

Mr. CUTTING. Mr. President, I do not blame them very much. I am not attempting to allocate the blame which should be distributed in the history of the Veterans' Act from the day it was proposed to the present time. I think there might be a doubt in anyone's mind as to just how far we ought to assume bad faith at the start. I think there was every reason why Senators might have thought in March that the promises which were made were going to be kept. But there is no reason in the world why any Senator should believe the promises which are being made in June.

Mr. President, when we discuss an amendment like this so-called "House compromise" we have to deal in technicalities, in subtleties of language. We have to split hairs in order to discuss it at all. The subject is dull, and it is hard for most people to realize that the difference between one adverb and another adverb may mean the difference between life and death.

A few days ago a veteran came here from my own State, from the great tubercular hospital located at Fort Bayard, N.Mex., in the southwestern part of my State. He is a presumptive case. He cannot prove that his disability was due to any particular incident in the war, although he served in five major engagements, was decorated for gallantry, and was gassed at the Battle of the Marne. The men at Fort Bayard sent him on here, because, being unfamiliar with the rules of the Senate, they hoped I could introduce him to this floor so that Senators could look with their own eyes on a living example of what the Economy Act is doing.

Of course, that was impossible. I did the next-best thing I knew of; I asked the Senator from West Virginia [Mr. HATFIELD] and the Senator from New York [Mr. COPELAND] to examine the veteran, and those distinguished medical men made a report, which I think the Senator from West Virginia has in his desk at the present time. I am sorry he is not on the floor. The report made by the Senator from West Virginia, however, very clearly shows that the tuberculosis from which this man is suffering, the tuberculosis which caused the ghastly wound which he is enduring, was due to the service. I had a photograph made of the man's back [exhibiting it]. If Senators care to examine it, they will have opportunity to do so. One can put his fingers into the wound in this man's back and feel his heart beating less than one eighth of an inch away.

Mr. President, this man received a medal for gallantry in action the first week in May, and the very next week it was cut down from $100 a month to $20 a month. He has a wife, and his wife has to dress that wound three times a day. They can live simply on $100 a month in my State. They cannot live on $20 a month.

Mr. COPELAND. Mr. President, by the invitation of the Senator from New Mexico I saw this veteran, and I have no doubt that the statement made by the Senator is entirely correct. The Senator from West Virginia [Mr. HATFIELD] and I went over the case very carefully, and we were both satisfied that the man's disability was fully traceable to his war service.

As the photograph exhibited by the Senator from New Mexico shows, the veteran is suffering from the effects of a deep wound in his back, and as a result of the removal of his rib there is a furrow into which my forearm would go. The man is a wreck; there is no hope of recovery; and to my mind it is only one of many examples which have come to my personal attention of the failure of the Veterans' Administration to recognize and deal generously with a case clearly of service origin.

Mr. CUTTING. Mr. President, the last statement made by the Senator from New York is a most important part of this whole subject. I am not referring to this veteran because his is an exceptional case. His comrades from Fort Bayard who sent him on here to Washington did not send him on because he was an exceptional case. They sent him on because he is almost a typical case, because there are hundreds of thousands of men whose lungs are in equally bad shape who are being treated just as this man is being treated, although in most of those cases the suffering and the wounds are not so visible to a layman. It is because this is exactly typical of what is being done to the veterans of this country that I have ventured to exhibit this very painful photograph to the Senate of the United States.

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

Mr. CUTTING. I yield.

Mr. HATFIELD. Is this the case of Peter J. Reno?

Mr. CUTTING. That is the case.

Mr. HATFIELD. If the Senator will permit, I have the case record here. I was so much impressed with the soldier's condition that, as a physician, I felt that I should check up on the case, get his history, and so on, which I did, and, with the permission of the distinguished Senator from New Mexico, I will give a little bit of a historical sketch of this soldier.

Mr. CUTTING. I should very much like to have the Senator do so.

Mr. HATFIELD. This soldier, as I understand, is connected by presumption; or is he directly connected?

Mr. CUTTING. He was connected by presumption before the enactment of the economy law. He now comes under the class which is called "peace-time service-connection."

Mr. HATFIELD. Mr. President, if I may observe, I do not think there is any question but that this soldier should be directly connected. His history is that he is 36 years of age. His father died at the age of 62, his mother at the age of 55. The cause of the deaths of his father and mother—that is, the direct cause—is unknown to him, but he does know that they did not die from tuberculosis. He has one brother living, in good health. He has two sisters living, both in good health. There was no record of tuberculosis in the family to the veteran's knowledge. His father lived in Passaic, N.J., and the veteran was born there.

In childhood the veteran had the usual diseases of childhood, but no scarlet fever, no typhoid fever, none of the many diseases which he might have contracted. He escaped them all.

He enlisted January 30, 1915, in the Sixth Field Artillery, which was split up in 1917, when he was transferred to the Tenth Field Artillery, and went overseas with that outfit in April 1918.

The veteran was in five major operations in the war. He was cited by division headquarters for gallantry in action in October 1918 for establishing communication between regiment and battalion commanders near Montfaucon, France, Meuse-Argonne sector, under heavy shell fire. He was gassed in the second battle of the Marne, after volunteering his service to carry the wounded back to first-aid stations. He, himself, lay in a first-aid station for 2 or 3 days in a semiconscious state, vomiting and spitting blood. He had loss of appetite. He states that his chest felt tight, and he had the sensation of suffocation during the period following his having been gassed. That was in July 1918.

The last battle in which the veteran participated was on November 11, 1918, the day the armistice was signed. He then hiked with the Army of Occupation into Germany. He returned to the United States in August 1919. He was not then in good health, in his judgment. He lost weight—about 8 or 10 pounds—and had loss of appetite. He reported sick and was given pills. He believed his condition was due to his gas experience. He was discharged from the service September 19, 1919, without examination.

The veteran reenlisted immediately, September 20, 1919, also without examination, and served again with the Tenth Field Artillery, and was sent to Detroit, Mich., on recruiting service, where he remained about 6 months. He contracted influenza in the epidemic of 1920 and was taken to the hospital on a stretcher. He was taken to Fort Wayne, Mich., and remained there about 2 weeks, with high temperature, coughing a great deal, and raising blood. He evidently had an involvement of the lungs. His chest felt swollen and he experienced difficulty in breathing.

After discharge from the hospital he was sent back to Camp Pike, Ark., with his regular organization, the Tenth Field Artillery, Third Division. The veteran states that he felt "dragging" after his recovery from influenza, developed a cough which continued, and was eventually told he had fluid in his chest. In the early part of 1921 he was discharged from the Army without examination.

The veteran then went to Passaic, N.J., and stayed out of service for 9 months. In that interim he stayed with his brother, and states he felt sick and did not feel he was physically able to work. He was running a temperature and spitting blood, and had heavy night sweats. He had no knowledge that the Government would take care of him, and reenlisted in 1922, without examination, notwithstanding that he had a cough, was raising blood, had night sweats, and had lost weight. He was sent to Panama from Fort Slocum, N.Y., on the first available transport.

In Panama, in August 1924, he grew worse. He had grown worse steadily from the time he entered the tropics. He ran a temperature continually, was spitting blood all the time, had many night sweats, and vomiting after breakfast. He reported to the sergeant in charge and asked for some pills or salts, stating that he had a cold. The colonel of the Medical Corps then examined him and said he had tuberculosis, far advanced, in both lungs, outlined an area on the left side of the chest, and told him he had an involvement of that entire side. He was put into Ancon Hospital, Panama, and kept there about a month, awaiting a transport to bring him back to the United States.

He returned to the United States in September 1924, where he was taken to the Letterman General Hospital, San Francisco, Calif., remaining there about 1 week, when he was sent to Fitzsimons General Hospital, Denver, Colo., where

he remained from September 1924 to November 1928. During this time was given pneumothorax, that is, pumping artificial air into the lungs, after which he experienced a spontaneous collapse. Then developed fluid and was tapped and the fluid drained from his lungs. The veteran states that he experienced a great deal of pain in his chest and lungs.

Then Colonel Bruns, Chief of Medical Service, and Major Thearle, Chief of Surgical Service, with Major Pollock as assistant, recommended the rib operation, and Major Thearle operated in June 1925 for an empyema of the left chest, beginning at the posterior angle of the ribs, involving a complete resection of all ribs beginning with the last and ending with the first, removing the ribs, 12 in number, to their articulation with the vertebral column, permitting a complete collapse of the left lung. Upon inspection posteriorly, when the cavity is pulled apart, the pulsations of the thoracic aorta can be seen, and overlying this pulsation can be felt the pulsations of the heart against this scar overlying the heart, which represents the collapse or folding in of the skin and the tissue underlying the skin, overlying the heart, and the remainder of the lung.

Upon auscultation no breath sound is found, indicating that there is complete collapse of the left lung.

The surgeon arrived at the conclusion that the lung could not possibly repair itself unless it was put to rest, and that the only way it could be put to rest, Mr. President, was to perform this operation, collapsing the lung, and consequently doing away with the lung on the left side entirely.

In the right chest, pressing the right lung upon auscultation there is a harsh, rough breathing heard in every part of the lung, indicating an involvement of the lung, due no doubt to the invasion of the gas upon the normal texture of the lung tissue, resulting in a roughened breathing wherever the lung tissue is to be found, with numerous fine, dry, and hissing râles.

The soldier presents a bulging mass on the left side at the free boundary of the ribs, which were joined together by cartilage, when he undertakes to extend his diaphragm, which is the muscle which separates the abdomen from the thoracic cavity. This is due to the fact that there is no anchorage, it having been separated from the spinal column.

The only way this could have been obviated by the surgeon would have been to remove the ribs surrounding the costal margin. The reason the surgeon did not do this was the weakened condition of the soldier, feeling that the collapse of the one lung was as far as he could go and that to undertake additional surgery in all probability would mean the loss of this patient.

There was an abscessed cavity which had been draining from the early part of 1921 because of the accumulation of fluid which became infected, and which, no doubt, was primarily of tubercular origin. The only way to get rid of that abscessed cavity was the collapsing of the lung. So this operation was performed, bringing the posterior and the anterior wall of the chest cavity together, and by so doing obliterating this abscessed cavity, as well as collapsing the lung. The surgical operation was entirely successful; the soldier was cured, so far as his left lung was concerned, by obliterating the lung altogether, leaving him only an impaired right lung, which had been primarily involved by the gas, resulting in more or less of a pathology of the entire lung structure on the right side.

The veteran is 5 feet 7 inches tall; girth measure is 28 inches.

Has complete collapse of left lung; general impairment of right lung, with active tuberculosis bacilli in the sputum.

Veteran is emaciated, although he has a moderate amount of nutrition and resistance.

In this condition, Mr. President, he is living today; but what is the picture in this case? He was out of the service for a period of 9 months in 10 years of service. He developed a cough; was raising blood soon after he was gassed in France, and he continued to raise blood and continued to exemplify lung involvement. After his attack of influenza he was sent to his old camp in Arkansas, and there he was discharged. He remained out of the service for 9 months. Notwithstanding this out-of-the-service period, he continued to raise blood; he continued to cough; he continued to have night sweats. Yet we are told that this soldier's disability is connected by only a presumption in the law.

This soldier unquestionably, Mr. President, developed tuberculosis after he suffered the gas attack in France. Then his resistance was greatly lowered by the influenza attack in 1920 at Detroit while he was in the service there. Reenlisting in 1922 he was sent to Panama and remained there for a period of 2 years, continuing to have night sweats, continuing to run a temperature, continuing to lose flesh. It was finally discovered by the physician that he had a tubercular condition involving both lungs. He was then sent back to the United States and finally fell into the hands of a good surgeon who knew what to do. He was operated on, and because of the medical attention given this soldier he is living today. I may say, however, that this soldier is suffering at the present time from a chronic tubercular condition of his right lung.

Yet, Mr. President, notwithstanding all this experience, and notwithstanding all the service rendered by this patriot, though he was allowed, upon a presumptive conclusion, $100 a month, he was notified that the amount of compensation that he was to receive would be reduced to $20 a month, beginning July 1. He has a second notice informing him that his compensation has been increased to $30 a month—this soldier with one crippled lung left. You can place your finger on the large blood vessel which carries all the blood to the upper extremity, known as the "thoracic aorta", and you can see it pulsate through this gaping wound, and, resting anteriorly, or on top, of this large blood vessel, you can see the heart pulsate, with only a very small amount of tissue overlaying the heart, possibly less than one sixteenth of an inch, where the blood vessel enters the right auricle of his heart.

Mr. President, this is the picture, the horrible picture, of the treatment accorded this World War veteran. This is the treatment which he will receive by the rules and regulations adopted by and put into operation by the Veterans' Administration, to be administered through the direction of the President. I submit that this case is one that is worthy of the consideration and the sympathy and the support of every Member of this body, as it is likewise entitled to fair consideration by the other House of Congress.

When I first met this soldier I felt that I should make this investigation. I made the suggestion to the distinguished Senator from New Mexico, and the investigation was made in conjunction with Senator COPELAND. I am quite sure that the accuracy of the picture which I have portrayed here will be vouched for by my good friend the Senator from New York [Mr. COPELAND], who is a distinguished physician and who has demonstrated his ability in his profession by the service he has rendered to the people of the city of New York. I thank the Senator from New Mexico.

Mr. CUTTING. Mr. President, it is for me to thank the distinguished Senator from West Virginia for the care and trouble he has taken in examining the case of this constituent of mine and in rendering such a thorough report. Of course, no matter what laws we may pass we are going to confront the question of interpretation. The care and competence with which these men are examined is the important thing, after all. We have in the Veterans' Bureau doctors not all of whom, but most of whom, give a mere cursory examination to a case like that. They are under orders to cut expenses whenever they can, and those orders have got to be carried out, or the doctor leaves the service of the Veterans' Administration.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from New Mexico yield to the Senator from California?

Mr. CUTTING. I yield.

Mr. JOHNSON. May I ask a question of the Senator?

Mr. CUTTING. Certainly.

Mr. JOHNSON. I gathered from what the Senator from West Virginia has said that this man was first reduced to $20 a month, and then was increased to $30. Is that correct?

Mr. CUTTING. I believe so; I believe that, after having his compensation cut to $20 a month, later on he was munificently rewarded by an extra $10 a month.

Mr. JOHNSON. I wanted to call the Senator's attention to that extraordinary generosity by a grateful Republic first, but next to demonstrate that this very case has been reviewed during this period of discussion by those who are administering the veterans' law. That is so, is it not?

Mr. CUTTING. Yes.

Mr. JOHNSON. So that we have a case here of a man just barely living, married, who under the law was getting $100 a month——

Mr. HATFIELD. Mr. President, will the Senator yield at that point?

Mr. JOHNSON. Yes.

Mr. HATFIELD. And a man with a hundred percent disability.

Mr. JOHNSON. Yes; a man with a hundred percent disability, getting a hundred dollars a month and reduced by this grateful country of his to $20, for him and his wife to live upon. This case, thus presented, leaves him nothing else to do but die. Shades of generosity; shades of gratitude; shades of Morgan & Co., for the love of God, are we not strong enough and big enough in the Congress of the United States to prevent that sort of wrong and that kind of injustice?

Mr. CUTTING. For 10 years this soldier served his country, Mr. President, and at the end of that time we give him a bit of ribbon with a few bars on it and a citation for gallantry in action, a medal——

Mr. JOHNSON. Has this man had citations for gallantry in action?

Mr. CUTTING. After getting these medals and the ribbon, which I hold in my hand [exhibiting], his Government decided that he was thereafter to get a pittance on which he could not possibly live.

Mr. JOHNSON. O Economy, what crimes are committed in thy name!

Mr. CUTTING. These doctors decided one day that his $100 a month should be cut down to $20 a month, and on another day they decided that the $20 a month should be increased to $30 a month, and based their decision on no evidence which they had not had in their possession right along. They did not examine this man in between. They sent him a letter—I do not know whether the Senator from West Virginia has the letter, but it matters not. It is the regular form of letter which the Bureau sends out. It states nothing except the fact that his compensation has been cut down.

Mr. President, I have the letter now, and I think I will read it to the Senate, because it is exactly the kind of letter sent to every veteran who is being cut; and I want the Senate to realize that when a man gets a letter like this there is nothing he can do about it.

Mr. JOHNSON. It is, I have no doubt, couched in the most kindly and generous terms, and I shall be glad to hear the letter read.

Mr. CUTTING. The letter reads:

DEAR SIR: A review of all claims in which payments of benefits were being made on March 20, 1933, was undertaken for the purpose of determining entitlement to benefits provided by Public, No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States."

I call to the attention of the Senator from California the words "benefits"—"entitlement to benefits." I have indicated the "benefits" which this particular veteran is going to receive in return for having served in four major operations in the war: Champagne-Marne, Aisne-Marne, St. Mihiel, and Meuse-Argonne.

He was cited by division headquarters for "gallantry in action" near Montfaucon, Meuse-Argonne sector, France, October 1918, "for establishing communication between the regimental and battalion commander near Montfaucon, France, Meuse-Argonne sector, under heavy shell fire."

I continue the reading of the letter:

Your claim has been carefully reviewed and, in accordance with the provisions of the above-entitled act, and on the evidence of record in your case, it has been determined that you are entitled to, and there is being approved in your favor, effective July 1, 1933, an award of pension in the amount of $20 monthly, on account of your permanent and total disability not incurred in service.

"Permanent and total disability", Mr. President!

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

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from West Virginia?

Mr. CUTTING. I yield.

Mr. HATFIELD. Mr. President, this young man entered the Army in 1915, at 18 years of age, at which time he states he was in perfect health. He remained in the service of the Government for 10 long years. He developed no manifestations in the way of a disease until after he was gassed in one of the major battles during the World War. He did not think at that time that he was permanently disabled; he thought that the lung condition from which he suffered after the gas attack would clear away; but he continued to cough and to raise blood from and after that attack until 1920, when he suffered a severe attack of influenza in that 1920 period, when influenza was rife throughout this land. He was in an unconscious state for a period of 2 weeks in the hospital in Detroit, Mich. He continued to raise blood after his convalescence there; then he finally was discharged from the Army. He was out of the Army for a period of 9 months, suffering all the while from night sweats, the raising of blood from his lungs, the loss of flesh, and the loss of appetite. Reentering the Army 9 months after his discharge, he was sent to the Tropics. He remained there for 2 years, and then was sent to a hospital in San Francisco, Calif., where he was transferred in a short period of time to Fitzsimons Hospital in Denver, Colo., where he was surgically treated, where his life was saved, where his left lung was sacrificed.

That is the history of the soldier, and yet the record discloses the fact that he is connected in the way of disability by presumption. Why, Mr. President, there is not one peg upon which any diagnostician can hang his hat that would enable him to arrive at a conclusion that this soldier did not contract tubercular involvement that lost for him his left lung while he was directly in the service of the United States Army.

Mr. CUTTING. Mr. President, I thank the Senator. I want to say that if the Veterans' Bureau were in charge of the Senator from West Virginia we could all of us go home without enacting any legislation at all and realize that justice would be done. It is because the Veterans' Bureau is in charge of men with other ideals and other methods of diagnosis that we have to stand here on the floor of the Senate and make the fight we are making.

Mr. JOHNSON and Mr. FESS addressed the Chair.

The PRESIDING OFFICER (Mr. MCGILL in the chair). Does the Senator from New Mexico yield; and if so, to whom?

Mr. CUTTING. I hope Senators will allow me to finish this very interesting letter from the Veterans' Bureau.

Mr. JOHNSON. May I make just one brief observation?

Mr. CUTTING. Very well.

Mr. JOHNSON. I understood from what the Senator from West Virginia said and from what the Senator from New Mexico said in the matter of the history of this man that one could see his heart beat really from the gaping wound that exists in him now. Is that correct?

Mr. CUTTING. Yes.

Mr. HATFIELD. Not only is that true, but one can see the heart pulsate.

Mr. JOHNSON. Let us take this veteran down to the Veterans' Bureau so that those in charge of it may see a human heart! [Laughter.]

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

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Ohio?

Mr. CUTTING. I yield.

Mr. FESS. The recital of the Senator in reference to this soldier leads me to ask this question. He would be eligible for compensation under the War Risk Insurance Act of October 6, 1917. What compensation was he receiving? I assume this was an injury.

Mr. CUTTING. He was receiving $100 a month disability compensation. As to the insurance, I am not informed, but I should like to read the rest of the letter.

Mr. FESS. Does the Senator mean the whole compensation has been cut to $30?

Mr. CUTTING. Yes; first to $20, then to $30.

Mr. FESS. I was wondering whether it is not possible that we are under a misapprehension and whether the soldier was not receiving something adequate under the Compensation Act, and this is an increase?

Mr. CUTTING. That is all he is receiving.

Mr. FESS. I cannot imagine how that is possible.

Mr. CUTTING. The Senator will find that it is happening in tens of thousands of cases, and they are all getting this identical letter, and that is why I ask permission to finish reading the letter now. There is just one more paragraph to the letter and I want to read it:

> Regulations promulgated pursuant to the provisions of Public, No. 2, Seventy-third Congress, provide that, except as to degree of disability, an application for review on appeal may be filed within 6 months from the date of this notice, or July 1, 1933, whichever is the later date. In the event you contemplate filing such an application, it is suggested that it be deferred until after July 1, 1933, when the condition of the work incident to the review of claims will permit of expedited action on applications of this character.

What would an ordinary man do if he received such a letter as that? He is told he has the right of appeal, but no right of appeal as to the degree of disability. The decision is final as to degree of disability. He can appeal as to something else, but there is doubt in the letter as to what he can appeal from. He is merely told that owing to the Economy Act he is going to get some benefit and that the benefit in his case is $20 a month. He is told that a very careful review was made before they came to the conclusion.

They sent that letter on May 6. On May 18 they wrote him another, stating again that his claim had been carefully reviewed. In fact, the letter of May 18 is an exact duplicate of the letter of May 6 except for one word. The letter of May 18 contains the word "$30" monthly instead of "$20." It also says that "this letter supersedes the letter dated May 6." First they gave his case careful review and said he was to have $20 a month, and then in the next 12 days they gave another careful review and decided he was to get $30 a month. He can appeal from those decisions, but how in the world is that man or any other man to know what course he is to pursue in filing an appeal? I do not believe any Member of the Senate would know how to reply to a letter of that sort. How these unfortunate suffering veterans can know the facts in a case like that I leave for the Senate to try to figure out.

Let me call to the attention of the Senate the third statement of the letter, that although previously these cases had been dealt with with great care and careful review has been given to them, after July 1 the review of cases is going to be expedited. We are going to have rapid action from that time on. It will not take 4 or 5 days to knock a man out and give him $20 instead of $100. After July 3 that is going to be done in 5 minutes.

So much for this case, which I did not mean to discuss at such length; I make no apologies for having done so, because it is an entirely typical case. I may add that the man is here in the building and any Senator who desires to see him can do so.

The point in this case and the point which this man makes is not that his case deserves particular attention. He is just one of the victims of which every State in the Union can furnish thousands of examples. Then we are asked to accept an assurance that from now on some degree of generosity is going to be shown to such cases. We are appointing boards and we are allowing them to act under rules and regulations laid down by the bureau. If these boards are going to act in the way in which we want them to act, we have got to write the regulations into the law on the floor of the Senate and the House and not leave Mr. Lewis Douglas to do it in the Bureau of the Budget.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from New Mexico yield to the Senator from West Virginia?

Mr. CUTTING. I am always glad to yield to the Senator from West Virginia.

Mr. HATFIELD. The mistreatment of the veteran, the lack of understanding of his case, in my candid judgment, goes back to the lack of understanding on the part of the men who are operating the Veterans' Bureau. I do not wish to cast any opprobrium upon any of them. I have no feeling in this matter whatever. Soon after I came to the Senate of the United States I appeared before a committee and made certain declarations there respecting the presumptive period that was then in operation. I pointed out and proved the statement that I made, by eminent authorities in this and other lands, that the presumptive period then in operation, 5 years, was not a sufficient time within which certain diseases might well develop that had been picked up by the veteran during his service in the Army.

We had the attitude of the then President of the United States upon that subject and referring to the then President, I have no feeling in the matter other than to observe that he has no right to a medical opinion, as is the case with the present Chief Executive of this Nation. When we survey the organization of the Army, with the surgical service and the Surgeon General in the Army, when we make a survey of the surgeon in charge of the Navy, when we make a survey of the Health Department of the Government, and compare the efficiency of those departments with the efficiency of the medical division of the Veterans' Bureau, we find they are not to be compared, notwithstanding the Veterans' Bureau is many times greater in the way of service and in the way of responsibility and has larger problems to deal with than any of the other departments to which I have referred.

In my opinion, the Chief Executive who passed into history on March 4 and the Chief Executive who is now in control of the destinies of this country which include the veterans, overlooked the fact that the inefficiency from which the veteran suffers, the mistreatment which he receives is due to the fact of the lack of understanding of the veterans' diseases, the conditions which develop respecting the veterans. In my candid judgment, if there was a complete and efficient medical organization in charge of the Veterans' Bureau we would not have experiences brought here to the floor of the Senate such as are exemplified by the distinguished Senator from New Mexico in the last case to which he has referred.

Mr. CUTTING. Mr. President, I am glad to have the statement of the Senator from West Virginia, and I again remind the Senate that he himself is an eminent physician.

Mr. President, we are told in the press of the country that it is better to let the Executive pass on these cases, that Congress is incompetent to decide which man shall obtain benefits on account of disability, and which man shall not.

It may be of interest to remember that almost immediately after the Revolutionary War the duty of selecting the men entitled to compensation for disability incurred in the Revolution was taken away from the President and given to the Federal courts. After the courts had passed on a particular claim it was then submitted to Congress, which was to determine whether or not the veteran in question was entitled to be placed on the pay roll. The Chief Executive was left out of the picture entirely; and the reason given for the passage of that act was that the power to place men on the pay roll might put the President "in a position to de-

stroy the fundamental principles of democracy." It was not until many years after that that the executive branch of the Government was given any discretion at all.

Now we have divested ourselves of all authority in this matter. We have left it all to the Executive. We have been attempting in the past few days to recover some slight part of the authority with which we then parted. So far, we have been unsuccessful.

The compromise into which it is proposed that we enter takes away all rights from the Spanish-American War veterans. If I read it rightly, it takes away all rights from the direct service-connected cases. In the case of the presumptives the language is so involved and so obscure that no man can guarantee that any presumptively connected case will remain on the rolls.

The case of Peter Reno, as I said, is a presumptive case.

Many people have not thought out the question of what actually constitutes a war casualty.

The other day I received a letter from an eminent physician, himself a war casualty, from which I should like to quote:

At Camp Cody we received thousands of men from civil life. We could not supply them with proper clothing for winter—light summer uniforms only. They slept 12 in a tent, spoon fashion, to keep from freezing. We did not have blankets enough to cover them. Pneumonia ran riot. They died 3 to 5 a day all winter. Were they war casualties or were they not? I buried at sea, with grate bars tied to them, 57 men dead of pneumonia, until we ran out of grate bars. I piled the rest of the dead, one on top of another, in an unused room on the ship. Were these dead war casualties, or were they not?

A fat old doctor was made to walk 3 miles uphill from Cherbourg to Tourleville. He dropped dead at the top. Was he a war casualty, or was he not?

Another distinguished medical man, my own dear friend, examined thousands of cases of ear disease by candlelight. His right eye has never been any good since. Was he a war casualty, or was he not?

Another friend of mine got flu at Camp Dix, followed by pneumonia, then a series of operations, with removal of ribs on one side. He has been a total wreck ever since. Was he a war casualty, or was he not?

An old doctor of Detroit got flu at Coblentz after November 11, then was hospitalized for tuberculosis. Is now a far-advanced and very feeble consumptive. He will be totally without funds when August 1 rolls around.

In view of the new compromise, we shall have to change that date to October 31—

Was he a war casualty, or was he not?

I am so outraged at what is being done to others that my own troubles are forgotten.

This man himself, Mr. President, was one of the most eminent tubercular specialists in the Southwest. He is not now a constituent of mine. He enlisted in the war when over age, left a very lucrative sanitarium which he was conducting, and went into the service. I shall read a few sentences from another letter which he wrote me:

It is against my instinct to ask anyone to help me, but now, in my 63d year, with my race about run, I am in dire need of it. The Veterans' Administration has taken from me my retired pay. I am sick and old and no longer able to earn enough to support my family, consisting of my wife and two minor children, a very old father-in-law, and for 2 years past I have had to support two adult children out of work and still out of work. I have been able to survive the depression and do these things by means of my retired pay. I have also helped a daughter with a consumptive husband and her two children.

I will quote a portion of a communication I received from the Veterans' Administration.

And here again we note the generosity with which the Veterans' Bureau conducts its correspondence:

The above-named former officer has been granted retirement pay on account of tuberculosis, pulmonary, chronic, active, moderately advanced; emphysema, severe, chronic myocarditis with hypertrophy and extra systole.

I assume that is rather a serious condition; is it not? I address my inquiry to the Senator from New York [Mr. COPELAND].

Mr. COPELAND. I should say it is.

Mr. CUTTING (reading):

The evidence shows that the above-named former officer is not entitled to continue to receive retirement pay, as the disability for which he was retired with pay is not shown to have been caused by a factor arising directly out of the performance of actual military or naval duty during the World War.

I now quote further from this doctor's letter:

When the war broke I had been in the Reserve Corps since 1907, and just before had been promoted from first lieutenant to captain, and examined for promotion at Fort Bliss, Tex. So I must have been in good health then. The day before Colonel Buswell went to Washington in April 1917 he examined me for active service at Fort Bayard, N.Mex., and ordered me to duty shortly after he got to Washington (by telegraph).

Again, at Camp Dix, I was examined by the Overseas Medical Board, and the fact that I was sent to France as surgeon of the One hundred and thirty-third Infantry shows that they found me in good health. When I went over I was 47 years old, 2 years over military age.

When I was discharged from service at Fort Bayard in the spring of 1919 the major who examined me told me I had active pulmonary tuberculosis, and I was discharged with that diagnosis. I never applied for compensation; it came to me automatically as a result of my discharge with tuberculosis. In fact, the then Veterans' Bureau wished to hospitalize me for the same.

The first two or three checks I received I returned with the statement that I had not served for money and did not wish help as long as I could earn my way. The Veterans' Bureau official who got my letter wrote me and returned the check, and advised me to take them, so as not to prejudice my case in the future. From then on I took the checks. Ever so often the Veterans' Bureau ordered me up for examination, and each time my compensation was increased. In March 1925 I was ordered to go to Albuquerque for examination, and there given permanent total disability. When the retirement bill was passed I was placed on the retired list.

That I have survived the depression, as I stated before—that is, so far—has been due to this retirement pay.

* * * * * * *

On the ship going over I cared for, alone, 500 cases of flu—87 pneumonia, and had 57 deaths on the cold, unheated old English freighter. I never had my clothes off for 17 days going over. I landed at Liverpool with a fever of 101, and it did not come to normal for 3 months. My old cured trouble broke out. I never went off duty a day—worked all the time, slept in the mud, on cold marble floors, on barn floors, on cots (wire) with no mattress. From Cherbourg to Tourleville I carried my clothing roll 3 miles uphill, and never got my breath back from that day to this.

At Base A, Evacuation Hospital No. 2, I had 2,500 men under my care as chief of medical service.

On top of all this, after granting me compensation on the basis of what they found on discharge, they arbitrarily claim that my disability does not arise out of the war.

If your conscience says help me, please do it, for God knows I need it.

This letter is written in an almost illegible handwriting on account of the disability from which this very eminent doctor is suffering. He was cut down, if I remember the case, to $40 a month. That statement of "benefit" was conveyed in a subsequent letter. When he received from the Bureau the particular letter to which I am referring he was informed that his retired pay had been cut off entirely, and nothing was substituted therefor.

Mr. COPELAND. Mr. President, will the Senator permit me to cite one case very briefly?

Mr. CUTTING. Surely.

Mr. COPELAND. It happened last year. A man came to see me out at my farm. I had leisure and I gave time to him. He had been engaged a few months before to shovel the snow off the roof of his mother's house up in Watertown, N.Y. He became heated and immediately had a paralysis which paralyzed one side of his face and one side of his body. The question was, Could that in any way whatever be a war-connected case?

I inquired from the man if he had had any paralysis during the war, and he said he had. He was in the army of occupation, and on a forced march had a paralysis from his waist down. He had no hospital record; but they put him in an ambulance and carried him along, and in 2 or 3 days he recovered from it.

Of course, it is easy to state that there could be no possible war connection. I inquired if he had had any injury in the war. He said he had a shrapnel wound, and as a result of it had an infection of the tear sac and of the angle of the eye, and had serious blood poisoning, which continued for several months. In the absence of specific disease it is perfectly apparent to me that this man had an inflammation of the lining of the heart, what is called

an endocarditis, as a result of the blood poisoning, and following this there were vegetations upon the valves of the heart. One of these broke loose when he was on his way up to Coblenz. Fortunately, it was disposed of. In the second case the vegetation went to the brain, and as a result of it he had a paralysis. He is permanently disabled, unable to work.

To my mind, that man is just as much a casualty of the war as if he had been shot and wounded in battle in such a manner as to have produced the paralysis of which I have spoken. It is directly traceable to an injury the effects of which are dated back to the shrapnel wound, with the subsequent infection.

Mr. CUTTING. I entirely agree with the Senator. I have known terrible cases that were directly connected with the service by positive proof, and I have endeavored to secure justice for such cases. I agree with what the Director of the Budget said in March, that men who have lost 2 legs and 2 arms or 2 eyes should be drawing $275 a month, although the Director of the Budget himself has issued no administrative orders and has allowed his subordinates to issue no administrative orders which would give any such compensation. But, Mr. President, I have known men who have lost two legs, I have known men who have lost two arms, and are able to carry on business and make a small income for themselves. They are not quite so helpless, not quite so miserable, not quite so wretched as men I know who are lying on their backs in hospitals as the result of military service, men who can do nothing except breathe. It is a question of how long they can continue to breathe.

These are the presumtive cases. These are the cases as to which the Economy League has issued a pronunciamiento in which they say that we must establish the principle that they fought for their country, and not for a pension. This man whose picture I hold in my hand fought for his country and not for a pension, and therefore he is cut down to $20 or $30 a month.

Mr. President, I want to give the records of just a few cases which were called to my attention the other day.

The first case is as follows:

Pre-war occupation, barber. Age at enlistment, 39 years. Wounded in action Meuse-Argonne. He received a severe gunshot wound of the right thigh with marked loss of muscle, causing a tumor of the bone. This has caused the knee joint to stiffen badly. He was also wounded by gunfire in the right hand, which has caused a palsied condition, or marked shaking of his right hand as a result of this injury. This disabled veteran was drawing $58 a month with which he was supporting two aged aunts, one of whom is totally blind. Under the Economy Act regulations his pension has been set at $20 a month, a reduction of 65 percent. His present age is 55. He is now unable to work as a result of his injuries and has no means of support.

Mr. HATFIELD. Mr. President, under the regulations established by industry respecting employment after a certain age, this man having arrived at the age of 55 years, it would be almost impossible for him to get employment of any kind. Is not that true?

Mr. CUTTING. That is absolutely correct.

The second case to which I want to refer is that of a farmer, wounded in action, Meuse-Argonne, October 5, 1918. He received two severe shrapnel wounds in the neck, shoulders, and back. The scars are still so large that you can put your fist in them. These injuries have resulted in a useless right shoulder and right arm, in addition to two very painful wounds. He has been drawing $46 a month for many years. Due to inadequate description of wounds and their effect, he was recently reduced to $10 a month and unless this description can be corrected he will be further reduced to $8 a month, or a pension denied him altogether.

Third case:

Gunshot wound, Meuse-Argonne, October 15, 1918. This disabled veteran was in a shell hole when German shell exploded killing six of his comrades and severely wounding him. He has very extensive and unsightly wounds and scars with muscle destruction of left arm, shoulder, and back, which has rendered the left arm and shoulder useless for purposes of work. He was drawing $67 a month for this disability. The Economy Act and its regulations have set his pension at $8 a month, a reduction of 88 percent.

Fourth case:

An aviator who made fifty-odd flights over the German lines. On November 8, 1918, while cranking his airplane propeller preparing for another flight over the enemy lines the propeller cut off the major portion of his left hand, leaving only his thumb, and cut off the thumb of his right hand and severely injured this hand also. In addition, his right arm was broken so severely that he cannot raise this arm to his shoulder and is consequently useless for work. Having only a thumb on his left hand, this hand also is useless for work, and he has not been able to work since injury. He has no means of support other than his pension. He had received $125 a month for many years on account of his injuries. The Economy Act regulations has set his pension at $40 a month, a reduction of 68 percent.

Mr. HATFIELD. Mr. President, there is no consistency in the proportion the two soldiers are receiving based upon the injuries they sustained, and that is the experience which will be found in connection with the ratings of these soldiers who are disabled; that no consistency is maintained based upon the disabilities which the soldiers have suffered.

Mr. CUTTING. The Senator is entirely correct. Just one other case, that of a veteran with the service-connected disabilities of deafness and severe sinus trouble, heart and lung trouble, rheumatism, and mental disability, who has been cut from $102 a month to $20 a month under the new regulations. He has had 18 operations by the Government since the war for service-connected disabilities. He was severely gassed at the Battle of St. Mihiel, but refused to be evacuated. He served in the Battle of the Argonne, where he was again gassed, this time so severely that he had to be carried off the battlefield. He has a wife and five children, and the Government is from now on to pay him the princely sum of $20 a month.

Mr. HATFIELD. The soldier is 100 percent disabled?

Mr. CUTTING. Of course.

Mr. HATFIELD. And he must be cared for by his family?

Mr. CUTTING. Yes.

Mr. HATFIELD. He is to receive $20 a month from the Government which he served to take care of him and to provide for him, and because of the paltry contribution made by the Government of the United States the family must go out and support the breadwinner of the family, the soldier?

Mr. CUTTING. Exactly. We could multiply these cases by the thousands and the tens of thousands, of course, but we have not the time to do so, and I will leave those cases before the Senate as samples of what is being done over all the country.

The other day I read from the RECORD a statement given by the adjutant of the Disabled American Veterans of the World War of Fort Bayard, N.Mex., showing the degree of cuts which had been made in the compensation of those in that hospital.

I have here a statement sent to me by someone in Detroit as to the first cases which they looked into at random in the Veterans' Bureau in that city. I shall not read the statement, but I should like to have it go in the RECORD at this portion of my remarks.

The PRESIDING OFFICER. Is there objection?

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

Below is list of claims picked at random that have been rated under the new veterans' legislation, which have been brought to my attention by individual veterans showing claim number, nature of disability, old rating, new rating, and whether in combat, or not in combat

Claim No.	Nature of disability	Old rating	New rating	Remarks
607816	Rhinitis and encephalitis	$150	0	Not in combat.
273202	TB	50	0	Do.
198446	Gunshot wound	17	$8	In combat.
196429	Gunshot wound and hearing	49	20	Do.

Below is list of claims picked at random that have been rated under the new veterans' legislation, etc.—Continued

Claim No.	Nature of disability	Old rating	New rating	Remarks
207475	Pleurisy, gunshot wound, chest	$27	$8	Do.
203997	Arthritis, heart, severe	70	40	Not in combat.
162961	Gunshot wound, paralysis from discharge	100	20	In combat.
240861	TB	50	0	Not in combat.
243110	do	50	0	Do.
291766	TB, N.P., from 1920	45	0	Do.
178566	Gunshot wound	32	8	In combat.
109008	do	55	8	Do.
186431	do	16	0	Do.
167678	Bronchitis	12	0	Not in combat.
172036	Pes planus	12	0	Do.
72754	Amputation right leg and left foot, frozen feet, front line.	125	60	In combat.
131113	Amputation left leg, gunshot wound	89	40	Do.
148247	Gunshot wound, amputation left leg	111	60	Do.
183629	Gunshot wound	45	20	Do.
202432	Blind eye, gunshot wound	57	40	Do.
191660	Deafness	39	18	Do.
195612	Gunshot wound	71	20	Do.
191145	Deafness	27	8	Not in combat.
134074	do	71	8	Do.
205078	TB, bronchitis	50	8	Do.
203667	Arthritis	45	20	Do.
183443	Gunshot wound	27	8	In combat.
263149	N.P.	26	0	Not in combat.
170737	Pes planus	30	0	Do.
178042	Gunshot wound	20	0	In combat.
182817	Amputation right arm, gunshot wound	108	80	Do.
181092	Arthritis	18	0	Not in combat.
184328	3 gunshot wounds	76	20	In combat.
172172	Gunshot wound	19	8	Do.
196775	Bronchitis and TB	36	8	Not in combat.
1143440	TB from discharge	50	0	Do.
565873	Gunshot wound	20	8	In combat.
259042	TB from discharge	50	0	Not in combat.
290118	do	50	0	Do.
193680	Gunshot wound	17	0	In combat.
193384	3 gunshot wounds	40	20	Do.
197555	Gunshot wound	38	8	Do.
222010	do	20	8	Do.
219481	do	25	8	Do.
765756	Encephalitis	100	8	Not in combat.
1143138	Deafness	84	8	
72706	Amputation, right leg	80	40	In combat.
133307	Shrapnel wound in head and high explosive.	77	20	Do
157922	Gunshot wounds, right forearm through and through left side neck, gunshot wound left wrist, gunshot wound groin and center chest, all from high explosive.	59	20	Do.
207371	7 gunshot wounds, several bullets still in body, practically blind from gunshot wound.	150	40	Do.
293104	Fracture right leg, multiple arthritis	95	8	Not in combat.

Mr. CUTTING. Mr. President, there is the situation which has been confronting us since the 31st of March, when the regulations under the Economy Act were issued.

The Senate has acted. The Senate has decided by several overwhelming votes that it wants to do justice to these men. How can it possibly reverse its stand now because a so-called "compromise" has been adopted by one House of the Congress, although that compromise is a complete surrender of every principle for which we fought on this floor?

Mr. President, we have been treated in bad faith, and when I say bad faith I am not criticizing the Senators who have stood on the floor of this Chamber and assured us as to what was going to be done if we passed such and such an act or adopted such and such an amendment. Those Senators were acting in good faith, but the people for whom they spoke did not back them up.

I am not charging bad faith to the President of the United States. We know perfectly well that he is too busy with other matters to give to this matter the detailed attention which is required if justice is to be done. But the people who wrote the regulations, the people who wrote the Executive order which came down on June 6, the people who have written this infamous amendment knew exactly what they were doing, and those are the people who have deceived Members of this body, who have induced them to stand up on this floor and promise things when the promises were not going to be kept.

Are Senators going to trust them again? Whatever benefit may be done for these unfortunate cases is going to be done by Congress and anything we do not write into the law might as well not be considered at all, because it will not be granted by the Veterans' Administration or the Bureau of the Budget. We know that, because we have had the experience.

This is not a partisan fight, and everyone knows it. In the list of Members who voted to take up the Trammell amendment, and who voted to reject the substitute amendment of the Senator from Arkansas, will be found in about equal numbers Senators from both sides of this Chamber. The Members of the House who accepted this compromise accepted it, undoubtedly, in good faith, believing it was the best they could get, but I do not think they had given it the study or the analysis which has been possible since Saturday night.

I am confident that the compromise contains nothing which will benefit anybody, except possibly the widows and dependents of the service-connected cases. The language in that respect seems to be positive, yet my experience of the last few months is such that I would hesitate to stand on the floor of the Senate and guarantee even that sentence, because there may be some hitch in it, some catch in it, which I have overlooked.

There are no men in the Congress of the United States to whom the veterans should be more grateful than the three ranking majority members of the Veterans' Committee of the House of Representatives, Mr. RANKIN, of Mississippi; Mr. JEFFERS, of Alabama; and Mr. CONNERY, of Massachusetts. Those men, rejecting every consideration of partisanship, stood up on the floor of the House of Representatives and made a fight for a decent compromise, a compromise which would have meaning, a compromise which would be clear in its language, a compromise which the man on the street could interpret and construe, a compromise under which the veteran himself would know exactly what rights he had and what rights he did not have. I think that if the House had had more time to consider the matter, it would have followed these distinguished Democratic gentlemen whose names I delight to honor.

Why is it that we cannot get a compromise which in its language will bear out the promises previously made in its behalf? The Senator from Massachusetts stood here in March and promised that his amendment would do a certain thing. When the amendment was interpreted, we discovered it did nothing of the kind.

The Senator from South Carolina stood here 10 days ago and promised that a certain kind of regulation was going to be written into the Executive administrative orders. When the regulation came down it was something totally different. The Senator from Arkansas introduced into the RECORD a statement of the purport of those very regulations, a day before they came in; and when the regulations came before the Senate, it was found that they did not correspond at all with the statement which the Senator from Arkansas had previously introduced into the RECORD.

The Senator from Texas, while he made no direct promise, certainly implied in his language, and he has been brave enough to stand up and say so this morning, that there would be no Executive objection to a 25-percent limitation, but that there would be Executive objection to a 15-percent limitation, and, relying on that statement, many Senators voted for the 25-percent rather than the 15-percent limitation. Now, we find that that statement, while made in the best of faith by the Senator from Texas, has not been backed up by the people for whom the Senator was supposed to speak, and for whom we hoped the Senator spoke.

Now, here they are again at the same old game. This compromise is represented to us through the newspapers and through preliminary statements, as though it guaranteed a 25-percent limitation in service-connected cases, but it does nothing of the sort. It is represented to us as providing a method by which presumptive cases may be kept on the rolls; but it does nothing of the sort. Nobody even claims that it does anything for the veterans of the Spanish-American War.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Louisiana.

Mr. CUTTING. I yield.

Mr. LONG. I am not anything like so familiar with this legislation as is the Senator from New Mexico. I read over a couple of times the agreement that is contained in the conference report. Does the Senator think he understands it? I am merely asking for my own information.

Mr. CUTTING. I know that I do not understand one sentence in it. I think I understand the other sentences, and if I do understand them, they are the most illiberal, the most fraudulent, and the most perfidious provisions which have ever been written into a statute.

Mr. LONG. I was trying to give it some other interpretation than that. I was giving it a more charitable interpretation, that it was written so that we were not expected to understand it, to be honest with the Senate.

Mr. CUTTING. Mr. President, I think the Senator from Louisiana is quite correct in saying that we are not meant to understand it; but I think if we give it sufficient study to understand it, we will find that everything in it is against the disabled veteran and everything in it is in favor of the methods by which the Veterans' Administration has heretofore cut deserving cases from the rolls.

Mr. LONG. I notice one thing that has been put into the regulations which the Senator from Texas, with almost unanimous support in the Senate, himself struck out. The Senator from Georgia suggested that he put in the word "directly." I notice they have inserted the words "directly service-connected disabilities."

Mr. CUTTING. That is true; but, as I explained a little while ago, they not only put in those words, but they made the limitation on the reduction of the "rates of compensation", not of the compensation itself, so that even the directly service-connected cases might be thrown off the rolls by a manipulation of the individual rating, under the rating schedule.

Mr. President, it is easy for any Senator on this floor to talk for hours or days on individual cases which may come to his notice. I just want to conclude by saying a word about the principle involved.

The newspapers have been full of statements to the effect that the Director of the Budget thinks this is a matter of principle. Now, what is the principle? Just after we adopted the Connally amendment, as Senators will remember, the statement was made that if the Connally amendment remained in the law we should have to add $200,000,000 of taxation to the bill in order to take care of it. Mr. Howe, the President's Secretary, speaking on the following evening over the radio, made the principle to be the fact that if taxation were raised it would cost every human being in the country $1.25. So, obviously, the principle at that time was one of finance; it was the principle that we did not want to be taxed any more, or it was the principle that we could not have the legislation for which the Senate had voted unless we were taxed some more. In other words, the only principle involved was one connected with balancing the Budget.

However, since then we have had another principle held before us—a principle unconnected with money at all. We are now told that there is some fundamental moral injustice in taking care of these men who were connected with service by statutory presumption.

I submit that both those things cannot be questions of principle. If the principle is that we must take off the rolls the presumptive cases, then, Mr. President, why were such shocking cuts made in cases directly connected with combat? Why in this very compromise which we are offered are the combat-connected cases left in the air, without the slightest guaranty that they will be taken care of in the future?

The principle which cuts out presumptive cases cannot be used as an argument to justify the cuts which have been made and which will continue to be made. So I can only believe that the other principle is the one which really concerns Mr. Douglas. It is the principle of balancing the Budget. Yet in no other measure which has been before the Senate have we been urged to consider the impossibility of passing it on account of the taxation involved. That argument is used merely when it comes to human flesh and blood. Now is the time when we hear that these men who fought for their country did not fight for a pension, and as a result we must establish the "principle" that they are to die as expeditiously as possible.

At the proper time, Mr. President, the Senator from Oregon [Mr. STEIWER] and I will submit a substitute for the House amendment to the Senate amendment. It will not be so liberal as the Connally amendment which the Senate adopted 10 days ago. It will accept the President's plan for reviewing boards, but it will write into the law the duty of such reviewing boards. It will write into the law the principles under which they are to act. It will write into the law such provisions as may make it of benefit to the presumptive cases. It will, furthermore, take out of the compromise the weasel words which were put in with regard to directly service-connected disabilities. In the third place it will include the Spanish-American War veterans on the same terms on which we included them in the Connally amendment last week.

I hope, Mr. President, that the Senate will "stand to its guns" and will insist that whatever we are going to do for the veterans be written into the statute and not left to Executive order and administrative regulation.

Mr. VANDENBERG obtained the floor.

Mr. BYRNES. Mr. President, will the Senator from Michigan yield to me to make a suggestion?

Mr. VANDENBERG. Yes.

Mr. BYRNES. The motion now pending before the Senate is simply to accede to the request of the House for a conference. I wonder if the Senator would not, in the interest of facilitating the consideration of the bill, agree to that? If the Senator from New Mexico or the Senator from Oregon desires to present a motion to instruct the conferees, it would then be in order.

Mr. VANDENBERG. I should be very happy to proceed on that theory. I am only going to take a moment of time.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Michigan yield to the Senator from California?

Mr. VANDENBERG. I yield.

Mr. JOHNSON. I should like merely to make an inquiry. As I understand, the amendment or the instruction may be submitted before the conferees shall be appointed, and that particular instruction might be voted upon by the body?

Mr. BYRNES. That is a correct statement of the parliamentary situation.

BONDS UNDER HOME LOAN MORTGAGE ACT

Mr. VANDENBERG. Mr. President, Col. Louis M. Howe, the President's secretary, made the second of his $1,500 weekly radiobroadcasts last evening. Of course, information from the White House radiospokesman, and particularly information put out at the rate of $1,500 a broadcast, should be accurate. In the present instance, lest the country should be misled respecting a very important proposition, I feel that it is quite necessary to straighten out the record and the White House secretariat at the same time.

Colonel Howe undertook to instruct and inform the country last evening about the operations of the new Home Loan Mortgage Act. Of course, he spoke with high authority. I read one sentence from his definition of the bill, as reported on page 5 of the New York Times of June 12. Quoting Colonel Howe regarding the securities which are to be issued to implement the new home-mortgage bill:

> The Government gets out a special issue of its own bonds which are just as good as any other Government bonds.

Mr. President, for Colonel Howe's information, in case he wants to revert to this same subject in his third $1,500 broadcast next Sunday, I call his attention to subsection 3 of section 4 of the Home Loan Mortgage Act, which clearly demonstrates, in the first place, that the $2,000,000,000 worth of bonds involved in this transaction are not to be issued by the Government at all, but are to be issued by the so-called

"Home Owners Loan Corporation"; and, in the second place, I call his attention specifically to the language, which says that—

These bonds—

Quoting from the law—

shall be fully and unconditionally guaranteed as to interest only by the United States.

In other words, Mr. President, these bonds are in no sense an issue of Government bonds, as Colonel Howe unfortunately indicated to the country; they are not "just as good as any other Government bonds." They have a Federal guaranty as to interest only. Their principal is only as good as their own inherent value. We all hope they will be good bonds; their interest is guaranteed, but they are in no sense the equivalent of Government bonds, and we have taken sufficient care in the passage of the act to make it sure that the investors of the country should not misunderstand and that the credit of the Government should not be mistakenly involved in this connection.

Mr. FESS. Mr. President——

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

Mr. VANDENBERG. I yield.

Mr. FESS. That same question arose in reference to the joint-stock land-bank bonds and in connection with the farm-land-bank bonds. It was represented to purchasers through the salesmen that those bonds were instrumentalities of the Government, and, therefore, purchasers were left under the impression that they were Government-guaranteed bonds. In the home loan central bank system measure, which we passed at the close of the last session, in order to avoid such a misunderstanding, it was written in the law that the bonds should state that they were not Government guaranteed.

I am amazed if someone who can be construed as speaking for the administration would lead the public to believe that the bonds now issued are on a par with Government bonds, and lead the purchaser to believe that they are Government guaranteed. That is a dishonest thing to do, to say the least. I am amazed to hear that that was stated by the Secretary to the President, for when he speaks, no matter how often he says that he does not speak for the administration, the public will interpret it that he is speaking for the administration.

Mr. VANDENBERG. I thank the Senator for his observations. His analogy is perfectly justified. I was coming to that point.

I do not mean to be petty about this thing, but it seems to me one of the most unfortunate things that heretofore has happened in respect to the securities of these so-called "instrumentalities of the Government" has been that investors have been misled into believing that the securities issued by these instrumentalities were in fact issued upon the faith and credit of the Government of the United States. That is just as much a fraud upon investors as any other fraud is or can be. We do not want to encourage or repeat these misunderstandings. So I have taken the liberty of quoting this erroneous statement from Colonel Howe's speech of last evening. My authority for the quotation is the New York Times. Apparently the quotation is literal. The speech misstates the facts. If this section of the Colonel's address last evening used up 1 minute of his radio time, since the secretary to the President and his troupe are paid $1,500 for 15 minutes on the radio, this is $100 worth of misinformation so far as he is concerned, but it might be many millions of dollars' worth of misinformation so far as the investors of the country are concerned.

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

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

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

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

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present. The question is on agreeing to the motion of the Senator from South Carolina.

INDEPENDENT OFFICES APPROPRIATIONS—FURTHER CONFERENCE

The Senate resumed consideration of the motion of the Senator from South Carolina [Mr. BYRNES] to insist on the amendments of the Senate to the independent offices appropriation bill (H.R. 5389) and to ask for a further conference with the House.

Mr. STEIWER obtained the floor.

Mr. BYRNES. Mr. President, will not the Senator from Oregon let the Senate vote on my motion to agree to the conference requested by the House, and then the Senator may submit his motion with reference to instructing the conferees?

Mr. STEIWER. Very well.

The VICE PRESIDENT. The understanding of the Chair is, in case the motion of the Senator from South Carolina is agreed to, the Chair will then recognize the Senator from Oregon to move to instruct the conferees. The question is on agreeing to the motion of the Senator from South Carolina to insist on certain amendments of the Senate and to agree to the conference asked by the House.

The motion was agreed to.

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

Mr. STEIWER. Mr. President, I move that the Senate conferees be instructed to insist upon the following amendment as a substitute for the House amendment which was adopted as a substitute for the Senate amendment no. 47. I send the amendment to the desk and ask that it be read.

The VICE PRESIDENT. The amendment proposed by the Senator from Oregon as a substitute for the House amendment will be reported for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Oregon proposes, in lieu of the matter inserted by the House amendment, to insert the following:

The President is hereby authorized under the provisions of Public Law No. 2, Seventy-third Congress, to establish such number of special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of this act), as he may deem necessary to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct), in which presumptive service connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are heretofore or hereafter held not service connected under the regulations issued pursuant to Public Law No. 2, Seventy-third Congress. Members of such boards may be appointed without regard to the Civil Service laws and regulations, and their compensation fixed without regard to the Classification Act of 1923, as amended. Such special boards shall determine, on all available evidence, whether service connection shall be found in such cases, and shall in their decisions resolve all reasonable doubts in favor of the veteran. For the purposes of this section the granting of service connection in such cases shall not be based upon the requirements of regulation no. 1, part I, subparagraph (a), or instruction no. 2, regulation no. 1, issued under Public Law No. 2, Seventy-third Congress, it being the intent of this section to preserve service connections as granted by section 200, World War Veterans' Act of 1924, as amended, title 38 of the Code (other than disability resulting from the claimant's own misconduct), unless affirmative evidence clearly discloses that the disease or disability had its inception before or after the period of military or naval service, and not aggravated thereby.

Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and, except in those cases where the special boards shall find that the award was based upon fraud, misrepresentation of a material fact, or unmistakable error not less than 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date: *Provided*, That where any case is pending before any one of the special boards on October 31, 1933, the President may provide for extending the time of payment until decision can be rendered. The President shall prescribe such rules governing reviews and hearings as may be deemed advisable. Payment of salaries and expenses of such boards and personnel assigned thereto shall be paid out of and in accordance with appropriations for the Veterans' Administration. In all cases where service connection shall be preserved under the review herein provided, not less than 75 percent of the payments being made on March 20, 1933, shall continue, and the determination of service connection in such review shall be final in all cases: *Provided, however*, That in the event of a change in the degree of disability of any such veteran the amount of compensation payable shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect prior to March 20, 1933, and such amount shall not be reduced by more than 25 percent.

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, misrepresentation of a material fact, or unmistakable error, in receipt of compensation on March 20, 1933, be reduced more than 25 percent: *Provided,, however*, That in the event of a change in the degree of disability of any such veteran the amount of compensation payable shall be determined pursuant to the provisions of the World War Veterans 'Act, 1924, as amended, and the rating schedule in effect prior to March 20, 1933, and such amount shall not be reduced by more than 25 percent; and in no event shall death compensation, except by fraud, misrepresentation of a material fact, or unmistakable error, being paid to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act of 1924, as amended, on March 20, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service, except that the provisions of this paragraph shall not apply with respect to veterans residing outside the limits of the continental United States or its territorial possessions, or with respect to any veteran who is being furnished hospital treatment, institutional, or domiciliary care by the United States or any political subdivision thereof, if such veteran has neither wife, child, nor dependent mother or father.

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, the pension paid to veterans of any war prior to the World War, or to any widow and/or dependent of such veterans, shall not be reduced more than 25 percent of the amount being paid prior to March 20, 1933.

The VICE PRESIDENT. The Chair understands that the proposed instructions of the Senator from Oregon take the place of what is known as the "Connally amendment" and the substitute adopted by the House of Representatives. The Senator from Oregon is recognized.

Mr. STEIWER. Mr. President, I shall attempt as briefly as possible to make some explanation of the differences between these several proposals.

The matters which are before us, either directly or indirectly, are the Connally amendment, the substitute agreed to upon Saturday afternoon by the House of Representatives, and the proposal which I have offered upon behalf of the Senator from New Mexico [Mr. CUTTING] and myself, which, as the Chair has just stated, is in the nature of a substitute for the House action.

All three of these proposals have certain elements in common and certain differences.

Senators will remember that the Connally amendment placed a limitation of 25 percent upon the cuts to be made by the Veterans' Administration. That limitation was placed upon all pensions and compensations payable to World War veterans whose disabilities were connected either by direct proof or by presumption, and also upon all cuts made upon pensions of Spanish-American War veterans.

In the Connally amendment, no exceptions of any kind were made. In the proposal which emanated from the House, and in the substitute which the Senator from New Mexico and I are now presenting to the Senate, there are numerous exceptions in which there are no restrictions against the amount of the cut. If time permits I shall refer to those in detail as I proceed, but I will say now that they are chiefly these:

The exception that the misconduct cases will not be protected against a cut of more than 25 percent.

The exception that the post-armistice enlistment will not be protected against the cut.

The exception that cases finding their way upon the pension rolls through fraud or misrepresentation of material facts or unmistakable error shall not be protected against the administrative cut.

Still, besides that, protection is afforded in two classes of cases which heretofore have been covered by regulations, and in which reductions exceeding 25 percent are permitted. Exceptions are made so that those regulations may stand. They relate to veterans who are eligible for pension but who are presently outside of the United States, and to others without dependents who are presently hospitalized at the expense of the Government.

These exceptions, Mr. President, all appear in the House proposition, and they appear in the substitute which has just been read at the desk. In these respects, both of these new proposals differ from the Connally amendment; and both enable the United States to make certain savings which could not have been made under the Connally amendment.

I am not prepared to tell the Senate the exact amount which may thus be saved. It depends upon administrative action yet to be taken, and also upon the construction which the Veterans' Administration may place upon the language of the amendment. That is especially true of the language adopted by the House upon Saturday afternoon, because portions thereof are most equivocal and subject to differences of opinion as to meaning. I should say, however, that the allowance of the various exceptions which I have summarized, giving to the Government the right to make cuts in the cases named, or to sever them from the rolls entirely, will result in saving many millions of dollars.

I have an estimate from the Veterans' Administration as to the savings in the cases of those veterans who are outside of the United States, and those other veterans who have no dependents and who are presently enjoying hospitalization at Government expense. The estimate is that if those two small groups are subjected to the reductions already ordered there will result a saving to the United States of something like $4,000,000.

Now I desire to invite the very critical attention of Senators to the language in which the House proposal is framed; and before I discuss that language I wish to say that it is chiefly on account of certain provisions contained in the House proposal that I am presenting this argument.

I had been told, before the House proposal was reduced to writing, that it would accomplish certain results. I made up my mind that I was in accord with it or at least that I was content to accept the proposition which I thought was to be presented to the Congress in that proposal. I was told that an agreement had been made between Members of the House of Representatives and the President of the United States, and that the resolution would proceed along a certain line which I had made up my mind would be a proper one; but examination of the language employed by the House of Representatives in its effort to effectuate this compromise agreement, and to bring about a proper solution with respect to the cuts in veterans' pensions, has led me to the conclusion that the Senate cannot possibly consent to the language employed in the House proposal.

I think, moreover, that the House itself acted with but little understanding of the meaning of some of the language which has been adopted. The fact is that during a part of Saturday the House was in recess. A further fact is that the proposal was amended, and then amended again. It was reduced to writing in one form, and then reduced to writing in another form, and, finally, in its present form was presented to the House late upon Saturday evening. Senators know that from the time the House started voting until the time they concluded was something like an hour and a

half or 2 hours; and the RECORD discloses that in that time very little opportunity was afforded the Members of the House of Representatives to arrive at the exact meaning of the proposal which they were considering.

Thus they sent it to us—sent it to us with requirements that I now wish to explain to the Senate. I hope Senators will not think, because I am assuming this responsibility to my colleagues, that I arrogate to myself any special knowledge of this subject. It merely happens that I have endeavored to the best of my ability to study the subject, and I hope that I may be of some little service with respect to it.

There is a number of differences between the House language and the language proposed by the Senator from New Mexico and myself that are merely for the purpose of clarification. I shall not discuss those now. They need not be discussed at all unless some Senator may desire, as the debate proceeds, to call attention to them.

The differences between the two proposals that are vital in their nature are three, and it is these differences that I desire to point out.

The first is on page 3 of the proposal which I am now offering; commencing on line 19, Senators will find this language:

> In all cases where service connection shall be preserved under the review herein provided, not less than 75 percent of the payments being made on March 20, 1933, shall continue, and the determination of service connection in such review shall be final in all cases.

Mr. President, this language is in the Senate proposal, but not in the House proposal. The House proposal dealing with the presumptive cases does extend certain benefits to the veterans. It is provided in the House proposal on page 3, commencing in line 12, as follows:

> Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and, except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date.

Then follows certain language providing that the President may extend the time for review by the boards, providing that the President shall prescribe the rules for the review, and providing for the payment of salaries of those engaged in making the review. The essential point involved is that although the House resolution protects the presumptive cases against any cut greater than 25 percent until the 31st of October 1933, no protection is extended in such cases subsequent to that date, or in cases where service connection is granted by the boards.

Now let us come back for a moment to the Connally amendment.

The Connally amendment included the presumptive cases as well as those directly service-connected, and provided that pensions or compensation received on March 15, 1933, should not be cut more than 25 percent not only between now and October 31 but, so far as the permanent relationship of those veterans to their Government was concerned, their pension should not be cut more than 25 percent at any time.

In the House action we have, as a substitute, the provision for the appointment of the boards of review; the provision that from now until the 31st of October, or until such time as the review is completed, or until the further action of the President, the cut shall not be more than 25 percent; and after that date, or those dates—whichever one may apply—we find nothing except an eloquent silence. Therefore we may know that if the House language is agreed to by the Senate, the presumptively connected cases will be subject to whatever cut in compensation the Veterans' Administration may want to make, to any subsequent review they may undertake; and the action we so bravely took with respect to the Connally amendment, so far as these veterans are concerned, will be absolutely annulled and set aside. The position of the Senate will be completely reversed with respect to those veterans who heretofore have been granted compensation under the presumptive provisions of the World War Veterans Act of 1924.

Mr. President, I shall not detain the Senate in order to discuss the justice or the wisdom of the legislative policy which permits pensions to be paid to veterans whose disabilities are connected with their service by statutory presumption. I have heretofore expressed my views upon that question, and many other Senators have likewise done so. Still others are in disagreement and disapprove the granting of pension to any veteran where it is necessary to resort to statutory presumption.

Mr. President, I think the whole argument in behalf of granting pensions for disabilities presumptively connected with service may be summarized in the statement of one fact, namely, that with some five or six types of diseases from which veterans may suffer there is no way known to the medical world whereby the beginning of the infection can be definitely established. The veteran cannot produce the proof. The United States, through its doctors, cannot establish facts in such cases. The medical world everywhere agrees that the exact time cannot be established.

There is, therefore, no way to know whether a case developing in 1922 or 1923 or 1924 resulted from an infection taken into the system during the time of service, or possibly just before the time of service, or just after the time of service. In order to meet this undisputed medical fact, the various Acts of Congress, including the World War Veterans' Act of 1924, provided that in those cases where the facts could not be established one way or the other, statutory presumption should result in the service connection of the case.

The presumption results in giving the veteran the benefit of the doubt, and in the establishment of service connection, where otherwise a disability, in fact, the result of military service would not be compensated.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Oregon yield to the Senator from West Virginia?

Mr. STEIWER. I yield.

Mr. HATFIELD. There is no doubt in the Senator's mind but that 1 year is certainly too short a time, as I understand the limitation to be adopted in the regulations?

Mr. STEIWER. Yes, it is too short a time. I took the trouble to read the hearings before the special veterans' committee, to read the testimony taken at other hearings, during the time the policy was being formulated, and to read much of the testimony taken with respect to the World War Veterans' Act of 1924, and I find that medical authority everywhere holds that these infections may continue dormant in the human system for a very long time. I find much authority with which the Senator from West Virginia is familiar, which indicates that the date fixed in the World War Veterans Act, 1924, namely January 1, 1925, does not provide a presumptive period of sufficient length.

Mr. HATFIELD. Mr. President, there is no question in the world about that. There is no difference of opinion among medical authorities upon the subject of meningitis, and Parkinson's disease, that the period of incubation, that is, from the time the involvement enters the brain until the manifestation takes place, in the way of a tremor of the hand, and finally a lack of control of coordination, of the ability of the individual to walk, of the ability of the individual to feed himself, is over a period of anywhere from 10 to 15 years.

Mr. HASTINGS. Mr. President, I should like to inquire whether or not the provision that the burden of proof shall be upon the Government in those cases does not answer the argument made by the Senator?

Mr. STEIWER. No; it does not. The provision that the burden of proof shall be upon the Government is a very helpful provision in a doubtful case. In disposing of a marginal controversy undoubtedly it would bestow benefits upon the veteran, but in certain other cases there cannot be any decision made upon proof, because no proof exists on either side of the case. Therefore, giving the benefit of the doubt as to burden of proof, when there is no proof either way, except that the disease became manifest within a certain

period of time, does not solve the difficulty, except in a very limited number of cases where the manifestation becomes apparent 2 or 3 years after the war and after the separation of the soldier from the service. It may be, of course, that his disability is not the result of his service, or it may be that it is the result of his service. If we are going to exclude the veteran whose disability is the result of service in order to exclude the veteran whose disability is not the result of service, we are going to do a serious injury to tens of thousands of veterans, and it is for that reason that I am interested in these presumptive cases.

Mr. REED. Mr. President, it happened that I was chairman of the committee which wrote the World War veterans' law of 1924.

Mr. STEIWER. The record which I examined disclosed that fact.

Mr. REED. I myself have the responsibility or credit, whichever it may be, of having written the presumptive clauses into that law. I mean that I was the author of the text which the committee recommended, and which was adopted. That was only done after long hearings of medical men, who testified as to which of these diseases might in reason and common sense be believed to be ascribable to the rigors of war service. It was not a reckless hand-out to the veterans, as so many people have pretended it to be. It was done studiously. It may have been mistaken, but it was done carefully and studiously, and we believed it to be just, and no more than just. I thank the Senator for permitting me to interrupt him.

Mr. STEIWER. I want to think the Senator from Pennsylvania for his contribution, and I may say that the examination which I have made of the record abundantly supports the Senator's statement, and discloses, moreover, that the consideration of that important subject started even before 1924. In 1922 a provision, not nearly so inclusive as that which was later agreed to, and not so broad in policy but yet a presumption, was considered and enacted. Over the years 1921, 1922, and 1924 the subject received almost continuous study at the hands of members of the committee, and various Members of the House and Senate, and I am sure the Senator is exactly right when he says that finally, when the result was arrived at, it was the deliberate and thoughtful judgment of those who had made a rather profound examination.

Mr. HEBERT. Mr. President, as I understand the purport of the amendment of the Senator from Oregon, all presumptive cases will be subject to review, and doubts will be resolved in favor of the veteran. If the board which is to be constituted in accordance with the provisions of the Senator's amendment shall find that a veteran is not entitled to compensation, notwithstanding that finding, the compensation will continue automatically until October 31, 1933?

Mr. STEIWER. If the board makes its finding, and such finding is to the effect that the veteran is not entitled to compensation, the veteran is removed from the roll at that time.

Mr. HEBERT. I was in doubt about the language of the amendment on page 3.

Mr. STEIWER. Of the pending amendment?

Mr. HEBERT. Of the Senator's amendment to House bill 5389, as to whether in those cases where there had been misrepresentation or fraud in securing compensation, they would go off immediately the finding was had, but in other cases they would continue until October 31, 1933, if they were found not to be entitled to compensation, though there was no fraud.

Mr. STEIWER. If for any reason at all a case is held not to be deserving as a service-connected case, the veteran will be removed from the roll at the time the finding is made by the board.

Mr. HEBERT. I am glad to be advised of that. Those cases which are found to be deserving, and are continued on the roll, may nevertheless be subject to a reduction to the extent of as much as 25 percent?

Mr. STEIWER. Under the pending proposal that is correct.

Mr. HEBERT. Exactly, under the Senator's proposal.

Mr. STEIWER. But under the language agreed to by the House there is no restriction on the amount of reduction in cases kept on the roll after review. This is one of the objectionable features of the action taken by the House.

Mr. HEBERT. So that if the board which is provided by the amendment of the Senator, and which I understand is provided by the amendment adopted in the House, were to find that presumptive cases were entitled to compensation, and they decided to continue those cases on the rolls, notwithstanding all that, there could be a reduction of any amount in the compensation, and there is no limitation placed upon the amount of the reduction?

Mr. STEIWER. Not in the House language; but in the pending amendment the limit of reduction is 25 percent.

Mr. HEBERT. I wanted that made clear. I thank the Senator.

Mr. STEIWER. The Senator's questions are rather revealing, and very well illustrate the differences between the two proposals, so far as this particular point is concerned.

Mr. HASTINGS. Mr. President, if the Senator will yield further, I do not want the Senator to get away from what seems to me to be a very important point, namely, that in the presumptive cases it shall become necessary for the Government to prove that they are nonservice connected. I cannot quite get out of my mind the injustice of that. If it be true that under the law of 1924 there be a presumption in favor of the soldier, and he is now on the roll, and we place the burden upon the Government to show that he is not properly on the roll because it can be shown definitely that his disability is not service connected, I do not see that there is any great hardship in that, and I am anxious for the Senator to make that clear.

Mr. STEIWER. Within the limits of the Senator's question, there is no hardship, and there is no difference between the House proposal and the one which I am now offering. The chief difference is that in those cases where the board of review finds that the veteran is entitled to service connection by presumption, he may, under the pending proposal, be cut only 25 percent, whereas under the House proposal he can be cut any amount whatever.

Mr. HASTINGS. I understand that clearly.

Mr. STEIWER. I am trying to correct that. I am trying to bring some measure of safety to those men whose disabilities are found to be service connected after review shall have been had.

Now I want to take up another vital difference between these two propositions. In the House proposal, page 4, line 5, we find language which deals with the pensions paid "for directly service-connected disabilities." This is one of the most important phases of the House proposal and deserves our most careful scrutiny. The paragraph commences with this statement on line 3:

> Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the rates of compensation payable for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were except by fraud, mistake, or misrepresentation, in receipt of compensation on March 20, 1933, be reduced more than 25 percent.

I have no quarrel with the main provisions of that language. It would appear on its face to be a restatement of the Connally amendment, so far as the service-connected cases are concerned. However, I want to call attention to the precise meaning of the language which has been employed. I read it again, "in no event shall the rates of compensation payable for" certain disabilities be cut.

The question is, what is meant by the phrase "rates of compensation payable" for these disabilities? It would be very easy to employ language which would make this proposal entirely clear and leave it without ambiguity. If it was stated that in no event shall the compensation being paid on March 20, 1933, be cut more than 25 percent, we

would have a definite statement of the proposition for which the Senate voted at the time it agreed to the Connally amendment. It would state a definite and perfectly unequivocal matter of fact, binding upon everyone, known to everyone, and not subject to any speculation whatsoever as to its meaning.

In lieu of a definite statement, the House proposal is that in no event shall the rates of compensation payable for these disabilities be cut. It happens that in the Veterans' Administration the phrase "rates of compensation" has a technical meaning. It happens that in the Office of the Comptroller General practically the same or very similar language has been construed, and by the construction which has been placed upon it the phrase "rates of pay" has been distinguished from the word "pay" and in this particular instance "rates of compensation" may very well mean something different from "compensation." I submit to Senators who are interested in arriving at the meaning of this language that if the words "rates of" were removed from the sentence entirely and the words "being paid" were inserted in lieu of the word "payable", we would then have a definite statement, because it would then provide that in no event shall the compensation being paid be reduced more than 25 percent.

It happens, as the Senator from New Mexico stated, that in arriving at the compensation payable under the World War Veterans' Act there were involved two primary factors: One of those factors was the rate of compensation; the other the disability evaluation, which is arrived at by a disability table. Under the language as agreed to by the House of Representatives, although the rate of compensation would not be reduced more than 25 percent, the disability evaluation might be reduced to any degree whatsoever, and, because one factor of the equation is changed, this language leaves the proposition open, so that no protection at all is afforded a veteran suffering from disabilities directly connected with service. The Connally amendment, which provided that such compensation should not be reduced more than 25 percent, is completely abrogated, and there is nothing in the way of guaranty against prospective cuts in the cases of all battle-scarred veterans.

On the day the Senate agreed to the Connally amendment much was said by Senators in denunciation of drastic cuts—50-percent cuts, 60-percent cuts, 70-percent cuts, and 80-percent cuts, in cases of battle-maimed American boys who had lost arms or legs, as the case might be; men who had been wounded in action; men who had been reduced from rather generous amounts down to nominal amounts such as $8 or $16 per month. The administration of the law was generally attacked and apparently it was almost the unanimous desire of this body that some degree of protection be afforded those veterans and that there be a restriction placed upon the wholesale reductions, so that it would not be possible for the Veterans' Administration, in the name of balancing the Budget, to reduce these men from $80 a month down to $16 or from $70 down to $8, thus dishonoring the obligation of the United States to the disabled veterans who had made their contribution to their country in time of war. I say that was almost the unanimous expression of this body. Therefore we agreed to the Connally amendment.

By one vote only did the Senate reject the Trammell limitation of 15 percent. In agreeing to the Connally amendment the Senate gave expression to almost a unanimous desire; and we said, so far as we were able to say, that the Veterans' Administration would not be permitted to humiliate the whole Nation by repudiating the obligation to men who had made their sacrifice for their country; that we would not starve those men; that we would not make them beggars; that we would not send them out on the highways with a cup and some pencils to sell, or something of that kind. We expressed ourselves here in plain, unequivocal language. We restricted the cuts which could be made.

Now it comes back to us, Mr. President, with the language emasculated and so framed that there is no restriction left save the restriction which the Veterans' Administration may voluntarily want to apply in behalf of these veterans. It is because I am against that kind of a surrender that I have joined with the Senator from New Mexico [Mr. CUTTING] in offering the substitute amendment.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Louisiana?

Mr. STEIWER. I yield to the Senator from Louisiana.

Mr. LONG. I should like to ask the Senator a question. As I recollect, those of us who were fighting for the Trammell amendment were informed by the Senator from Texas, who offered the Connally amendment, that his amendment would mean certain compensation, would mean something that was going through; and it was evidently in that belief that such a man even as our distinguished Presiding Officer broke the tie. In other words, it seemed like on the Republican side of the Chamber as well as on the Democratic side of the Chamber the more or less recalcitrant element, insofar as we were concerned, since we wanted to go even farther, rather acquiesced in that, because none made statements to the contrary. It seemed to be the view that we were sacrificing something to get a certainty. That was the impression that I got at the time, and I did not hear anyone dispute it.

Mr. STEIWER. I think the Senator is quite right, and yet I hope he will not insist upon a discussion of this matter. I do not want here to characterize my colleagues. I should like to accord good faith to everyone, and I now want their support. I should like to have this debate so conducted, if it may be so done, that we may all agree upon language which will carry out the manifest purpose of the Senate at the time they adopted the Connally amendment. We can do it better without criticism of our colleagues.

Mr. LONG. If the Senator will let me add a word further, I meant by that that I think it was the belief of those gentlemen, as well as our belief—I think they all felt that way, those who voted for the Connally amendment—that it would mean certainty instead of uncertainty.

Mr. STEIWER. I hope that is true.

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

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Delaware?

Mr. STEIWER. I yield to the Senator from Delaware.

Mr. HASTINGS. I listened with much interest to the criticism of the Senator from New Mexico and also the criticism of the Senator from Oregon with respect to that provision which reads:

> In no event shall the rates of compensation payable for directly connected-service disabilities—

And so on. As I understand, and as was pointed out this morning by the Senator from New Mexico, it is perfectly possible for a man who is rated 20 percent to be reduced to 10 percent, or for a man who is rated 50 percent to be reduced to 30 percent. Is that the criticism?

Mr. STEIWER. No; not entirely.

Mr. HASTINGS. If it were—and that is what I understood it to mean—I was going to inquire whether under the law as originally written it was not entirely within the discretion of the Administrator to determine what particular class a veteran came under.

Mr. STEIWER. Not entirely, Mr. President. There was discretion, of course, in the Veterans' Administration in making proper evaluations of disabilities, in providing a table of such evaluations, and that was done, and under it the veterans who had suffered disabilities were rated by the rating boards and certain disabilities were fixed in each particular case. I said a little while ago, and I now repeat, there are two factors in arriving at the amount of compensation which a veteran receives: One is the rate of compensation and the other is the evaluation of his disability. To say that one of those can be cut down not more than 25 percent and to say nothing at all about the other of those factors leaves the matter entirely in the hands of the Veterans' Administration and takes away from the law the restriction which the Senate sought to put upon the action

of the Veterans' Administration at the time the Connally amendment was agreed to.

I now wish to call attention to further language in the same paragraph, because it makes perfectly clear the construction for which I am contending. The last part of this paragraph, Mr. President, deals with compensation to be paid to widows and children and dependent parents. The language commences in line 11 and it is there provided—I quote:

In no event shall death compensation—

I omit some language—

be reduced or discontinued.

It does not say "the rate of compensation"; it does not refer to a part of the formula or to one factor of the equation; but it says in so many plain words that the "compensation shall not be reduced or discontinued."

So we find in one paragraph a distinction made by the technicians who formulated the language; we find with respect to widows and dependents that the compensation shall not be cut and that with respect to veterans themselves their "rates of compensation" shall not be cut. That distinction speaks eloquently to us and warns every Member of Congress that the reductions will be drastic beyond all justification unless a definite limit is provided by law.

We know where this language came from. The report is that one draft was made and then a disagreement was had, and afterward a new draft was drawn. I will not attempt to relate the incidents leading up to that, because I do not know what they were. We know that the Bureau of the Budget wants to balance the Budget at the expense of the veteran; we know that this proposal was called back and corrected, and when it comes back to the Congress we find a distinction in treatment between the restrictions upon compensation of the veterans and the restrictions upon the compensation of widows and other dependents.

Moreover, Mr. President, the language in line 3 does not say "the rates of compensation now being paid" shall not be cut or "rates of compensation being paid on March 20" shall not be cut, but it says "the rates of compensation payable" shall not be cut. That is a departure from the language which normally would be used in order to express the meaning that was implied in the Connally amendment, that compensation or pensions shall not be reduced below the amount paid at a certain time.

I may add, Mr. President, that two members of the legislative counsel to whom this matter was submitted agree with me in my construction of the language and tell me that if it is left in this way it will destroy the protection to this class of veterans.

I referred awhile ago to the fact that the Comptroller General had already construed similar language. It will be remembered that at one time the Comptroller General passed upon awards allowed by the Veterans' Administration. By the act of 1930, I think it was, we took away from the Comptroller General the right and duty to pass upon such awards and made the decisions of the Veterans' Administration final both upon questions of law and fact; but during the period when the Comptroller General was passing upon those awards a great body of law was written; decisions were handed down; they are in the Comptroller General's office and in the office of the Administrator of Veterans' Affairs now, and they are the decisions that guide the attorneys of the Veterans' Administration in reaching conclusions upon questions of construction and interpretation of language. We know that by that body of decisions and rulings already made by the Attorney General the phrase "rates of compensation" is a different thing from "amount of compensation."

In the face of that warning I want to declare to the Senate that if we agree to the House substitute we do so with the knowledge that we are giving the veterans nothing; that we are yielding everything we stood for at the time we agreed to the Connally amendment, are permitting the Bureau of the Budget and the Veterans' Administration to deal with crippled and sick veterans exactly as they please.

Mr. CUTTING. Mr. President——

Mr. STEIWER. I yield to the Senator from New Mexico.

Mr. CUTTING. I regret that I was called out of the Chamber and have not heard all the Senator's remarks. Has he called attention to the fact that those words which he criticizes are contained in the printed copy of the amendment which he and I are submitting and that they have since then been changed?

Mr. STEIWER. I thank the Senator for calling that to my attention. I have not spoken expressly of it.

Mr. CUTTING. I think that should be called to the attention of Senators that the amendment as printed and on their desks has been modified in that respect.

Mr. STEIWER. I have, however, pursuant to my understanding with the Senator from New Mexico, modified the language of the present proposal. I modified it before it was sent to the desk to be read. As it was read, referring to the Senator's own proposal, we avoided the use of the word "payable" and it now reads:

In no event shall the compensation being paid for directly service-connected disabilities.

And so forth. That appears on page 4, in line 7.

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

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

Mr. STEIWER. I yield.

Mr. ROBINSON of Arkansas. The amendment known as the "Steiwer-Cutting amendment" as originally printed has been modified. The criticism which the Senator made of the Connally amendment in that particular applied with equal force to the Steiwer-Cutting amendment as first presented.

Mr. STEIWER. Not as first presented but as sent to the desk Saturday night. The clerk who copied it did not understand exactly what our purpose was and adopted the House language. When I discovered it, of course I modified it, and as the amendment was read at the desk the modified language was employed.

A third difference between the proposal which we are offering and the one agreed to by the House is with respect to the pensions of veterans of the Spanish-American War. It will be remembered that in the Connally amendment protection was given to those veterans, and it was provided that their pensions should not be reduced by more than 25 percent. In the proposal carried in the House resolution there is no reference to the Spanish-American War pensions at all. I am not going to argue this feature of the matter. I presume every Senator knows what his view is with respect to it. The plain fact is that the Connally amendment extended this protection, the House amendment strikes it out, and the amendment offered by the Senator from New Mexico and myself restores it. It is restored by the language at the end of the paragraph on page 5, the language being incorporated in one sentence, which reads as follows:

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, the pension paid to veterans of any war prior to the World War, or to any widow and/or dependent of such veterans shall not be reduced more than 25 per centum of the amount being paid prior to March 20, 1933.

Each Senator may determine for himself, therefore, whether he wants to accept the House proposal or whether he wants to support the substitute being offered here in order that protection may be granted to Spanish-American War veterans.

I shall not detain the Senate to argue the question. So far as I am concerned, and speaking for myself and the Senator from New Mexico, we favor extending the protection to those veterans. We favor it for many reasons, but chiefly by reason of the fact that the average age of these veterans is nearly 60 years, that they were separated from the service nearly 35 years ago, that the records are gone in many cases and in other cases are insufficient or inadequate, that so many have died that proof cannot be offered, and for other reasons all of which this great group of

American veterans are under unusual handicap, and we therefore feel they are entitled to the protection proposed.

Mr. VANDENBERG. Mr. President——

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

Mr. STEIWER. I yield.

Mr. VANDENBERG. Am I correctly informed that the House formula represents an expenditure of about $100,000,000?

Mr. STEIWER. I cannot answer the question. If the House formula gives protection to the service-connected disability to the effect that they cannot be cut more than 25 percent, that is one thing; but if, as I am assured is the case, it gives the service-connected veteran no protection at all in the matter of percentage of cut, that is another. Therefore, I do not see how anyone who wants to make an honest evaluation of the situation can assert any definite amount. I have viewed with amazement expressions that have appeared, which seemingly emanated from the Veterans' Administration, that the language would result in some certain saving. Whether it does will depend on what the language means.

Mr. VANDENBERG. For the purpose of salesmanship we are told that the House provision involves $100,000,000. My understanding is that the substitute proposed by the Senator from Oregon and the Senator from New Mexico would not involve in excess of $120,000,000. Is that correct?

Mr. STEIWER. That is possibly correct, but I would not want to guarantee those figures.

Mr. VANDENBERG. I would not ask the Senator to guarantee them.

Mr. STEIWER. I am perfectly certain that the amendment offered here by the Senator from New Mexico and myself will cost a good many millions more than the House provision. It will cost a great many millions less than the Connally provision. That is true, because the Connally provision was absolutely conclusive upon the governmental agencies and admitted no exceptions at all, whereas our proposition will enable the Veterans' Administration to protect adequately the interests of the Government.

We have included in it language that saves the Government from paying pensions in a large number of cases, including post-armistice enlistment cases, misconduct cases, cases of veterans presently out of this country, the cases of veterans who are being hospitalized at Government expense and who have no dependents, and that great class of cases where the award is based upon fraud or misrepresentation of material facts, or has resulted from unmistakable error. The accumulated forces of all these exceptions will make the amendment which we are now proposing much less in cost than the Connally amendment. It has been estimated by a clerk in my office who made an independent inquiry that it will be less by possibly $40,000,000 or $50,000,000 than the Connally amendment, but I do not like to underwrite that figure.

Mr. VANDENBERG. The thought I wanted to submit to the Senator was that if it is a perfectly orthodox thing in the view of the administration for us to accept the House proposition involving $100,000,000 without any supporting taxation to pay for it, we have not committed any very heinous crime against the Budget if we extend it to $120,000,000 without taxation, and knowing what we are doing when we do it.

Mr. STEIWER. Of course that is true. The essential difference between this proposal and the proposal of the House is not to be translated into dollars and cents. The chief distinction is that the House provision does not contain protective language which the Senate provision makes a part of the law.

Mr. President, I have concluded the discussion I want to offer with respect to the difference between the several proposals. For just a moment, however, I want to deal with another phase of the subject.

Some days ago, at the time this matter became the subject for controversy here and elsewhere, a communication was sent to the President by the chairman of the managing committee of the National Economy League. As published in the newspapers in quotation marks, that communication told the President to "stand for principle" and "that this is the time to clinch this principle." There apparently is a great principle involved in the attempt of these gentlemen to separate from the pension rolls neuropsychiatric cases and tubercular cases and other chronic cases of former soldiers of the United States, because they do not happen to be, under existing law, directly service connected. I say that the principle is not merely to make a certain cut. A Budget-balancing policy that has no object save to reduce expenditure to a certain figure cannot be based upon a principle that is worthy of that name.

The principle involved here relates to the duty of the Government to care for those who fought for the Government in time of war and who, on account of their service, were actually, or presumptively may have been, injured and who yet suffer from their injuries and will carry them through all their lives. I cannot see any principle in taking compensation from veterans for whom the war is not yet over, men for whom the war will never be over until they go to their graves, in order to effect a certain amount of cut in a Budget-balancing operation.

It seems to me that after all, even though we agree to the proposal which the Senator from New Mexico and I have made here, we are not extending very generous treatment to those who have worn the uniform. Let it be realized that when we compensate a veteran for disability, the most we give to him is restoration of his economic situation. We do not provide anything else in the world. That is not the basis upon which a generous Government ordinarily deals. When we settled up with the railroads we did it in terms of revenue and profit. When we made our contract with those who furnished money for the war, we did it by the issuance of bonds upon a basis of interest resulting in profit to them. When we settled with the war contractors, we settled upon the basis of profit in cases, and in most cases upon cost-plus, and we let them evaluate the amount of the cost. We let them administer the contract and we let them run the bills up which the Government had to pay. That was done by us on the basis of cost-plus, and the plus was profit and the cost was augmented so that the plus was augmented, and anyone who had a contract during the war drew some profit and the Government granted all that. But when we come to deal with human beings who took part in the war, the Government says to them, "We will give you merely economic restoration. If your hand is gone we will try to make you whole in a money sense by paying you compensation." We say, "We are going to cut that compensation 25 percent", and by the House resolution we propose to cut it any other amount, but we are certainly going to cut that 25 percent and say to the veterans, "Though all the pain and all the suffering that has been yours will still be yours, though the humiliation you suffer and the mortification you feel for the mutilation of your bodies, the humiliation that comes from sickness, from lacking courage and vigor of manhood, from suffering you have had and which you are going to endure, still continues, your compensation shall be reduced, perhaps discontinued entirely."

If a man runs his automobile over somebody he pays him for the injuries he causes; he pays him for the pain and suffering resulting from his action, and for the humiliation and the mutilation of the victim. All these things are considered and compensated for. But when a man offers himself in time of war, when the Government takes him from his home and puts him in the trenches, the most we can say to him is that we are going to compensate him for his economic loss, and all his pain and mortification and humiliation he must contribute to this glorious Government of his.

It seems to me that in such cases it is enough to ask of these boys that their compensation be reduced 25 percent. It is enough that we permit this thing to be done under that restriction. It would be an intolerable thing for the Congress of the United States to permit some bureau, in a Budget-balancing operation, to come here with legalistic and technical language prepared by the technicians there and

make these boys the prey of the Budget-balancers, and permit them to be cut in any amount whatever.

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

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from New Mexico?

Mr. STEIWER. I do.

Mr. CUTTING. The Senator has been referring to the limitation of 25 percent on the cut. I heard the Senator say that additional flexibility was being given to the Bureau by the permission granted to remove from the rolls cases which were on there by fraud, misrepresentation of material fact, or unmistakable error. Did the Senator also call to the attention of the Senate the provision beginning on line 14 of page 4?—

That in the event of a change in the degree of disability of any such veteran the amount of compensation payable shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect prior to March 20, 1933, and such amount shall not be reduced by more than 25 percent.

It seems to me that provision is an important one, because it also gives the Bureau an additional chance to adjust the compensation if that necessity arises. That is something that was not in the Connally amendment, and I should like to hear the Senator comment on that.

Mr. STEIWER. I believe I have not referred to that provision, and I thank the Senator for calling my attention to it.

One objection to the Connally amendment is that it was conclusive upon the governmental agencies, and it fixed the compensation at a certain percentage of the amount being paid. It did not permit any adjustments to be made in case the veteran should grow better or grow worse. That, of course, is not fair to the veteran. It is not fair to the United States. There ought to be adjustments in accordance with the disability; and for that reason, in preparing this substitute language, we wrote into it the provision to which the Senator from New Mexico has just called attention.

Mr. President, I have said all that I desire to say with respect to this subject for the present, and I desire to thank Senators for the attention with which they have listened to me.

EXECUTIVE ORDER—NATIONAL PARKS, BUILDINGS, AND RESERVATIONS

During the delivery of Mr. STEIWER's speech,

Mr. REED. Mr. President, the Senator was so good as to allow me to interrupt him. I wonder whether he would permit me to interrupt to introduce a joint resolution and ask that it lie on the table. It is an emergency matter, or I would not make the request.

Mr. STEIWER. I yield.

Mr. REED. I desire to introduce a joint resolution which I send to the desk.

Mr. FLETCHER. Mr. President, I want to inquire of the Senator from Oregon whether the presumption mentioned by the Senator from Pennsylvania is not carried in this amendment.

Mr. ROBINSON of Arkansas. Mr. President, a point of order. The Senator from Pennsylvania interrupted the Senator from Oregon to say that he wished to introduce a joint resolution. Of course, that is contrary to the rules of the Senate and can only be done by unanimous consent. While a Senator has the floor, he cannot be interrupted for that purpose except by unanimous consent; in fact, the rules prescribe that it cannot be done at all. I think the Senator from Pennsylvania should obtain consent to introduce his joint resolution, and that the Senate should be permitted to know what the joint resolution is.

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

Mr. STEIWER. I yield, if it will not take me off the floor.

Mr. REED. Of course the Senator from Arkansas is right. If there had been any objection, it could not have been introduced.

Mr. ROBINSON of Arkansas. Let the joint resolution be reported. Then any Senator who desires may object.

The PRESIDING OFFICER. The clerk will read the joint resolution by title.

The joint resolution was read by title, as follows:

A joint resolution disapproving sections 1 and 2 of the Executive order of June 10, 1933, relating to procurement and to national parks, buildings, and reservations.

Mr. ROBINSON of Arkansas. Mr. President, I have no objection to the introduction of the joint resolution.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the resolution will be received and lie on the table.

After Mr. STEIWER's speech,

NOTIFICATION OF THE PRESIDENT

As in executive session,

Mr. ROBINSON of Arkansas. Mr. President, members of the graduating class at West Point this year expect to receive their diplomas tonight. Their nominations as lieutenants in the Army have been confirmed at a previous session of the Senate, but the President has not been notified of that action. If the President be notified now, they may, in accordance with the custom that has prevailed for many years, receive their commissions at the time they receive their diplomas. If he be not notified, it will result in inconvenience not only to the students themselves but to the War Department. In view of these circumstances, and as in executive session, I ask unanimous consent that the President be notified of the several confirmations.

The PRESIDING OFFICER (Mr. POPE in the chair). Is there objection? The Chair hears none, and it is so ordered.

INDEPENDENT OFFICES APPROPRIATIONS—FURTHER CONFERENCE

The PRESIDING OFFICER. The question is on the motion of the Senator from Oregon [Mr. STEIWER].

Mr. TRAMMELL. Mr. President, I shall not detain the Senate very long.

I wish again to declare my allegiance and esteem for and my fidelity to the American soldier; not only those who were the patriots of old, when America gained her independence and liberty, but those who have followed since those trying days when our forefathers gained independence and liberty for this wonderful land of ours. I have always honored the patriots of the early days of this Nation; but with equal honor and with equal tribute I appreciate and esteem the men of the great World War and those of the Spanish-American War and the men of the Union and the Confederacy of the sixties.

As the situation presents itself in my mind, there is here being waged a war between patriotism, loyalty, and devotion to country, on the one hand, and the dollar of the tax dodger upon the other hand. It looks as if thus far those who would place the dollar above manhood and patriotism and loyalty to country have won. My purpose is that, if possible, we shall check the victory they have attained through the amendment which was passed in the House and convert it into a victory for the veterans of our country. Those who wish may follow the Economy League, fostered by Morgan, the big bankers, the big corporations, and those who have no code of ethics except the furthering of their own selfish interests. For 2 or 3 years these men have carried on a war to drive many of the veterans into want and despair.

Up to this good moment the triumph seems to have gone to those who would worship the golden image before they would pay tribute and honor to the brave and gallant soldiers of the Republic. As for my purpose and my intention, I shall support the amendment proposed by the Senator from New Mexico [Mr. CUTTING] and the Senator from Oregon [Mr. STEIWER]. I think it is far better for the interest of the soldiers and that it will at least rescue them to some extent from the harsh treatment and the abuses which already have been perpetrated against them in the name of economy in this country. But for these brave men we would now have no nation to preserve.

It is useless to review or go over all the ruthless cases which have been brought to the attention of the Senate. They are numerous. There are hundreds of thousands of

them. I have heard some persons say, when a certain case was mentioned of a totally blind person whose compensation had been cut from $100 to $20 a month, that that was an exceptional case; but if Senators will review with me my files they will find that it is not an exceptional case; that there are many other cases that will compare with it. I shall mention only one.

A poor man came here to see me at the Senate door a few days ago. He had formerly lived in Maryland, but now lives in Florida. He first called for the senior Senator from Maryland [Mr. TYDINGS], as he knew him very well. At Senator TYDING'S request I went out to interview the man. Both of his lower limbs were gone; one of his hands had been cut off, with all four fingers gone, and about two fingers had been cut off the other hand. He told me that he had lost his compensation of $200 a month for himself and $50 for an attendant, and that his total compensation had been reduced to $20 a month. It was a very pathetic case—a case where the man ought to be taken care of whether his disability is service connected or is not service connected.

Of course, we—that is a large majority of the Senators—have fought here for the policy of preserving the rights of the service-connected case. I told this poor man I would do all I could for him, but, of course, I did not have very much hope. He said, "The Veterans' Administration tell me that I can go to the hospital at St. Petersburg, Fla., and they will take care of me at that hospital; but the trouble is, I have a wife and three children. What am I to do with them on $20 per month?"

That is not an exceptional case, either. Senators could recite a great many others. These cases came to my attention before I proposed here in the Senate, some 10 days ago, an amendment to the independent offices bill providing that there should be no cut exceeding 15 percent in the compensation or pension of service-connected cases. I tried in that fight, however, to preserve the rights of those who had presumptive service connection. I tried to protect the Spanish-American War soldiers against excessive reductions.

Those of us who favored a policy of that kind had a victory won in the Senate for not exceeding a 15-percent reduction, and it was thoroughly realized on the part of those who were against it that we had won the victory. Then came the compromise proposition by Senator CONNALLY, which caught 10 or 15 votes, for a 25-percent limitation in preference to my proposal of not exceeding a 15-percent reduction. Upon this was a tie vote which was settled by the Vice President casting the deciding vote. It was thus that the veterans lost on my amendment of a 15-percent limitation.

I have no criticism to make of that. If a Senator who already had won a victory to the point of making the opposition seek a compromise was willing to withdraw and go with the other side, that was his privilege. That, however, is not the question which is confronting us now. That is water that has passed the mill. The question that is confronting us at this time is whether we will accept the House provision or the amendment as proposed here upon this floor.

I have read over the House provision. The question of setting up the board of review is, as I see it, about the only concession whatever that has been made; and that is nothing more than a gesture with no assurance of help for the veterans. I think it is all right to set up a board of review, but it is in no wise an answer for a remedy of the conditions we abhor and complain about. The board works under the direction of the Veterans' Administration. Unless there has been a change of heart on the part of those of this agent, their attitude is unsympathetic toward the veterans.

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

Mr. TRAMMELL. I yield to the Senator from New Mexico.

Mr. CUTTING. The amendment which the Senator from Oregon and I have suggested retains the boards, but it does write into the law the principles which are to govern the boards in deciding individual cases.

Mr. TRAMMELL. That makes the boards that much more effective. As the provision is written into the House amendment, though, it contains no guaranty of protection of these patriots who have service disabilities against a continuation of the ruthlessness which has existed previously.

Mr. CUTTING. None whatever.

Mr. TRAMMELL. I am glad the Senator covered that feature in his amendment. I will concede, however, that as the House provision is worded it might bring some little benefit. It is a question of doubt, however, whether these boards would bring any substantial benefits to our veterans.

Mr. COPELAND. Mr. President——

Mr. TRAMMELL. What other provision is there in the bill passed and accepted by the House—many of whose Members were good friends of the soldiers, of course—that gives them any guaranty of protection? I challenge any Senator to state before the Senate any provision of the House proposal that will protect a soldier against any reduction that the administration may see fit to make in his compensation. It does say that while the board is carrying on its investigation, until October 31, or, if the investigation is concluded sooner, until the date of conclusion, the compensation shall be continued at a rate not exceeding 25 percent less than that formerly paid.

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

Mr. TRAMMELL. I yield.

Mr. COPELAND. The Senator from Florida has made a splendid presentation of the rights of the veteran. As he knows, I was glad to support him before and I am glad to do so now. I do have this feeling, that we have votes enough to instruct the conferees, and I wish that we might take the vote, because after we have taken action here it will be necessary for our conferees to convert the House conferees. I feel that the record made here is so substantial that the House can hardly fail to recognize its merits. I hope that we may speedily put the House to the test to see what the result may be.

Mr. TRAMMELL. I thank the Senator. I will accommodate him and stop speaking in a very few moments. I want to explain, however, that I do not see where there are any worth-while benefits whatever for the veteran in the House proposal. The pretended guaranty of no reduction to exceed 25 percent of the rate of compensation, as far as its effectiveness is concerned—and it is a legal construction when it gets to that point—is nothing more nor less than a catch gesture, which will not be binding upon anyone, and will leave ample latitude for the administration, if it sees proper, to reduce the compensation or pension even of service-connected cases by a far larger amount than 25 percent. There is not a word in the House provision that forbids a reduction of more than 25 percent in a veteran's compensation or pension.

They have been reducing service-connected cases heretofore all the way from 30 to 70 percent, according to my files. And with the House provision still allowing the same authority, what are we to expect in the future? What a triumph and victory those wishing to have unlimited authority to reduce the allowance to the veterans won in the House! The friends of the veterans in the House seem to have been put to sleep.

Do those in the Senate who are the friends of the soldiers desire to leave the bars down so that the already inaugurated policy can be continued if the administration sees proper to continue it? As for me, I do not want to have that opportunity continue, because I feel that whoever directed and controlled the dealing with the veteran under the Economy Act forgot all about them serving their country, forgot all about it being the duty of the Nation to pay tribute to those who defended our land in a crucial hour. They thought of nothing but dollars, dollars—economy. They apparently did not consider the rights of the soldiers, the rights of mankind.

What I plead for is that a touch of humanity might be put into the administration of the law, that a little recogni-

tion of patriotism and loyalty on the part of these men might be accorded. I have never seen the time yet in this country when the people generally have not honored their soldiers and their veterans. Some may think that they are appeasing a sentiment and a desire on the part of the people of the country when they regard slightly and condone maltreatment of the veteran, but if I am to gain my opinion upon that subject from those among whom I have lived, the person who has any thought of that character is very sadly mistaken and fools himself.

In spite of the effort to create public sentiment against those of us who have favored doing something to relieve the unhappy and distressing status of our veterans, in spite of the effort to bring us into disrepute throughout the Nation by broadcasting, I will say that I have not received one letter or one telegram of condemnation on account of my position in the Senate on these questions.

It happened that I was the one who made the motion to suspend the rule some days ago to attempt to help our veterans, and I was very active in the fight here that we might offer an amendment to this bill, as the RECORD will disclose. I prescribed a 15-percent maximum, and not one person has complained to me about my attitude. On the other hand, I have received letters and telegrams of commendation from thousands of the people of the country, and at least 25 percent of them have been from those other than veterans. There is no sentiment in this country to the effect that we should come down on the soldier and make him bear the brunt of the economy.

We all favor economy. I favor economy, and in many instances have brought about substantial reductions in expenditures. I have proposed economy a number of times in the form of amendments when we were asked to create new offices carrying salaries of ten or twelve or fifteen or twenty thousand dollars a year, but I have not had the assistance of many of those who now want to drive unrelentingly a campaign of economy against the soldiers.

I have offered an amendment in this body as many as two or three times to provide that salaries of officers should be decreased on a graduated basis, a bracket basis, starting with, say, $4,000 a year, beginning to increase by 20 percent, then 25 percent, and by the time we are up to $10,000 probably around 30 percent—I cannot remember the exact details—and when we reach the sum of $15,000 I know the suggested deduction was one third. I found on this floor but few to aid me in such efforts.

Mr. President, I have favored that character of reducing Government expenses. I favor the economy which would take 30 percent away from a $15,000 salary and still leave the recipient of that salary about $11,000 annually to live upon, instead of a policy which will take from a soldier, stricken, perhaps, by blindness or by lameness from the loss of a leg or an arm, or otherwise helpless, 30 percent to 70 percent of his compensation or pension in service-connected cases.

I believe in the character of economy which would go over this bill to which we now have this amendment attached—the independent offices appropriation bill—and sweep a hundred or two hundred million dollars out of the bill proposed to be appropriated from any unessential things. I heard a man well acquainted with Government affairs say a few days ago that he could take this independent offices bill and go through it carefully and cut out over $200,000,000 of unnecessary items, an amount sufficient to take care of all justice demanded by some of us for veterans. But that is not done.

These matters are a little foreign, yet they have some bearing upon the subject, especially upon the question of economy, when, as I see the picture, the principal effort has been to make the soldiers bear the brunt of the economy. I believe that is contrary to the wishes and sentiments of the American people, except of those who unthoughtfully have been led and dominated by the Economy League. That league has been composed mostly of people of wealth and affluence, of people drawing good salaries and retirement compensation, one drawing a Government salary and retirement pay in a total sum of about $20,000 annually. Yet they have gone all over the country and said, "You have to have a certain amount of reduction in the compensation of the soldiers." They fixed a certain amount to which they thought the compensation ought to be reduced. Some others have tried to follow their suggestions as to the amount of reduction asked. A great many innocent people have fallen into the clamor, because they really did not know the situation. But now they are becoming awakened.

I think the veterans' roll needed revision. There were a great many on the roll who should not have been there. I think there were others, not service-connected, getting more than they should have received, so that there should have been a general revision a hundred times over. However, these veterans were honestly upon the rolls. But whatever was done with the veterans' roll should not have been done in an indiscriminate and a disorderly manner. It should have been carried out sympathetically.

Mr. President, I believe that under the amendment proposed by the two Senators, with instructions to the conferees, we will get better results, that there will be no injury to the Government, and that there will be no danger to plans of economy. For that reason and others I plead for the adoption of the Steiwer and Cutting amendment.

I take this position because I see absolutely nothing except an empty vessel in the House provision. Some may take refuge behind the House provision and vainly retreat behind it as an alibi, but because it means so very little for the veterans when they are entitled to more, I anticipate the alibi will not be accepted by the veterans or those who honor and esteem them. The House has totally ignored the Spanish-American War veterans and their widows. We know what has happened to the Spanish-American War veterans before. The Veterans' Administration cut their allowances down to $6 a month and cut the widows off the roll entirely.

The House would leave it as an open question for the future as to whether or not an old Spanish-American War veteran 67 years old—and I am citing a case which came to my personal attention—with a wife and 3 or 4 children, who claims he has a service-connection disability, shall be totally ignored, and that his compensation shall be reduced, as it has been reduced, to $6 a month. The poor old fellow to whom I have referred wrote to me, "I do not know what to do. If I seek to get employment in commercial channels, or seek a Government position, everybody says I am too old. I am enfeebled. The Government refuses to give me more than $6 a month. The Government says I am too old to take a position."

Yet the House provision does not protect him against any kind of reduction. It does not provide the widows of Spanish-American War veterans any security whatever. I do not know why it was that they should have ignored them and made of them the forgotten men and women. I know a great many Spanish-American War veterans. During that war I had a very close association with thousands of them. I was quite a lad during the Spanish-American War, but I know that those with whom I was associated in camps and at ports of embarkation were all patriotic men, men who loved their country, and their services were volunteered to the country. I do not like the idea of turning the stony heart upon them. Most of them are over 60, and thousands of them are enfeebled and in distress and want.

Mr. President, the scene is quite different now from what it was 15 years ago. Fifteen years ago throughout this country, at the call of our great President at that time, hundreds, thousands, and not only thousands, but millions, of the stalwart, brave, and loyal young men of this country rallied to its call. Those men went into training, they went forth across the seas, and sustained America's traditions for patriotic men, brave and loyal men. They acquitted themselves with honor and credit to the Nation.

At that time throughout the Nation, in all parts of the country which I happened to visit, there was nothing but

praise for these devoted men, and when they returned to their homeland we witnessed a great people thrilled with sentiments of honor and praise for them. What a tragedy it seems that in the passing of only 15 years it appears that at least to an extent among many of our people and a good many of our officials the heart has become cold and stony, and they no longer honor and give credit to those men who honored their country and served it creditably. As for me, I still honor these men, I still want the Nation to pay to them a fitting tribute, and that is why I shall vote for the most liberal legislation before me which I can support at this time on the question of compensation. Just one word, I believe, in all this upheaval, the veterans should be paid cash for their compensation certificates.

Mr. HATFIELD. Mr. President, it is not my purpose to detain the Senate long upon this subject. I favor the motion made by the distinguished Senator from Oregon. I favor the amendment which has been offered jointly by the distinguished Senator from New Mexico and the distinguished Senator from Oregon.

I favor this amendment, Mr. President, because it is right. It is not all that we should do for the World War veterans. But if we can accomplish this, it is about all that we can do under the policy of the present administration, and it is about all a veteran can expect under the present regime. We are doing little, indeed, through this amendment for the Spanish-American War veteran; but if this instruction is not given to the conferees, and the amendment which goes with it is not adopted, it will mean that practically the entire Spanish-American War group of soldiers will be left out, without any protection whatever given to them except the 12½ percent of this group who can easily prove service connection for their disabilities.

Speaking as a man of the medical profession, there is no question about the presumptive period of 5 years being too short as to many of the diseases which find lodgment in the human body and which develop after a much longer period of incubation than the 1-year period which has been ordained by the President through the Veterans' Administration. In fact, many of the germs remain dormant and do not develop into some secondary manifestation until a period of sometimes 15 or more years has elapsed after the germs have entered the human body.

When we take into consideration the character of the diseases which the Spanish-American War veterans were stricken with, such as the different forms of dysentery, typhoid, and paratyphoid, and when at that time neither sanitary nor immunization practices or methods were used or even known, I submit a great injustice has been done to these veterans by the regulations adopted, the changes made in the Senate amendment by the House, especially when the War Department medical records at that time had been acknowledged to be very inaccurate and incomplete. The Senate amendment had for its purpose the correction of an injustice which was inflicted on the veterans by the President's orders as provided in the so-called "economy bill."

I feel, however, Mr. President, that in the beginning of the debate upon this bill, which involves the veterans, when it was first considered by this body, a sufficient amount of positive proof was presented in justification for the adoption of the Senate amendment.

Now we find that the Connally amendment has been practically destroyed in the protection it would afford to the World War veterans and in the protection it would afford to the Spanish-American War veterans; and, in view of that fact, I feel that there is nothing left to do upon the part of those who stand for relief and protection of the veterans than to vote for the motion which has been made by the distinguished Senator from Oregon. Therefore, when my name shall be called, Mr. President, it will afford me much pleasure to vote for the adoption of the amendment presented by him and the Senator from New Mexico.

Mr. BYRNES obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from South Carolina yield to me?

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

Mr. BYRNES. I yield.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

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

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

Mr. BORAH. Mr. President, I have a telegram bearing upon the subject which we are now discussing, and ask that it may be printed in the RECORD.

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

OTEEN, N.C., *June 12, 1933.*

United States Senator W. E. BORAH,
Senate Chamber:

One hundred beds have been ordered available for workers in reforestation camps at Oteen Hospital. Some patients already here, with transportation paid by Government to and from hospital. Men are not ex-service. Veterans of wars to get in hospital must be totally disabled, destitute, and can get in hospital only when legion or friends pay their transportation. Please use your influence to defeat Presidential compromise passed by House.

D. D. SILVERMAN,
Commander American Legion, Oteen, N.C.

Mr. BYRNES. Mr. President, I desire to consume but a few minutes in advising the Senate of the situation now existing.

When the independent offices appropriation bill was before the Senate the Senate added what is known as the "Connally amendment," an amendment under which the appropriations for the veterans' benefits would amount to $170,000,000 in excess of the amount reported by the Appropriations Committee. The bill went to the other House. That body disagreed to the Connally amendment, and adopted in lieu thereof an amendment which was, according to the information I have, framed by the steering committee. The House, on Saturday evening, after the adoption of that amendment, messaged the papers over to the Senate. This morning the Senate concurred in a motion to disagree to the House amendment and send the bill to conference. After the adoption of that motion the Senator from Oregon [Mr. STEIWER] moved to instruct the conferees to insist upon the amendment which that Senator has been discussing for the last 30 minutes or so.

Now, Mr. President, we may as well understand the situation as it exists. There is no subject embraced in the Steiwer amendment which is not covered by the Connally amendment. The Senate has already adopted a motion to disagree to the House amendment and insisting upon the Senate amendment; and the amendment that is insisted upon is the Connally amendment.

Mr. CUTTING. Mr. President, surely the Senator from South Carolina does not mean to say that there is nothing in the amendment submitted by the Senator from Oregon and myself which is not covered in the Connally amendment?

Mr. BYRNES. I mean that all the subjects covered are also in the Connally amendment, and when the conferees on the part of the Senate enter into conference with the

conferees on the part of the House the whole subject will be open for the consideration of the conferees. If, however, the pending motion shall be agreed to, the Senate conferees will be instructed to adhere to the Steiwer amendment. Certainly, if I am to serve as one of the conferees, I would consider that I would be in honor bound to come back to the Senate unless the House agreed to the Steiwer amendment as it is written. That being true, how many Members of the Senate have had the opportunity to examine the Steiwer amendment? We adopted the Connally amendment after 2 days' debate. I admit that I have not been able to follow the Steiwer amendment today to determine the exact differences between the Steiwer amendment and the House amendment.

Mr. McCARRAN. Mr. President, will the Senator from South Carolina yield to me?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Nevada?

Mr. BYRNES. I do.

Mr. McCARRAN. Am I not right in saying that the Connally amendment was drafted here on the floor and was first sent up to the desk in the handwriting of the drafter and had to be redrafted from time to time? There was no 2 days' debate on it; there was not an hour's debate on it.

Mr. BYRNES. I said the amendment was presented and agreed to after 2 days' debate on the subject. If the Senator from Nevada understood me to say that there was 2 days' debate on the Connally amendment, I certainly did not intend to make any such statement, as the Senate is familiar with what then occurred.

Mr. STEIWER. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Oregon?

Mr. BYRNES. Yes; I yield to the Senator.

Mr. STEIWER. The proposal that was sent to the desk which was offered by the Senator from New Mexico and myself was sent to the desk Saturday night. It was printed this morning and it has been available to Senators all day in its present form, except that upon the last page we changed two or three words in the way of a modification.

Mr. BYRNES. I have had the amendment on my desk since morning, but I say again that I have not been able during the discussion to determine the exact difference between the Steiwer amendment and the House amendment. But, nevertheless, Mr. President, if the Steiwer motion to instruct the conferees is adopted, the Senate will understand that its conferees are tied hand and foot and must go to conference to meet conferees on the part of the House who are not instructed. Some Members of the Senate seem to believe that the House conferees are instructed. The RECORD shows that they are not; that the usual motion to disagree to the Senate amendment and ask for a conference was made. Therefore, I submit that the wise and sane thing to do is to send the matter to conference. Should the conferees report back to the Senate a provision which does not receive the approval of the majority of the Senate, this body can reject the conference report. However, in advance of the consideration by the conferees to instruct the conferees to adhere to a certain proposal will not hasten the consideration of the independent offices appropriation bill and may make it impossible for us to have any bill.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Texas?

Mr. BYRNES. I yield.

Mr. CONNALLY. I understand the Senator from South Carolina to take the position, then, that if the matter goes to conference the conferees will have before them the Senate amendment which we have adopted, and also the House amendment, and it can work out something in between?

Mr. BYRNES. The Senator from Texas is exactly right. If the pending motion should be defeated the Connally amendment and the House amendment then would be in conference for the conferees to consider and reach an agreement upon.

Mr. ROBINSON of Arkansas. Mr. President, just a word.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arkansas.

Mr. BLACK. Mr. President, will the Senator from Arkansas yield in order that I may ask the Senator from South Carolina a question?

Mr. ROBINSON of Arkansas. I yield.

Mr. BLACK. There may be some here—I am sure there are—who are not in favor of the House proposal. I am sure that many of them, just as I, would not want to vote against the Steiwer proposal with the idea that a vote against that proposal would be accepted as a vote in favor of the House proposal. Let me ask the Senator to state what will be his attitude as a conferee on that subject?

Mr. BYRNES. I will say this: The motion that has been adopted is a motion made by me to have the Senate insist upon the Senate amendment which is the Connally amendment.

Mr. ROBINSON of Arkansas. Mr. President, I have no thought of delaying a vote on this motion. Let me state, however, that the adoption of the amendment will tend to produce a deadlock between the two Houses. Senators had unlimited opportunity to offer amendments when the independent offices appropriation bill was before this body. The subject matter of this amendment was debated at great length; a conclusion was reached by the Senate and incorporated in what has become known as "the Connally amendment." The House adopted what is in the nature of a substitute for the Connally amendment. Now it is proposed that we accept what is in fact a substitute for the House amendment. If this process shall go on, there will be no end to the controversy. I ask, therefore, that Senators give grave consideration to bringing about a condition under which the conferees of the two Houses may work out their differences.

Always in measures that are seriously contested there is a necessity for freedom of conference between the two bodies if conclusions are to be reached. The adoption of this proposal will make it necessary for the conferees to stand upon this amendment; they cannot in honor recede from it, if the vote be in the affirmative, without bringing the matter back to the Senate and thrashing over the whole subject again.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. BARKLEY. The Senate conferees, therefore, would not be able to negotiate with the conferees on the part of the House.

Mr. ROBINSON of Arkansas. The Senate conferees would have no power. The situation would be substantially the same as if the Senate adopted an amendment and then said to the House, "Unless you take our view of this subject, the legislation shall fail."

Mr. President, those who are interested in securing the enactment of legislation on this subject, ought to take these thoughts into consideration.

Mr. CONNALLY. Mr. President——

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

Mr. ROBINSON of Arkansas. I yield.

Mr. CONNALLY. It is the Senator's view that the best way to handle this is to vote down the Steiwer amendment and let the Senate amendment and the House amendment go to conference?

Mr. ROBINSON of Arkansas. We cannot pass the legislation unless the Senate approves the conference report. For that reason I suggest, as has been stated by the Senator from Texas, that the most effective way to reach a conclusion is to let the matter go to conference.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. TRAMMELL. Much that the Senator has said is true, but the House has already considered the Connally amendment and by its own action and in an open expression of its view the House itself voted to settle the question of the Connally amendment. Therefore would not the

House conferees have their hands absolutely tied, too, as between the Connally amendment and the amendment which the House itself has already placed in the bill?

Mr. ROBINSON of Arkansas. Oh, no, Mr. President. I will reply to the Senator from Florida by saying emphatically no. If the request of the House for a conference be granted by the Senate, as has been done under the motion of the Senator from South Carolina, there will be a free conference within the limits of the bill which has been passed by the two bodies.

Mr. RUSSELL. Mr. President, may I ask the Senator a question?

Mr. ROBINSON of Arkansas. Certainly.

Mr. RUSSELL. I understood the Senator from Arkansas to say that under the pending motion of the Senator from Oregon the Senate conferees would be bound hand and foot to the amendment offered by the Senators from Oregon and New Mexico and would not be able to compromise.

Mr. ROBINSON of Arkansas. Yes; they could not honorably compromise at all. They could not negotiate. All they could do would be to pass the Steiwer amendment into the hands of the House conferees and say, "Unless you agree to that nothing can be done." That is the moral effect of it.

Mr. TRAMMELL. Mr. President, I want to say that the logic by which that conclusion is arrived at in regard to the Senate conferees applies with equal force to the House conferees if we do not adopt this amendment.

Mr. STEIWER obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator from Oregon yield?

Mr. STEIWER. I yield.

Mr. BARKLEY. The effect of the amendment of the House has been to agree to the Senate amendment with an amendment. They have not instructed their conferees and have not tied their hands. It is just as if the House proposal had been in the original bill and the bill had gone to conference with that language and with the Senate amendment known as the Connally amendment. They have not in any way limited their conferees. Their conferees and ours can negotiate a settlement within the realm of the difference between the Connally amendment and the amendment agreed to by the House.

Mr. STEIWER. Before I come to that, let me discuss the matter which I had in mind when I rose.

In the first place I point out that those who are now objecting to an agreement to the Cutting-Steiwer amendment are the same who objected to the Trammell amendment providing a 15-percent limitation. They are the same Senators who made eloquent appeals for the Connally amendment. Now, when we seek to present to this body a statement which results in greater economy than the Connally proposal they find fault with it.

There is, of course, considerable weight to any argument made against the instructing of conferees. I realize full well the force of the thoughts expressed by the Senator from Arkansas. But here is our situation: We found to our great consternation that the Administrator of Veterans' Affairs was making cuts in veterans' compensation that shocked the conscience and the sensibilities of Members of Congress. After full consideration of that matter we concluded something ought to be done.

Exactly one half of the Members of this body were in favor of putting a limitation of 15 percent upon any cut which might be made in compensation for the veterans. The other half took the view that a 25-percent cut might well be directed, but that no cut beyond that should be allowed. Thereupon, without any dissent, we agreed to the Connally amendment and it was written into the independent offices appropriation bill.

After that it developed that in spite of certain assurances made here upon the floor by Senators acting in utter good faith that the proposal probably would be satisfactory to the President of the United States, in spite of the fact that many Senators voted for the Connally amendment merely because they feared that the amendment offered by the Senator from Florida [Mr. TRAMMELL] would bring a veto in spite of all the assurance, it commenced to develop that in reality there was objection from the Veterans' Administration and there was objection from the Bureau of the Budget. Certain influences were being brought to bear upon the President of the United States, and pretty soon it became known to the press and through stories that circulated about the Capitol that the White House itself had objection to the Connally amendment. We know these things to be true. We know that the action taken in the House was the result of White House influence. I make no criticism of that. I concede the right of the President to do the things which he has done in respect of this matter, and I make no censure of anyone.

But I bear in mind, and submit that every Senator should bear in mind, that throughout this discussion and in connection with all these negotiations word has been coming over and over again that if we do not accede to the views of the White House the President will veto the bill and go to the country. That is the prospect—that the President will carry his appeal to the country; that by radio or by other means he is going to make an appeal to the American people in the name of economy and in support of these cuts being made by the Veterans' Administration.

Do Senators know what is going to happen then? The President will hold up the Connally amendment to ridicule. He is going to say the amendment prevents cuts in fraud cases, as indeed it does. He is going to say the Connally amendment prevents cuts in misconduct cases and that men can contract venereal diseases and claim pension under an act of Congress. He is going to say that the Connally amendment prohibits changes where there has been improvement or change in disability in individual cases. He is going to say it prevents cutting down 50 percent the compensation of those veterans outside of the United States. He will say it prevents making any cut with respect to pensions paid to veterans who have no dependents and are being hospitalized at the expense of the Government of the United States. He is going to say the postarmistice enlistment cases are protected by action of the Senate and the Congress. He is going to say that the thing presented to him is an intolerable thing and that he is obliged to correct it in the interest of the American taxpayer by the exercise of his power of veto.

I want to get away from that situation, and in utter good faith and with full respect for everyone, joining with the Senator from New Mexico [Mr. CUTTING], I am offering a proposal which obviates all of these criticisms. It still provides for the 25-percent limitation of cuts as carried in the Connally amendment, but it provides also the exceptions, and by those exceptions enables the Congress to agree to a rational and fair proposition by which the Government can still protect itself, but the Veterans' Administration cannot carry those cuts below 75 percent of the amounts being paid upon March 20, 1933.

The question now is whether the Senate is going to permit the issue to be made between the Connally amendment and the House substitute. Are our conferees going to stand for a rational and proper proposition, or are they going to stand at all?

I am impressed with the fact that if there are no instructions the conferees may come back to us finally with the statement that the House conferees will not agree to the Connally amendment, and we will be in the position of either having to stand for the Connally amendment or else making an abject surrender. The House amendment not only does not provide for the presumptive cases, but it does not give protection to the cases directly connected. It does not give protection to the men whose bodies are full of shell and shrapnel.

The question is, are we going to surrender and betray these men who were called into the service by the Government of the United States, called by the draft, and conscripted by force of law. Are we going to betray them now and turn them back to the Budget balancers to be operated on and permit them to live in misery the rest of their days? I should rather meet all the difficulties implied in the re-

marks made by the Senator from Arkansas [Mr. ROBINSON] in full realization that instructing conferees does, in fact, work some handicap in the performance of their duties and send this issue back to conference with proper instructions so that the House of Representatives and the whole country may know what the attitude of the Senate is upon this important subject.

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

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

Mr. STEIWER. I yield.

Mr. WALSH. What is the difference in the estimated expense upon the Federal Treasury between the Connally amendment and the amendment proposed by the Senator from Oregon and the Senator from New Mexico?

Mr. STEIWER. That is a most difficult question. I would answer it if I could. There is a difference of many millions of dollars. I cannot know how much. I had one of my clerks take up the matter with the Veterans' Administration. We discussed it with the chief solicitor and others. We attempted on our own behalf to make certain estimates. The result depends on the action of the reviewing boards. It depends on the extent to which the board offers protection to the presumptively connected cases.

Mr. WALSH. I assume the Senator's amendment has more elasticity than the Connally amendment and certainly eliminates many cases which everybody agrees should be eliminated.

Mr. STEIWER. I think it would eliminate every one of them if the boards do their duty. I can say to the Senator from Massachusetts that every case of fraud, of unmistakable error, of misconduct, of post-armistice enlistment, and all that kind of cases would be eliminated from the rolls.

Mr. WALSH. And the fact that the Connally amendment includes such cases is to the disadvantage of the Connally amendment?

Mr. STEIWER. Greatly so, of course.

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

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from South Carolina?

Mr. STEIWER. I yield.

Mr. BYRNES. The Connally amendment, according to the Veterans' Administration, would cost $170,000,000 additional. Because of that fact $170,000,000 was added to the bill. The best estimate the Veterans' Administration can make of the amendment now offered by the Senator from Oregon is $135,000,000 or $140,000,000, due to inability to make a very accurate estimate. Would not the Senator agree that going to conference with the Connally amendment and the House amendment——

Mr. STEIWER. We would come out with nothing.

Mr. BYRNES. There is not a single thing to which the Senator has referred that could not be agreed to in conference.

Mr. STEIWER. I believe that statement is true.

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

Mr. STEIWER. I yield.

Mr. CONNALLY. Some question has been made about the amount of saving. The Senator from South Carolina [Mr. BYRNES] said the amendment which was agreed to by the Senate, if adopted, would add $170,000,000. What he should have said was that if we go back to the beginning with all these cases as they originally were, there might be that difference; but the President has several times revised these matters since that time, and there would not be that much additional.

Mr. BYRNES. I think the Senator is right, since the last revision.

Mr. CONNALLY. I am glad to have the Senator's correction.

Mr. BYRNES. The statement I made was based upon information received when the bill was under consideration before.

Mr. CONNALLY. There has been a great amount of misinformation scattered over the country about how the Senate amendment would add to the expenditures of the Government. These statements are predicated on the theory that all these boys were cut off, or cut down to $20, and so forth. That never has taken place at all; but in the meantime several revisions have been made, so that the amendment of the Senate would not add that much.

If Senators want economy only, and if this matter is going to be settled purely on the question of dollars and cents, cut off all these veterans; leave none of them on the roll; and if that were done we would save a great deal more money than we are going to save in this way.

I hold in my hand a statement from the Veterans' Bureau, which I ask leave to have printed in the RECORD.

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

The statement is as follows:

JUNE 12, 1933.

Hon. TOM CONNALLY,
United States Senate, Washington, D.C.

MY DEAR SENATOR CONNALLY: In accordance with your request there is transmitted herewith a statement of the effects of amendment to Public, No. 2, Seventy-third Congress, introduced by you and adopted by the United States Senate.

This statement reveals (1) the estimated total expenditures for veterans' relief for the fiscal year 1934 under laws in effect prior to March 20, 1933; (2) the estimated appropriation for the fiscal year 1934, including your amendment and those amendments introduced by Hon. HUGO L. BLACK and Hon. WILLIAM H. DIETERICH and approved by the United States Senate; (3) estimated savings if the amendments under (2) are adopted; and (4) estimated savings if your amendment alone is adopted, and excluding the amount added by the House of Representatives for regional offices.

Very truly yours,

J. O'C. ROBERTS, *Solicitor.*

Estimates concerning the effects of the amendment to Public, No. 2, Seventy-third Congress, introduced by Senator Connally and adopted by the United States Senate

1. Total appropriation required for fiscal year 1934 under laws in effect prior to Mar. 20, 1933	$966,838,634
2. Total appropriation required for fiscal year 1934 under Connally amendment (include $9,000,000 for Black and Dieterich amendment and $8,000,000 added by House for regional offices)	677,513,634
3. Savings if above amendments are adopted	289,325,000
4. Savings if Connally amendment alone is adopted and excluding the amount added by the House for regional offices	306,325,000

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

Mr. CONNALLY. Just a moment, then I will yield.

This statement says that the appropriation which would have been required for this year if there had been no Economy Act would have been $966,838,634. Under my amendment, if it were put into operation, there would be a saving of the amount of $306,325,000. Therefore, under the amendment adopted by the Senate there would be an annual saving of $306,000,000 under what we would have had to spend but for the Economy Act.

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

Mr. CONNALLY. The Senator from Oregon has the floor. I have not.

The VICE PRESIDENT. The Senator from Oregon has the floor.

Mr. STEIWER. I will yield the floor; but before doing so I want to make an observation:

The statement made by the Senator from Texas is borne out by the information which has been furnished to me. We may also conclude that if the Connally amendment would still permit a saving of $306,000,000, the amendment offered by the Senator from New Mexico and myself would save a substantial additional amount which has not been exactly determined but which would probably bring the saving up to the neighborhood of $350,000,000.

There is significance in that statement, because when the economy bill was before the Senate the saving that its proponents were striving for, the saving they said they wanted to make in order to balance the Budget, was $383,000,000. So the Senate can agree to the amendment offered here by the Senator from New Mexico and me and the result

will be within some $30,000,000 of the goal which the administration started out to attain in the first place.

Mr. BLACK. Mr. President, I desire to say just one or two words before we vote. I do not want my vote against instructing the conferees to be misunderstood.

I voted for the Trammell amendment. After it was defeated, I voted for the Connally amendment. I am interested in taking care of the soldiers. The motion to instruct the conferees proposes not an increase, but a decrease.

It is my judgment that the Senate has a better trading position on the Connally amendment than it has on the proposed instructions. If that were not the case, I should vote for the instructions. I want it distinctly understood, however, insofar as my own vote is concerned, that it is not to be construed as a vote in favor of the House proposal. If that is brought back to the Senate by the conferees, I shall vote against the conference report. I believe that viewpoint is representative of the ideas of a great many Senators on this proposal.

While agreeing entirely with the objective of the Senator from Oregon and the Senator from New Mexico and having originally intended, before carefully studying the proposal, to vote for their instructions, I have reached the conclusion that those who really want to bring about the best possible settlement in the interest of the veteran can better do so by leaving the Senate conferees free to act upon the basis of the Connally amendment.

I recognize fully the idea which the Senator from Oregon [Mr. STEIWER] has so ably expressed, in that he has removed some of the features of the Connally amendment which some Senators may consider objectionable.

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

Mr. BLACK. I yield to the Senator from Texas.

Mr. CONNALLY. Does the Senator realize, though, that there is a feeling among some Senators that if we send the matter to conference without instructions the conferees may just agree to the House amendment and let the matter go?

Mr. BLACK. The Senator is correct. That is the only reason why I took the floor. I took the floor because of the fact that I wanted it distinctly understood that at least insofar as one vote in the Senate is concerned I do not expect or anticipate that the conferees will accept this vote, whatever it may be, as an expression on the part of the Senate that it will yield to the proposal of the House. In my judgment it is inadequate. In my judgment it is unjust. In my judgment the regulations upon which the Bureau has been operating are indefensible.

Frankly, I am of the opinion that if there had been some changes in the Veterans' Bureau prior to this time and men had been placed in charge who are in sympathy with the present administration the regulations might not have been so harsh. Whatever may be the cause, however, the fact remains that insofar as a great many of us are concerned who believe in adequate compensation to the disabled ex-service man the regulations that have heretofore been issued cannot be defended.

With that viewpoint, and agreeing thoroughly with the objective intended to be attained by the Senator from Oregon and the Senator from New Mexico, and approving the very excellent fight they have made here in defense of the veteran, I am compelled, reluctantly as it may be, to take the position that from my viewpoint I can best serve the interests of those veterans who, in my judgment, have been cut in many instances far below that which justice and fairness would require by voting to let the conferees proceed on the Connally amendment.

I do that assuming as one of the facts the statement that the Connally amendment would provide for a larger expenditure than the amendment provided in this measure; and frankly, that does not disturb me as much as I am disturbed by unfair and unjust regulations which may have been imposed or may be imposed. So far as I am concerned, I shall vote against instructing the conferees; and I want it clearly put in the RECORD, so that my vote may not be misunderstood, that in doing so I believe I am voting in the interest of the veteran, and to the end that the best possible agreement may be reached which will tend to rectify the injustices which have heretofore been caused by the regulations.

Mr. SMITH. Mr. President——

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

Mr. BLACK. I yield to the Senator.

Mr. SMITH. We are all anxious to adjourn. If the conferees take the Connally amendment, and have due regard to the specifications in the Steiwer-Cutting amendment, and come back with practically the House provision, the Senate still will have an opportunity to reject that.

The only reason why I shall vote to reject this motion is because I have enough faith in the Senate conferees to know that they now understand the general sentiment of this body. The overwhelming majority of the Senate believes that injustices have been done; and, if I properly understand the House amendment, it practically eliminates the Spanish-American War veterans.

I desire, here and now, to pay tribute to that element of our war veterans. They were 100 percent volunteers. They suffered as no other body of soldiers in America ever suffered by virtue of the incompetency of our War Department to meet the sanitary conditions that a body of men brought together in that way ought to have had. We all remember the "embalmed-beef" episode, and the terrible scourges of disease. Whether the disabilities of those soldiers were service connected or not, they have a right to be recognized by our people.

Therefore, Mr. President, I join the Senator from Alabama in saying that if the conferees do not do justice to the men who have served our country in the final test of a man's loyalty to his Government, I, for one, shall resist any compromise that approximates what the House has sent here.

Mr. BLACK. Mr. President, in reply to the first statement of the Senator with reference to the instructions that have been offered, I desire to state that the conferees have certainly heard that amendment discussed. They will have it with them in conference. I think a very excellent service has been performed by the Senator from Oregon and the Senator from New Mexico in the matter of the discussion of the House proposal and their own amendment. I am very hopeful that the conferences can take the proposed instructions suggested by the Senator from New Mexico and the Senator from Oregon and work out an agreement between the two Houses which will approximate justice, and which will be approved by the President, so that it may become a law, and the veterans may thereby benefit.

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

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

Mr. BLACK. I yield to the Senator.

Mr. CLARK. If I could agree with the premise of the Senator from Alabama as to the attitude of the conferees resulting from this debate, I should vote as he intends to vote. There has recently grown up in the Senate of the United States, however, as we all know, a custom on the part of conferees to disregard flagrantly the will of the Senate. That has extended to the point where, even after the Senate has expressed its will by record votes on important amendments, conferees in some instances have refused even to take the amendments into conference and have receded even before there has been a conference.

We all know that when this matter comes back from the conferees, if they agree upon a report, we shall have to vote the conference report up or vote it down. We shall have to take it as a whole. Therefore, in view of the practice on the part of conferees of this body of disregarding the expressed will of the body on important matters, whenever I have an opportunity to vote to instruct conferees I am going to do it as long as that practice persists in this body.

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

Mr. BLACK. I yield to the Senator from South Carolina.

Mr. BYRNES. I desire to ask the Senator from Missouri whether he is referring to any action on my part.

Mr. CLARK. I am not, I will say to the Senator.

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

Mr. BLACK. I yield the floor.

Mr. CONNALLY. Let me ask the Senator from South Carolina a question:

In the event the conferees should get into a deadlock over this matter, and the Senate conferees should feel that they could not do anything except agree to the House amendment, would not the Senator from South Carolina feel disposed, before making that sort of a final agreement, to come back to the Senate and give the Senate an opportunity to instruct the conferees?

Mr. BYRNES. Mr. President, if that situation arose, I do not know of how much value instructions on the part of the Senate would be, if the House took the position that they were going to stand on their amendment without any change.

Mr. CONNALLY. There are two Houses, as the Senator knows.

Mr. BYRNES. I was about to say that, of course, the action of the two Houses would be required. I do not know what would happen if the House should take the position of refusing to modify in any way the amendment it has adopted.

Mr. CONNALLY. The reason why I ask the Senator the question is that there are many Senators here who are inclined to go along with the Senator from South Carolina and send the matter to conference, but they do not want to be tied and have the feeling that that is the last chance they are going to have to vote on the matter. They want a chance, if necessary, before the question is finally settled, to instruct their conferees or advise with their conferees about any compromise that may be reached.

Mr. BYRNES. Of course, the Senate knows that the Senate conferees have not reached that position. They will have to come back with a report; and the Senate will have an opportunity to reject the report or to do with it what they please. So far as I am concerned, while I cannot speak for the conferees, I have no objection to saying that I know I certainly should want to consult with Members of the Senate if the situation described by the Senator from Texas should ever arise; certainly with those who have been most interested in this legislation and have expressed their views on the floor today.

Mr. LONG. Mr. President, may I say just one word before we vote? We are not voting on the differences between the House and the Senate. The President of the United States and the House membership committee have been in conference. This bill originated in the House, came over to the Senate, and we amended it. Now, it has gone back to the House, and they have expressed themselves on our amendment, and have voted on it, I understand, as many as three times.

The President of the United States and the House, after considerable negotiations, have agreed on what they will do. This is more than just a matter between the House and the Senate. The President of the United States and the House membership have had considerable trouble in reaching an understanding. They have at last agreed and have submitted their agreement, and it has been published in the RECORD. Now, we have before us this situation: Whether or not we are going into conference on the final details worked out by the President and by the House, and not have our conferees instructed that we disapprove of it, and stand more or less by a more certain amendment in a different form.

We might as well understand now that we are going to have to say who is on the Lord's side. Those who are in favor of specific instructions will have to take a stand against what is in the recommendations of the President and of the House, and if our conferees come back with a report supporting the agreement reached, it is going to mean that the two Houses will again be at loggerheads. Congress is likely to be here a long time agreeing with the views expressed by the Senator from South Carolina and those expressed by the Senator from Alabama. Therefore, it seems to me that if we send these gentlemen into conference instructed, if they cannot reach an agreement, they then can come back to the Senate and ask for instructions. Time after time conferees are instructed, and when unable to reach an agreement, they come back to the Senate or to the House for their final instructions. If the conferees reach such an impasse that they cannot agree, it will take only a few moments for the Senator from South Carolina to come back and ask for instructions.

In view of the expressions of Senators this afternoon, I think, in order to save time, it will be better for us all to try to expedite the matter and give these instructions to the conferees.

Mr. GEORGE. Mr. President, I have no desire to prolong the discussion, and shall not do so. I had concluded that I should vote for the Cutting-Steiwer amendment, but in the interest of a free conference, and believing that it is quite possible for the conferees, if they are left free, to reach a satisfactory agreement between the Senate amendment and the amendment made by the House, I shall vote against instructing the conferees. Inasmuch as I had concluded to vote for this amendment, however, I want to take the occasion to make a statement very much along the line of that of the Senator from Alabama.

I think there is nothing to be gained by a lack of candor. The Senate, in my judgment, will not accept the House amendment as the House has submitted it to the conference, and unless there is some effort to reach an agreement which will deal more liberally with the veterans, particularly the Spanish-American War veterans, who are left wholly to Executive order, when the conferees report here the report would be rejected, notwithstanding the fact that we are anxious to adjourn finally and go to our respective homes. I wished to make this statement before voting on the matter.

Mr. CUTTING. Mr. President, this is a very unusual situation. For 4 hours this morning Senators have stood on this floor criticizing and picking holes in the amendment adopted by the House in the form of a substitute for the Connally amendment. It is amazing to me that no Senator has yet risen to defend one single word in that amendment. Not an argument has been presented to the Senate in favor of this proposition, which, as we understand it, was agreed to by a conference between Members of the House and the Executive.

Mr. President, it is not my intention to prolong the debate. I think, however, the time has come for some pretty plain speaking.

I am not interested in whether the vote in favor of the veterans is taken now or whether it is taken after the conferees come before us with their report, but it is perfectly obvious to me that we have more leisure and more chance to vote intelligently now than we shall ever have at any other time in this present session.

Mr. CLARK. Mr. President, the Senator realizes, of course, that if the conferees come back with a complete agreement, this proposed amendment will be in with a lot of other propositions, and it will be wholly impossible to obtain a separate vote on this particular matter, because we will have to vote the conference report up or down.

Mr. CUTTING. Exactly; and, furthermore, this matter may come before the Senate at 11:30 at night, when the Senate has already made up its mind to adjourn before midnight. It would be impossible, under those circumstances, to get any intelligent discussion of the issues involved.

The statement has been made that this amendment of the Senator from Oregon and myself has been placed before the Senate hastily, without any chance for Members to study it and find out what it contains. This is the only proposition which has been laid before the Senate which Senators have had a chance to study. We had it printed on Saturday night, and it has been on the desks of Senators all day today. The Connally amendment was never printed. The Connally amendment was suggested and drawn up hastily. It was adopted by the Senate within 2 hours after it had been originally proposed.

And what about this compromise amendment in the House? How long was it before the House? How much debate was there on it? Just a few pages in the CONGRESSIONAL RECORD cover the entire extent of that debate. A few questions—very pertinent questions, I am bound to say—were asked, and the answers to those questions revealed unmistakably that the compromise entered into was meaningless and without value.

Now we are told that we can accomplish the same result by leaving this matter to the conferees, allowing them a free and untrammeled hand, and having them come back at some time in the future with something which, again, we will not have time to study and analyze, something which probably will not be printed. We will have every opportunity to make a mistake. Now we have something definite to act on, and it may well be that this is the last time in this session when we shall have an opportunity to vote intelligently on something concerning the veterans.

Senators heard what the Senator from Missouri [Mr. CLARK] just said. We are getting tired of having conferees go from this body who are unsympathetic with the action of the body which they represent. I think I am violating no confidence in telling the Senate that I was informed on Saturday that the conference committee from the Senate was to consist of five members. By the rules of seniority, the five members of the conference committee would have included the junior Senator from Oregon [Mr. STEIWER]. Later in the day, after that fact had been ascertained, the decision was made to cut the conference committee down to three. That decision may not have been made in order to cut out the Senator from Oregon from the conference committee, but in view of the arguments which have been made on the floor of the Senate this afternoon, in view of the arguments which have been made to leave our conferees unhampered, I submit that it would have been of the utmost importance to have on the conference committee a man who had studied this law, who knew what he was talking about, who had proposed the most intelligent and most sensible and fairest compromise which had been offered by anyone, namely, the Senator from Oregon [Mr. STEIWER].

If we are going to leave the whole question to the conferees—because that is what we will be doing if we vote down the pending motion—then let us be sure that our conferees are going to fight for the wishes of the Senate.

It is said that we would be tying their hands. That, to my mind, is utterly ridiculous. If the conferees are unable to come to an agreement, they can always come back to this body and to the body at the other end of the Capitol, and so report; and then both bodies can, if they desire, instruct their conferees in some other way.

Mr. President, I hope Senators will pause before they fall for any such argument as that. I hope that Senators will pause before, by their votes this afternoon, they cancel the votes which they cast last week.

Why should not the Senate instruct its conferees that this proposal is the minimum, that we will yield on the Connally amendment as it was written, but that we will not yield one inch beyond this? Then, if the conferees from the House refuse to agree to that arrangement, they can always go back to their body, and get a vote from their Membership.

I submit, Mr. President, in view of the parliamentary situation, that that is the only fair, the only just, the only honorable, and the only courageous course to pursue.

Mr. GEORGE. Mr. President, I desire to say to the Senator from New Mexico that, in view of the extraordinary parliamentary situation, and in view of what we know has gone on with respect to this matter, it would be, in my judgment, a perfectly fair request to make of the conferees that, before they agree to the House amendment, they report that fact to the Senate, so as to give the Senate an opportunity, if it desires to do so, to vote to instruct the conferees.

Mr. BYRNES. Mr. President, I want to say that, so far as I am concerned, it would be my view, in the light of the sentiments expressed by Senators this afternoon, that I would want to come back to the Senate and let the Senate vote before agreeing to the House proposal as written.

Mr. JOHNSON. And give to the Senate, before there is any agreement, an opportunity to determine what shall be done?

Mr. BYRNES. I do not know that I would want to say that it should be before there is any agreement. My view would reflect what has just been stated by the Senator from Georgia, that before the Senate conferees would agree to the House amendment and submit a conference report we would come back and let the Senate vote directly on the adoption or rejection of that amendment of the House.

Mr. JOHNSON. The amendment of the House?

Mr. BYRNES. Yes.

Mr. JOHNSON. Upon any other amendment?

Mr. BYRNES. If the House had the good judgment to agree with the Senate conferees on our amendment——

Mr. JOHNSON. No; that is not what I mean. The conferees would come back here; would we then be permitted to vote on the amendment of the Senator from Oregon [Mr. STEIWER] and the Senator from New Mexico [Mr. CUTTING]?

Mr. BYRNES. The Steiwer amendment, I will say to the Senator from California, according to the view I have of this matter, is included within the differences between the two Houses.

Mr. JOHNSON. The conferees on the part of the Senate will take it to conference?

Mr. BYRNES. We are going to take it to conference. At least toward some part of the amendment suggested by the Senator from Oregon I feel very friendly myself.

Mr. GEORGE. I think it is fair to say that I understand the Senator from South Carolina to mean that before the House amendment shall be agreed to, the conferees will return to the Senate, that is, as far as he is concerned, and give the Senate an opportunity to instruct the conferees as the Senate may see fit.

Mr. BYRNES. When we report to the Senate, the Senate can take such action as it sees fit to take—either adopt the amendment or instruct the conferees.

Mr. JOHNSON. Would the Senator have any objection to one of the authors of the amendment being upon the conference committee?

Mr. BYRNES. I am glad the Senator asked that question, and, in view of the statement just made, I think there can be no objection, so far as the other side of the Chamber is concerned, to the appointment of the Senator from Oregon on the conference committee; we would be delighted to have him; I certainly would be.

Mr. CUTTING. Would the Senator have any objection to increasing the conference committee from three to five, in order that the Senator from Oregon might serve as a Republican member without displacing the Senator from Maine?

Mr. BYRNES. I thought it was suggested that as to this amendment the Senator from Oregon should serve instead of the Senator from Maine.

Mr. STEIWER. Mr. President, I would decline to be placed upon the committee in place of the senior Senator from Maine. I do not want to do that. If the Senator from South Carolina wants to offer to enlarge the committee, that would be satisfactory.

Mr. BYRNES. Then I move to increase the number of conferees on the part of the Senate to five.

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

Mr. LONG. Mr. President, in view of the agreement which seems to have been reached, it seems now that we ought not to vote on the Steiwer amendment at all. Inasmuch as the gentlemen have agreed to put the Senator from Oregon on the conference committee, and to come back here and report to us as to any agreement, it seems to me that we ought not now to have a vote on it, but that the amendment ought to be withdrawn at this time.

Mr. CUTTING. Mr. President——

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

Mr. LONG. Yes, sir.

Mr. CUTTING. The Senator's point of view, as I understand it, is that we should let this matter now go to conference?

Mr. LONG. I understood we had reached a pretty good agreement, that we were going to have the Senator from Oregon appointed on the conference committee, and the Senator from South Carolina says he is not going to consent to have this provision emasculated without coming back to the Senate for instructions. Having reached such an agreement on both sides, I do not think we ought to vote; we have compromised ourselves out of getting any votes now.

Mr. BORAH. Mr. President——

Mr. LONG. I yield.

Mr. BORAH. Do I understand before this matter shall have been disposed of finally, in case we are not able to agree to accept the conference report, that we will have an opportunity to vote on this question singly or shall we have to vote upon the entire conference report as a whole?

Mr. BYRNES. What I stated to the Senator from Georgia in response to his question, was that before the conferees on the part of the Senate would yield and agree to accept the House amendment they would come back and make that report to the Senate and let the Senate take such action as they saw fit, either agreeing to the House amendment or instructing the Senate conferees what position they should take on this one question.

Mr. BORAH. The Senator's intention really is to give us an opportunity to vote at some time on what is proposed now in case the conferees cannot agree?

Mr. BYRNES. Yes, sir.

Mr. LA FOLLETTE. Mr. President, did I understand the Senator from South Carolina to say that he would agree to enlarge the membership of the conference committee on the part of the Senate to five?

Mr. BYRNES. I made that motion.

Mr. LA FOLLETTE. I am glad the Senator has done so.

Mr. BYRNES. I have already moved that that be done.

Mr. LA FOLLETTE. Because it had been my purpose, in case the motion was defeated, to move the appointment of an additional conferee.

Mr. LONG. Mr. President, I have the floor, and I should like to inquire of the Senator from New Mexico and the Senator from Oregon if they will withdraw their amendment so that we will not be in a confused situation, and take the Senator from South Carolina at his word in this matter? I think that would be much better.

Mr. CUTTING. I should want to be very clear in my own mind as to just what we were agreeing to.

The VICE PRESIDENT. The Chair has upon his desk the names of the five ranking members of the committee who would be appointed conferees on the part of the Senate. He might name them, if that is the desire of the Senate. They are the Senator from Virginia [Mr. GLASS], the Senator from South Carolina [Mr. BYRNES], the Senator from Georgia [Mr. RUSSELL], the Senator from Maine [Mr. HALE], and the Senator from Oregon [Mr. STEIWER]. They would be the conferees in case the motion of the Senator from South Carolina should be agreed to.

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

Mr. LONG. I yield.

Mr. FESS. Mr. President, I have fully decided to vote for the amendment of the Senator from New Mexico and the Senator from Oregon, on the ground that it was better than the House proposal. We have already voted for the Connally amendment which is like the Cutting-Steiwer amendment, but, in view of the suggestion which has been made that we might get the Connally amendment and that the conferees on the part of the Senate will not yield until they come back here, I am inclined to join those who would favor withdrawing the pending amendment and let it go as it is.

Mr. LONG. That is what we ought to do.

Mr. TRAMMELL. Mr. President——

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

Mr. TRAMMELL. I realize that most of the Senators are working to save time, but just as a prognosticator and forecaster, without knowing what I am forecasting, I forecast that this action is going to result to the detriment of the veterans of this country; and I would rather have had the motion with specific instructions adopted.

Mr. LONG. Mr. President, if the Senator will pardon me, we have agreed in such manner that we can hardly adopt it now. However, I do not want it to be thought that we are getting a black eye, because everybody has expressed himself that the veterans shall not be allowed to be betrayed, and with those assurances we cannot do better now, having agreed on all this, than to have the motion withdrawn at this time. I hope the Senator from New Mexico will take that course.

Mr. CUTTING. May I say to the Senator from Louisiana, without any intention of taking him from the floor, that I would want to be very clear in my mind as to just what the agreement is; and I should like to ask the Senator from South Carolina a question. As I understand, the conferees are agreed that they will not accept the House amendment without previously reporting back to the Senate. Is that correct?

Mr. BYRNES. That is exactly what I said. I can only speak for myself, but that is my position.

Mr. CUTTING. I am sure that what the Senator from South Carolina says will represent the majority opinion of the Senate conferees.

Mr. BYRNES. That is exactly what I said.

Mr. CUTTING. And now, Mr. President, will the Senator from South Carolina give us some assurance that the Senate will have some time to consider this proposition when it shall be presented?

Mr. BYRNES. Oh, yes, Mr. President; so far as I am concerned I would not want the Senate not to have adequate time to consider it.

Mr. CUTTING. I know the Senator is always conspicuously fair in his action on the floor.

Mr. BYRNES. I say, while I cannot control the time of the Senate, that so far as I am concerned I shall endeavor to see that that is done.

Mr. CUTTING. What I want is to make sure that at the last moment, under the threat of impending adjournment, we shall not be forced to vote on something which we have not got in black and white, and which many of us will be completely unable to understand.

Mr. BYRNES. I have no idea that such a situation could ever arise, and I certainly will do my best to avoid it ever arising.

Mr. REED. Mr. President, may I interpose a question?

Mr. CUTTING. Yes.

Mr. REED. The Senator from South Carolina agrees for himself that the Senate conferees will not accept the House compromise?

Mr. BYRNES. That is right.

Mr. REED. It would be a literal fulfillment of that promise if they accepted the House compromise with some very slight changes, but, of course, the Senator does not mean to make——

Mr. ROBINSON of Arkansas. Mr. President, I think——

Mr. REED. Will not the Senator let me finish? Of course the Senator does not mean to make such an evasive promise as that. I assume that he will not come to any agreement unless——

Mr. ROBINSON of Arkansas. Will the Senator from South Carolina yield to me?

Mr. LONG. Mr. President, I think I have the floor.

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

Mr. LONG. I yield first to the Senator from Pennsylvania, then to the Senator from Arkansas.

Mr. BYRNES. I want to say to the Senator from Louisiana that if the Senator from Pennsylvania continues as he started out I hope the Senator from Louisiana will yield to me.

Mr. LONG. I yield to the Senator from Pennsylvania and then to the Senator from South Carolina and then to the Senator from Arkansas.

Mr. REED. I think I understand the Senator's thought.

Mr. BYRNES. I have the Senator's thought: That, after making the statement I have made the conferees could go back to conference and then seek to evade it by making some slight change, and then come back to the Senate and report it.

Mr. LONG. Mr. President, it seems to me we understand the situation amply, and I hope the amendment will be withdrawn, although I will have to vote for it if it stays here, but, because of the assurance we have gotten, we ought not to force a vote. We are not going to vote now; we have gotten too much without that to try to win now; we cannot do it, and I am only holding the floor, hoping to save time and to get a better feeling, so as to get the Congress to adjourn. Mr. President, I inquire if the suggestion has been accepted or not?

The VICE PRESIDENT. No one has made any request up to this time.

Mr. LONG. I will ask the Senator from New Mexico if the suggestion has been made, or not? Where do we stand?

Mr. CUTTING. Mr. President——

The VICE PRESIDENT. The Senator from New Mexico does not control the situation. The Senator from Oregon offered a motion to instruct the conferees, and the Chair looks to the Senator from Oregon to control the situation so far as he desires to do so.

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

Mr. LONG. Yes.

Mr. STEIWER. May I, speaking for both the Senator from New Mexico and myself, state that I have just consulted with him, and we are agreed that the consideration which has been given this matter this afternoon has not changed our views with respect to the House amendment; indeed, as the debate has progressed, we feel that we are more than ever justified in insistence upon the proposal which we have submitted to the Senate. At the same time, we recognize the force of certain suggestions made here, and we are both pleased with the assurance given by the Senator from South Carolina [Mr. BYRNES].

We are disposed, therefore, to yield our point at this moment with the thought, however, that if a satisfactory agreement is not reached in conference, this or some like proposal will subsequently be offered in the Senate. We should like to have it understood, in withdrawing the motion made this morning for the substitution of the pending language for the House provision, that it is done without prejudice to the cause to which we attach so much importance; and it is done, not in a spirit of conceding the justice of the House proposal, but merely in the interest of an orderly procedure in the conduct of the business of the Senate. With that understanding we now ask unanimous consent to withdraw the motion, reserving our right to take further action at such time as the conferees may report the matter back to the Senate.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the motion of the Senators from Oregon and New Mexico is withdrawn.

Mr. BYRNES. Mr. President, in view of the statement made by the Senator from Pennsylvania, which I must admit I did not follow very closely, I do not want to have any misunderstanding. I have made the only statement to the Senate that I intend to make about the understanding. I have responded clearly to the Senator from New Mexico as to what I intended to do, so far as I am concerned. The Senate can either vote on it or not, as they see fit.

Mr. ROBINSON of Arkansas. Mr. President, in view of the multiplicity of requests for understandings and the probability that someone will feel hereafter that good faith has been violated, I feel that the best thing the Senate can do is to vote on the proposition of the Senator from Oregon.

Mr. LONG. Mr. President, the Senator from Oregon——

SEVERAL SENATORS. Vote!

The VICE PRESIDENT. The Senator from Arkansas has the floor. The Senator from Louisiana has not the floor now.

Mr. ROBINSON of Arkansas. Mr. President, I yield to the Senator from Louisiana if he wishes to interrupt me.

Mr. LONG. I thought the Senator had taken his seat. I beg pardon.

Mr. ROBINSON of Arkansas. No. I feel from the statements that have been made, and particularly from the inquiry made by the Senator from Pennsylvania of the Senator from South Carolina, that now is the time to vote on this question, rather than to have it said some time later that the conferees have not kept faith with the "gentleman's agreement" that was made in the Senate.

If the matter were so simple that one could say just what has been agreed to here, I would not take that position, but I really do not know just what is expected of the conferees, except that the Senator from South Carolina has said that before the conferees will agree to the House amendment the Senate will be given an opportunity to register its opinion on the subject.

Mr. BORAH. That is the full agreement, and that is all that ought to be asked for.

Mr. ROBINSON of Arkansas. I understand that; but the Senator from Pennsylvania has asked the Senator from South Carolina whether, if the Steiwer amendment is not adopted or if the House amendment is not agreed to, the conferees will evade their responsibility and agree to the House amendment with some slight amendments.

Mr. President, let us not get ourselves in this attitude; let us either vote on this amendment and deadlock this proposition, as I have already stated I think will be the result, or let us treat the agents of the Senate with respect and consideration. It would be regrettable, indeed, if the conferees should go out and in good faith reach an agreement with the House and upon coming back here have it said that in a conversation on the floor of the Senate some arrangement had been entered into which they had violated. I believe the best interests of the Senate can be conserved by taking a vote. I do not know what the result of the vote will be, but I really do not see that it is good policy——

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

Mr. ROBINSON of Arkansas. Certainly.

Mr. COPELAND. Regardless of what the result might be of the vote on the Steiwer amendment, the fact remains, in my judgment, that the great majority of the Senate is opposed to the House amendment.

Mr. ROBINSON of Arkansas. Mr. President, the attitude of the Senate in disagreeing to the House amendment and in asking for a conference, as we have actually done on this particular amendment, is to array the Senate against the House provision. That is the attitude of the Senate, both legally and actually. The prospective chairman of the conferees has said that, insofar as he is concerned, before the Senate conferees agree to the House amendment the Senate will have an opportunity to vote upon it. That is a pledge, and one that I am sure will be redeemed. However, I do not think we should put the conferees under the suspicion that is implied in the effort to pledge them not to evade their responsibilities, as is done, I believe, by the Senator from Pennsylvania [Mr. REED].

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

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

Mr. ROBINSON of Arkansas. Certainly.

Mr. COPELAND. I believe it is the feeling of the Senate that the House amendment is entirely unsatisfactory. I have no doubt now, after what we have said, that if the Steiwer motion were to be put to the Senate we would vote it down. But that would not indicate the temper of the Senate. The Senate is in opposition to the position of the House. If the conferees come back with a proposal which is identical with or similar to the proposal of the House, it will be defeated in this body.

Mr. ROBINSON of Arkansas. I would not assume the right to say how the Senate would vote on this or any other proposition upon which there has been no direct expression.

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

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. Has my colleague's motion to withdraw his instructions been granted by unanimous consent?

The VICE PRESIDENT. The Senator's colleague asked unanimous consent to withdraw his motion, and there was no objection. The Senate having already agreed to the motion of the Senator from South Carolina [Mr. BYRNES], the only thing remaining is for the Chair to appoint conferees. If there is no objection——

Mr. BLACK. Mr. President, in view of what the Senator from Arkansas suggested, I should like to get his idea with reference to a motion. If the Senator believes that the Senate should cast some kind of a vote on the question, we might at least express our attitude. Would he be in favor of a vote to instruct the conferees not to accept the House amendment?

Mr. ROBINSON of Arkansas. Mr. President, I would not. I think we really have consumed about all the time we should on this matter.

Mr. BLACK. I am perfectly satisfied myself to go along as it is, but that is the only way I can see that we could get at the issue.

Mr. ROBINSON of Arkansas. I think we have in a sense impliedly instructed our conferees by our disagreement to the House amendment and by asking for a conference on it. I think that is the parliamentary way in which to proceed. I believe we are wasting time.

Mr. BLACK. I agree with the Senator fully; but I merely suggested it.

Mr. CONNALLY. Mr. President, I think the Senate could and should rely upon the good faith of its conferees.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. The Senator from Idaho is recognized.

Mr. BORAH. Is the Chair about to appoint conferees?

The VICE PRESIDENT. The Chair is about to appoint the conferees.

Mr. BORAH. Then I have nothing further to say.

The VICE PRESIDENT. The Chair appoints as conferees on the part of the Senate Mr. GLASS, Mr. BYRNES, Mr. RUSSELL, Mr. HALE, and Mr. STEIWER.

AMENDMENT OF EMERGENCY BANKING ACT

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1425) to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933, which was, on page 3, to strike out lines 7 to 12, inclusive.

Mr. FLETCHER. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

LOANS TO CLOSED BUILDING AND LOAN ASSOCIATIONS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1648) to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building and loan associations, which was, on page 2, line 15, after "same", to strike out all down to and including "purposes", in line 20.

Mr. BULKLEY. Mr. President, I move that the Senate concur in the amendment of the House.

Mr. BORAH. Mr. President, I am desirous of asking the Senator from Ohio a question. Is this the home loan bank bill?

Mr. BULKLEY. This is the bill to amend the Reconstruction Finance Corporation Act so as to permit loans to closed building and loan associations. The amendment of the House would have the effect of removing the specific limitations on loans that may be made to all closed institutions. I have before me the figures which seem to justify the amendment of the House. It is agreeable to the chairman of our committee. I did not think it necessary to take the time of the Senate to explain it further.

Mr. BORAH. I was at a loss to know what we were considering. I thought perhaps it was another measure.

The VICE PRESIDENT. The question is on the motion of the Senator from Ohio that the Senate concur in the amendment of the House.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Megill, one of its clerks, announced that the House had concurred in the concurrent resolution (S.Con.Res. 5) requesting the President to return to the Senate the enrolled bill (S. 1580), the Emergency Railroad Transportation Act, 1933, and authorizing its reenrollment with an amendment.

COMMUNICATION FROM SECRETARY OF AGRICULTURE

Mr. SMITH. Mr. President, I have a matter that has been sent to me from the Secretary of Agriculture. There seems to be some misunderstanding with reference to a joint resolution which was passed and some criticism made of the Secretary of Agriculture. He has requested me to have placed in the RECORD the resolution (S.J.Res. 54) that was passed, and a letter from him explanatory of his position.

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

Resolved, etc., That nothing in sections 109 and 113 of the Criminal Code (U.S.C., title 18, secs. 198 and 203) or any other act of Congress forbidding any person in the employ of the United States from acting as attorney or agent for another before any department (other than the Department of Agriculture) or branch of the Government, or from receiving pay for so acting, shall be deemed to apply to any counsel or other officer of the Department of Agriculture if designated by the Secretary of Agriculture at the time of appointment as entitled to the benefits of this resolution: *Provided*, That not more than one such officer shall hold such exemptions at the same time.

THE SECRETARY OF AGRICULTURE,
Washington, June 12, 1933.

Hon. ELLISON D. SMITH,
United States Senate.

MY DEAR SENATOR: I have recently read the statement in the CONGRESSIONAL RECORD of May 29, 1933, in connection with Senate Joint Resolution 54, purporting to state my intentions with regard thereto.

In order to avoid possible misunderstanding the following statement should also at once be placed in the RECORD. It is, of course, not my intention that Mr. Lee should deal with all the legal problems arising under the Agricultural Adjustment Act, approved May 12, 1933, which would be impossible, but that as special counsel he should, in such manner as I may designate, aid the necessary legal staff appointed by me for the administration of that act.

Sincerely,

H. A. WALLACE.

INVESTIGATION OF RECEIVERSHIP AND BANKRUPTCY PROCEEDINGS

Mr. TYDINGS. Mr. President, I have in my hand Senate Resolution 78, which was favorably reported from the Committee to Audit and Control the Contingent Expenses of the Senate. It provides for an investigation into receiverships in United States courts, and appropriates $10,000 for that purpose. I ask unanimous consent for its immediate consideration.

Mr. REED. Mr. President, does it apply to any particular district?

Mr. TYDINGS. I do not believe it does. There is no limit in the resolution.

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

Mr. WALSH. Let it be read.

The VICE PRESIDENT. The clerk will read the resolution for the information of the Senate.

The Chief Clerk read the resolution (S.Res. 78), as follows:

Resolved, That a special committee of the Senate consisting of 5 Senators, to be appointed by the President of the Senate, 3 from the majority political party and 2 from the minority political party, is authorized and directed to make an investigation of the administration of receivership and bankruptcy proceedings in the courts of the United States, with particular reference to the appointment of receivers and trustees in bankruptcy in such proceedings, and the fees received in the course of such administration, and generally of all matters concerning which information would be desirable in order to correct by legislation such abuses as may be found. The committee shall report to the Senate, as soon as practicable, the results of its investigation, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee or member thereof, is authorized to hold such hearings, to sit and act at such times and places during the

sessions and recesses of the Senate in the Seventy-third Congress, and such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $10,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. McNARY. Mr. President, a day or two ago I investigated the legislative history of this resolution. I find that the resolution has never been referred to the committee having general jurisdiction of the subject matter. It has been referred merely to the Committee to Audit and Control the Contingent Expenses of the Senate. It never has been referred to the Committee on the Judiciary, which would be necessary under the rule. Instead of that, it was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, and comes here now in imperfect shape. Therefore, I object to its present consideration.

The VICE PRESIDENT. Objection is heard.

NATIONAL INDUSTRIAL RECOVERY—CONFERENCE REPORT

Mr. HARRISON. Mr. President, I move that the Senate proceed to the consideration of the conference report on House bill 5755, the national industrial recovery bill.

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

The motion was agreed to; and the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works.

(For the conference report see p. 5620, CONGRESSIONAL RECORD.)

Mr. HARRISON obtained the floor.

Mr. BORAH and Mr. CLARK addressed the Chair.

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

Mr. HARRISON. I think the Senator from Idaho was on his feet first.

Mr. BORAH. Mr. President, I was simply going to ask if the Senator intends to make any explanation of the conference report, or whether he is simply going to call for a vote.

Mr. HARRISON. Does the Senator from Missouri desire to ask me a question?

Mr. CLARK. No. I thought the Vice President started to put the question, and in that event I desired to be recognized in my own right.

The VICE PRESIDENT. The Chair will see that Senators get recognition before the question is put on agreeing to the report.

Mr. HARRISON. Mr. President, I shall be very glad to try to answer any questions that may be propounded to me with reference to this report; but before doing so I should like to make one statement.

An amendment was adopted in the Committee on Finance with reference to giving the President power to declare an embargo against the importation of goods into this country where they were seriously affecting or injuring commodities produced in this country under the code agreement. We had prepared a substitute for that amendment, and it was offered on the floor by the Senator from Massachusetts [Mr. WALSH]. That substitute was prepared with a good deal of care, and by at least one expert representing the Tariff Commission.

There has been some confusion with reference to that amendment. As we all know, the Economic Conference is meeting today in London; and an impression went out—not only in this country but abroad—that the President did not have discretionary power with reference to the imposition of certain conditions and terms and fees when there were importations coming into this country.

I desire to say with reference to that amendment, Mr. President, that about all it does is this——

Mr. LA FOLLETTE. Mr. President, will the Senator give us the number and page of the amendment?

Mr. HARRISON. It is amendment numbered 11, on page 6.

Mr. President, that amendment says:

On his own motion, or if any labor organization, or any trade or industrial organization, association, or group, which has complied with the provisions of this title, shall make complaint to the President that any article or articles are being imported into the United States in substantial quantities or increasing ratio to domestic production of any competitive article or articles and on such terms or under such conditions as to render ineffective or seriously to endanger the maintenance of any code or agreement under this title, the President may cause an immediate investigation to be made by the United States Tariff Commission—

When this complaint is made and presented to the President, we do not make it mandatory that he shall act, but he may act; and he may act by causing an immediate investigation to be made by the United States Tariff Commission—

which shall give precedence to investigations under this subsection, and if, after such investigation and such public notice and hearing as he shall specify, the President shall find the existence of such facts, he may, in order to effectuate the policy of this title, direct that the article or articles concerned shall be permitted entry into the United States only upon such terms and conditions and subject to the payment of such fees and to such limitations in the total quantity which may be imported (in the course of any specified period or periods) as he shall find it necessary to prescribe in order that the entry thereof shall not render or tend to render ineffective any code or agreement made under this title—

And so forth.

In other words, when the complaint is made the President has the discretionary power of acting or of submitting the matter to the Tariff Commission, and, if he does so, they shall give it precedence, and so forth; and when the report of the Commission is made, if the President shall find these facts to exist—namely, that there are substantial quantities of importations coming in, or an increasing ratio, and that they are seriously affecting these codes—then he shall act, after he has found those facts.

The impression was received in England or somewhere that it was necessary for the President to act immediately and that discretionary power was not lodged in him; when, on the other hand, under this amendment the sole power is given to the President. He may act or he may not act.

Enough for that.

Mr. WALSH. There is no objection to that.

Mr. HARRISON. There cannot possibly be any objection to it, but there was some confusion and misrepresentation with reference to the matter.

Mr. WALSH. I think changing the word "and" to "or" was a decided improvement in the language of the amendment.

Mr. HARRISON. That perhaps was an improvement, may I say; but in the committee, when we changed the first "shall" to "may" it was absolutely necessary, because if we had not changed it, and if it had not appeared as it does appear in the conference report, "may" instead of "shall", the President would not have had the discretionary power.

Mr. WALSH. I think it is a decided improvement.

Mr. HARRISON. Now I shall be very glad to answer any questions that I may be able to answer with reference to this report.

Mr. WALSH. I should like to ask the Senator some questions.

Mr. HARRISON. We had a very difficult time in the committee. We went into conference early on Saturday, as soon as we could get the conferees together, and we had high expectations that if we got out of conference that afternoon, we might be able to present this matter to the Congress and gratify the wishes of all that we might adjourn Saturday night. So the conference committee worked all

day in their shirt sleeves and finally brought out this conference report.

Mr. WALSH. Mr. President——

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

Mr. HARRISON. I yield to the Senator.

Mr. WALSH. I should like to call attention to amendment numbered 50. That amendment originally read as follows:

Aircraft, aircraft equipment, and technical construction for the Army Air Corps and—

It was one of the amendments offered to the provision of the bill which permitted the President to prepare a comprehensive program of public works. Of course, in the case of all these large numbers of public works it is optional with the President as to whether or not any money shall be appropriated for that purpose; but the original language was as I have read it—

Including * * * aircraft, aircraft equipment, and technical construction for the Army Air Corps and—

The conferees have eliminated that language and inserted the following:

Heavier-than-air craft and technical construction for the Army Air Corps and—

The net result of that change is that no money can be spent and no plans made by the President to permit the building of lighter-than-air craft.

I do not care to discuss the pros and cons of lighter-than-air and heavier-than-air craft, but a committee of the Senate has been for weeks discussing that very question, and all members of the committee, with the exception of one—the distinguished and able Senator from Utah [Mr. KING]—have agreed that the time has not yet come for the abandonment of lighter-than-air craft as an instrument of defense in the Navy. The distinguished and able Senator from Utah entertains very strongly the opposite view.

I think the conferees ought to have kept the original language and leave the matter to the discretion of the President. Now, even if the Navy thinks it is important that we should have lighter-than-air craft, the President is debarred, as I am informed, from spending any money for that purpose.

Mr. REED. Mr. President, if the Senator will permit an interruption, this does not relate to Navy aircraft at all. I think it is generally agreed, both in the House and in the Senate, that the Army shall not engage in lighter-than-air craft building. This phrase relates only to Army building. We do not want to build any more blimps for the Army, but this amendment does not declare any policy with regard to Navy aircraft building.

Mr. WALSH. Does the Senator from Utah agree to that statement?

Mr. KING. Yes.

Mr. WALSH. Then I withdraw what I have said. A Member of the House who was on the special committee called on the Senator from New Jersey [Mr. KEAN] and myself and called our attention to this matter, and claimed that this language had that effect. So the elimination of the word "aircraft", and inserting the words "heavier-than-air craft", does not eliminate lighter-than-air craft for the Navy?

Mr. REED. It is a restriction only on the Army. It does restrict the Army from having them.

Mr. WALSH. I hope the Senator is right.

Mr. REED. I am sure I am right.

Mr. KING. Mr. President, in my opinion, the interpretation placed upon that section by the Senator from Pennsylvania is entirely warranted. While not pertinent to the discussion, I take the liberty of stating that if the bill had contained a provision authorizing the Government to expend large amounts for lighter-than-air craft, for dirigibles, I should have objected to the same.

Mr. WALSH. I know the Senator feels very strongly about that.

Mr. KING. The bill before us is not a military measure. It is a recovery measure. It is designed to furnish work for the unemployed and to contribute to the starting of industries. Recently Congress appropriated more than $600,000,000 for the Army and the Navy. This huge sum was to meet our military expenses for 1 year only. A part of this amount will be expended for naval craft and for the improvement of our Navy. Our Government has spent for military purposes more than any nation on earth during each and every year since the World War. An international conference is now in progress dealing with the question of disarmament. Our Government has taken a prominent part in this conference and is urging all nations to cooperate in reducing the military burdens of the world. Efforts are being made to limit the use of aircraft for military purposes. The bombing of cities and defenseless territory excited indignation during the World War, and nations are now endeavoring to reach an agreement concerning the uses to which aircraft, whether lighter or heavier than air, may be put.

I submit that it would be unwise for our Government to now appropriate large sums for aircraft or for naval craft. We should aid in every proper way to bring success to the conference referred to, as well as to the economic conference which so auspiciously began its labors but a few hours ago. If all efforts for world peace fail, if governments are to add to the military burden of the world, then we may be forced to join the melancholy and tragic procession that leads to sanguinary battlefields. It seems an ironic paradox that in a bill appropriating billions to feed the hungry and furnish employment to starving millions that we should make provisions for war and provide millions for military machines for use on land and sea.

May I add that when this bill was prepared, the committee referred to by the Senator had not completed its hearings. The committee had not discussed the questions involved or made any report. Only on Saturday last did the attorney for the committee submit what I understood was a tentative draft of what he prepared for the committee's consideration.

The able Senator from Massachusetts may have conferred with his colleague and studied the testimony, but in my opinion the voluminous record in the matter required considerable time to fully digest. I had no opportunity of hearing the attorney's report discussed as a member of the conference committee charged with the consideration of the measure before us. I was prevented from meeting with the committee, though its chairman. I understand the tentative suggestions or report of the attorney was accepted by the other members of the committee without change.

Mr. KEAN. Mr. President, I can assure the Senator from Utah that the Senator from Massachusetts was present and went over that report in detail before he assented to it.

Mr. WALSH. While I could not attend all the hearings, I made many suggestions and corrections to the report. I will say to the Senator from Utah that the committee did not accept the report finally. It was conditioned upon hearing the argument and views of the Senator from Utah at a later date. The committee was aware of the very strong views which the Senator entertained upon the subject, and we felt that he ought to have an opportunity to present them; but I will say that the committee was not in favor of the elimination from the Navy of lighter-than-air craft.

Mr. KING. Let me say to my friend from Massachusetts that the dirigible *Akron* has just been destroyed. All the other dirigibles except two that have been built since the war have been destroyed. The sister ship *Macon* is still an experiment; it is being tested prior to acceptance by the Government. Whether or not it will be successful no one knows. The *Akron*, which was claimed to have incorporated every device that skill and science could evolve to make it safe and of utility, encountered a storm and went down into the deep, carrying 74 of our brave men with it.

It should not be forgotten that no government on earth except the United States is now building dirigibles for military purposes. Great Britain, France, Italy, Japan all have abandoned them, but efforts are being made to compel our Government to expend millions for the construction of dirigibles. Let us wait and see the results of the *Macon* trials and also what other nations plan with respect to

lighter-than-air craft. It is obvious if we enter upon the building of a fleet of dirigibles for war purposes there will be unfavorable reactions upon the part of this Government.

We will meet in January. If the *Macon* succeeds, and if the conference over in Europe which is to deal with naval aircraft, as well as with military material, and so on——

Mr. WALSH. Mr. President, if the Senator will pardon me, it does not seem to me we should discuss this subject at this time, because there are other things that must be taken up. I have the utmost respect for the Senator's views, and I know how conscientiously and how long and faithfully he has studied this subject, and I respect him for his opinions; but it is a subject which is highly controversial, and one on which other Members of this body have decided thoughts.

May I ask why the word "aircraft" was taken out and the expression "heavier-than-air craft" was inserted? The Senator from Pennsylvania seems to know a great deal about this subject, having an interest from the Army standpoint. Will he explain why "aircraft" was taken out and "heavier-than-air craft" substituted? What was the object of that?

Mr. REED. Mr. President, there were two reasons. First, we have been fighting for years to get the Army out of the business of building dirigibles. It seemed wiser to limit that activity to the Navy, just from the standpoint of saving money. That was the first reason. This clause dealt only with Army aircraft. I think it was I who offered the amendment on the Senate floor to insert those words.

Next, as far as the Navy is concerned, it will have power, if the President so directs, under the language which the Senator will find on page 19, lines 2 to 6, to build lighter-than-air craft.

Mr. WALSH. The reason for removing the word "aircraft" and inserting "heavier-than-air craft" was to emphasize the fact that any aircraft to be built for the Army shall not be lighter-than-air craft?

Mr. REED. That is the first reason. If the Senator will let me give the second one for the RECORD, on page 19, beginning at line 2, the Senator will see that the President is empowered to establish a system which will include the construction of any publicly owned instrumentalities and facilities. Under that I think the President could direct the building of a dirigible. The expression "public instrumentalities and facilities" includes everything from a jew's-harp to a ferryboat, and it is all in the discretion of the President as to what he will direct to be built.

Mr. WALSH. I thank the Senator.

Mr. CLARK obtained the floor.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER (Mr. MURPHY in the chair). Does the Senator from Missouri yield to the Senator from Wisconsin?

Mr. CLARK. I yield.

Mr. LA FOLLETTE. May I inquire of the Senator from Mississippi whether or not it is not possible to work out some unanimous-consent agreement to fix a time at not later than which the Senate should no longer debate this conference report, with the understanding that we would not have a night session tonight?

Mr. HARRISON. The Senator appreciates the fact that the senior Senator from Arkansas [Mr. ROBINSON] is temporarily out of the Chamber. I have sent for him. I do not want to take any action until I have conferred with him. I think we can get some kind of an agreement along the line suggested.

Mr. LA FOLLETTE. Mr. President, will the Senator from Missouri yield so that I may suggest the absence of a quorum?

Mr. CLARK. I yield.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present. The question is on agreeing to the conference report on the industrial recovery bill.

Mr. LONG. Mr. President, that is being delayed, as I understand it, pending the consummation of a unanimous-consent agreement.

The PRESIDING OFFICER. It is the pending question before the Senate, nevertheless.

Mr. LONG. I want to be heard on it, then. I want to speak a little while.

The proponents of certain amendments to the industrial recovery bill are undertaking to reach an agreement for unanimous consent as to just when we will vote on the report. The Senator from Mississippi has at this time retired in order to consult with the Senator from Arkansas as to whether or not we may reach a unanimous-consent agreement.

The chief bones of contention are the three points I mentioned here on last Saturday evening. The first point is the Borah amendment. The conferees have eliminated that part of the Borah amendment which would prevent price fixing.

Mr. WAGNER. Mr. President, I do not think that is quite accurate. We sought to prohibit price fixing when it would result in monopolies or monopolistic practices, which is the only kind of price fixing to which any objection has been raised on this floor. The words are very plain.

Mr. LONG. I shall be glad to have the Senator explain what that is.

Mr. WAGNER. The amendment is that no code shall permit monopoly or monopolistic practices, so that if price fixing results in a monopoly or monopolistic practice it is prohibited by the provisions of the measure.

Mr. LONG. I thank the Senator. Then, if the Senator from Idaho feels that his amendment is all right, I want to assure the Senator that I will feel that way.

Mr. KING. Mr. President——

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

Mr. KING. I do not think the Senator from Idaho is satisfied with the conference report on that point, and I will say frankly that, speaking individually, I am not satisfied with it; but, as the Senator knows, we cannot always have our own way; we have to yield; and while I do not want to betray any of the secrets of the conference, at any rate, after a very prolonged discussion, in which arguments on both sides were presented, the amendment was agreed upon as suggested by the Senator from New York. It does not suit me, and I am sure that it does not suit the able Senator from Idaho, but it was the very best that could be obtained from the conferees.

Mr. LONG. I now yield to the Senator from Montana.

Mr. WHEELER. I do not want to be yielded to now.

Mr. LONG. Very well. That, Mr. President, brings us down to the other two amendments, if I may refer to them for a moment. One is the amendment of the junior Senator from Missouri [Mr. CLARK]. He is yet urging that amendment?

Mr. CLARK. It is my intention to do so as soon as I can get the floor.

Mr. LONG. I did not know. The Senator had voted against it once, but I assumed he had explained that, as I had undertaken to explain one of my votes.

Mr. CLARK. I will say to the Senator, in response to that suggestion, that I have never turned a flipflop at any time. I never voted against a bill and then changed and voted for it.

Mr. LONG. In this case I understood the Senator had voted for the bill and then to have voted against it.

Mr. CLARK. I will say, for the Senator's information, that I did not vote on both sides, but I did introduce some amendments that I thought improved the measure very much. I thought they were meritorious amendments, but they were not sufficient to make the bill palatable to me. I will say further—and I may as well say it—that my efforts were not very successful, because some of them were dropped out even before the bill was taken to conference.

Mr. LONG. I so understood. One of my friends this morning showed me the RECORD of the proceedings of the House, where they were debating as to why they did not leave the La Follette and Clark amendments in the bill—both Senate amendments—and the chief conferee of the majority was asked on the floor of the House why they had not done it, and he said, "We put up the best fight we could." Then he was asked if the Senate conferees would not stand for their own Senate amendments, or something like that, and the reply was, "Well, that is for the Senate to take up with them and not with us." I do not know any other implication that could have been given except that, as the Senator from Missouri said, the House conferees were explaining that they tried to get the Senate amendments in the bill, but the Senate conferees would not put them in the bill.

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

Mr. LONG. Yes; I yield.

Mr. NYE. In connection with that debate in the House to which the Senator referred, I should like to call his attention to a little exchange between Mr. CONNERY and Mr. TREADWAY. Mr. CONNERY said:

> It has been brought to my attention that a liaison officer was provided by a Senate amendment, who was supposed to represent the Federal employees and act as a sort of advocate for employees who might be discharged without cause, or something of that sort. I understand that that was stricken out by the conferees. What was the purpose of that?
>
> Mr. TREADWAY. Mr. Speaker, I cannot tell the gentleman the purpose of striking it out. It was an amendment from which the Senate receded. The House conferees were not asked to adopt that Senate amendment.

Mr. LONG. That was rather kind of them, not to ask that it be adopted. According to another version, they told them not to adopt the Clark and the La Follette amendments. That being so, Mr. President, it appears to me that we have never had a conference on the measure. Until the Senate conferees have presented the matter to the House conferees, there has not been a conference. If the Senate conferees tell the House, "We do not want this amendment", or "We are not even asking for it", then we have not had any conference. We are entitled to a presentation of the amendments that go out of the Senate. That is the provision of the rules, as I read them.

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

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

Mr. WHEELER. I was going to say to the Senator from Missouri that I find myself in about the same position, because I offered an amendment, which was adopted, with reference to the Civil Service Commission after having been debated by the Senate. My information is that the House Members were in favor of it but that, as a matter of fact, the Senate conferees receded on that amendment which was adopted by the Senate.

Mr. LONG. The House wanted it, and the Senate conferees receded.

Mr. WHEELER. That is my information, but I may be wrong about that. It does seem to me, however, that when the Senate adopts an amendment it is the duty of the Senate conferees at least to go over there and make an honest effort to get that amendment in the bill, and not do what the RECORD of the House proceedings shows was done with reference to some of the Senate amendments in this case, as to which, as a matter of fact, the Senate receded before the House ever had a chance to adopt them.

Let me ask the Senator from Utah, who, I think, was a member of the conference committee, a question. I understand, for instance, from reading the RECORD—the portion which was read a moment ago of the House proceedings—that, as a matter of fact, the Senate conferees receded from some of these amendments before they were ever put up to the House conferees, and a vote was not sought on them.

Mr. KING. I do not agree with that.

Mr. WHEELER. Does the Senator disagree with the statement made by the Representative on the floor of the House?

Mr. KING. If the Senator refers to the statement read by the Senator from North Dakota, I will say "yes."

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

Mr. WHEELER. I yield.

The PRESIDING OFFICER. The Senator from Louisiana has the floor. Does he yield?

Mr. LONG. I yield.

Mr. CLARK. I will say to the Senator from Montana that I intend to demonstrate, when I take the floor in my own right, that it was announced through the newspapers that the Senate conferees did not take into conference the amendment which had been voted on the night before by a record vote of the Senate.

Mr. LONG. It is plain there has not been a conference, then.

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

Mr. LONG. Yes.

Mr. KING. May I say to my able friend from Missouri that the amendment to which he refers, and which he argued with so much ability and fervor, was the subject of serious consideration by members of the conference committee.

Mr. LONG. I am glad to have that statement from the Senator. I had seen the statement to which the Senator from Missouri refers. I believe I read it in the New York Herald Tribune; and I ask the Senator from Missouri if I did not hand him a copy of that newspaper this morning with that statement in it?

Mr. CLARK. I will say that it was in the Washington Star on Saturday afternoon, and it has been in almost every newspaper in the United States since that time.

Mr. LONG. That being the case, perhaps the Senator from Utah had one idea and the Finance Committee had another. But, where does that leave the Clark amendment, which we adopted, to tax municipal securities that heretofore have been tax-exempt? The term "municipal" which I use is a rather broad term; it includes municipal, State, and Government bonds, according to my understanding, and I intend it in that sense.

The next amendment was the La Follette amendment, providing that income-tax returns should be public records. That amendment seems to have been disagreed to. I do not purport to say how, because I was not in the conference, and all I know is what I read in the CONGRESSIONAL RECORD as to statements made by various members of the conference commitee and what I read in the public press. My understanding is, however, that the Senate conferees were not very strong for it. I call attention, Mr. President, to this: Notwithstanding the fact that the Republican leader on this side of the Chamber, the distinguished Senator from Oregon [Mr. MCNARY], and our Democratic leader, the Senator from Arkansas [Mr. ROBINSON], and the Senator from Mississippi [Mr. HARRISON], the Chairman of the Finance Committee, the two party organizations through their leaders, more or less, went on record against the publication of income-tax returns, but it was none the less adopted here in the Senate by a vote of 2 to 1. That having been done, the three points which I was hoping we might settle at an early hour, namely, the Borah amendment, the Clark amendment, and the La Follette amendment, remain unsettled. May I inquire, Mr. President, from the Senator from Mississippi, who has returned to the Chamber, were there

some negotiations for unanimous consent as to a time when we would vote on the conference report?

Mr. ROBINSON of Arkansas. Mr. President, I should like to submit a request for unanimous consent, if the Senator from Louisiana has concluded.

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

Mr. LONG. I yield.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that at not later than 4 o'clock tomorrow the Senate take a vote on agreeing to the pending conference report and that after the vote on the conference report the Senate proceed to the consideration of the deficiency appropriation bill.

If this request shall be agreed to, I shall then, at the convenience of Senators, move a recess until 10 o'clock tomorrow morning.

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

Mr. LONG. Mr. President, reserving the right to object, may I inquire what is the status of the deficiency appropriation bill? It cannot be taken up except by unanimous consent, can it?

Mr. ROBINSON of Arkansas. Oh, yes.

Mr. LA FOLLETTE. Not unless there be an adjournment.

Mr. LONG. That is what I understood.

Mr. ROBINSON of Arkansas. A technical question can be raised as to the right of the Senate to proceed with the consideration of the deficiency appropriation bill on this legislative day, if Senators wish to force it over.

Mr. LONG. I am not going to object.

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

Mr. LA FOLLETTE. Mr. President, may we have the agreement read at the desk?

Mr. ROBINSON of Arkansas. I will state it again, Mr. President.

The VICE PRESIDENT. The Senator from Arkansas will repeat his request.

Mr. ROBINSON of Arkansas. Mr. President, a suggestion has been made by the Senator from Idaho [Mr. BORAH] for a slight modification of the request, and I will now state the request again, making the modification which he suggested, and, if there is no objection, I should like to have it agreed to:

I ask unanimous consent that the Senate proceed not later than 4 o'clock tomorrow, the calendar day of Tuesday, June 13, to vote on the motion of the Senator from Mississippi to agree to the conference report on the so-called "national industrial recovery bill"; and that following the vote on that motion the Senate shall proceed to the consideration of the deficiency appropriation; and that the Senate take a recess today until 11 o'clock tomorrow.

My first suggestion was until 10, but the request has since been made that I modify it, and I see no reason for declining to do so.

The VICE PRESIDENT. Is there objection?

Mr. CUTTING. Mr. President, reserving the right to object, I wonder whether the Senator from Arkansas would not modify his request for unanimous consent by striking out the latter part of it? I have no objection whatever to setting a time to vote on the conference report on the industrial-recovery bill, but I think when that time comes there might be some objection to taking up immediately the deficiency appropriation bill. It occurs to me that perhaps we might by that time have some report from the conference committee on the independent offices appropriation bill.

Mr. ROBINSON of Arkansas. Under the practice that prevails in the Senate, all bills are laid aside for the consideration of conference reports, and I should be glad to incorporate in the request an understanding to that effect: that after the hour of 4 o'clock tomorrow any motion or measure that may be under consideration may be temporarily laid aside for the consideration of conference reports. I think that meets the suggestion of the Senator from New Mexico.

Mr. CUTTING. In that case, I have no objection to the request.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the agreement is entered into.

FARMERS' COOPERATIVE OIL POOLS

Mr. GORE. Mr. President, with reference to a conference report that was under consideration a few moments ago, I wish to state that one amendment went out in conference that I had submitted in the Committee on Finance. I regretted its departure from the bill. It related to farmers' cooperative oil pools, and provided that they might borrow money from the Reconstruction Finance Corporation for organization purposes upon giving adequate security. The authority was permissive and not mandatory. The amendment had the approval of the Department of Agriculture, and, as I am informed, of the Department of the Interior. It had particularly the approval of Dr. Tugwell. It had the approval of the farm organizations. Indeed, the Farmers' Union organized one of the farmers' pools. They have been organized in Texas, Kansas, Oklahoma, and New Mexico.

I have here a short statement with reference to the matter which I wish to have printed in the RECORD.

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

In striking out section 303, title III, of the industrial recovery act, the conferees, for no apparent reason which I can discover, struck a hasty and unwarranted blow at a provision which had the united backing of the Interior Department, the Bureau of Agricultural Economics, the National Grange, the Farmers' Union, the American Farm Bureau Federation, and the Senate Finance Committee.

This amendment was inserted at the close of a 3-year study and investigation instigated by the Senate itself when it passed a resolution authorizing the Department of Agriculture to investigate and report on the extent and value of minerals as a farm asset and the best means whereby farmers, through cooperation, can preserve that asset as a backlog of agricultural security.

This investigation brought to light that farmers of the five Southwestern States have been doing for themselves in a limited way what the United States Government did for the Osage Indians in one of the most progressive pieces of legislation ever enacted. At the time of the Osage legislation this principle of cooperative pooling to give landowners greater collective bargaining power in disposing of their mineral rights was the cherished project of a leading Republican, Charles Curtis, who, prior to his retirement as Vice President, showed his interest in extending the privilege he had obtained for Indian wards of the Government to individual and independent farmers.

This amendment enlisted the interested support of Dr. Rex G. Tugwell, Assistant Secretary of Agriculture, who wrote a letter commending the pooling principle, which letter went to the Chairmen of the House and Senate Committees on Banking and Currency, then considering a bill to which the amendment here discussed was proposed as an amendment. Extended hearings were held in both committees, and Senator WAGNER stated that the amendment was acceptable to him as part of the public-works bill, which he originally sponsored, and which was later dropped in favor of the present Industrial Recovery Act. Hearings were then held on this amendment before the Senate Finance Committee and before the House Ways and Means Committee, after it had passed this bill (in connection with the oil amendments offered by Congressman MARLAND).

The loan here sought by these farm groups is purely permissive and truly self-liquidating. By comparison with anything else in the bill the total amount sought is extremely small and not one twentieth of the value of the security now yielding more than enough income to pay the interest requirements. The total amount sought will not at this time exceed a million dollars, all of which will go to the employment of farm organizers, and incidental small overhead.

The Interior Department is interested in the pooling principle because it makes a fair apportionment among thousands of farmers of minerals income, thus avoiding the incentive to waste and overproduction in the oil industry which is stimulated by every individual farmer seeking to get an oil well on his own farm regardless of market conditions. With this movement under way on the great scale contemplated by the farm organizations these cooperatives become the allies of orderly and progressive conservation and stabilization in the oil industry.

I plead with the Senate to refuse to concur in this conference report without inclusion of this amendment. In making available $3,300,000,000 surely it is not too much to include practically the only farm relief provision ever offered here which has had the united support of all the farm organizations, the support of the Federal agencies and the approval of all factions of the oil industry itself.

You are some day going to recognize this land-use policy. Some day the Government is going to recognize the farmer's

subsurface minerals as a crop and apply to its orderly marketing the helpful guidance it has accorded through the Capper-Volstead Act to the orderly cooperative marketing of the farmer's cotton, wheat, livestock and other farm products.

I beg the Senate to instruct its conferees to persuade the House conferees to reconsider the action whereby they hastily and, I am sure unthoughtedly, struck down this important amendment approved unanimously by the Senate in its action on this bill.

PRINTING OF CONFERENCE REPORT ON BANK BILL

Mr. BULKLEY. Mr. President, in behalf of the senior Senator from Virginia [Mr. GLASS], I ask unanimous consent to file at any time before midnight tonight the conference report on the Glass banking bill for printing in the RECORD.

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

The conference report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5661) to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert:

"That the short title of this act shall be the 'Banking Act of 1933.'

"SEC. 2. As used in this act and in any provision of law amended by this act—

"(a) The terms 'banks', 'national bank', 'national banking association', 'member bank', 'board', 'district', and 'reserve bank' shall have the meanings assigned to them in section 1 of the Federal Reserve Act, as amended.

"(b) Except where otherwise specifically provided, the term 'affiliate' shall include any corporation, business trust, association, or other similar organization—

"(1) Of which a member bank, directly or indirectly, owns or controls either a majority of the voting shares or more than 50 percent of the number of shares voted for the election of its directors, trustees, or other persons exercising similar functions at the preceding election, or controls in any manner the election of a majority of its directors, trustees, or other persons exercising similar functions; or

"(2) Of which control is held, directly or indirectly, through stock ownership or in any other manner, by the shareholders of a member bank who own or control either a majority of the shares of such bank or more than 50 percent of the number of shares voted for the election of directors of such bank at the preceding election, or by trustees for the benefit of the shareholders of any such bank; or

"(3) Of which a majority of its directors, trustees, or other persons exercising similar functions are directors of any one member bank.

"(c) The term 'holding company affiliate' shall include any corporation, business trust, association, or other similar organization—

"(1) Which owns or controls, directly or indirectly, either a majority of the shares of capital stock of a member bank or more than 50 percent of the number of shares voted for the election of directors of any one bank at the preceding election, or controls in any manner the election of a majority of the directors of any one bank; or

"(2) For the benefit of whose shareholders or members all or substantially all the capital stock of a member bank is held by trustees.

"SEC. 3. (a) The fourth paragraph after paragraph 'Eighth' of section 4 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 301), is amended to read as follows:

"'Said board of directors shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and may, subject to the provisions of law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks, the maintenance of sound credit conditions, and the accommodation of commerce, industry, and agriculture. The Federal Reserve Board may prescribe regulations further defining within the limitations of this act the conditions under which discounts, advancements, and the accommodations may be extended to member banks. Each Federal Reserve bank shall keep itself informed of the general character and amount of the loans and investments of its member banks with a view to ascertaining whether undue use is being made of bank credit for the speculative carrying of or trading in securities, real estate, or commodities, or for any other purpose inconsistent with the maintenance of sound credit conditions; and, in determining whether to grant or refuse advances, rediscounts, or other credit accommodations, the Federal Reserve bank shall give consideration to such information. The chairman of the Federal Reserve bank shall report to the Federal Reserve Board any such undue use of bank credit by any member bank, together with his recommendation. Whenever, in the judgment of the Federal Reserve Board, any member bank is making such undue use of bank credit, the Board may, in its discretion, after reasonable notice and an opportunity for a hearing, suspend such bank from the use of the credit facilities of the Federal Reserve System and may terminate such suspension or may renew it from time to time.'"

"(b) The paragraph of section 4 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 304), which commences with the words 'The Federal Reserve Board shall classify' is amended by inserting before the period at the end thereof a colon and the following: '*Provided*, That whenever any two or more member banks within the same Federal Reserve district are affiliated with the same holding company affiliate, participation by such member banks in any such nomination or election shall be confined to one of such banks, which may be designated for the purpose by such holding company affiliate.'

"SEC. 4. The first paragraph of section 7 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 289), is amended, effective July 1, 1932, to read as follows:

"'After all necessary expenses of a Federal Reserve bank shall have been paid or provided for the stockholders shall be entitled to receive an annual dividend of 6 percent on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met the net earnings shall be paid into the surplus fund of the Federal Reserve bank.'

"SEC. 5. (a) The first paragraph of section 9 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 321; supp. VI, title 12, sec. 321), is amended by inserting immediately after the words 'United States', a comma and the following: 'including Morris Plan banks and other incorporated banking institutions engaged in similar business.'

"(b) The second paragraph of section 9 of the Federal Reserve Act, as amended, is amended by adding at the end thereof the following: '*Provided, however*, That nothing herein contained shall prevent any State member bank from establishing and operating branches in the United States or any dependency or insular possession thereof or in any foreign country, on the same terms and conditions and subject to the same limitations and restrictions as are applicable to the establishment of branches by national banks.'

"(c) Section 9 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 321–331; supp. VI, title 12, secs. 321–332), is further amended by adding at the end thereof the following new paragraphs:

"'Any mutual savings bank having no capital stock (including any other banking institution the capital of which consists of weekly or other time deposits which are segregated from all other deposits and are regarded as capital stock for the purposes of taxation and the declaration of

dividends), but having surplus and undivided profits not less than the amount of capital required for the organization of a national bank in the same place, may apply for and be admitted to membership in the Federal Reserve System in the same manner and subject to the same provisions of law as State banks and trust companies, except that any such saving bank shall subscribe for capital stock of the Federal Reserve bank in an amount equal to six tenths of 1 percent of its total deposit liabilities as shown by the most recent report of examination of such savings bank preceding its admission to membership. Thereafter such subscription shall be adjusted semiannually on the same percentage basis in accordance with rules and regulations prescribed by the Federal Reserve Board. If any such mutual savings bank applying for membership is not permitted by the laws under which it was organized to purchase stock in a Federal Reserve bank, it shall, upon admission to the system, deposit with the Federal Reserve bank an amount equal to the amount which it would have been required to pay in on account of a subscription to capital stock. Thereafter such deposit shall be adjusted semiannually in the same manner as subscriptions for stock. Such deposit shall be subject to the same conditions with respect to repayment as amounts paid upon subscriptions to capital stock by other member banks and the Federal Reserve bank shall pay interest thereon at the same rate as dividends are actually paid on outstanding shares of stock of such Federal Reserve bank. If the laws under which any such savings bank was organized be amended so as to authorize mutual savings banks to subscribe for Federal Reserve bank stock, such savings banks shall thereupon subscribe for the appropriate amount of stock in the Federal Reserve bank, and the deposit hereinbefore provided for in lieu of payment upon capital stock shall be applied upon such subscription. If the laws under which any such savings bank was organized be not amended at the next session of the legislature following the admission of such savings bank to membership so as to authorize mutual savings banks to purchase Federal Reserve bank stock, or if such laws be so amended and such bank fail within 6 months thereafter to purchase such stock, all of its rights and privileges as a member bank shall be forfeited and its membership in the Federal Reserve System shall be terminated in the manner prescribed elsewhere in this section with respect to State member banks and trust companies. Each such mutual savings bank shall comply with all the provisions of law applicable to State member banks and trust companies, with the regulations of the Federal Reserve Board and with the conditions of membership prescribed for such savings bank at the time of admission to membership, except as otherwise hereinbefore provided with respect to capital stock.

"'Each bank admitted to membership under this section shall obtain from each of its affiliates other than member banks and furnish to the Federal Reserve bank of its district and to the Federal Reserve Board not less than three reports during each year. Such reports shall be in such form as the Federal Reserve Board may prescribe, shall be verified by the oath or affirmation of the president or such other officer as may be designated by the board of directors of such affiliate to verify such reports, and shall disclose the information hereinafter provided for as of dates identical with those fixed by the Federal Reserve Board for reports of the condition of the affiliated member bank. Each such report of an affiliate shall be transmitted as herein provided at the same time as the corresponding report of the affiliated member bank, except that the Federal Reserve Board may, in its discretion, extend such time for good cause shown. Each such report shall contain such information as in the judgment of the Federal Reserve Board shall be necessary to disclose fully the relations between such affiliate and such bank and to enable the Board to inform itself as to the effect of such relations upon the affairs of such bank. The reports of such affiliates shall be published by the bank under the same conditions as govern its own condition reports.

"'Any such affiliated member bank may be required to obtain from any such affiliate such additional reports as in the opinion of its Federal Reserve bank or the Federal Reserve Board may be necessary in order to obtain a full and complete knowledge of the condition of the affiliated member bank. Such additional reports shall be transmitted to the Federal Reserve bank and the Federal Reserve Board and shall be in such form as the Federal Reserve Board may prescribe.

"'Any such affiliated member bank which fails to obtain from any of its affiliates and furnish any report provided for by the two preceding paragraphs of this section shall be subject to a penalty of $100 for each day during which such failure continues, which, by direction of the Federal Reserve Board, may be collected, by suit or otherwise, by the Federal Reserve bank of the district in which such member bank is located. For the purposes of this paragraph and the two preceding paragraphs of this section, the term "affiliate" shall include holding company affiliates as well as other affiliates.

"'State member banks shall be subject to the same limitations and conditions with respect to the purchasing, selling, underwriting, and holding of investment securities and stock as are applicable in the case of national banks under paragraph "Seventh" of section 5136 of the Revised Statutes, as amended.

"'After 1 year from the date of the enactment of the Banking Act of 1933, no certificate representing the stock of any State member bank shall represent the stock of any other corporation, except a member bank or a corporation existing on the date this paragraph takes effect engaged solely in holding the bank premises of such State member bank, nor shall the ownership, sale, or transfer of any certificate representing the stock of any such bank be conditioned in any manner whatsoever upon the ownership, sale, or transfer of a certificate representing the stock of any other corporation, except a member bank.

"'Each State member bank affiliated with a holding-company affiliate shall obtain from such holding-company affiliate, within such time as the Federal Reserve Board shall prescribe, an agreement that such holding-company affiliate shall be subject to the same conditions and limitations as are applicable under section 5144 of the Revised Statutes, as amended, in the case of holding-company affiliates of national banks. A copy of each such agreement shall be filed with the Federal Reserve Board. Upon the failure of a State member bank affiliated with a holding-company affiliate to obtain such an agreement within the time so prescribed, the Federal Reserve Board shall require such bank to surrender its stock in the Federal Reserve bank and to forfeit all rights and privileges of membership in the Federal Reserve System as provided in this section. Whenever the Federal Reserve Board shall have revoked the voting permit of any such holding-company affiliate, the Federal Reserve Board may, in its discretion, require any or all State member banks affiliated with such holding-company affiliate to surrender their stock in the Federal Reserve bank and to forfeit all rights and privileges of membership in the Federal Reserve System as provided in this section.

"'In connection with examinations of State member banks, examiners selected or approved by the Federal Reserve Board shall make such examinations of the affairs of all affiliates of such banks as shall be necessary to disclose fully the relations between such banks and their affiliates and the effect of such relations upon the affairs of such banks. The expense of examination of affiliates of any State member bank may, in the discretion of the Federal Reserve Board, be assessed against such bank and, when so assessed, shall be paid by such bank. In the event of the refusal to give any information requested in the course of the examination of any such affiliate, or in the event of the refusal to permit such examination, or in the event of the refusal to pay any expense so assessed, the Federal Reserve Board may, in its discretion, require any or all State member banks affiliated with such affiliate to surrender their stock in the Federal Reserve bank and to forfeit all rights

and privileges of membership in the Federal Reserve System, as provided in this section.'

"SEC. 6. (a) The second paragraph of section 10 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 242), is amended to read as follows:

"'The Secretary of the Treasury and the Comptroller of the Currency shall be ineligible during the time they are in office and for 2 years thereafter to hold any office, position, or employment in any member bank. The appointive members of the Federal Reserve Board shall be ineligible during the time they are in office and for 2 years thereafter to hold any office, position, or employment in any member bank, except that this restriction shall not apply to a member who has served the full term for which he was appointed. Upon the expiration of the term of any appointive member of the Federal Reserve Board in office when this paragraph as amended takes effect, the President shall fix the term of the successor to such member at not to exceed 12 years, as designated by the President at the time of nomination, but in such manner as to provide for the expiration of the term of not more than one appointive member in any 2-year period, and thereafter each appointive member shall hold office for a term of 12 years from the expiration of the term of his predecessor. Of the 6 persons thus appointed, 1 shall be designated by the President as governor and 1 as vice governor of the Federal Reserve Board. The governor of the Federal Reserve Board, subject to its supervision, shall be its active executive officer. Each member of the Federal Reserve Board shall within 15 days after notice of appointment make and subscribe to the oath of office.'

"(b) The fourth paragraph of section 10 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 244), is amended to read as follows:

"'The principal offices of the Board shall be in the District of Columbia. At meetings of the Board the Secretary of the Treasury shall preside as chairman, and, in his absence, the governor shall preside. In the absence of both the Secretary of the Treasury and the Governor the Vice Governor shall preside. In the absence of the Secretary of the Treasury, the Governor, and the Vice Governor, the Board shall elect a member to act as chairman pro tempore. The Board shall determine and prescribe the manner in which its obligations shall be incurred and its disbursements and expenses allowed and paid, and may leave on deposit in the Federal Reserve banks the proceeds of assessments levied upon them to defray its estimated expenses and the salaries of its members and employees, whose employment, compensation, leave, and expenses shall be governed solely by the provisions of this act, specific amendments thereof, and rules and regulations of the Board not inconsistent therewith; and funds derived from such assessments shall not be construed to be Government funds or appropriated moneys. No member of the Federal Reserve Board shall be an officer or director of any bank, banking institution, trust company, or Federal Reserve bank or hold stock in any bank, banking institution, or trust company; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath that he has complied with this requirement, and such certification shall be filed with the secretary of the Board. Whenever a vacancy shall occur, other than by expiration of term, among the six members of the Federal Reserve Board appointed by the President as above provided, a successor shall be appointed by the President, by and with the advice and consent of the Senate, to fill such vacancy, and when appointed he shall hold office for the unexpired term of his predecessor.'

"SEC. 7. Paragraph (m) of section 11 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 248), is amended to read as follows:

"'(m) Upon the affirmative vote of not less than six of its members the Federal Reserve Board shall have power to fix from time to time for each Federal Reserve district the percentage of individual bank capital and surplus which may be represented by loans secured by stock or bond collateral made by member banks within such district, but no such loan shall be made by any such bank to any person in an amount in excess of 10 percent of the unimpaired capital and surplus of such bank. Any percentage so fixed by the Federal Reserve Board shall be subject to change from time to time upon 10 days' notice, and it shall be the duty of the Board to establish such percentages with a view to preventing the undue use of bank loans for the speculative carrying of securities. The Federal Reserve Board shall have power to direct any member bank to refrain from further increase of its loans secured by stock or bond collateral for any period up to 1 year under penalty of suspension of all rediscount privileges at Federal Reserve banks.'

"SEC. 8. The Federal Reserve Act, as amended, is amended by inserting between sections 12 and 13 (U.S.C., title 12, secs. 261, 262, and 342) thereof the following new sections:

"'SEC. 12A. (a) There is hereby created a Federal Open Market Committee (hereinafter referred to as the "committee"), which shall consist of as many members as there are Federal Reserve districts. Each Federal Reserve bank, by its board of directors, shall annually select one member of said committee. The meetings of said committee shall be held at Washington, D.C., at least four times each year, upon the call of the Governor of the Federal Reserve Board or at the request of any three members of the committee, and, in the discretion of the Board, may be attended by the members of the Board.

"'(b) No Federal Reserve bank shall engage in open-market operations under section 14 of this act except in accordance with regulations adopted by the Federal Reserve Board. The Board shall consider, adopt, and transmit to the committee and to the several Reserve banks regulations relating to the open-market transactions of such banks and the relations of the Federal Reserve System with foreign central or other foreign banks.

"'(c) The time, character, and volume of all purchases and sales of paper described in section 14 of this act as eligible for open-market operations shall be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country.

"'(d) If any Federal Reserve bank shall decide not to participate in open-market operations recommended and approved as provided in paragraph (b) hereof, it shall file with the chairman of the committee within 30 days a notice of its decision, and transmit a copy thereof to the Federal Reserve Board.

"'SEC. 12B. (a) There is hereby created a Federal Deposit Insurance Corporation (hereinafter referred to as the "Corporation"), whose duty it shall be to purchase, hold, and liquidate, as hereinafter provided, the assets of national banks which have been closed by action of the Comptroller of the Currency, or by vote of their directors, and the assets of State member banks which have been closed by action of the appropriate State authorities, or by vote of their directors; and to insure, as hereinafter provided, the deposits of all banks which are entitled to the benefits of insurance under this section.

"'(b) The management of the Corporation shall be vested in a board of directors consisting of three members, one of whom shall be the Comptroller of the Currency, and two of whom shall be citizens of the United States to be appointed by the President, by and with the advice and consent of the Senate. One of the appointive members shall be the chairman of the board of directors of the Corporation and not more than two of the members of such board of directors shall be members of the same political party. Each such appointive member shall hold office for a term of 6 years and shall receive compensation at the rate of $10,000 per annum, payable monthly out of the funds of the Corporation, but the Comptroller of the Currency shall not receive additional compensation for his services as such member.

"'(c) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $150,000,000, which shall be available for payment by the Secretary of the Treasury for capital stock of the Corporation in an equal amount, which shall be subscribed for by him on behalf of the United States. Pay-

ments upon such subscription shall be subject to call in whole or in part by the board of directors of the Corporation. Such stock shall be in addition to the amount of capital stock required to be subscribed for by Federal Reserve banks and member and nonmember banks as hereinafter provided, and the United States shall be entitled to the payment of dividends on such stock to the same extent as member and nonmember banks are entitled to such payment on the class A stock of the Corporation held by them. Receipts for payments by the United States for or on account of such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States.

"'(d) The capital stock of the Corporation shall be divided into shares of $100 each. Certificates of stock of the Corporation shall be of two classes—class A and class B. Class A stock shall be held by member and nonmember banks as hereinafter provided and they shall be entitled to payment of dividends out of net earnings at the rate of 6 percent per annum on the capital stock paid in by them, which dividends shall be cumulative, or to the extent of 30 percent of such net earnings in any one year, whichever amount shall be the greater, but such stock shall have no vote at meetings of stockholders. Class B stock shall be held by Federal Reserve banks only and shall not be entitled to the payment of dividends. Every Federal Reserve bank shall subscribe to shares of class B stock in the Corporation to an amount equal to one half of the surplus of such bank on January 1, 1933, and its subscriptions shall be accompanied by a certified check payable to the Corporation in an amount equal to one half of such subscription. The remainder of such subscription shall be subject to call from time to time by the board of directors upon 90 days' notice.

"'(e) Every bank which is or which becomes a member of the Federal Reserve System on or before July 1, 1934, shall take all steps necessary to enable it to become a class A stockholder of the Corporation on or before July 1, 1934; and thereafter no State bank or trust company or mutual savings bank shall be admitted to membership in the Federal Reserve System until it becomes a class A stockholder of the Corporation, no national bank in the continental United States shall be granted a certificate by the Comptroller of the Currency authorizing it to commence the business of banking until it becomes a member of the Federal Reserve System and a class A stockholder of the Corporation, and no national bank in the continental United States for which a receiver or conservator has been appointed shall be permitted to resume the transaction of its banking business until it becomes a class A stockholder of the Corporation. Every member bank shall apply to the Corporation for class A stock of the Corporation in an amount equal to one half of 1 per centum of its total deposit liabilities as computed in accordance with regulations prescribed by the Federal Reserve Board; except that in the case of a member bank organized after the date this section takes effect, the amount of such class A stock applied for by such member bank during the first 12 months after its organization shall equal 5 per centum of its paid-up capital and surplus, and beginning after the expiration of such 12 months' period the amount of such class A stock of such member bank shall be adjusted annually in the same manner as in the case of other member banks. Upon receipt of such application the Corporation shall request the Federal Reserve Board, in the case of a State member bank, or the Comptroller of the Currency, in the case of a national bank, to certify upon the basis of a thorough examination of such bank whether or not the assets of the applying bank are adequate to enable it to meet all of its liabilities to depositors and other creditors as shown by the books of the bank; and the Federal Reserve Board or the Comptroller of the Currency shall make such certification as soon as practicable. If such certification be in the affirmative, the Corporation shall grant such application and the applying bank shall pay one half of its subscription in full and shall thereupon become a class A stockholder of the Corporation: *Provided,* That no member bank shall be required to make such payment or become a class A stockholder of the Corporation before July 1, 1934. The remainder of such subscription shall be subject to call from time to time by the board of directors of the Corporation. If such certification be in the negative, the Corporation shall deny such application. If any national bank shall not have become a class A stockholder of the Corporation on or before July 1, 1934, the Comptroller of the Currency shall appoint a receiver or conservator therefor in accordance with the provisions of existing law. Except as provided in subsection (g) of this section, if any State member bank shall not have become a class A stockholder of the Corporation on or before July 1, 1934, the Federal Reserve Board shall terminate its membership in the Federal Reserve System in accordance with the provisions of section 9 of this act.

"'(f) Any State bank or trust company or mutual savings bank which applies for membership in the Federal Reserve System or for conversion into a national banking association on or after July 1, 1936, may, with the consent of the Corporation, obtain the benefits of this section, pending action on such application, by subscribing and paying for the same amount of stock of the Corporation as it would be required to subscribe and pay for upon becoming a member bank. Thereupon the provisions of this section applicable to member banks shall be applicable to such State bank or trust company or mutual savings bank to the same extent as if it were already a member bank: *Provided,* That if the application of such State bank or trust company or mutual savings bank for membership in the Federal Reserve System or for conversion into a national banking association be approved and it shall not complete its membership in the Federal Reserve System or its conversion into a national banking association within a reasonable time, or if such application shall be disapproved, then the amount paid by such State bank or trust company or mutual savings bank on account of its subscription to the capital stock of the Corporation shall be repaid to it and it shall no longer be subject to the provisions or entitled to the privileges of this section.

"'(g) If any State bank or trust company or mutual savings bank (referred to in this subsection as "State bank") which is or which becomes a member of the Federal Reserve System is not permitted by the laws under which it was organized to purchase stock in the Corporation, it shall apply to the Corporation for admission to the benefits of this section and, if such application be granted after appropriate certification in accordance with this section, it shall deposit with the Corporation an amount equal to the amount which it would have been required to pay in on account of a subscription to capital stock of the Corporation. Thereafter such deposit shall be adjusted in the same manner as subscriptions for stock by class A stockholders. Such deposit shall be subject to the same conditions with respect to repayment as amounts paid on subscriptions to class A stock by other member banks and the Corporation shall pay interest thereon at the same rate as dividends are actually paid on outstanding shares of class A stock. As long as such deposit is maintained with the Corporation, such State bank shall, for the purposes of this section, be deemed to be a class A stockholder of the Corporation. If the laws under which such State bank was organized be amended so as to authorize State banks to subscribe for class A stock of the Corporation, such State bank shall within 6 months thereafter subscribe for an appropriate amount of such class A stock and the deposit hereinafter provided for in lieu of payment upon class A stock shall be applied upon such subscription. If the law under which such State bank was organized be not amended at the next session of the State legislature following the admission of such State bank to the benefits of this section so as to authorize State banks to purchase such class A stock, or, if the law be so amended and such State bank shall fail within 6 months thereafter to purchase such class A stock, the deposit previously made with the Corporation shall be returned to such State bank and it shall no longer be entitled to the benefits of this section, unless it shall have been closed in the meantime on account of inability to meet the demands of its depositors.

"'(h) The amount of the outstanding class A stock of the Corporation held by member banks shall be annually adjusted as hereinafter provided as of the last preceding call date as member banks increase their time and demand deposits or as additional banks become members or subscribe to the stock of the Corporation, and such stock may be decreased in amount as member banks reduce their time and demand deposits or cease to be members. Shares of the capital stock of the Corporation owned by member banks shall not be transferred or hypothecated. When a member bank increases its time and demand deposits it shall, at the beginning of each calendar year, subscribe for an additional amount of capital stock of the Corporation equal to one half of 1 percent of such increase in deposits. One half of the amount of such additional stock shall be paid for at the time of the subscription therefor, and the balance shall be subject to call by the board of directors of the Corporation. A bank organized on or before the date this section takes effect and admitted to membership in the Federal Reserve System at any time after the organization of the Corporation shall be required to subscribe for an amount of class A capital stock equal to one half of 1 percent of the time and demand deposits of the applicant bank as of the date of such admission, paying therefor its par value plus one half of 1 percent a month from the period of the last dividend on the class A stock of the Corporation. When a member bank reduces its time and demand deposits it shall surrender, not later than the 1st day of January thereafter, a proportionate amount of its holdings in the capital stock of the Corporation, and when a member bank voluntarily liquidates it shall surrender all its holdings of the capital stock of the Corporation and be released from its stock subscription not previously called. The shares so surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Corporation, a sum equal to its cash-paid subscriptions on the shares surrendered and its proportionate share of dividends not to exceed one half of 1 percent a month, from the period of the last dividend on such stock, less any liability of such member bank to the Corporation.

"'(i) If any member or nonmember bank shall be declared insolvent, or shall cease to be a member bank (or in the case of a nonmember bank, shall cease to be entitled to the benefits of insurance under this section), the stock held by it in the Corporation shall be canceled, without impairment of the liability of such bank, and all cash-paid subscriptions on such stock, with its proportionate share of dividends not to exceed one half of 1 percent per month from the period of last dividend on such stock shall be first applied to all debts of the insolvent bank or the receiver thereof to the Corporation, and the balance, if any, shall be paid to the receiver of the insolvent bank.

"'(j) Upon the date of enactment of the Banking Act of 1933, the corporation shall become a body corporate and as such shall have power—

"'First. To adopt and use a corporate seal.

"'Second. To have succession until dissolved by an act of Congress.

"'Third. To make contracts.

"'Fourth. To sue and be sued, complain and defend, in any court of law or equity, State or Federal.

"'Fifth. To appoint by its board of directors such officers and employees as are not otherwise provided for in this section, to define their duties, fix their compensation, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees. Nothing in this or any other act shall be construed to prevent the appointment and compensation as an officer or employee of the Corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof.

"'Sixth. To prescribe by its board of directors, bylaws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

"'Seventh. To exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this section and such incidental powers as shall be necessary to carry out the powers so granted.

"'(k) The board of directors shall administer the affairs of the corporation fairly and impartially and without discrimination. The board of directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation with the consent of any Federal Reserve bank or of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, and facilities thereof in carrying out the provisions of this section.

"'(l) Effective on and after July 1, 1934 (thus affording ample time for examination and preparation), unless the President shall by proclamation fix an earlier date, the Corporation shall insure, as hereinafter provided, the deposits of all member banks, and on and after such date and until July 1, 1936, of all nonmember banks, which are class A stockholders of the Corporation. Notwithstanding any other provision of law, whenever any national bank which is a class A stockholder of the Corporation shall have been closed by action of its board of directors or by the Comptroller of the Currency, as the case may be, or account of inability to meet the demands of its depositors, the Comptroller of the Currency shall appoint the Corporation receiver for such bank. As soon as possible thereafter the Corporation shall organize a new national bank to assume the insured deposit liabilities of such closed bank, to receive new deposits and otherwise to perform temporarily the functions provided for it in this paragraph. For the purposes of this subsection, the term "insured deposit liability" shall mean with respect to the owner of any claim arising out of a deposit liability of such closed bank the following percentages of the net amount due to such owner by such closed bank on account of deposit liabilities: 100 percent of such net amount not exceeding $10,000; and 75 percent of the amount, if any, by which such net amount exceeds $10,000 but does not exceed $50,000; and 50 percent of the amount, if any, by which such net amount exceeds $50,000: *Provided*, That, in determining the amount due to such owner for the purpose of fixing such percentage, there shall be added together all net amounts due to such owner in the same capacity or the same right, on account of deposits, regardless of whether such deposits be maintained in his name or in the names of others for his benefit. For the purposes of this subsection, the term "insured deposit liabilities" shall mean the aggregate amount of all such insured deposit liabilities of such closed bank. The Corporation shall determine as expeditiously as possible the net amounts due to depositors of the closed bank and shall make available to the new bank an amount equal to the insured deposit liabilities of such closed bank, whereupon such new bank shall assume the insured deposit liability of such closed bank to each of its depositors, and the corporation shall be subrogated to all rights against the closed bank of the owners of such deposits and shall be entitled to receive the same dividends from the proceeds of the assets of such closed bank as would have been payable to each such depositor until such dividends shall equal the insured deposit liability to such depositor assumed by the new bank, whereupon all further dividends shall be payable to such depositor. Of the amount thus made available by the Corporation to the new bank, such portion shall be paid to it in cash as may be necessary to enable it to meet immediate cash demands and the remainder shall be credited to it on the books of the Corporation subject to withdrawal on demand and shall bear interest at the rate of 3 percent per annum until withdrawn. The new bank may, with the approval of the Corporation, accept new deposits, which, together with all

amounts made available to the new bank by the Corporation, shall be kept on hand in cash, invested in direct obligations of the United States, or deposited with the Corporation or with a Federal Reserve bank. Such new bank shall maintain on deposit with the Federal Reserve bank of its district the reserves required by law of member banks but shall not be required to subscribe for stock of the Federal Reserve bank until its own capital stock has been subscribed and paid for in the manner hereinafter provided. The articles of association and organization certificate of such new bank may be executed by such representatives of the Corporation as it may designate; the new bank shall not be required to have any directors at the time of its organization, but shall be managed by an executive officer to be designated by the Corporation; and no capital stock need be paid in by the Corporation; but in other respects such bank shall be organized in accordance with the existing provisions of law relating to the organization of national banks; and, until the requisite amount of capital stock for such bank has been subscribed and paid for in the manner hereinafter provided, such bank shall transact no business except that authorized by this subsection and such business as may be incidental to its organization. When in the judgment of the Corporation it is desirable to do so, the Corporation shall offer capital stock of the new bank for sale on such terms and conditions as the Corporation shall deem advisable, in an amount sufficient in the opinion of the Corporation to make possible the conduct of the business of the new bank on a sound basis, but in no event less than that required by section 5138 of the Revised Statutes, as amended (U.S.C., title 12, sec. 51), for the organization of a national bank in the place where such new bank is located, giving the stockholders of the closed bank the first opportunity to purchase such stock. Upon proof that an adequate amount of capital stock of the new bank has been subscribed and paid for in cash by subscribers satisfactory to the Comptroller of the Currency, he shall issue to such bank a certificate of authority to commence business and thereafter it shall be managed by directors elected by its own shareholders and may exercise all of the powers granted by law to national banking associations. If an adequate amount of capital for such new bank is not subscribed and paid in, the Corporation may offer to transfer its business to any other banking institution in the same place which will take over its assets, assume its liabilities, and pay to the Corporation for such business such amount as the Corporation may deem adequate. Unless the capital stock of the new bank is sold or its assets acquired and its liabilities assumed by another banking institution, in the manner herein prescribed, within 2 years from the date of its organization, the Corporation shall place the new bank in voluntary liquidation and wind up its affairs. The Corporation shall open on its books a deposit insurance account, and as soon as possible after taking possession of any closed national bank, the Corporation shall make an estimate of the amount which will be available from all sources for application in satisfaction of the portion of the claims of depositors to which it has been subrogated and shall debit to such deposit insurance account the excess, if any, of the amount made available by the Corporation to the new bank for depositors over and above the amount of such estimate. It shall be the duty of the Corporation to realize upon the assets of such closed bank, having due regard to the condition of credit in the district in which such closed bank is located; to enforce the individual liability of the stockholders and directors thereof; and to wind up the affairs of such closed bank in conformity with the provisions of law relating to the liquidation of closed national banks, except as herein otherwise provided, retaining for its own account such portion of the amount realized from such liquidation as it shall be entitled to receive on account of its subrogation to the claims of depositors and paying to depositors and other creditors the amount available for distribution to them, after deducting therefrom their share of the costs of the liquidation of the closed bank. If the total amount realized by the Corporation on account of its subrogation to the claims of depositors be less than the amount of the estimate hereinabove provided for, the deposit insurance account shall be charged with the deficiency and, if the total amount so realized shall exceed the amount of such estimate, such account shall be credited with such excess. With respect to such closed national banks, the Corporation shall have all the rights, powers, and privileges now possessed by or hereafter given receivers of insolvent national banks and shall be subject to the obligations and penalties not inconsistent with the provisions of this paragraph to which such receivers are now or may hereafter become subject.

"'Whenever any State member bank which is a class A stockholder of the Corporation shall have been closed by action of its board of directors or by the appropriate State authority, as the case may be, on account of inability to meet the demands of its depositors, the Corporation shall accept appointment as receiver thereof, if such appointment be tendered by the appropriate State authority and be authorized or permitted by State law. Thereupon the Corporation shall organize a new national bank, in accordance with the provisions of this subsection, to assume the insured deposit liabilities of such closed State member bank, to receive new deposits and otherwise to perform temporarily the functions provided for in this subsection. Upon satisfactory recognition of the right of the Corporation to receive dividends on the same basis as in the case of a closed national bank under this subsection, such recognition being accorded by State law, by allowance of claims by the appropriate State authority, by assignment of claims by depositors, or by any other effective method, the Corporation shall make available to such new national bank, in the manner prescribed by this subsection, an amount equal to the insured deposit liabilities of such closed State member bank; and the Corporation and such new national bank shall perform all of the functions and duties and shall have all the rights and privileges with respect to such State member bank and the depositors thereof which are prescribed by this subsection with respect to closed national banks holding class A stock in the Corporation: *Provided*, That the rights of depositors and other creditors of such State member bank shall be determined in accordance with the applicable provisions of State law: *And provided further*, That, with respect to such State member bank, the Corporation shall possess the powers and privileges provided by State law with respect to a receiver of such State member bank, except insofar as the same are in conflict with the provisions of this subsection.

"'Whenever any State member bank which is a class A stockholder of the Corporation shall have been closed by action of its board of directors or by the appropriate State authority, as the case may be, on account of inability to meet the demands of its depositors, and the applicable State law does not permit the appointment of the Corporation as receiver of such bank, the Corporation shall organize a new national bank, in accordance with the provisions of this subsection, to assume the insured deposit liabilities of such closed State member bank, to receive new deposits, and otherwise to perform temporarily the functions provided for in this subsection. Upon satisfactory recognition of the right of the Corporation to receive dividends on the same basis as in the case of a closed national bank under this subsection, such recognition being accorded by State law, by allowance of claims by the appropriate State authority, by assignment of claims by depositors, or by any other effective method, the Corporation shall make available to such new bank, in accordance with the provisions of this subsection, the amount of insured deposit liabilities as to which such recognition has been accorded; and such new bank shall assume such insured deposit liabilities and shall in other respects comply with the provisions of this subsection respecting new banks organized to assume insured deposit liabilities of closed national banks. Insofar as possible in view of the applicable provisions of State law, the Corporation shall proceed with respect to the receiver of such closed bank and with respect to the new bank organized to assume

its insured deposit liabilities in the manner prescribed by this subsection with respect to closed national banks and new banks organized to assume their insured deposit liabilities; except that the Corporation shall have none of the powers, duties, or responsibilities of a receiver with respect to the winding up of the affairs of such closed State member bank. The Corporation, in its discretion, however, may purchase and liquidate any or all of the assets of such bank.

"'Whenever the net debit balance of the deposit insurance account of the Corporation shall equal or exceed one fourth of 1 percent of the total deposit liabilities of all class A stockholders as of the date of the last preceding call report, the Corporation shall levy upon such stockholders an assessment equal to one fourth of 1 percent of their total deposit liabilities and shall credit the amount collected from such assessment to such deposit insurance account. No bank which is a holder of class A stock shall pay any dividends until all assessments levied upon it by the Corporation shall have been paid in full; and any director or officer of any such bank who participates in the declaration or payment of any such dividend may, upon conviction, be fined not more than $1,000, or imprisoned for not more than 1 year, or both.

"'The term "receiver" as used in this section shall mean a receiver, liquidating agent, or conservator of a national bank, and a receiver, liquidating agent, conservator, commission, person, or other agency charged by State law with the responsibility and the duty of winding up the affairs of an insolvent State member bank.

"'For the purposes of this section only, the term "national bank" shall include all national banking associations and all banks, banking associations, trust companies, savings banks, and other banking institutions located in the District of Columbia which are members of the Federal Reserve System; and the term "State member bank" shall include all State banks, banking associations, trust companies, savings banks, and other banking institutions organized under the laws of any State, which are members of the Federal Reserve System.

"'In any determination of the insured deposit liabilities of any closed bank or of the total deposit liabilities of any bank which is a holder of class A stock of the Corporation, for the purposes of this section, there shall be excluded the amounts of all deposits of such bank which are payable only at an office thereof located in a foreign country.

"'The Corporation may make such rules, regulations, and contracts as it may deem necessary in order to carry out the provisions of this section.

"'Money of the Corporation not otherwise employed shall be invested in securities of the Government of the United States, except that for temporary periods, in the discretion of the board of directors, funds of the Corporation may be deposited in any Federal Reserve bank or with the Treasurer of the United States. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depositary of public moneys, except receipts from customs, under such regulations as may be prescribed by the said Secretary, and may also be employed as a financial agent of the Government. It shall perform all such reasonable duties as depositary of public moneys and financial agent of the Government as may be required of it.

"'(m) Nothing herein contained shall be construed to prevent the Corporation from making loans to national banks closed by action of the Comptroller of the Currency, or by vote of their directors, or to State member banks closed by action of the appropriate State authorities, or by vote of their directors, or from entering into negotiations to secure the reopening of such banks.

"'(n) Receivers or liquidators of member banks which are now or may hereafter become insolvent or suspended shall be entitled to offer the assets of such banks for sale to the Corporation or as security for loans from the Corporation, upon receiving permission from the appropriate State authority in accordance with express provisions of State law in the case of State member banks, or from the Comptroller of the Currency in the case of national banks. The proceeds of every such sale or loan shall be utilized for the same purposes and in the same manner as other funds realized from the liquidation of the assets of such banks. The Comptroller of the Currency may, in his discretion, pay dividends on proved claims at any time after the expiration of the period of advertisement made pursuant to section 5235 of the Revised States (U.S.C., title 12, sec. 193), and no liability shall attach to the Comptroller of the Currency or to the receiver of any national bank by reason of any such payment for failure to pay dividends to a claimant whose claim is not proved at the time of any such payment.

"'(o) The Corporation is authorized and empowered to issue and to have outstanding at any one time in an amount aggregating not more than three times the amount of its capital, its notes, debentures, bonds, or other such obligations, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest, and to mature at such time or times as may be determined by the Corporation: *Provided*, That the Corporation may sell on a discount basis short-term obligations payable at maturity without interest. The notes, debentures, bonds, and other such obligations of the Corporation may be secured by assets of the Corporation in such manner as shall be prescribed by its board of directors. Such obligations may be offered for sale at such price or prices as the Corporation may determine.

"'(p) All notes, debentures, bonds, or other such obligations issued by the Corporation shall be exempt, both as to principal and interest, from all taxation (except estate and inheritance taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves, and surplus, and its income, shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

"'(q) In order that the Corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the Corporation, to be held in the Treasury subject to delivery, upon order of the Corporation. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other such obligations.

"'(r) The Corporation shall annually make a report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

"'(s) Whoever, for the purpose of obtaining any loan from the Corporation, or any extension or renewal thereof, or the acceptance, release, or substitution of security therefor, or for the purpose of inducing the Corporation to purchase any assets, or for the purpose of influencing in any way the action of the Corporation under this section, makes any statement, knowing it to be false, or willfully overvalues any security, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both.

"'(t) Whoever (1) falsely makes, forges, or counterfeits any obligation or coupon, in imitation of or purporting to be an obligation or coupon issued by the Corporation, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited obligation or coupon purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any obligation or coupon issued or purport-

ing to have been issued by the Corporation, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true, any falsely altered or spurious obligation or coupon, issued or purporting to have been issued by the 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.

"'(u) Whoever, being connected in any capacity with the 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 intrusted to it, or (2) with intent to defraud the Corporation or any other body, politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other such obligation, or draft, bill of exchange, 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.

"'(v) No individual, association, partnership, or corporation shall use the words "Federal Deposit Insurance Corporation", or a combination of any 3 of these 4 words, as the name or a part thereof under which he or it shall do business. No individual, association, partnership, or corporation shall advertise or otherwise represent falsely by any device whatsoever that his or its deposit liabilities are insured or in anywise guaranteed by the Federal Deposit Insurance Corporation, or by the Government of the United States, or by any instrumentality thereof; and no class A stockholder of the Federal Deposit Insurance Corporation shall advertise or otherwise represent falsely by any device whatsoever the extent to which or the manner in which its deposit liabilities are insured by the Federal Deposit Insurance Corporation. Every individual, partnership, association, or corporation violating this subsection shall be punished by a fine of not exceeding $1,000, or by imprisonment not exceeding 1 year, or both.

"'(w) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U.S.C., title 18, ch. 5, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements with the Corporation under this section, which for the purposes hereof shall be held to include loans, advances, extensions, and renewals thereof, and acceptances, releases, and substitutions of security therefor, purchases or sales of assets, and all contracts and agreements pertaining to the same.

"'(x) The Secret Service Division of the Treasury Department is authorized to detect, arrest, and deliver into the custody of the United States marshal having jurisdiction any person committing any of the offenses punishable under this section.

"'(y) The Corporation shall open on its books a Temporary Federal Deposit Insurance Fund (hereinafter referred to as the "Fund"), which shall become operative on January 1, 1934, unless the President shall, by proclamation, fix an earlier date, and it shall be the duty of the Corporation to insure deposits as hereinafter provided until July 1, 1934.

"'Each member bank licensed before January 1, 1934, by the Secretary of the Treasury pursuant to the authority vested in him by the Executive order of the President issued March 10, 1933, shall, on or before January 1, 1934, become a member of the fund; each member bank so licensed after such date, and each State bank, trust company or mutual savings bank (referred to in this subsection as "State bank") which becomes a member of the Federal Reserve System on or after such date, shall, upon being so licensed or so admitted to membership, become a member of the fund; and any State bank which is not a member of the Federal Reserve System, with the approval of the State authority having supervision of such State bank and certification to the Corporation by such authority that such State's bank is in solvent condition, shall, after examination by, and with the approval of, the Corporation, be entitled to become a member of the fund and to the privileges of this subsection upon agreeing to comply with the requirements thereof, and upon paying to the Corporation an amount equal to the amount that would be required of it under this subsection if it were a member bank. The Corporation is authorized to prescribe rules and regulations for the further examination of such State bank and to fix the compensation of examiners employed to make examinations of State banks.

"'Each member of the fund shall file with the Corporation on or before the date of its admission a certified statement under oath showing, as of the 15th day of the month preceding the month in which it was so admitted, the number of its depositors and the total amount of its deposits which are eligible for insurance under this subsection, and shall pay to the Corporation an amount equal to one half of 1 percent of the total amount of the deposits so certified. One half of such payment shall be paid in full at the time of the admission of such member to the fund, and the remainder of such payment shall be subject to call from time to time by the board of directors of the corporation. Within a reasonable time fixed by the Corporation each such member shall file a similar statement showing, as of June 15, 1934, the number of its depositors and the total amount of its deposits which are eligible for such insurance and shall pay to the Corporation in the same manner an amount equal to one half of 1 percent of the increase, if any, in the total amount of such deposits since the date covered by the statement filed upon its admission to membership in the fund.

"'If at any time prior to July 1, 1934, the Corporation requires additional funds with which to meet its obligations under this subsection, each member of the fund shall be subject to one additional assessment only in an amount not exceeding the total amount theretofore paid to the corporation by such member.

"'If any member of the fund shall be closed on or before June 30, 1934, on account of inability to meet its deposit liabilities, the Corporation shall proceed in accordance with the provisions of subsection (l) of this section to pay the insured deposit liabilities of such member; except that the Corporation shall pay not more than $2,500 on account of the net approved claim of the owner of any deposit. The provisions of such subsection (l) relating to State member banks shall be extended for the purposes of this subsection to members of the fund which are not members of the Federal Reserve System; and the provisions of this subsection shall apply only to deposits of members of the fund which have been made available since March 10, 1933, for withdrawal in the usual course of the banking business.

"'Before July 1, 1934, the Corporation shall make an estimate of the balance, if any, which will remain in the fund after providing for all liabilities of the fund, including expenses of operation thereof under this subsection and allowing for anticipated recoveries. The Corporation shall refund such estimated balance, on such basis as the Corporation shall find to be equitable, to the members of the fund other than those which have been closed prior to July 1, 1934.

"'Each State bank which is a member of the fund, in order to obtain the benefits of this section after July 1, 1934, shall, on or before such date, subscribe and pay for the same amount of class A stock of the Corporation as it would be required to subscribe and pay for upon becoming a member bank, or if such State bank is not permitted by the laws under which it was organized to purchase such stock, it shall deposit with the Corporation an amount equal to the amount it would have been required to pay in on account of a subscription to such stock; and thereafter such State bank shall be entitled to such bnefits until July 1, 1936.

"'It is not the purpose of this section to discriminate, in any manner, against State nonmember, and in favor of national or member banks; but the purpose is to provide all banks with the same opportunity to obtain and enjoy the benefits of this title. No bank shall be discriminated against because its capital stock is less than amount required for eligibility for admission into the Federal Reserve System.'

"SEC. 9. The eighth paragraph of section 13 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 347; supp. VI, title 12, sec. 347), is amended to read as follows:

"'Any Federal Reserve bank may make advances for periods not exceeding 15 days to its member banks on their promissory notes secured by the deposit or pledge of bonds, notes, certificates of indebtedness, or Treasury bills of the United States, or by the deposit or pledge of debentures or other such obligations of Federal intermediate credit banks which are eligible for purchase by Federal Reserve banks under section 13 (a) of this act; and any Federal Reserve bank may make advances for periods not exceeding 90 days to its member banks on their promissory notes secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal Reserve banks under the provisions of this act. All such advances shall be made at rates to be established by such Federal Reserve banks, such rates to be subject to the review and determination of the Federal Reserve Board. If any member bank to which any such advance has been made shall, during the life or continuance of such advance, and despite an official warning of the Reserve bank of the district or of the Federal Reserve Board to the contrary, increase its outstanding loans secured by collateral in the form of stocks, bonds, debentures, or other such obligations, or loans made to members of any organized stock exchange, investment house, or dealer in securities, upon any obligation, note, or bill, secured or unsecured, for the purpose of purchasing and/or carrying stocks, bonds, or other investment securities (except obligations of the United States) such advance shall be deemed immediately due and payable, and such member bank shall be ineligible as a borrower at the Reserve bank of the district under the provisions of this paragraph for such period as the Federal Reserve Board shall determine: *Provided,* That no temporary carrying or clearance loans made solely for the purpose of facilitating the purchase or delivery of securities offered for public subscription shall be included in the loans referred to in this paragraph.'

"SEC. 10. Section 14 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 353–358), is amended by adding at the end thereof the following new paragraph:

"'(g) The Federal Reserve Board shall exercise special supervision over all relationships and transactions of any kind entered into by any Federal Reserve bank with any foreign bank or banker, or with any group of foreign banks or bankers, and all such relationships and transactions shall be subject to such regulations, conditions, and limitations as the Board may prescribe. No officer or other representative of any Federal Reserve bank shall conduct negotiations of any kind with the officers or representatives of any foreign bank or banker without first obtaining the permission of the Federal Reserve Board. The Federal Reserve Board shall have the right, in its discretion, to be represented in any conference or negotiations by such representative or representatives as the Board may designate. A full report of all conferences or negotiations, and all understandings or agreements arrived at or transactions agreed upon, and all other material facts appertaining to such conferences or negotiations, shall be filed with the Federal Reserve Board in writing by a duly authorized officer of each Federal Reserve bank which shall have participated in such conferences or negotiations.'

"SEC. 11. (a) Section 19 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 142, 374, 461–466, supp. VI, title 12, sec. 462a), is amended by inserting after the sixth paragraph thereof the following new paragraph:

"'No member bank shall act as the medium or agent of any nonbanking corporation, partnership, association, business trust, or individual in making loans on the security of stocks, bonds, and other investment securities to brokers or dealers in stocks, bonds, and other investment securities. Every violation of this provision by any member bank shall be punishable by a fine of not more than $100 per day during the continuance of such violation; and such fine may be collected, by suit or otherwise, by the Federal Reserve bank of the district in which such member bank is located.'

"(b) Such section 19 of the Federal Reserve Act, as amended, is further amended by adding at the end thereof the following new paragraphs:

"'No member bank shall, directly or indirectly by any device whatsoever, pay any interest on any deposit which is payable on demand: *Provided,* That nothing herein contained shall be construed as prohibiting the payment of interest in accordance with the terms of any certificate of deposit or other contract heretofore entered into in good faith which is in force on the date of the enactment of this paragraph; but no such certificate of deposit or other contract shall be renewed or extended unless it shall be modified to conform to this paragraph, and every member bank shall take such action as may be necessary to conform to this paragraph as soon as possible consistently with its contractual obligations: *Provided, however,* That this paragraph shall not apply to any deposit of such bank which is payable only at an office thereof located in a foreign country, and shall not apply to any deposit made by a mutual savings bank, nor to any deposit of public funds made by or on behalf of any State, county, school district, or other subdivision or municipality, with respect to which payment of interest is required under State law.'

"'The Federal Reserve Board shall from time to time limit by regulation the rate of interest which may be paid by member banks on time deposits, and may prescribe different rates for such payment on time and savings deposits having different maturities or subject to different conditions respecting withdrawal or repayment or subject to different conditions by reason of different locations. No member bank shall pay any time deposit before its maturity, or waive any requirement of notice before payment of any savings deposit except as to all savings deposits having the same requirement.'

"(c) Section 8 of the act entitled 'An act to establish postal savings depositories for depositing savings at interest with the security of the Government for repayment thereof, and for other purposes' approved June 25, 1910, as amended (U.S.C., title 39, sec. 758), is amended by striking out the first sentence thereof and inserting in lieu thereof the following: 'Any depositor may withdraw the whole or any part of the funds deposited to his or her credit with the accrued interest only on notice given 60 days in advance and under such regulations as the Postmaster General may prescribe; but withdrawal of any part of such funds may be made upon demand, but no interest shall be paid on any funds so withdrawn except interest accrued to the date of enactment of the Banking Act of 1933: *Provided,* That Postal Savings depositories may deposit funds in member banks on time under regulations to be prescribed by the Postmaster General.'

"(d) The second sentence of section 9 of the act entitled 'An act to establish Postal Savings depositories for depositing savings at interest with the security of the Government for repayment thereof, and for other purposes', approved June 25, 1910, as amended (U.S.C., title 39, sec. 759), is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided,* That no such security shall be required in case of such part of the deposits as are insured under section 12B of the Federal Reserve Act, as amended.'

"SEC. 12. Section 22 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 375, 376, 503, 593–595; supp. VI, title 12, sec. 593), is further amended by adding at the end thereof the following new paragraph:

"'(g) No executive officer of any member bank shall borrow from or otherwise become indebted to any member bank of which he is an executive officer, and no member bank shall make any loan or extend credit in any other manner to any of its own executive officers: *Provided,* That loans heretofore made to any such officer may be renewed or extended not more than 2 years from the date this paragraph takes effect, if in accord with sound banking practice. If any executive

officer of any member bank borrow from or if he be or become indebted to any bank other than a member bank of which he is an executive officer, he shall make a written report to the chairman of the board of directors of the member bank of which he is an executive officer, stating the date and amount of such loan or indebtedness, the security therefor, and the purpose for which the proceeds have been or are to be used. Any executive officer of any member bank violating the provisions of this paragraph shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding 1 year, or fined not more than $5,000, or both; and any member bank violating the provisions of this paragraph shall be fined not more than $10,000, and may be fined a further sum equal to the amount so loaned or credit so extended.'

"SEC. 13. The Federal Reserve Act, as amended, is amended by inserting between sections 23 and 24 thereof (U.S.C., title 12, secs. 64 and 371; supp. VI, title 12, sec. 371) the following new section:

"'SEC. 23A. No member bank shall (1) make any loan or any extension of credit to, or purchase securities under repurchase agreement from, any of its affiliates, or (2) invest any of its funds in the capital stock, bonds, debentures, or other such obligations of any such affiliate, or (3) accept the capital stock, bonds, debentures, or other such obligations of any such affiliate as collateral security for advances made to any person, partnership, association, or corporation, if, in the case of any such affiliate, the aggregate amount of such loans, extensions of credit, repurchase agreements, investments, and advances against such collateral security will exceed 10 percent of the capital stock and surplus of such member bank, or if, in the case of all such affiliates, the aggregate amount of such loans, extensions of credits, repurchase agreements, investments, and advances against such collateral security will exceed 20 percent of the capital stock and surplus of such member bank.

"'Within the foregoing limitations, each loan or extension of credit of any kind or character to an affiliate shall be secured by collateral in the form of stocks, bonds, debentures, or other such obligations having a market value at the time of making the loan or extension of credit of at least 20 percent more than the amount of the loan or extension of credit, or of at least 10 percent more than the amount of the loan or extension of credit if it is secured by obligations of any State, or of any political subdivision or agency thereof: *Provided,* That the provisions of this paragraph shall not apply to loans or extensions of credit secured by obligations of the United States Government, the Federal intermediate credit banks, the Federal land banks, the Federal home-loan banks, or the Home Owners' Loan Corporation, or by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal Reserve banks. A loan or extension of credit to a director officer, clerk, or other employee or any representative of any such affiliate shall be deemed a loan to the affiliate to the extent that the proceeds of such loan are used for the benefit of, or transferred to, the affiliate.

"'For the purposes of this section the term "affiliate" shall include holding company affiliates as well as other affiliates, and the provisions of this section shall not apply to any affiliate (1) engaged solely in holding the bank premises of the member bank with which it is affiliated, (2) engaged solely in conducting a safe-deposit business or the business of an agricultural credit corporation or livestock loan company, (3) in the capital stock of which a national banking association is authorized to invest pursuant to section 25 of the Federal Reserve Act, as amended, (4) organized under section 25 (a) of the Federal Reserve Act, as amended, or (5) engaged solely in holding obligations of the United States Government, the Federal intermediate credit banks, the Federal land banks, the Federal Home Loan banks, or the Home Owners' Loan Corporation; but as to any such affiliate, member banks shall continue to be subject to other provisions of law applicable to loans by such banks and investments by such banks in stocks, bonds, debentures, or other such obligations.'

"SEC. 14. The Federal Reserve Act, as amended, is amended by inserting between section 24 and section 25 thereof (U.S.C., title 12, secs. 371 and 601–605; supp. VI, title 12, sec. 371) the following new section:

"'SEC. 24A. Hereafter no national bank, without the approval of the Comptroller of the Currency, and no State member bank, without the approval of the Federal Reserve Board, shall (1) invest in bank premises, or in the stock, bonds, debentures, or other such obligations of any corporation holding the premises of such bank or (2) make loans to or upon the security of the stock of any such corporation, if the aggregate of all such investments and loans will exceed the amount of the capital stock of such bank.'

"SEC. 15. The Federal Reserve Act, as amended, is further amended by inserting after section 25 (a) thereof (U.S.C., title 12, sec. 611–631) the following new section:

"'SEC. 25. (b) Notwithstanding any other provision of law all suits of a civil nature at common law or in equity to which any corporation organized under the laws of the United States shall be a party, arising out of transactions involving international or foreign banking, or banking in a dependency or insular possession of the United States, or out of other international or foreign financial operations, either directly or through the agency, ownership, or control of branches or local institutions in dependencies or insular possessions of the United States or in foreign countries, shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of all such suits; and any defendant in any such suit may, at any time before the trial thereof, remove such suits from a State court into the district court of the United States for the proper district by following the procedure for the removal of causes otherwise provided by law. Such removal shall not cause undue delay in the trial of such case and a case so removed shall have a place on the calendar of the United States court to which it is removed relative to that which it held on the State court from which it was removed.

"'Notwithstanding any other provision of law, all suits of a civil nature at common law or in equity to which any Federal Reserve bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of all such suits; and any Federal Reserve bank which is a defendant in any such suit may, at any time before the trial thereof, remove such suit from a State court into the district court of the United States for the proper district by following the procedure for the removal of causes otherwise provided by law. No attachment or execution shall be issued against any Federal Reserve bank or its property before final judgment in any suit, action, or proceeding in any State, county, municipal, or United States court.'

"SEC. 16. Paragraph 'seventh' of section 5136 of the Revised Statutes, as amended (U.S.C., title 12, sec. 24; supp. VI, title 12, sec. 24), is amended to read as follows:

"'Seventh. To exercise by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security; and by obtaining, issuing, and circulating notes according to the provisions of this title. The business of dealing in investment securities by the association shall be limited to purchasing and selling such securities without recourse, solely upon the order, and for the account of, customers, and in no case for its own account, and the association shall not underwrite any issue of securities: *Provided,* That the association may purchase for its own account investment securities under such limitations and restrictions as the Comptroller of the Currency may by regulation prescribe, but in no event (1) shall the total amount of any issue of investment securities of any one obligor or maker purchased after this section as amended takes effect and held by the association for its own account exceed at any time 10 percent

of the total amount of such issue outstanding, but this limitation shall not apply to any such issue the total amount of which does not exceed $100,000 and does not exceed 50 percent of the capital of the association, nor (2) shall the total amount of the investment securities of any one obligor or maker purchased after this section as amended takes effect and held by the association for its own account exceed at any time 15 percent of the amount of the capital stock of the association actually paid in and unimpaired and 25 percent of its unimpaired surplus fund. As used in this section the term "investment securities" shall mean marketable obligations evidencing indebtedness of any person, copartnership, association, or corporation in the form of bonds, notes, and/or debentures commonly known as investment securities under such further definition of the term "investment securities" as may by regulation be prescribed by the Comptroller of the Currency. Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by the association of any shares of stock of any corporation. The limitations and restrictions herein contained as to dealing in, underwriting, and purchasing for its own account, investment securities shall not apply to obligations of the United States, or general obligations of any State or of any political subdivision thereof, or obligations issued under authority of the Federal Farm Loan Act, as amended, or issued by the Federal Home Loan Banks or the Home Owners' Loan Corporation: *Provided*, That in carrying on the business commonly known as the safe-deposit business the association shall not invest in the capital stock of a corporation organized under the law of any State to conduct a safe-deposit business in an amount in excess of 15 percent of the capital stock of the association actually paid in and unimpaired and 15 percent of its unimpaired surplus.'

"The restrictions of this section as to dealing in investment securities shall take effect 1 year after the date of the approval of this act.

"SEC. 17. (a) Section 5138 of the Revised Statutes, as amended (U.S.C., title 12, sec. 51; supp. VI, title 12, sec. 51), is amended to read as follows:

"'SEC. 5138. After this section as amended takes effect, no national banking association shall be organized with a less capital than $100,000, except that such associations with a capital of not less than $50,000 may be organized in any place the population of which does not exceed 6,000 inhabitants. No such association shall be organized in a city the population of which exceeds 50,000 persons with a capital of less than $200,000, except that in the outlying districts of such a city where the State laws permit the organization of State banks with a capital of $100,000 or less, national banking associations now organized or hereafter organized may, with the approval of the Comptroller of the Currency, have a capital of not less than $100,000.'

"(b) The tenth paragraph of section 9 of the Federal Reserve Act, as amended (U.S.C., title 12, sec. 329), is amended to read as follows:

"'No applying bank shall be admitted to membership in a Federal Reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the National Bank Act, as amended: *Provided*, That this paragraph shall not apply to State banks and trust companies organized prior to the date this paragraph as amended takes effect and situated in a place the population of which does not exceed 3,000 inhabitants and having a capital of not less than $25,000, nor to any State bank or trust company which is so situated and which, while it is entitled to the benefits of insurance under section 12B of this act, increases its capital to not less than $25,000.'

"SEC. 18. Section 5139 of the Revised Statutes, as amended (U.S.C., title 12, sec. 52; supp. VI, title 12, sec. 52), is amended by adding at the end thereof the following new paragraph:

"'After 1 year from the date of the enactment of the Banking Act of 1933, no certificate representing the stock of any such association shall represent the stock of any other corporation, except a member bank or a corporation existing on the date this paragraph takes effect engaged solely in holding the bank premises of such association, nor shall the ownership, sale, or transfer of any certificate representing the stock of any such association be conditioned in any manner whatsoever upon the ownership, sale, or transfer of a certificate representing the stock of any other corporation, except a member bank.'

"SEC. 19. Section 5144 of the Revised Statutes, as amended (U.S.C., title 12, sec. 61), is amended to read as follows:

"'SEC. 5144. In all elections of directors, each shareholder shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or to distribute them on the same principle among as many candidates as he shall think fit; and in deciding all other questions at meetings of shareholders, each shareholder shall be entitled to one vote on each share of stock held by him; except (1) that shares of its own stock held by a national bank as sole trustee shall not be voted, and shares of its own stock held by a national bank and one or more persons as trustees may be voted by such other person or persons, as trustees, in the same manner as if he or they were the sole trustee, and (2) shares controlled by any holding company affiliate of a national bank shall not be voted unless such holding company affiliate shall have first obtained a voting permit as hereinafter provided, which permit is in force at the time such shares are voted. Shareholders may vote by proxies duly authorized in writing; but no officer, clerk, teller, or bookkeeper of such bank shall act as proxy; and no shareholder whose liability is past due and unpaid shall be allowed to vote.

"'For the purposes of this section shares shall be deemed to be controlled by a holding company affiliate if they are owned or controlled directly or indirectly by such holding company affiliate, or held by any trustee for the benefit of the shareholders or members thereof.

"'Any such holding company affiliate may make application to the Federal Reserve Board for a voting permit entitling it to cast one vote at all elections of directors and in deciding all questions at meetings of shareholders of such bank on each share of stock controlled by it or authorizing the trustee or trustees holding the stock for its benefit or for the benefit of its shareholders so to vote the same. The Federal Reserve Board may, in its discretion, grant or withhold such permit as the public interest may require. In acting upon such application, the Board shall consider the financial condition of the applicant, the general character of its management, and the probable effect of the granting of such permit upon the affairs of such bank, but no such permit shall be granted except upon the following conditions:

"'(a) Every such holding company affiliate shall, in making the application for such permit, agree (1) to receive, on dates identical with those fixed for the examination of banks with which it is affiliated, examiners duly authorized to examine such banks, who shall make such examinations of such holding company affiliate as shall be necessary to disclose fully the relations between such banks and such holding company affiliate and the effect of such relations upon the affairs of such banks, such examinations to be at the expense of the holding company affiliate so examined; (2) that the reports of such examiners shall contain such information as shall be necessary to disclose fully the relations between such affiliate and such banks and the effect of such relations upon the affairs of such banks; (3) that such examiners may examine each bank owned or controlled by the holding company affiliate, both individually and in conjunction with other banks owned or controlled by such holding company affiliate; and (4) that publication of individual or consolidated statements of condition of such banks may be required;

"'(b) After 5 years after the enactment of the Banking Act of 1933, every such holding company affiliate (1) shall possess, and shall continue to possess during the life of such

permit, free and clear of any lien, pledge, or hypothecation of any nature, readily marketable assets other than bank stock in an amount not less than 12 percent of the aggregate par value of all bank stocks controlled by such holding-company affiliate, which amount shall be increased by not less than 2 percent per annum of such aggregate par value until such assets shall amount to 25 percent of the aggregate par value of such bank stocks; and (2) shall reinvest in readily marketable assets other than bank stock all net earnings over and above 6 percent per annum on the book value of its own shares outstanding until such assets shall amount to such 25 percent of the aggregate par value of all bank stocks controlled by it;

"'(c) Notwithstanding the foregoing provisions of this section, after 5 years after the enactment of the Banking Act of 1933, (1) any such holding-company affiliate the shareholders or members of which shall be individually and severally liable in proportion to the number of shares of such holding-company affiliate held by them, respectively, in addition to amounts invested therein, for all statutory liability imposed on such holding-company affiliate by reason of its control of shares of stock of banks, shall be required only to establish and maintain out of net earnings over and above 6 percent per annum on the book value of its own shares outstanding a reserve of readily marketable assets in an amount of not less than 12 percent of the aggregate par value of bank stocks controlled by it, and (2) the assets required by this section to be possessed by such holding-company affiliate may be used by it for replacement of capital in banks affiliated with it and for losses incurred in such banks, but any deficiency in such assets resulting from such use shall be made up within such period as the Federal Reserve Board may by regulation prescribe;

"'(d) Every officer, director, agent, and employee of every such holding company affiliate shall be subject to the same penalties for false entries in any book, report, or statement of such holding company affiliate as are applicable to officers, directors, agents, and employees of member banks under section 5209 of the Revised Statutes, as amended (U.S.C., title 12, sec. 592); and

"'(e) Every such holding company affiliate shall, in its application for such voting permit, (1) show that it does not own, control, or have any interest in, and is not participating in the management or direction of, any corporation, business trust, association, or other similar organization formed for the purpose of, or engaged principally in, the issue, flotation, underwriting, public sale, or distribution, at wholesale or retail or through syndicate participation, of stocks, bonds, debentures, notes, or other securities of any sort (hereinafter referred to as "securities company"); (2) agree that during the period that the permit remains in force it will not acquire any ownership, control, or interest in any such securities company or participate in the management or direction thereof; (3) agree that if, at the time of filing the application for such permit, it owns, controls, or has an interest in, or is participating in the management or direction of, any such securities company, it will, within 5 years after the filing of such application, divest itself of its ownership, control, and interest in such securities company and will cease participating in the management or direction thereof, and will not thereafter, during the period that the permit remains in force, acquire any further ownership, control, or interest in any such securities company or participate in the management or direction thereof; and (4) agree that thenceforth it will declare dividends only out of actual net earnings.

"'If at any time it shall appear to the Federal Reserve Board that any holding company affiliate has violated any of the provisions of the Banking Act of 1933 or of any agreement made pursuant to this section, the Federal Reserve Board may, in its discretion, revoke any such voting permit after giving 60 days' notice by registered mail of its intention to the holding company affiliate and affording it an opportunity to be heard. Whenever the Federal Reserve Board shall have revoked any such voting permit, no national bank whose stock is controlled by the holding company affiliate whose permit is so revoked shall receive deposits of public moneys of the United States, nor shall any such national bank pay any further dividend to such holding company affiliate upon any shares of such bank controlled by such holding company affiliate.

"'Whenever the Federal Reserve Board shall have revoked any voting permit as hereinbefore provided, the rights, privileges, and franchises of any or all national banks the stock of which is controlled by such holding company affiliate shall, in the discretion of the Federal Reserve Board, be subject to forfeiture in accordance with section 2 of the Federal Reserve Act, as amended.'

"SEC. 20. After 1 year from the date of the enactment of this act, no member bank shall be affiliated in any manner described in section 2 (b) hereof with any corporation, association, business trust, or other similar organization engaged principally in the issue, flotation, underwriting, public sale, or distribution at wholesale or retail or through syndicate participation of stocks, bonds, debentures, notes, or other securities.

"For every violation of this section the member bank involved shall be subject to a penalty not exceeding $1,000 per day for each day during which such violation continues. Such penalty may be assessed by the Federal Reserve Board, in its discretion, and, when so assessed, may be collected by the Federal Reserve bank by suit or otherwise.

"If any such violation shall continue for 6 calendar months after the member bank shall have been warned by the Federal Reserve Board to discontinue the same, (a) in the case of a national bank, all the rights, privileges, and franchises granted to it under the National Bank Act may be forfeited in the manner prescribed in section 2 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 141, 222–225, 281–286, 502), or, (b) in the case of a State member bank, all of its rights and privileges of membership in the Federal Reserve System may be forfeited in the manner prescribed in section 9 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 321–332).

"SEC. 21. (a) After the expiration of 1 year after the date of enactment of this act it shall be unlawful—

"(1) For any person, firm, corporation, association, business trust, or other similar organization, engaged in the business of issuing, underwriting, selling, or distributing, at wholesale or retail, or through syndicate participation, stocks, bonds, debentures, notes, or other securities, to engage at the same time to any extent whatever in the business of receiving deposits subject to check or to repayment upon presentation of a passbook, certificate of deposit, or other evidence of debt, or upon request of the depositor; or

"(2) For any person, firm, corporation, association, business trust, or other similar organization, other than a financial institution or private banker subject to examination and regulation under State or Federal law, to engage to any extent whatever in the business of receiving deposits subject to check or to repayment upon presentation of a passbook, certificate of deposit, or other evidence of debt, or upon request of the depositor, unless such person, firm, corporation, association, business trust, or other similar organization shall submit to periodic examination by the Comptroller of the Currency or by the Federal Reserve bank of the district and shall make and publish periodic reports of its condition, exhibiting in detail its resources and liabilities, such examination and reports to be made and published at the same times and in the same manner and with like effect and penalties as are now provided by law in respect of national banking associations transacting business in the same locality.

"(b) Whoever shall willfully violate any of the provisions of this section shall upon conviction be fined not more than $5,000 or imprisoned not more than 5 years, or both, and any officer, director, employee, or agent of any person, firm, corporation, association, business trust, or other similar organization who knowingly participates in any such violation shall be punished by a like fine or imprisonment, or both.

"SEC. 22. The additional liability imposed upon shareholders in national banking associations by the provisions of

section 5151 of the Revised Statutes, as amended, and section 23 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 63 and 64), shall not apply with respect to shares in any such association issued after the date of enactment of this act.

"SEC. 23. Paragraph (c) of section 5155 of the Revised Statutes, as amended (U.S.C., title 12, sec. 36), is amended to read as follows:

"'(c) A national banking association may, with the approval of the Comptroller of the Currency, establish and operate new branches (1) within the limits of the city, town, or village in which said association is situated, if such establishment and operation are at the time expressly authorized to State banks by the law of the State in question; and (2) at any point within the State in which said association is situated, if such establishment and operation are at the time authorized to State banks by the statute law of the State in question by language specifically granting such authority affirmatively and not merely by implication or recognition, and subject to the restrictions as to location imposed by the law of the State on State banks. No such association shall establish a branch outside of the city, town, or village in which it is situated unless it has a paid-in and unimpaired capital stock of not less than $500,000: *Provided,* That in States with a population of less than 1,000,000, and which have no cities located therein with a population exceeding 100,000, the capital shall be not less than $250,000: *Provided,* That in States with a population of less than one half million, and which have no cities located therein with a population exceeding 50,000, the capital shall not be less than $100,000.'

"Paragraph (d) of section 5155 of the Revised Statutes, as amended (U.S.C., title 12, sec. 36), is amended to read as follows:

"'(d) The aggregate capital of every national banking association and its branches shall at no time be less than the aggregate minimum capital required by law for the establishment of an equal number of national banking associations situated in the various places where such association and its branches are situated.'

"SEC. 24. (a) Sections 1 and 3 of the act entitled 'An Act to provide for the consolidation of national banking associations', approved November 7, 1918, as amended (U.S.C., title 12, secs. 33, 34, and 34a), are amended by striking out the words 'county, city, town, or village' wherever they occur in each such section, and inserting in lieu thereof the words 'State, county, city, town, or village.'

"(b) Section 3 of such act of November 7, 1918, as amended, is further amended by striking out the second sentence thereof and inserting in lieu thereof the following: 'The capital stock of such consolidated association shall not be less than that required under existing law for the organization of a national banking association in the place in which such consolidated association is located. Upon such a consolidation, or upon a consolidation of two or more national banking associations under section 1 of this act, the corporate existence of each of the constituent banks and national banking associations participating in such consolidation shall be merged into and continued in the consolidated national banking association and the consolidated association shall be deemed to be the same corporation as each of the constituent institutions. All the rights, franchises, and interests of each of such constituent banks and national banking associations in and to every species of property, real, personal, and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such consolidated national banking association without any deed or other transfer; and such consolidated national banking association, by virtue of such consolidation and without any order or other action on the part of any court or otherwise, shall hold and enjoy the same and all rights of property, franchises, and interests, including appointments, designations, and nominations and all other rights and interests as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics and in every other fiduciary capacity, in the same manner and to the same extent as such rights, franchises, and interests were held or enjoyed by any such constituent institution at the time of such consolidation: *Provided, however,* That where any such constituent institution at the time of such consolidation was acting under appointment of any court as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity, the consolidated national banking association shall be subject to removal by a court of competent jurisdiction in the same manner and to the same extent as was such constituent corporation prior to the consolidation, and nothing herein contained shall be construed to impair in any manner the right of any court to remove such a consolidated national banking association and to appoint in lieu thereof a substitute trustee, executor, or other fiduciary, except that such right shall not be exercised in such a manner as to discriminate against national banking associations, nor shall any such consolidated association be removed solely because of the fact that it is a national banking association.'

"SEC. 25. The first two sentences of section 5197 of the Revised Statutes (U.S.C., title 12, sec. 85) are amended to read as follows:

"'Any association may take, receive, reserve, and charge on any loan or discount made, or upon any notes, bills of exchange, or other evidences of debt, interest at the rate allowed by the laws of the State, Territory, or District where the bank is located, or at a rate of 1 percent in excess of the discount rate on 90-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located, whichever may be the greater, and no more, except that where by the laws of any State a different rate is limited for banks organized under State laws, the rate so limited shall be allowed for associations organized or existing in any such State under this title. When no rate is fixed by the laws of the State, or Territory, or District, the bank may take, receive, reserve, or charge a rate not exceeding 7 percent, or 1 percent in excess of the discount rate on 90-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located, whichever may be the greater, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run.'

"SEC. 26. (a) The second sentence of the first paragraph of section 5200 of the Revised Statutes, as amended (U.S.C., title 12, sec. 84; supp. VI, title 12, sec. 84), is amended by inserting before the period at the end thereof the following: 'and shall include in the case of obligations of a corporation all obligations of all subsidiaries thereof in which such corporation owns or controls a majority interest.'

"(b) The amendment made by this section shall not apply to such obligations of subsidiaries held by such association on the date this section takes effect.

"SEC. 27. Section 5211 of the Revised Statutes, as amended (U.S.C., title 12, sec. 161; supp. VI, title 12, sec. 161), is amended by adding at the end thereof the following new paragraph:

"'Each national banking association shall obtain from each of its affiliates other than member banks and furnish to the Comptroller of the Currency not less than three reports during each year, in such form as the Comptroller may prescribe, verified by the oath or affirmation of the president or such other officer as may be designated by the board of directors of such affiliate to verify such reports, disclosing the information hereinafter provided for as of dates identical with those for which the Comptroller shall during such year require the reports of the condition of the association. For the purpose of this section the term "affiliate" shall include holding company affiliates as well as other affiliates. Each such report of an affiliate shall be transmitted to the Comptroller at the same time as the corresponding report of the association, except that the Comptroller may, in his discretion, extend such time for good cause shown. Each such report shall contain such

information as in the judgment of the Comptroller of the Currency shall be necessary to disclose fully the relations between such affiliate and such bank and to enable the Comptroller to inform himself as to the effect of such relations upon the affairs of such bank. The reports of such affiliates shall be published by the association under the same conditions as govern its own condition reports. The Comptroller shall also have power to call for additional reports with respect to any such affiliate whenever in his judgment the same are necessary in order to obtain a full and complete knowledge of the conditions of the association with which it is affiliated. Such additional reports shall be transmitted to the Comptroller of the Currency in such form as he may prescribe. Any such affiliated bank which fails to obtain and furnish any report required under this section shall be subject to a penalty of $100 for each day during which such failure continues.'

"SEC. 28. (a) The first paragraph of section 5240 of the Revised Statutes, as amended (U.S.C., title 12, sec. 481), is amended by inserting before the period at the end thereof a colon and the following proviso: '*Provided*, That in making the examination of any national bank the examiners shall include such an examination of the affairs of all its affiliates other than member banks as shall be necessary to disclose fully the relations between such bank and such affiliates and the effect of such relations upon the affairs of such bank; and in the event of the refusal to give any information required in the course of the examination of any such affiliate, or in the event of the refusal to permit such examination, all the rights, privileges, and franchises of the bank shall be subject to forfeiture in accordance with section 2 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 141, 222–225, 281–286, and 502). The Comptroller of the Currency shall have power, and he is hereby authorized, to publish the report of his examination of any national banking association or affiliate which shall not within 120 days after notification of the recommendations or suggestions of the Comptroller, based on said examination, have complied with the same to his satisfaction. Ninety days' notice prior to such publicity shall be given to the bank or affiliate.'

"(b) Section 5240 of the Revised Statutes, as amended (U.S.C., title 12, sec. 481), is further amended by adding after the first paragraph thereof the following new paragraph:

"'The examiner making the examination of any affiliate of a national bank shall have power to make a thorough examination of all the affairs of the affiliate, and in doing so he shall have power to administer oaths and to examine any of the officers, directors, employees, and agents thereof under oath and to make a report of his findings to the Comptroller of the Currency. The expense of examinations of such affiliates may be assessed by the Comptroller of the Currency upon the affiliates examined in proportion to assets or resources held by the affiliates upon the dates of examination of the various affiliates. If any such affiliate shall refuse to pay such expenses or shall fail to do so within 60 days after the date of such assessment, then such expenses may be assessed against the affiliated national bank and, when so assessed, shall be paid by such national bank: *Provided, however*, That, if the affiliation is with two or more national banks, such expenses may be assessed against, and collected from, any or all of such national banks in such proportions as the Comptroller of the Currency may prescribe. The examiners and assistant examiners making the examinations of national banking associations and affiliates thereof herein provided for and the chief examiners, reviewing examiners, and other persons whose services may be required in connection with such examinations or the reports thereof, shall be employed by the Comptroller of the Currency with the approval of the Secretary of the Treasury; the employment and compensation of examiners, chief examiners, reviewing examiners, assistant examiners, and of the other employees of the office of the Comptroller of the Currency whose compensation is paid from assessments on banks or affiliates thereof shall be without regard to the provisions of other laws applicable to officers or employees of the United States. The funds derived from such assessments may be deposited by the Comptroller of the Currency in accordance with the provisions of section 5234 of the Revised Statutes (U.S.C., title 12, sec. 192) and shall not be construed to be Government funds or appropriated moneys; and the Comptroller of the Currency is authorized and empowered to prescribe regulations governing the computation and assessment of the expenses of examinations herein provided for and the collection of such assessments from the banks and/or affiliates examined. If any affiliate of a national bank shall refuse to permit an examiner to make an examination of the affiliate or shall refuse to give any information required in the course of any such examination, the national bank with which it is affiliated shall be subject to a penalty of not more than $100 for each day that any such refusal shall continue. Such penalty may be assessed by the Comptroller of the Currency and collected in the same manner as expenses of examination.'

"SEC. 29. In any case in which, in the opinion of the Comptroller of the Currency, it would be to the advantage of the depositors and unsecured creditors of any national banking association whose business has been closed, for such association to resume business upon the retention by the association, for a reasonable period to be prescribed by the Comptroller, of all or any part of its deposits, the Comptroller is authorized, in his discretion, to permit the association to resume business if depositors and unsecured creditors of the association representing at least 75 percent of its total deposit and unsecured credit liabilities consent in writing to such retention of deposits. Nothing in this section shall be construed to affect in any manner any powers of the Comptroller under the provisions of law in force on the date of enactment of this act with respect to the reorganization of national banking associations.

"SEC. 30. Whenever, in the opinion of the Comptroller of the Currency, any director or officer of a national bank, or of a bank or trust company doing business in the District of Columbia, or whenever, in the opinion of a Federal Reserve agent, any director or officer of a State member bank in his district shall have continued to violate any law relating to such bank or trust company or shall have continued unsafe or unsound practices in conducting the business of such bank or trust company, after having been warned by the Comptroller of the Currency or the Federal Reserve agent, as the case may be, to discontinue such violations of law or such unsafe or unsound practices, the Comptroller of the Currency or the Federal Reserve agent, as the case may be, may certify the facts to the Federal Reserve Board. In any such case the Federal Reserve Board may cause notice to be served upon such director or officer to appear before such Board to show cause why he should not be removed from office. A copy of such order shall be sent to each director of the bank affected, by registered mail. If after granting the accused director or officer a reasonable opportunity to be heard, the Federal Reserve Board finds that he has continued to violate any law relating to such bank or trust company or has continued unsafe or unsound practices in conducting the business of such bank or trust company after having been warned by the Comptroller of the Currency or the Federal Reserve agent to discontinue such violation of law or such unsafe or unsound practices, the Federal Reserve Board, in its discretion, may order that such director or officer be removed from office. A copy of such order shall be served upon such director or officer. A copy of such order shall also be served upon the bank of which he is a director or officer, whereupon such director or officer shall cease to be a director or officer of such bank: *Provided*, That such order and the findings of fact upon which it is based shall not be made public or disclosed to anyone except the director or officer involved and the directors of the bank involved, otherwise than in connection with proceedings for a violation of this section. Any such director or officer removed from office as herein provided who thereafter participates in any manner in the management of such bank shall be fined not more than $5,000, or imprisoned for not more than 5 years, or both, in the discretion of the court.

"SEC. 31. After 1 year from the date of enactment of this act, notwithstanding any other provision of law, the board of directors, board of trustees, or other similar governing body of every national banking association and of every State bank or trust company which is a member of the Federal Reserve System shall consist of not less than 5 nor more than 25 members; and every director, trustee, or other member of such governing body shall be the bona fide owner in his own right of shares of stock of such banking association, State bank, or trust company having a par value in the aggregate of not less than $2,500, unless the capital of the bank shall not exceed $50,000, in which case he must own in his own right shares having a par value in the aggregate of not less than $1,500, or unless the capital of the bank shall not exceed $25,000, in which case he must own in his own right shares having a par value in the aggregate of not less than $1,000. If any national banking association violates the provisions of this section and continues such violation after 30 days' notice from the Comptroller of the Currency, the said Comptroller may appoint a receiver or conservator therefor, in accordance with the provisions of existing law. If any State bank or trust company which is a member of the Federal Reserve System violates the provisions of this section and continues such violation after 30 days' notice from the Federal Reserve Board, it shall be subject to the forfeiture of its membership in the Federal Reserve System in accordance with the provisions of section 9 of the Federal Reserve Act, as amended.

"SEC. 32. From and after January 1, 1934, no officer or director of any member bank shall be an officer, director, or manager of any corporation, partnership, or unincorporated association engaged primarily in the business of purchasing, selling, or negotiating securities, and no member bank shall perform the functions of a correspondent bank on behalf of any such individual, partnership, corporation, or unincorporated association and no such individual, partnership, corporation, or unincorporated association shall perform the functions of a correspondent for any member bank or hold on deposit any funds on behalf of any member bank, unless in any such case there is a permit therefor issued by the Federal Reserve Board; and the Board is authorized to issue such permit if in its judgment it is not incompatible with the public interest, and to revoke any such permit whenever it finds after reasonable notice and opportunity to be heard, that the public interest requires such revocation.

"SEC. 33. The act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914, as amended (U.S.C., title 15, sec. 19), is hereby amended by adding after section 8 thereof the following new section:

"'SEC. 8A. That from and after the 1st day of January 1934, no director, officer, or employee of any bank, banking association, or trust company, organized or operating under the laws of the United States shall be at the same time a director, officer, or employee of a corporation (other than a mutual-savings bank) or a member of a partnership organized for any purpose whatsoever which shall make loans secured by stock or bond collateral to any individual, association, partnership, or corporation other than its own subsidiaries.'

"SEC. 34. The right to alter, amend, or repeal this act is hereby expressly reserved. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby."

And the Senate agree to the same.

CARTER GLASS,
ROBERT J. BULKLEY,
W. G. MCADOO,
Managers on the part of the Senate.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ROBERT LUCE,
Managers on the part of the House.

CAPPER FAIR TRADE BILL

Mr. CAPPER. Mr. President, I have introduced a bill (S. 1592) which will afford sufficient and even drastic means of curbing untrue, deceptive, or misleading advertising. Based on the Printers' Ink model statute, which is now law in 25 States, it affords the most workable and effective weapon for making advertising honest and clean, and at the same time imposes neither hardship nor injustice upon the honest advertiser.

An advertisement is either truthful or untruthful; there can be no middle ground.

If an advertiser tells lies in a printed presentation to his trade, he ought to be made to suffer for it. On the other hand, the advertiser who does tell the truth should not be hampered, badgered, or harassed by bureaus or any other force.

Under the terms of my bill any advertiser who makes any untrue, deceptive, or misleading claims about his goods is guilty of a misdemeanor and is liable to fine or imprisonment or both.

The procedure is so natural and obvious that one wonders why anybody should think the best interests of business could be advanced by administration of this vital force by any bureau of the Government, no matter how high-minded that bureau might be.

The procedure is almost painfully obvious: Fine the dishonest advertiser or lock him up. Permit the honest advertiser to proceed with sufficient freedom.

One very strong argument in behalf of my bill, too, is that it will be preventive in its workings, as well as punitive. Any advertiser who would mislead or deceive is going to proceed with great care when he knows that in the strong hand of the Federal Government there is a weapon such as this.

I ask unanimous consent to have printed, in this connection, an editorial from the Portland (Oreg.) Oregonian.

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

[From the Portland (Oreg.) Oregonian, May 26, 1933]

THE FALSE ADVERTISING BILL

Senator CAPPER's bill on false advertising, now before the United States Senate Committee on Interstate Commerce, should become law.

Briefly summarized, the bill provides that false advertising—whether in publications that use the mail, in direct-mail advertising, or in radio programs—shall be a Federal misdemeanor, punishable with a fine of not more than $1,000, or imprisonment for not more than 5 years, or both fine and imprisonment. Prosecutions, of course, would be the duty of the Attorney General of the United States.

The Federal bill is founded on the famous Printers' Ink statute, formulated some years ago by the magazine Printers' Ink, and now operative in 24 States out of the 48. It is argued, with reason, that leaving the advertising problem to the States has caused considerable confusion and general failure. Correction of the situation by concentration in the hands of the Federal Government is especially opportune at this time because of the foolish and dangerous suggestions that have been made in Congress in favor of a Federal bureau, under the Federal Trade Commission, to pass upon an advertisement before it is published. Such a board of censorship would slow down advertising tremendously, make it unweildy and cumbersome, and would deaden the whole business processes of the country. A Federal bureau large enough to pass rapidly upon all the advertisements submitted would likewise be large enough to swallow up the city of Washington. It would be another huge financial burden on the troubled taxpayers.

The Printer's Ink bill, on the other hand, is fair enough to all, and reasonably simple of operation. It would end the present chaos between the States, and offer needed protection for the purchasers.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

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

REPORTS OF COMMITTEES

The VICE PRESIDENT. There being no messages from the President of the United States, reports of committees are in order.

Mr. FLETCHER, from the Committee on Banking and Currency, reported favorably the nomination of Fredric H.

Taber, of Massachusetts, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired portion of the term of 2 years from January 22, 1932.

Mr. TRAMMELL, from the Committee on Naval Affairs, reported favorably certain nominations for promotions in the Marine Corps.

The VICE PRESIDENT. The nominations will be placed on the Executive Calendar.

HERBERT J. DRANE

Mr. FLETCHER. Mr. President, I move that the Committee on Interstate Commerce be discharged from the further consideration of the nomination of Herbert J. Drane, of Florida, to be a member of the Federal Power Commission, and that the nomination be considered at this time.

Mr. LA FOLLETTE. Mr. President, is the Senator from Washington [Mr. DILL], Chairman of the Committee on Interstate Commerce, here?

Mr. DILL. Mr. President, I am here. I have been polling the committee. I have only one more Senator's signature to obtain, but have not been able to find him. The Senator from Florida asked that I poll the committee, and I said that when I had a majority of the committee polled I would submit the report; if not, I would take up the matter with the Senator again. There is one Senator's signature that I have not yet obtained, because I have not been able to find him.

Mr. FLETCHER. Who is the Senator?

Mr. DILL. The Senator from Kentucky [Mr. BARKLEY].

Mr. FLETCHER. I did not know that it was necessary to have the signature of every member of the committee. The Senator has the approval of 15 out of the 17 members, I take it. We do not need everybody's approval to report a nomination.

I desire to say that this nomination came to the Senate on the 19th of May, and there was difficulty about getting a meeting of the committee. The chairman of the committee told me, when I spoke to him about it, that he could not secure the presence of a quorum of his committee. After a while I told him to name a date, and asked the privilege of appearing before the committee in behalf of the nominee. The chairman did name a date, and I appeared before the committee. At that time there were 8 members present, 7 constituting a quorum, and 6 of them wanted to report the nomination.

Mr. DILL. Mr. President, I do not want to indulge in any argument, but the Senator from Florida is misrepresenting the situation—unintentionally, I am sure. Seven is not a quorum of the Committee on Interstate Commerce.

Mr. FLETCHER. I was told so by the chairman of the committee.

Mr. DILL. Then the Senator must have misunderstood me. I said seven constitute a working quorum, but do not constitute a quorum to act.

Mr. FLETCHER. What is a working quorum but an acting quorum? I accept the chairman's statement about that, if there is a distinction; but I do not understand the reason for the distinction.

Mr. DILL. I am perfectly willing to ask unanimous consent of the Senate to submit a report on the nomination, but I have been keeping my word with the Senator from Florida in every respect. I have polled the committee as diligently as I could.

Mr. FLETCHER. The Senator from Kentucky [Mr. BARKLEY] has been here today, and was here Saturday evening.

Mr. DILL. That is true; but he has not signed either way on the nomination.

Mr. FLETCHER. But the Senator has more than 12 members of the committee. Let the Senator go ahead and make his report.

Mr. DILL. The report I have here now is 9 in favor and 7 against. That is the vote of the committee. I am willing to ask unanimous consent to submit the report and have it go to the calendar.

The VICE PRESIDENT. The report will be read.

The LEGISLATIVE CLERK. Herbert J. Drane, of Florida, to be a member of the Federal Power Commission for the term expiring June 22, 1937, vice Marcel Garsaud.

Mr. FLETCHER. I ask unanimous consent to consider the nomination now. It comes within the rule which has heretofore been established.

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

Mr. LA FOLLETTE. At this late hour, I must object.

Mr. LONG. May I prevail upon my friend from Wisconsin——

Mr. LA FOLLETTE. Mr. President, I do not know anything about this matter, but the statement that there are seven members of the committee opposed to the nomination would indicate there is some question about it. I do not think we ought to take it up at this late hour.

Mr. FLETCHER. The only objection is that the chairman of the committee does not like the nominee.

Mr. DILL. O Mr. Presiden, I object to that statement. I have no objection to the nominee. I think the Senator from Florida is hardly fair in that statement.

Mr. FLETCHER. Possibly the Senator has some other nominee whom he favors?

Mr. DILL. No, Mr. President; I have not.

Mr. LA FOLLETTE. Mr. President, I shall have to insist on my objection. I think tomorrow morning we will be in a better temper to consider it.

Mr. FLETCHER. May I say to the Senator from Wisconsin that it has been unanimously agreed heretofore that nominations of this kind that were not on the calendar might be called up in this way?

Mr. LA FOLLETTE. I looked into that matter very carefully. The Senator from Arkansas [Mr. ROBINSON] the other day asked unanimous consent that reports which had been made might be considered. I have no disposition, I will say to the Senator, to delay the matter unduly; but when the chairman of the committee makes the statement that there is a very close vote in the committee and when the nomination is reported to the Senate here at 25 minutes after 6 o'clock in the evening I think we ought to have a little time to find out what it is that caused the division in the committee. I think that is not an unreasonable request.

I am not a member of the committee; but the fact that seven members of the committee voted against the nomination would seem to indicate that they must have some reason for it besides a mere capricious reason. I hope the Senator will give me the opportunity overnight to inquire into it and find out what is involved. I assure him I have no disposition to delay the matter.

Mr. ROBINSON of Arkansas. Mr. President, may I interrupt both Senators? I do not believe there is anything unreasonable in the suggestion that the nomination go over until tomorrow.

Mr. FLETCHER. I am willing to have that done. I simply do not want this session of the Senate to adjourn without action on this nomination.

Mr. ROBINSON of Arkansas. I should like to say to the Senator from Wisconsin that I believe I am informed on the subject of this nominee. There is no objection whatever, so far as I am informed, to the character or general qualifications of the nominee. He is a man of the highest character, and a man of notable ability. He is advanced in years, and some Senators have felt that that circumstance might impair his activity as a member of the Commission; but I have some knowledge of him personally, and I believe that he is efficient, and would be diligent in the performance of his duties. However, it is not a matter consideration of which can be forced at this late hour.

Mr. FLETCHER. Only in accordance with the rule upon which we have heretofore agreed.

Mr. ROBINSON of Arkansas. I hope the Senator from Wisconsin will withdraw his objection.

Mr. LA FOLLETTE. Under the circumstances, I do not think I can withdraw my request. I will state to the Senator from Florida that I am not informed about the matter; but when a number of members of the committee have regis-

tered their votes against the nominee, I feel that I am put on notice to make some inquiry myself. If the Senator will be willing to let the matter go over until tomorrow, I shall not interpose any dilatory tactics.

Mr. FLETCHER. Both Senators from Florida have urged the nomination. They have known this man thirty-odd years. Every member of the Florida delegation in the House urges the confirmation of the nomination. Mr. Drane was nominated by the President. The only objection to him is that he is too old. He is 69 years of age. The finest work done by one of the justices of the Supreme Court was done after he was 90 years of age. It does not make any difference that a man is 69 years of age so far as his efficiency is concerned.

However, if the Senator from Wisconsin insists, I am willing to forego invoking the rule that has been adopted by the Senate. The rule was adopted, and I appeal to the Senator from Arkansas if that is not true. The other day we considered a number of nominations which were taken up as soon as they came to the Senate.

Mr. LONG. Mr. President, I hope my friend from Wisconsin will listen to me a moment.

I encouraged the chairman of the committee to try to persuade the President to withdraw this nomination on the ground of age. I had helped prevent the confirmation of Mr. Garsaud, and Mr. Drane has been named to the same office; but the two Senators from Florida persuaded me that this is a very fine old gentleman, very active for his age, a splendid type of citizen. I went to the chairman of the committee, the Senator from Washington [Mr. DILL], after I had probably been the aggressor in the matter, and begged him, on the representations and the convincing arguments of the two Senators from Florida, to allow me to change my vote, which I have been accused of doing before, from "nay" to "yea."

There is nothing against the nominee. I do not think anyone would urge anything against him. It is a question of whether or not we wanted a younger man. The Senator from Florida himself has shown such fine activity at his age, many times superior to that which I am able to show at my age, that I thought probably I was doing the wrong thing in encouraging the chairman of the committee.

Mr. FLETCHER. Mr. Manly's name came in one day recently. It was reported out the same day and confirmed. I did not object to the confirmation of his nomination. We have younger men on the Board, for that matter. Mr. Manly was appointed just two or three days ago and confirmed the same day his nomination was reported, by a poll of the committee. However, if the Senator from Wisconsin insists on his objection, I shall let it go over until tomorrow.

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

Mr. LA FOLLETTE. Mr. President, it is very difficult for me to object to anything the Senator from Florida asks me to do; but I should like at least an opportunity to confer with some of the members of the committee who voted against this nominee in order to find out their grounds for their action, and whether or not I think they are reasonable. I do not think my request is an unreasonable one. It certainly does not imply anything derogatory to the nominee, for I do not know him, and I had never heard his name until it was read just now by the clerk.

Mr. SMITH. Mr. President, will the Senator from Wisconsin allow me to make just a short statement?

Mr. LA FOLLETTE. Certainly.

Mr. SMITH. I had never met this man until he came into my office and went over the situation with me. I was utterly astonished when I heard his age. In the committee I did not hear any member make a single objection except as to his age. That was all I heard. There was no comment as to his character or his fitness for the position, except that he had not had as much experience as some others have had; but it was stated that he had been a Member of the House and was a thoroughly trustworthy man.

I think we can go further and do infinitely worse than to confirm this nomination.

Mr. LA FOLLETTE. Mr. President, for the third time I feel constrained to object. I shall not interpose any objection to the consideration of this nomination tomorrow.

IMPORTATION OF CEMENT

Mr. WHEELER. Mr. President, I ask to have printed in the RECORD an article by H. E. Miles, chairman of the Fair Tariff League, relative to importations of cement, as follows:

AN ILLUSTRATION OF THE FAILURE OF THE TARIFF COMMISSION

THE CEMENT CASE

In reading the following think equally of the Tariff Commission and of cement.

The law requires the Commission to find "the difference in costs of production, including transportation and delivery to the principal markets in the United States" of the foreign and domestic product. The Commission considered only 14 seaboard points, consuming only 12 percent of our total. Its conclusions are, therefore, false. Had it considered "the principal markets", which consume 88 percent, the picture would have been entirely different, and one or more commissioners would have joined Commissioner Page in his dissenting declaration for free cement.

The Commission knew that the primary or naked cost of a barrel of cement in the Lehigh Valley (Pennsylvania, New Jersey, and Maryland), whence comes 25 percent of the Nation's output, averages 53 cents to 55 cents per barrel. It is 50 cents in efficient plants. This 55-cent average primary cost is discoverable from the Commission's report, but not without the help of an expert, the combination of many figures, and the use of one (7 cents), referred to but not stated. Why all this concealment?

The following table is in the form universally used by producers and distributors to show costs, selling prices, and profits. There is nothing of the sort in any Commission reports known to me in 10 years and nothing that in the slightest discloses hundreds of dozens of like situations:

Cement, Lehigh Valley—Cost, selling price, and profits, 1929

(Per barrel)

Primary or naked cost at mills, average	$0.53 to $0.55
Final cost on cars at mills, average	1.12
Cost delivered in New York City (freight, 42 cents)	1.54
Selling price in New York City, in bulk, carloads	2.30
Net, deduct cash discount 10 cents, dealer's commission 10 cents, freight 42 cents	1.63

Net profit on the Commission's exaggerated cost ($1.12) per barrel, 62 cents, or 50 percent.

This is double the profits to department stores on small hand packages. Cement is a bulk commodity, limestone or slag mixed with clay, fused by coal and delivered in carloads. This in 1929, the year reported on by the Commission when cement was on the free list and unbefriended by a Tariff Commission.

Only two of the above figures, the second and third, are in the report, and those in a table of 140 items assembled for so different a purpose that the writer failed to notice them in the above relationship until after 3 months an expert pointed them out. No disclosures of prices, though the law commands it, and they were thrust upon the Commission's attention by various authorities.

It was in the face of the above facts and others likewise convincing that the Commission approved of a tariff of 23 cents per barrel and gave a "robber trust" the legal right to add, in its sole discretion, $45,000,000 to consumers' prices. This in order that a few imports to a few seaports might be shut out. The above figures held substantially from 1922 to 1931, when the report was issued, during all which time the price of cement in New York and Philadelphia ranged from $2.30 to $2.40—some increase from a naked cost of 55 cents in mills close to these centers.

When the report was written the trust was exporting to Montreal, Canada, at an average price of $1.50 and as low as $1.15, and selling to the South Carolina Highway Commission at 92 cents a barrel. All this when the price in New York City was $2.30 and about this to 85 percent of American users.

CEMENT PRODUCTION AND IMPORTS

Production in 1929 was 170,000,000 barrels, valued at $252,000,000. Exports at world prices were 886,000 barrels, with imports only a little more, 975,000 barrels. Imports were due to our excessively high trust prices, and at that imported cement could be used only at 14 seaports and within trucking distance thereof. It was too expensive to stand rail transportation for the slightest distance. The ports using it bought 25 barrels of domestic cement for each barrel imported. It was to better this condition that we were taxed, at the trust's discretion, $45,000,000.

Why didn't the Commission disclose under its "efficiency" mandate that the excessive costs in Washington and Oregon of $1.64 to $1.70 per barrel are because these mills are very small—only one small kiln each, and that their materials come from hundreds of miles distant? These and like disclosures would enable Congress and the President to judge what all America should be tariff-taxed to make these little plants profitable.

MANUFACTURER'S PROFITS

The profits of the manufacturers were known to the Commission. Why ignore it? An investment of $5,000 in the Lehigh Valley Cement Co. in 1899 had returned in 1930 in dividends and appreciation $646,404. In the Atlas Cement Co. 100 shares in 1899 had become, in 1929, 2,200 of a market value, plus dividends, $133,631. This under the free list.

Profits were so great that plants were overextended and new people entered the business. The Commission said that there was 34 percent of excess and useless capacity, but the Commission allowed 6 percent interest on the total investment, equaling 9 percent on the capacity used in the big year of 1929. Thus the public is to pay a profit on speculative extensions, proven worthless.

The Commission allowed 16.4 cents per barrel, or $28,000,000 for "imputed interest", while disclosing that Belgium, where interest was higher, would require an interest allowance of only $8,500,000. As Belgium produces from chalk she needs less machinery for mining the material, but who will believe that this difference in the raw material justifies an excess annual interest allowance to our producers of $19,500,000? Of this interest allowance $9,500,000 is for the unused and unnecessary excess capacity noted above.

The cost to the public of the $45,000,000 tariff dole will be, if used, $27,000,000 to $30,000,000 added to highway and public improvements. Of this farmers will pay $9,000,000, with another $7,000,000 in price increase for cement used on farms. The trust is marvelously rich. The 50,000,000 on our farms and in villages dependent on farms are virtually bankrupt.

The law requires that "other relevant factors" shall be disclosed. Recently the Federal Trade Commission reported that $42,000,000 was utterly lost in freight charges on "crosswise shipments" of cement; that is, prices were so high that shippers sold in distant places beyond their natural territory, with long-haul shipments from various factories crisscrossing one another the country over.

Chicago, for instance, says the Trade Commission, would have saved $800,000 in 1 year if competition had obtained, in which case only mills nearby would have secured her business. The Trade Commission says that there being "virtually a 100-percent uniformity" in prices, Chicago bought one third nearby and two thirds from a distance, with a loss of 22½ cents per barrel in freight charges. Prices were so high that producers gladly absorbed the loss. Here is one item, $42,000,000, of economic waste almost equaling the $45,000,000 of tariff benefits given the trust by the Tariff Commission.

We here see one faithless commission damned by the disclosures of another commission in the innocent and faithful discharge of its duties.

TRUST PRICES BREAK IN BAD TIMES

Trusts like cement, whose price agreements are based on mutual pledges only and contrary to law, break down in bad times when members cut prices to get more than their share of business. At the end of a depression consolidations are likely, as in steel in 1900, with firmer control of prices than ever. So with cement now. Heaven help us later, except as Senator NORRIS' resolution, accepted by the Senate, saves us, as is probable, through the disclosures of the Federal Trade Commission, and rids us of the effect of the Tariff Commission's tax levy.

As said the chairman of the Senate Finance Committee, Mr. McCumber, in 1922, "We want foreign competition to prevent combinations." In this case, to check the Cement Trust whose prices are now utterly demoralized with much to make up for upon opportunity.

Cement is only an illustration. Honest investigations would present dozens of like situations, big and little.

THE COMMISSION'S ATTITUDE

To the writer and some especially informed legislators and experts it seems that the Commission's attitude in most of its findings may be summarized as follows:

"A quantity of cement equal to one half of 1 percent of the Nation's total consumption is being imported into a few seaboard cities for use there only and within trucking distances thereof.

"These imports tend to reduce prices in these districts to moderation and thus to free these districts from the burden of the arbitrary and excessive prices from which other sections of the country cannot escape.

"The principle of 'equality for all' requires that these seaboard areas shall suffer equally with the rest. They must make equal contributions to the profits of the Cement Trust.

"That this will further increase, in ordinary years, the amazing profits of the trust is beside the question.

"We decline to consider producers' prices (sec. 332) or the extent to which the $45,000,000 in the tariff will be added to prices. That is in the discretion of the trust.

"We decline to consider 'the effect of this tariff upon the country' (sec. 332–A) or to segregate 'efficiently and economically operated' plants (sec. 337–A).

"If the law's general instructions (sec. 332–A) and special requirements (337–a) indicative of the purpose of Congress, are to be applied to each section of like sort, they should be repeated in each section. The above requirements do not appear in section 336 to which we confine our attention.

"We decline to consider 'other relevant factors that constitute an advantage or disadvantage in competition', or the effect of the duty upon 'the principal markets of the United States', although these considerations are required in section 336 (1–A). These considerations involve excessive profits, trust methods, etc. To disclose these and like factors, as Vice Chairman Page does in his dissenting opinion, would require one or more of us to agree with him, and likely all of us to declare for free cement as he does.

"If intellectual honesty is desired, the law should so declare.

"Likewise as to 'the public interest.' It is not mentioned in the law. What is it, anyway?

"That the President cannot act intelligently on a report thus restricted in scope is irrelevant and immaterial. The law only requires him to say yes or no to our proposal or to say nothing.

"The Commission approves of the present tariff on cement of 23 cents per barrel."

IN WHOSE SERVICE IS THE TARIFF COMMISSION?—THE WOVEN-WIRE CASE

As cement and woven wire are almost the only important dutiable products passed upon by the Commission, let us briefly consider the woven-wire case. It carried 40 percent protection before 1930 and 45 percent since 1930 until the President accepted the Commission's recommendation of 50 percent on one type and 60 percent on the other.

The Commission's report gives no data except costs in American plants, with foreign costs only inferred from importers' invoices.

The manufacturers say that some domestic mills pay the Wire-rod Trust $42 per ton for their rods from which wire is drawn, against $26.50 foreign price of rods. As the Commission includes in costs the price of materials whether unreasonable or not, it probably used this $42 price for some mills, and a much less sum—likely $10 less—for mills that make their own rods. This without disclosing the fact and permitting the President to judge to what extent supposedly small plants, enslaved to a trust, should be made profitable by a tariff tax upon consumers.

Nor is there a word about selling prices or profits. One big producer, the Keystone, that makes its own rods, I understand, made $1,748,000 in 1928 and $1,596,000 in 1929. In 1927 it made $25.92 per share of stock. Then in 1928 it split each of 33,714 shares into 6 new shares, upon which 202,284 new shares it made the apparently small profit of $6.16 per share, equal however, to $37 on each share in 1927.

Has this any bearing on the Commission's increase in its protection from 40 percent when these profits were made to 50 percent now on one type of wire and 60 percent on the other? The farmers who use chicken wire with eggs at 6c to 8c per dozen, and the builders of small homes will think that it has. Why not let the President have the facts? The lower courts say this increase was unlawful.

The wire plants were overbuilt in war time. The Commission says they have twice the needed capacity, but the Commission allows them 6 percent on this double capacity for which there is no use. This equals some 12 percent per annum on the capacity used and a handsome profit on their mistake, if such it was, in building to double capacity.

Is it not apparent that the Commission has no sense of the public interest? If hand-picked, employed, and paid by the manufacturers, could their reports, as honest men, be more exclusively from the manufacturer's standpoint?

Is it not fortunate that substantially all of the Commission's reports have been mostly upon trifles? Upon tacks rather than the Steel Trust? Upon snake skins rather than the Aluminum Trust? Upon green peppers, cigarette mouth holders, cucumbers, and feldspar rather than the Chemical Trust?

The pineapple report is false (see pp. 7365–7366, CONGRESSIONAL RECORD, April 4, 1932). Also it taxes consumers $1,500,000 for a possible total benefit of about $3,000 to only 11 Florida farmers and 86 acres. Better this, however, than the consideration of important products. This costs less to consumers.

THE COST OF A BAD TARIFF COMMISSION—INDUSTRY'S SUPREME COURT

The Commission should be the supreme court of industry, the authority and determiner of costs, prices, efficiency, prosperity. When our ablest men know that those in power, supported by the public, will require a Commission comparable to the United States Supreme Court, then such men will serve upon the Commission. Not so now.

There is abundant evidence that 80 percent of our manufacturers want this sort of a Commission. Another 10 or 15 percent prevents.

THE FLEXIBLE PROVISIONS

The flexible provisions as used are a joke and a trick.

First, in 1922, the tariff profiteers tried to kill the Commission by the Frelinghuysen bill (S. 3199). Failing in this, they sprung the flexible provisions upon unsuspecting people, in Congress and out, who were pleased to think that a tariff commission's judicial and fact-finding processes would correct foolish, exploiting, and dishonest rates.

Instead, we have seen, since 1922, little else than one President after another, from first to last, misled by inadequate data, sometimes acting upon dishonest presentation of alleged facts; a President confused and pigeonholing tainted reports, disclosed to the public only when Congress required their publication (cotton hosiery, logs of douglas fir, etc.); raising the rates on pressed glass a few years ago until, if one could steal it abroad, he could scarcely pay the duty and sell it in Detroit or Cleveland, the places of principal consumption; then Congress correcting these disreputable rates with uncomplimentary disclosures; then Presidents, turning from problems that rack the world, to reports on bob-white quail, cucumbers, mouth holders for cigarettes, and so forth; then raising the duty on window glass from the Commission's misleading information; then raising the duty on woven wire, above-

considered, and so forth. In short, almost every finding made upon inadequate information, bothering each President and, too often, with evil consequences.

Above all, and as intended, this has defeated the only important purpose of the Commission, its devotion to the disclosure of facts essential to a right general revision.

It has left Congress to make bad tariffs, as always, to the advantage of tariff profiteers and the exceeding loss, and sometimes the shame, of the Nation as a whole.

This has killed the Commission in character, purpose, and effect—also as intended. There is a volume of supporting evidence.

It does not answer to say that other countries have flexible provisions. That they may need theirs and use them honestly and well is of no present concern to us with our knowledge of how we use ours.

Commissions would not dare send such reports to Congress where hundreds of able men would investigate them. If Congress gets the reports the country may soon get a right commission.

Give us at once honest and competent commissioners or none.

RECESS

Mr. ROBINSON of Arkansas. As in legislative session, I move that the Senate take a recess until 11 o'clock tomorrow morning.

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

The motion was agreed to; and (at 6 o'clock and 30 minutes p.m.) the Senate, as in legislative session, took a recess until tomorrow, Tuesday, June 13, 1933, at 11 o'clock a.m.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 12, 1933

The House met at 12 o'clock noon.

The Reverend John Compton Ball, pastor of the Metropolitan Baptist Church, Washington, D.C., offered the following prayer:

O Lord our Lord, how excellent is Thy name in all the earth, who hast set Thy glory above the heavens.

We, Thy children, bow before Thee in recognition of Thy marvelous power and wisdom and in the joyful consciousness of Thy great love. We pray that in these closing days, and perhaps hours, of this remarkable session of Congress Thy divine blessing might rest on all the good that has been done. Bless every act that has been passed that means helpfulness to men and the uplift of the Nation. May every good bill receive not only the signature of our President but also Thy divine approval, and may the day dawn speedily when prosperity shall cover our land as the waters cover the sea. We pray Thy blessing on every Member of Congress who, in the fear of God, has tried to do what he believed to be his highest duty; and when the hour of adjournment comes and we scatter to the distant parts of the land we love, be Thou with us on the way. Guide and guard us on the journey and bring us all in safety to our loved ones and home. In Jesus' name. Amen.

The Journal of the proceedings of Saturday, June 10, 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 a bill of the following title, in which the concurrence of the House is requested:

S. 1867. An act authorizing an appropriation to provide for the completion of the George Rogers Clark Memorial at Vincennes, Ind.

The mesage also announced that the Senate insists upon its amendments to the bill (H.R. 5091) entitled "An act to amend section 289 of the Criminal Code", disagreed to by the House, agrees to the conference asked by the House, and appoints Mr. KING, Mr. STEPHENS, and Mr. BORAH conferees on the part of the Senate.

RESIGNATION FROM A COMMITTEE

The SPEAKER laid before the House the following communication, which was read:

WASHINGTON, D.C., *June 10, 1933.*

Hon. HENRY T. RAINEY,
Speaker House of Representatives.

DEAR MR. SPEAKER: I hereby resign my membership on the Committee on Foreign Affairs.

Very respectfully,

JOHN A. MARTIN.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and twenty Members present, a quorum.

INVESTIGATION OF APPOINTMENT OF RECEIVERS, ETC.

The SPEAKER. The unfinished business is House Resolution 145, which the gentleman from Virginia [Mr. SMITH] called up Saturday evening. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 145

Resolved, That, when in its judgment such investigations are justified, the Judiciary Committee of the House of Representatives be, and it is hereby, authorized to inquire into and investigate the matter of appointments, conduct, proceedings, and acts of receivers, trustees, referees in bankruptcy, and receivers in equity causes for the conservation of assets within the jurisdiction of the United States district courts.

SEC. 2. The said committee, or subcommittees thereof, to be appointed by the Chairman of the Judiciary Committee, shall specifically inquire into and investigate the selection of receivers and trustees, and the selection and appointment of counsel and assistants to such receivers and trustees, referees, custodians, auctioneers, appraisers, accountants, and other aids to the court in the administration of bankruptcy estates and equity receiverships; and shall inquire into and investigate all other questions in relation thereto that would aid Congress in any necessary remedial legislation.

SEC. 3. The said committee, or any subcommittee thereof, to be appointed by the Chairman of the Judiciary Committee, shall inquire into and investigate the action of any district judge or judges in the setting up and promulgating of any rule or rules of practice of the court appointing the same person or corporation as receiver in all cases or in any class of cases, and to inquire into and investigate the action of any district judge or judges in setting up and promulgating any rule or rules of practice of the court which in effect, directly or indirectly, interferes with or prevents the control of bankruptcy estates by creditors according to the spirit and letter of the bankruptcy statutes; and to inquire into and investigate all other questions in relation thereto that would aid the Congress in any necessary remedial legislation.

SEC. 4. The committee shall report to the House of Representatives not later than the 31st day of January 1934 the result of its investigation, together with such recommendations as it deems advisable.

SEC. 5. The said committee, or any subcommittee thereof, is authorized to sit and act at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpena or otherwise, and to take such testimony as it deems necessary. Subpenas shall be issued under the signature of the Chairman of the Judiciary Committee or of the chairman of any subcommittee and shall be served by any person designated by any of them. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY], but I do not yield for the purpose of offering any amendment to this resolution as reported by the Committee on Rules. I yield myself 5 minutes.

Mr. Speaker, this is House Resolution 145, which I am directed by the Committee on Rules to report. The resolution is offered by the gentleman from New York [Mr. CELLER]. It has been considered by the Committee on the Judiciary, and it came from that committee to the Committee on Rules with a unanimous recommendation that it be adopted. It was then reported favorably to the House by the Committee on Rules.

The purpose of the resolution, briefly, is to authorize the Committee on the Judiciary of this House, when, if, and as it deems it appropriate and necessary, to investigate the method and the manner of the appointment of trustees in bankruptcy cases, and receivers in equity in the Federal courts. That sounds like a very innocent resolution, and I think it is a very innocent resolution, so far as it affects those who are innocent. I was somewhat surprised when I called this resolution up on Saturday night to be met with a point of no quorum, followed by a motion to adjourn. The only conclusion that I can draw from that, to be perfectly fair with everybody, is that there is some objection to the Committee on the Judiciary of this House making this investigation, because some gentlemen in this House fear that there is something that might be disclosed by such an investigation that some people may not want disclosed.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I am sorry, but I have only 5 minutes.

Mr. MARTIN of Massachusetts. But the gentleman made a statement, and I think he should like to have the real truth in respect to the matter.

Mr. SMITH of Virginia. If I have made an incorrect statement I shall be very glad to yield.

Mr. MARTIN of Massachusetts. No one is afraid of what the Committee on the Judiciary will do, but this is not at all necessary.

Mr. SMITH of Virginia. I do not yield further. That is a matter of opinion. All gentlemen will remember that on Saturday night the moment this resolution was called up a point of no quorum was made, followed by a motion to adjourn and a roll call. Everyone can draw his own conclusions. I may be right, and the gentleman from Massachusetts may be right. I have a right to the expression of my own personal opinion that there is something in the resolution that somebody does not want investigated. I know very little about what is back of all this, but I do know that this House and the Senate has just been through an impeachment trial that took a great deal of time and a great deal of money, where one of the main questions involved was the charge that the judge was unfair in the appointment of receivers and that he was allowing to his personal friends large fees that were not justified by the service being rendered.

It seems to me that the Committee on the Judiciary of this House might well investigate such a charge. I only know there has been emblazoned across the front pages of a Chicago daily that a certain judge in Chicago had allowed to the firm with which his son was connected fees in bankruptcy cases in 1 year aggregating $200,000 and more. There might be nothing worthy of investigation in the charge, but to my mind, that subject might well be looked into by the Committee on the Judiciary of this House.

The Members of this House know that just a few days ago a resolution was passed by this House for the impeachment of a judge in Florida. I am informed that the basis of those charges was that that judge was abusing the power of the Federal court in appointing receivers, in appointing his friends as counsel for those receivers, and allowing them large and unconscionable fees. There may be nothing wrong about that, but, to my mind, in all fairness to everybody, it seems to me it might well be investigated by the Committee on the Judiciary of this House.

Mr. BANKHEAD. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. BANKHEAD. Is it not true there was brought to the attention of the Committee on Rules facts tending to show very shocking and scandalous abuse of these appointment privileges?

Mr. SMITH of Virginia. There undoubtedly was.

Mr. MARTIN of Massachusetts. Will the gentleman tell us where it was shown?

Mr. SMITH of Virginia. I think I can say it was in California, and not confined to the judge whose impeachment trial was just completed. It was also complained of in Florida, and I might say complaint was also made from the State of Illinois and other States that I do not recall at this time.

The SPEAKER. The time of the gentleman from Virginia [Mr. SMITH] has expired.

Mr. SMITH of Virginia. Mr. Speaker, I yield myself 2 additional minutes.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. MARTIN of Massachusetts. Does this committee intend to go to California to conduct an investigation?

Mr. SMITH of Virginia. The committee will determine that. I do not yield further at this time.

I do not know personally about these things. I only know what has come to us, but I want to say that in the State of Virginia there are two Federal judges. They are both Republican Federal judges, but they are clean, honest men. They are as clean as a whistle. Neither of them have consulted me about this and I have not consulted them about it, but I venture to say that if it were stated to those judges that there were abuses carried on in the bankruptcy court, the first men to ask that the matter be investigated would be those Federal judges of Virginia. I believe that is true of a majority of the Federal judges of the United States, both Republicans and Democrats. Let us give a clean bill of health to those who are clean, and let us clean house with respect to those who are unclean. [Applause.]

The SPEAKER. The time of the gentleman from Virginia has again expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. HANCOCK].

Mr. HANCOCK of New York. Mr. Speaker, the principal and most obvious objection to this resolution is its utter uselessness. No good purpose can be served by the passage of this resolution. It will become a dead letter the moment it goes on the statute books. It provides that the Judiciary Committee may constitute itself into a roving band of investigators, roaming from one end of the country to the other, prying into the affairs and business of the courts of the United States; but you notice it does not provide for any funds. It provides no funds to pay traveling expenses or stenographers or clerks or experts or any of the other expenses which these roving commissions always incur. To my mind, it is exactly like giving your wife permission to go shopping without giving her any funds. The demand for funds is sure to be forthcoming very quickly.

The real inspiration for this resolution is the situation in the southern district of New York, where the Irving Trust Co. has been selected for receiverships for the last 4 or 5 years in all cases, large as well as small. The gentlemen from New York City know that. The inference is that there is something scandalous or wrong or wicked about that proposition, and a short explanation should be made.

About 4 years ago there was a series of rather scandalous receiverships in New York City. There were some defaulters, absconders, and a few suicides, a great deal of public attention was directed to the situation, and demand was made for reform. Judge Knox, who is senior judge of the southern district of New York, called all of the judges of that district into conference, eight in all, to determine upon some means of correcting a bad condition. They decided unanimously that the way to handle the situation was to ask some trust company to accept appointment as receiver in all cases, both large and small, so that they might find it profitable. The Irving Trust Co. was decided upon because it was a strong bank, a bank of excellent reputation, and conveniently located to the United States courts. The judges went to the trust company. The trust company did not seek the business. They consented to set up a department of bankruptcy, and Captain McCormack, who is now Commissioner of Immigration under the new administration, was put in charge of that section of the bank. He administered bankrupt estates in the name of the bank. He was the head of the bankruptcy department of the Irving Trust Co.

That plan was not designed by the judges of the southern district of New York to be a permanent solution but a tem-

porary expedient in order to break up a bankruptcy ring which had developed in that city.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK of New York. I yield.

Mr. BYRNS. Does the gentleman think it a good policy for a Federal judge to submit to a trust company or a bank, no matter what its reputation is, the proposition of handling all the bankruptcy cases and having that bank establish a department of bankruptcy within the bank, a monopoly in that district to handle bankruptcy matters?

Mr. HANCOCK of New York. No; I do not. I am coming to that point if the gentleman will be patient.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield for a question?

Mr. HANCOCK of New York. I yield.

Mr. LEHLBACH. That is a practice which was established in the open and is part of the rules of the district courts in the southern district of New York, is it not?

Mr. HANCOCK of New York. It is allowed and sanctioned by the rules of the Supreme Court of the United States.

Mr. LEHLBACH. They do not have to bring in any resolution to find that out.

Mr. HANCOCK of New York. It is well known to the gentleman from New York who introduced this resolution. He is particularly familiar with the whole situation.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK of New York. I will yield a little later.

The result of this practice has been to deprive many reputable lawyers of honest business. Naturally they are resentful. The lawyers of the country have been resentful for some time at the steady encroachment into their legitimate field of business by the trust companies.

As I say, the judges of the southern district did not intend this to be a permanent solution, but a temporary expedient to break up a situation which was particularly bad at that time.

This matter was brought to the attention of the Judiciary Committee. It was discussed there.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK of New York. I yield.

Mr. FITZPATRICK. Are the companies now in that district who go into bankruptcy able to get a better and squarer deal than they did previously when bankruptcy cases were referred indiscriminately?

Mr. HANCOCK of New York. There has been no scandal since the Irving Trust Co. has acted as receiver. But I want to come to the point; and this is something each Member should hear. When the McKeown bill which was passed by this House was considered by the Judiciary Committee the gentleman from New York [Mr. CELLER] called this practice to the attention of the Judiciary Committee and offered an amendment to that bill.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 additional minutes to the gentleman from New York.

The SPEAKER pro tempore (Mr. TRUAX). The gentleman is recognized for 5 additional minutes.

Mr. HANCOCK of New York. That situation in New York City was carefully discussed in the committee. The gentleman from New York [Mr. CELLER] offered an amendment to the McKeown bill, which was accepted by the committee and has been passed by the House. Probably but few Members have read the McKeown bill through. I wish to read one section of it, as it is aimed directly at this New York City situation.

Section 3, page 29, reads as follows:

In the administration of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States, approved July 1, 1898, as amended"—

Here is the point—

a district court, or any judge thereof, shall make, in its or his discretion, such an equitable distribution of appointments as receiver as will prevent any persons, firms, or corporations from having a monopoly of such appointments within such district.

That is now in the bill that has already been passed by Congress. It is the remedy the gentleman from New York seeks here. He has it already.

Now, as far as information is concerned, nothing can be revealed that is not already well known. A few years ago the New York Bar Association made a very elaborate, extensive, and complete investigation into the administration of bankruptcy estates. Former Deputy Attorney General Donovan was employed by the Bar Association of New York City to conduct the investigation. A vast amount of data has been obtained and is available to anyone who wishes to see it. Not only that, but in 1930, upon the instructions of the President, the Department of Justice also conducted a very extensive investigation into the administration of bankruptcies, and the practice generally throughout the United States. If any of you are interested I refer you to Senate Document No. 65, Seventy-second Congress, where all these matters the gentleman complains of are set forth, where a remedy is proposed and where a draft of legislation is actually suggested.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK of New York. I yield.

Mr. BYRNS. I wish the gentleman would tell the House why objection should be made to a committee of this House investigating to see whether or not Federal judges are complying with the law and making exceptions or giving preferences to individuals in their districts, or to banks, or other agences.

Mr. HANCOCK of New York. Perhaps the distinguished leader misunderstood me. What I just quoted is not yet the law. That is a provision of the McKeown bill which passed the House a few days ago.

Mr. BYRNS. What is the reason a committee of the House did not investigate this situation?

Mr. HANCOCK of New York. I say we have the remedy in the bill that passed the House and complete data is available from investigations recently concluded.

Mr. GILCHRIST. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK of New York. I yield.

Mr. GILCHRIST. The resolution applies not only to bankruptcy cases, but to all equity causes.

Mr. HANCOCK of New York. That is true.

Mr. GILCHRIST. So the provision in the McKeown bill would not cover all that is contemplated by this resolution. Am I right?

Mr. HANCOCK of New York. I think the thing that is complained of is the appointment of a certain group of preferred individuals as receivers in equity and bankruptcy cases. I do not think there is any distinction to be made in that respect.

Mr. GILCHRIST. The resolution covers other things than receivers.

Mr. HANCOCK of New York. Yes, it does. The resolution covers receivers, trustees, auctioneers, and so forth.

Mr. GILCHRIST. What is the gentleman's idea as to what constitutes a monopoly under the Bankruptcy Act to which he refers? Suppose 99 cases are sent to the Irving Trust Co., and 1 case to somebody else; is that a monopoly?

Mr. CLARKE of New York. All bankruptcy cases are sent to the Irving Trust Co. in the southern district of New York.

Mr. HANCOCK of New York. At the present time there is a monopoly. The remedy the gentleman from New York suggested and was adopted by the House is that there should be an equitable distribution of appointments as receivers so as not to favor any persons, firms, or corporations or permit them to get a monopoly on such appointments.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the gentleman from New York 5 additional minutes.

Mr. KELLER. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK of New York. I yield.

Mr. KELLER. Has the Irving Trust Co. this monopoly?

Mr. HANCOCK of New York. I believe it has up until the present moment.

Mr. KELLER. How long has it lasted? When did it start?

Mr. HANCOCK of New York. The gentleman from New York is better informed than I am, but I think about 4 years.

Mr. KELLER. Does not the gentleman think that a set of judges who permitted such a condition to arise as to justify, in their own judgment, such a procedure, ought to be investigated thoroughly?

Mr. HANCOCK of New York. We know all about it now. The Donovan committee made a very thorough investigation as well as the Solicitor General of the Department of Justice.

Mr. KELLER. Apparently the judges do not know all about it.

Mr. HANCOCK of New York. As I have said, it was a temporary expedient, and the matter was brought to a focus. The judges themselves took the initiative and now we have some legislation in a bill which has passed the House that was suggested by the gentleman from New York, the author of this resolution.

Mr. KELLER. How long is the thing to be temporary?

Mr. HANCOCK of New York. I expect the McKeown bill to be passed, which will put an end to it.

Mr. KELLER. But this has been going on 4 years.

Mr. HANCOCK of New York. I am afraid I have not made myself clear, but there are other points involved. First, all the knowledge we could obtain by any investigation is already available and at hand.

Mr. KELLER. But not officially before this body.

Mr. HANCOCK of New York. It is in Senate Document No. 65, which was published in the Seventy-second Congress and is likewise in the report of the Donovan investigating committee of New York City.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. HANCOCK of New York. Yes.

Mr. FITZPATRICK. Did the bar association want the change made at the time it was made? Did they not want the change made at the time these matters were placed with the Irving Trust Co.?

Mr. HANCOCK of New York. I think there was a great deal of public indignation about it at that time and a demand for reform.

Mr. FITZPATRICK. And at that time they wanted a change.

Mr. HANCOCK of New York. There was a series of scandals, some arrests, a few suicides, and considerable public indignation.

Mr. CELLER. Will the gentleman yield?

Mr. HANCOCK of New York. Yes.

Mr. CELLER. The information which the gentleman says would be revealed is information concerning the scandals before the Irving Trust Co. was appointed; but this resolution seeks to develop the scandals—and I will say to the gentleman there are such scandals—after the Irving Trust Co. was set up as a monopoly. We seek to inquire into the Irving Trust Co. and its monopolistic tendencies, and that is all there is to it. It is now buried so deep it will never be revealed unless there is such an investigation.

Mr. HANCOCK of New York. I may say to the gentleman from New York that the gentleman who has had charge of this work for the Irving Trust Co. is a distinguished Democrat. His high character has been recognized by this administration, and he is now the Commissioner of Immigration. So far as going around the country smelling for scandal is concerned, I do not believe in it. If there is anything definitely wrong anywhere, let someone come in here with an affidavit and let us have an investigation and clean up that particular state of affairs; but let us not go around the country snooping and sniping and sharpshooting at the United States judges.

Mr. KELLER. The gentleman would not object to investigating a Democrat, would he?

Mr. HANCOCK of New York. Certainly, I would, unless there were definite information justifying it.

Mr. KELLER. The gentleman would?

Mr. HANCOCK of New York. Certainly.

Mr. KELLER. I would not.

Mr. HANCOCK of New York. Let me say to the gentleman that I am afraid I have not made myself clear. My position is that this is a perfectly useless piece of work. If we have any definite information that should warrant an investigation, let us make an investigation of that particular matter and not go all around the country casting discredit upon the judges of this country. At this time, that would certainly be highly undesirable. When the people of the country lose faith or confidence in the judiciary, it will be a sorry day for us. I am not in favor of throwing the proposed investigation wide open and creating a roaming, rambling, smelling committee without any good reason for it.

Mr. CELLER. Will the gentleman yield further?

Mr. HANCOCK of New York. Yes.

Mr. CELLER. The gentleman knows this is not a fishing excursion or a rambling proposition, and an investigation can only ensue if the chairman of the Judiciary Committee so determines with the members of the Judiciary Committee, of which the gentleman and myself are members. I am sure we can trust the wise and sagacious chairman of our committee not to let the committee go around as a roaming, rambling committee.

Mr. HANCOCK of New York. As I said at the outset of my remarks, I think this resolution will be a dead letter if passed, because the Judiciary Committee has neither the time nor the information to go around snooping into the affairs of honest judges.

Mr. FORD. If the judges are honest, what is the gentleman's objection to this resolution?

Mr. HANCOCK of New York. I tried to sum up my answer to that question by saying that before you investigate a judge or any other person in high position or authority, you should have something to justify it, because when an investigation of the judges is ordered you immediately arouse suspicion and cast discredit upon them. In my opinion, in these days we should concentrate our efforts on restoring confidence in the Government and in the people who hold high positions of public trust. This resolution can have no effect except to arouse suspicion and cast reflection on the judges of this country, which is not warranted.

Occasionally there is a judge who is arbitrary, occasionally there is a judge who is incompetent, but it is mighty seldom a judge is found in any court of this country who is corrupt. When any man is investigated, public suspicion is aroused against him, and in my opinion this is wrong and should not be done.

Mr. BLANTON. Will the gentleman yield?

Mr. HANCOCK of New York. Yes.

Mr. BLANTON. I am sure everyone will agree with the gentleman that the Judiciary Committee does not intend to go around the country investigating honest judges. The ones they want to investigate are those who are allowing these unconscionable fees to receivers.

Mr. HANCOCK of New York. In those cases affidavits should be brought before the committee and definite investigations authorized. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, this resolution should not be confused or mixed up in the minds of my colleagues with the former Resolution 110, which likewise was introduced by our colleague Mr. CELLER, from New York. All the objectionable features that were in Resolution 110, to which on May 16, 1933, I objected, have been eliminated from this Resolution No. 145.

For instance, Resolution 110, to which the Speaker sustained my point of order and killed it, was introduced on April 18, 1933, went to the Rules Committee, and was reported by that committee favorably on May 3 of this year.

When it was called up in the House on May 16, 1933, I made a point of order against it, that the Rules Committee

did not have authority to report a resolution of that character because of its charge on the Treasury, and the Speaker sustained my point of order.

Then the gentleman from New York [Mr. CELLER] reintroduced the resolution leaving out the objectionable language and the committee favorably reported it.

Let me give you the language that was in Resolution No. 110 which was left out of this new resolution, no. 145.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. BLANTON. I regret that I have not the time. The language to which I objected has been omitted.

Here is one paragraph that was in no. 110 which has been left out of this resolution, no. 145, to wit:

> To employ suitable counsel, assistants, and investigators in aid of its investigation, as well as such experts, and such clerical, stenographic, and other assistants.

Note that there was no limit on the salary or the number of experts or attorneys. I said that under that clause there could be spent $250,000, and there could; if we were under the Republican regime, when they had the Walsh and the Graham investigation, they could have spent $500,000. But the Speaker sustained my point of order and thus killed Resolution No. 110, and this new Resolution No. 145 leaves that language out.

There is another clause that was in said Resolution No. 110 that has been left out of this no. 145 under which money could have been spent. This clause that is not in the new resolution is the following:

> To have such printing and binding done, and to make such expenditures as it deems necessary; and all such expenses thereof shall be paid on vouchers ordered by said committee and approved by the chairman thereof.

The resolution that is before the House now, no. 145, is a proper resolution, properly framed, properly safeguarded, under which there will not be spent over $5,000, because I have the assurance of my good colleague from Texas, in whom we all have confidence, Mr. SUMNERS, Chairman of the Judiciary Committee, who assures me that he is going to handle this investigation himself, and he does not believe there will be half of the $5,000 expended and guarantees that they will not expend over $5,000. When the gentleman from Texas assures me of that fact I know that he is going to keep his promise. I know that the Committee on Accounts, headed by my good friend, Mr. WARREN, and the gentleman from Missouri, Mr. COCHRAN, will never allow over $5,000 to be expended in this matter. Therefore I am for this resolution, no. 145. We ought to stop these big expenses for receivers, we ought to stop these monopolies, we ought to stop a district judge's giving $250,000 to one firm of lawyers in a short space of time.

It ought to be stopped, and I am glad to see my friend from Chicago [Mr. SABATH], our good friend who stands for proper law enforcement in this country, except as to liquor, standing for the cleaning-up of these Federal judges who allow improper fees.

Mr. MOREHEAD. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Yes; I yield to our good friend from Nebraska, one of the soundest and most valuable men in this House.

Mr. MOREHEAD. What is in my mind and what is perhaps in the gentleman's mind is this: Will this develop, as it usually does, into a junketing trip?

Mr. BLANTON. I think not. The Committee on the Judiciary, headed by the gentleman from Texas [Mr. SUMNERS], is going to be careful about expenses and has promised not to spend over $5,000, and it is going to put the fear of God into the hearts of a lot of these judges who allow big fees that are not earned; and I am afraid that a lot of them are going to be Republican judges, from the way Republicans are fighting this measure.

The SPEAKER pro tempore (Mr. TRUAX). The time of the gentleman from Texas has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, when this resolution came before the Committee on Rules, there were only two people who appeared in support of it. One was the gentleman from New York [Mr. CELLER], who advocated an investigation, and the other was a Representative from New York, who believed an investigation was not necessary, but who wanted legislation, which in the last analysis is necessary if we are to accomplish anything. I was interested in the attitude of the gentleman from Texas [Mr. BLANTON]. I wonder when his conversion came about. I am wondering if that conversion came after the tilt of last Friday with some Republicans, because only last week he asked me if he could have time to oppose this legislation. When this resolution, reported here this afternoon, was before the Committee on Rules, the gentleman from Texas [Mr. BLANTON] came to me and asked me if I would vote against it.

Mr. BLANTON. That was on House Resolution 110, and before I knew these matters to which I referred were left out.

Mr. MARTIN of Massachusetts. No; it was not before they were left out. It was only 3 days ago, and this resolution has been pending in this House for a good many days. The gentleman from Virginia [Mr. SMITH] wonders why we did not permit this to be called up at 10:30 o'clock on Saturday. Think of it! We had been sitting for 13 long hours, and everybody but the leadership of the House knew it was impossible to get final adjournment on that night. Why should we take up something entirely new and highly controversial at that time? Everyone knows it was wisdom and proper conduct on the part of a legislative body to adjourn. Yet I admit it was a good time to have this resolution come up, because it would be much better to pass it at night than in the daytime. The legislation can do but one thing. It must be an instrument of intimidation, and nothing else. If there is anything wrong about the laws on the statute books concerning bankruptcy cases, the 25 able men who make up the Committee on the Judiciary of the House know it. They know the practices throughout the country, and they can bring in a bill and pass the legislation if reform is necessary. In all the hearings before the committee we have heard of some institution in New York which is getting all the cases. Nothing was said as to how the general public was going to be assisted in a change. The complaints came because some failed to win appointments. I know nothing about the New York situation, nor do I know intimately the general conditions of this country.

The judge under fire here is a Democratic judge, and I do know one of the great outstanding newspapers in New York has editorially stated conditions at the present time are infinitely better than they were before the rule complained of was put into effect. I cannot say as to this, but I do say it is not necessary to conduct an investigation which is going to cost time and money.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. SNELL. Was there any information brought to the Committee on Rules why this should be done at this time?

Mr. MARTIN of Massachusetts. None at all, and I suspect it is here mainly because of the persistency of the gentleman from New York and the gentleman from Chicago; and I commend them for their persistency, because persistency is what brings about legislation.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. BANKHEAD. Is it not a fact that it was reported to us that the Committee on the Judiciary of the House by a very preponderant vote had recommended to the Rules Committee that this resolution be reported out?

Mr. MARTIN of Massachusetts. That is true.

Mr. BANKHEAD. If that is true, does not that justify the Committee on Rules in granting the resolution?

Mr. O'CONNOR. And may I supplement what the gentleman says by the statement that the Rules Committee was

twice told that the Committee on the Judiciary unanimously approved this resolution.

Mr. MARTIN of Massachusetts. If we were to have an investigation every time a committee of the House asked for it, we would be eternally investigating. The job of the Rules Committee is to separate what is entitled to investigation and what is not worth investigating. The gentleman knows it is very easy to get a resolution of investigation out of a committee when the Member who seeks it is a member of that particular committee.

The SPEAKER pro tempore. The time of the gentleman from Massachusetts has expired.

Mr. BLANTON. Mr. Speaker, I obtained unanimous consent to extend my remarks so that I could make my position plain as against the assertion of the gentleman from Massachusetts that "I asked him 3 days ago for time to speak against this resolution", and then he refused to yield to me to show that my opposition was to the Resolution No. 110 and was before we forced the objectionable features of the measure to be eliminated, and before we had an understanding about the maximum amount that could be spent. All of my opposition was against Resolution No. 110. We did force all the waste and extravagance out of that measure. We did have a distinct understanding that not more than $5,000 would be spent under this Resolution No. 145, and that no lawyers or experts would be employed, whereas lawyers without limitation and experts without limitation as to number could have been employed under Resolution No. 110, and they could have been paid any salary the committee desired to pay them, and there could have been spent $250,000 or even $500,000 under said Resolution No. 110, whereas under this amended new Resolution No. 145 we are given definite assurance by my colleague the Chairman of the Committee on the Judiciary [Mr. SUMNERS] that not more than $5,000 will be spent.

On May 16, 1933, the gentleman from Virginia [Mr. SMITH], by direction from the Committee on Rules, called up said Resolution No. 110, which had been favorably reported by the Committee on Rules. I quote from the RECORD the following to show that I immediately reserved a point of order:

Mr. BLANTON. Mr. Speaker, I reserve a point of order on the resolution before it is discussed.

And I reserved the point of order, notwithstanding that just prior thereto the following colloquy occurred between the gentleman from Missouri [Mr. COCHRAN], then Acting Chairman of the Committee on Accounts, and the Speaker, to wit:

Mr. COCHRAN of Missouri. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. COCHRAN of Missouri. Is this bill being considered under unanimous consent?

The SPEAKER. This is a privileged resolution from the Committee on Rules.

And if you colleagues will look on pages 3497 and 3498 of the RECORD for May 16, 1933, you will see that it was my point of order, sustained by the Speaker, that killed said Resolution No. 110, and that it was after said Resolution No. 110 had been killed by my point of order that this amended new Resolution No. 145 was prepared and introduced, with all the waste, extravagance, and objectionable features of Resolution No. 110 stricken from it, to wit:

Mr. BLANTON. Mr. Speaker, the discussion has gone along far enough now that I shall make the point of order. The Speaker may as well rule now as at any other time.

I call the Speaker's attention to section 5 of the resolution, page 3, reading as follows:

"The said committee, or any subcommittee thereof, is authorized to sit and act at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned"—

This shows they can sit any time and anywhere in the United States, from Alaska to the Gulf of Mexico. It is further provided that they may—

"Hold such hearings, employ suitable counsel, assistants, and investigators in aid of its investigation, as well as such experts, and such clerical, stenographic, and other assistants, to have such printing and binding done, and to make such expenditures as it deems necessary; and all such expenses thereof shall be paid on vouchers ordered by said committee and approved by the chairman thereof."

Mr. Speaker, I make the point of order that the Committee on Rules has no jurisdiction whatever to report to this House a resolution of this kind, because the resolution shows on its face that it is a charge on the Treasury.

Such a resolution as this could cost the Government $200,000, or even twice that sum. The 25 members of this Committee on the Judiciary, or any subcommittee thereof, between now and the 1st of next January could sit in every big city in the United States from the Atlantic to the Pacific. Their railroad fare, traveling expenses, hotel bills, would be paid by Congress. They could employ as many lawyers as they wished, and pay them any salaries they wished, wholly without limitation. They could employ high-priced experts, clerks, stenographers, wholly without limit. We know how much the Joe Walsh committee cost. We know how much the Graham, of Illinois, committee cost. We know that the coal-investigating committee cost, first, $400,000, and then another $400,000. We know that the initial cost of the Wickersham Committee was $500,000. I am going to try to stop all such resolutions that do not provide for a limitation of expenses. This resolution is clearly subject to a point of order, because the Committee on Rules does not have any authority or jurisdiction to report such a measure that carries such a charge on the Treasury.

While the Rules Committee would have the right to bring in a rule to make such a matter in order, it has no right, in the first instance, to favorably report such a resolution. I insist that my point of order is good and should be sustained.

And after my point of order had been debated pro and con, I closed the debate on it, and the point of order was sustained by the Speaker, and the resolution ruled out of order, as is shown by the following, which I quote from the RECORD, to wit:

Mr. BLANTON. This resolution clearly is subject to a point of order. It authorizes this big committee to sit all over the United States, wherever and whenever it wants to sit, between now and next January 1. Who says that will not cost a lot of money? It authorizes this committee to employ high-priced lawyers and fix their salaries, wholly without limit. That could cost a large sum of money. It authorizes this committee to employ experts and clerks and stenographers and to have printing done, and the expenses are to be paid by vouchers approved by the chairman. Certainly that is a charge on the Treasury, and the Committee on Rules does not have authority to report such a measure.

The SPEAKER. The Chair is ready to rule.

The Chair thinks that the provision incorporated in section 5 of the resolution authorizing the committee to employ suitable counsel, assistants, and investigators in the aid of its investigation, and also the provision authorizing all necessary expenses of the investigation to be paid on vouchers approved by the chairman of the committee, is a matter properly within the jurisdiction of the Committee on accounts. It has been held that where the Committee on Rules reports a resolution of this kind and there is incorporated therein matter which is within the jurisdiction of another committee the matter so included destroys the privilege of the resolution insofar as it prevents consideration at any time by the mere calling up of the report by the Committee on Rules. For this reason the Chair thinks that the point of order is well taken, and the Chair therefore sustains the point of order.

It is thus clearly shown from the RECORD of May 16, 1933, Mr. Speaker, that it was my point of order that killed said Resolution No. 110. It was after Resolution No. 110 had been thus killed that the present Resolution No. 145, now before the House, was introduced with the objectionable features left out. I did not know until a few days ago that they had been left out. I had told my colleagues, Mr. SUMNERS of Texas, Chairman of the Judiciary Committee, and Mr. CELLER, of New York, and Mr. SABATH, of Illinois, members of the committee, that if they would leave the objectionable features that permitted great waste and extravagance that were in Resolution No. 110, out of it, that I would support a proper measure authorizing such an investigation; and I had a distinct understanding with all of them that they would not spend more than $5,000 on the entire investigation. My colleague from Texas, Mr. SUMNERS, chairman of the committee, personally assured me that he would conduct the investigation, and that he would keep the expense within $5,000. Under such circumstances, I agreed to support a measure providing for a proper investigation.

The objectionable parts of Resolution No. 110, that permitted waste and extravagance, and under which anywhere from $200,000 to $500,000 could have been spent, and which they left out of the present amended measure reintroduced as Resolution No. 145 now before the House, are the following:

The said committee, or any subcommittee thereof, is authorized to employ suitable counsel, assistants, and investigators, in aid of its investigation, as well as such experts, and such clerical, stenographic, and other assistants—

And also the following:

to have such printing and binding done, and to make such expenditures as it deems necessary; and all such expenses shall be paid on vouchers ordered by said committee and approved by the chairman thereof.

The above wasteful and extravagant provisions that were in Resolution No. 110, killed by my point of order, are not in this new resolution, No. 145, that we now have before the House for consideration. So it is manifestly unfair for any Member to assert that I have changed my position. I killed Resolution No. 110, because under it there could have been anywhere from $200,000 to $500,000 possibly wasted. I am supporting the present new resolution, No. 145, because the provisions above mentioned were left out of it, and because I have been assured reliably and definitely that not more than $5,000 would be spent under it.

When, the other day, my colleague from Massachusetts [Mr. MARTIN] asked me if I wanted time against the Celler resolution, I did not then know that this new resolution, No. 145, had been introduced with the objectionable matters left out, but assumed that Mr. CELLER was getting a proper rule from the Committee on Rules that would make in order his said Resolution No. 110, so that it could not be reached by a point of order, and that it was said Resolution No. 110 that would be brought up again, so naturally I told him that I wanted time against it. But I had in mind all the time said Resolution No. 110 which I had killed by a point of order. But when I learned from Mr. CELLER and from Mr. SABATH that they had introduced a new resolution, No. 145, and had left the objectionable features out, which features I insisted on being eliminated I had marked for them in a copy of the resolution, and when they and my colleague, Mr. SUMNERS, assured me that not over $5,000 would be spent, naturally I agreed to support No. 145, because such an investigation as it provides for is needed and will be more than well worth the possible $5,000 that may be expended under it.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I agree somewhat with my colleague from Massachusetts [Mr. MARTIN] that it would have been better if we had legislation presented to the House to break this monopoly immediately, but on the theory that half a loaf is better than none at all I am in favor of this investigation to secure the facts in order to legislate, in order to break up this unnecessary monopoly. Why do all these Members of Congress who do not come from our judicial district in New York come before the House and tell us what we should do in the southern district of New York State?

The fact is these Federal judges are appointed by the President of the United States after investigation. I submit that those same Federal judges ought to be able to investigate the character and qualifications of the lawyers and business men who are appointed referees, and who handle the bankruptcy cases and act as receivers. We still have in New York a number of able, honest, and upright lawyers and honorable business men. The reason for this resolution is simply this, that a few years ago a Republican judge, I am sorry to say, went wrong. He failed in his sworn duty, and he was practically impeached in the Congress and had to resign. Just because he made some poor appointments, the remaining judges decided to create a monopoly and turn over all bankruptcy cases to the Irving Trust Co. I am not here to denounce the Irving Trust Co., but I am opposed to any monopoly of this kind. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. MCFADDEN. Mr. Speaker, I am not in favor of this investigation. I believe there is sufficient information available so that the Congress can correct by legislation the deplorable situation which exists.

I want to discuss for a few moments the situation as it exists in the city of New York in regard to bankruptcies, receiverships, and reorganizations. For some few years past the bankers in New York City have been engaged in the reorganization and sale of new securities of industry in the United States. It has been very profitable to them. Under the well-known plan of reorganization, issuance of preferred and common stocks, "A" and "B" stocks, they sold those securities to the country after they had taken out the cream, and the investors and the banks of the country have been holding the bag.

I have frequently paid my respects to the New York bankers, some of whom have been examined at the other end of the Capitol recently, and others which I hope are to be examined. They created hundreds of millions, yes, billions of dollars' worth of securities, and unloaded those worthless securities on the public.

Now the situation exists that many of those same corporations which issued the securities are in bankruptcy or in receivership, and this same crowd of financial interests that exploited the public is now engaged in the reorganization of those industries. They have taken them back as so much junk and will now let the public have them back at a new and higher price. To do this they have caused to be organized bondholders' committees, stockholders' committees, creditors' committees, and all sorts of committees which they always control in connection with the reorganization of those bankrupt concerns whose securities they had previously sold to the public. They are preparing now to reorganize and to resell to the public at an early date those same companies—with a gilded covering after deducting expenses and their share of the new securities. This is a complete monopoly. There is no question about that, but I am not laying it to the judges, nor am I laying it to the lawyers only, as they represent these financial interests who are doing this job of racketeering. These all-powerful bankers are the source that you must attend to if you intend to correct this evil. The power of these bankers is responsible for the injustice in this situation. It is a deplorable situation and should be stopped in some way. Congress has sufficient information before it to correct the situation.

Mr. BLACK. Will the gentleman yield?

Mr. MCFADDEN. I beg the gentleman's pardon. I only have a few minutes.

I would like to point out how this racket is being carried on when these receiverships come in. Under the present plan as it has been operating for the last year or two, a great many of them are turned over, under some law or some regulation in New York, to the Irving Trust Co. Practically all of these industries, railroads, and banks, and all kinds of businesses, which have failed, or which these bankers desire to reorganize are handled by this trust company. When they get into the Irving Trust Co., which is one of the inside institutions controlled by friendly banking interests, trust companies who listen to the wishes of their banking friends, these things are laid out on the table. These reorganization bankers have a look at the poor companies and decide who shall reorganize it; which one of the favored institutions shall have it and who the attorneys shall be. Then they employ these attorneys. There are 5 or 6 big law firms which are attorneys for most of these reorganizations. They, or members of their firms, sit in on the bondholders' committee, they sit in on the stockholders' committee, and when they get ready to fix their fees, of course the attorneys get together as they usually do in those matters and fix the fees, and the judge approves. Now, that is the procedure that is going on. The stockholders, scattered over all the country, have little if anything to say as regards their interests. The bankers and lawyers do as they wish. I want to say that that is a situation which should be corrected, because it is not a matter for New York City alone. It is a matter of the investors throughout the United States, and the investors with small holdings who are in the minority and cannot appear at those meetings have very little to say as to what shall be done with these concerns which are being reorganized. They are just out of luck. They get

common stock in place of the bonds or preferred stock which they previously held.

Let me cite one of them. The National City Bank of New York, or should I say the National City Co., sold to the investors of the country over $75,000,000 worth of securities for the Dominican Sugar Co. In the early part of 1929 they sold a $20,000,000 bond issue to the public and the first coupons were not paid. The National City Bank recently started a reorganization of this company and very generously offered to subscribe to $6,000,000 worth of the new bonds which were to be issued at 80 cents on the dollar to supply working capital, when, as a matter of fact, the National City Co., or Bank, should have been made by the courts to put up this money and reorganize this company for the benefit of the exploited stockholders and bondholders who had been previously induced to buy these securities. Had the public known the truth about this Dominican Sugar Co. they never would have purchased any of these securities, nor should the National City Bank have been permitted to have sold these securities to the investing public. I mention this to show the type of securities which bankers of the type of the National City Bank sold to banks and innocent investors during and prior to 1929. An examination of the reorganization plan of this company is quite typical of those that I am referring to here, and it would be worth the time of the Judiciary Committee to look into this particular exploitation and reorganization.

The carrying on of these operations to which I am referring has assumed the proportions of a racket, and only those people who are on the preferred list get the receiverships, or the trusteeships, or the attorneyships. So far as the banking and legal end of these operations are concerned, the tie-in is complete. Attorneys in New York are well aware of the important part that the bar association plays in the assignment of these juicy jobs, and only those who are in good standing with the inside banking group are permitted to participate. Is it any wonder that the lawyers on the outside, who are of the greatest number, are asking for an investigation? I hope that the Judiciary Committee will bring in a bill at once for the purpose of protecting the innocent banks and stockholders throughout the country who are at the mercy of this organized racket composed of bankers—national and international—favored trust companies, and favored attorneys.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. RUFFIN].

Mr. RUFFIN. Mr. Speaker, I am not supporting this resolution because I have in mind any particular judge or any particular officer or any particular court that ought to be punished. I have no such in mind. As far as I am concerned, I have never been misused in the practice of law in Federal courts that I know of. I am supporting this resolution because I can conceive of no higher duty that Congress owes to the people of this country than to keep a proper watch over the judiciary of the United States. [Applause.] If they do not do it, the people have absolutely no guaranty of any protection. The people can watch us, and if we get too big for our positions they can catch us with that scythe that sweeps through the country every 2 years, whereas the judiciary are not subject to that sort of discipline.

I am supporting this resolution because of the rumors that have been floating over the country relative to alleged conditions which are supposed to be prevailing in the country. I do not know whether they exist or not. I do know that impeachment proceedings are very costly and generally, unless convictions are had, they serve no good purpose.

I think it is far better to investigate the judiciary before you start these proceedings, and then no injustice is done to anyone. I think, as does my good friend the gentleman from Texas [Mr. BLANTON], that there is no occasion to waste a whole lot of money in one of these proceedings unless upon an investigation it should be determined that we ought to do considerably more than we are now convinced should be done. I think this resolution is timely and that it should be endorsed. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. KRAMER].

Mr. KRAMER. Mr. Speaker, I happen to know something about the nature of the investigation this resolution proposes to undertake. Much of my career has been that of a practicing attorney in connection with receivership proceedings. Many years ago in Illinois, when I was practicing law in that State, receivership proceedings were there confined to some of the distinguished attorneys who were favorable to the judges and to the referees in bankruptcy.

Referees in bankruptcy, as I understand, may earn something like $65,000 or $75,000 a year. Just think of it! Here we are Members of Congress, at a salary of $8,000 a year, doing 10 times the work of these referees, yet by reason of the fees allowed attorneys and by reason of the fees fixed by statute the bankruptcy proceedings go on until the bankruptcy act is no longer a universal act of bankruptcy. Each one of the referees in the various districts are taking care of some particular lawyers and friends to the extent that it has become a racket.

In California, where I now live, one of the judges in San Francisco was sought to be impeached by the House and was tried by the Senate. That investigation grew out of bankruptcy proceedings, certain friends of that district judge having practically a monopoly on bankruptcy cases in his court. Impeachment proceedings are costly. I dare say this investigation should go on. Let us clean up this Bankruptcy Act once and for all. Let us put it on the basis where it belongs.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Speaker, in connection with this resolution I want to read a recent order of the Supreme Court as reported in a dispatch carried by the New York Times of May 15:

> No ancillary receiver shall be appointed in any district court of the United States in any bankruptcy proceedings pending in any other district of the United States except (1) upon the application of the primary receiver, or (2) upon the application of any party in interest with the consent of the primary receiver, or by leave of the court of original jurisdiction, or a judge thereof.
>
> No application for the appointment of an ancillary receiver shall be granted unless the petition contains a detailed statement of the facts showing the necessity for such appointments, which petition shall be verified by the party in interest or the primary receiver or by an agent of the party in interest or primary receiver specifically authorized in writing for that purpose and having knowledge of the facts.
>
> Such authorization shall be attached to the petition.

That order resulted from a petition filed by New York lawyers, and the petition, among other things, alleged the following as reported by this dispatch:

> By reason of the far-flung activities of these chains, a certain type of collection agencies and others purporting to act for creditors have found an opportunity to profit through the unnecessary appointment of ancillary receivers, and these practices have become prevalent throughout the United States, the lawyers said.
>
> As an example of the cases they had handled, where unnecessary ancillary receivers had been named, the lawyers cited the following with the number in each case:
>
> "Schulte United, Inc., 24; Miller's, Inc., 22; Retail Chemists Corporation, 5; Snyder's Hat Stores, Inc., 13; United Cigar Stores Co. of America, 8; McLellan Stores Co., 17; McCrory Stores Corporation, 6; Louis K. Liggett Co., 4."
>
> In each of these cases, it was said, the primary receiver was in position to control all the affairs of the bankrupt estate through the main office of the bankrupt, pending the election of a trustee.
>
> Under the head of waste, the petition said that in the case of Schulte United, Inc., ancillary receivers received $40,883 in fees, their attorneys $34,999, attorneys for petitioning creditors $1,125, and referees in districts other than that of primary jurisdiction $1,379.

I believe the investigation called for by this resolution will have a salutary effect in curing abuses practiced under the Bankruptcy Act.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. Mr. Speaker, it has been said we should not investigate these judges for the reason that it might embarrass them. It seems to me if it be a fact that such an investigation would embarrass them that is just another reason for the passage of this resolution. Any judge who is honest, who has been doing the things he ought to do, should welcome this investigation in order to clear his own skirts. The situation in the city of New York, San Francisco, Boston, and the city of Chicago has been mentioned. In my own State, in the city of Detroit, it is reported conditions are such that neither the press nor anyone else can inquire into the records of the court to see how much money has been paid to receivers, attorneys for receivers, and referees. These are public records, and should be open for inspection. I am very suspicious when the records of a court are closed.

Mr. SHOEMAKER. Mr. Speaker, will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. SHOEMAKER. Let me call attention to the fact that out in Minnesota for the past few years practically all the judges of that State have been sending receivership cases to the same gang of highbinders in the State of Minnesota. One crowd gets it all.

Mr. WEIDEMAN. That seems to be the general complaint. Whether a judge is Democratic or Republican, honesty should be a part of his character and he should be above political parties. Whether a judge be Republican or Democrat, if he needs investigation we should start now to investigate him.

They say it will disturb the people of the country. Why, the judges are under suspicion today in the manner of handling receiverships. We should allay the suspicion. The way to do is to have the thing settled by a thorough investigation so it may be known which judges should remain in office and which should be removed from office. We should undertake to clean up the judiciary if it needs cleaning.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. GREEN. Is it not a fact also that but 4 or 5 of them have turned back to the Treasury any portion of their salaries? This in itself should be sufficient to warrant an investigation.

Mr. WEIDEMAN. Yes. We have a judge in our State who is a bank director and who owns farms, yet he has not contributed a penny in refunds on his salary.

A Federal judge receives a salary of $10,000 per year and has a life job. Under the present laws the judges are not subject to the 15-percent cut which all other Federal employees are subject to, even down to the janitors, letter carriers, and clerks. The Government has received refunds from a very few judges, and I hope the honor roll is extended by the addition of the Michigan judges. If we must economize on the disabled soldier by cutting his allowance from $12 per month to $10, the judges should be able to get along on a little less than $10,000 per year.

To get back to the subject of receiverships, I believe that the records of the court should be thrown open to investigation, so the public can know whether or not companies that are thrown into receiverships are being milked by the receivers. Are certain firms of attorneys receiving all the assignments? Is a monopoly being fostered by giving all the receiverships to a certain trust company to the exclusion of all others? Are the moneys due to creditors and stockholders of companies being given in excessive amounts to a favored few law firms and trust companies? This matter should be investigated now for the protection of the public and for the protection of those judges who do not indulge in this practice. Let us clean up the receivership racket. [Applause.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I believe it will be in the interest of the judiciary of this country to pass this resolution. Up to a few years ago every American looked with the greatest reverence upon, and had the utmost confidence in, the Federal courts. It is to be deeply regretted that in the last few years people have lost that confidence in those courts and have, in fact, severely criticized them, which criticisms, in many instances, have been justified.

Yet, notwithstanding the fact that our national bar association and bar associations in various States and cities have pointed out the abuses that have penetrated our Federal judiciary, large numbers of Federal judges have failed to take cognizance and aid in restoring the high standing of the Federal courts.

It is because of this apathy of many of the Federal judges to public and legal opinion and of the increasing abuses that the demand has arisen in recent years for the appointment of judges for restricted terms, rather than for life terms, and, in some instances, for the election of Federal judges, instead of appointment as now.

Ever since the gentleman from New York [Mr. CELLER] introduced the resolution in regard to the Irving Trust Co.; ever since the report of the Chicago Bar Association to Judge Woodward was published; and ever since the impeachment proceedings against three other judges, the demand for an investigation of our judiciary has reached tremendous proportions.

During the last 30 days I have received many requests to file impeachment proceedings against Judge Woodward, as well as against other judges; but, realizing the task of preparing and presenting a case to the Senate and the tremendous cost of impeachment proceedings, and for the sake of economy, I felt that a resolution to investigate the many abuses or charges of abuse would save much time and money.

I know that the majority of our judges are men of honor and above reproach, but I am convinced, because of the large number of complaints I have received, and because of the many charges that have been filed, that there are Federal judges who have been extremely rash, to say the least, in exercising their judicial prerogatives.

I feel that the conditions which prevail in many districts warrant this investigation, and that not only should those who have been guilty of misconduct be removed, but that those who have performed their duties fearlessly and honestly should be placed in the proper light before the American public.

It has been charged that many of those who occupy prominent positions and who brought about, through rash and dishonest manipulations, the destruction and bankruptcy of corporations and firms whose affairs and management they were entrusted with, have been able to obtain the appointment of their friends as receivers and their legal advisers as attorneys for such receivers, in that way depriving the creditors and the investors of a voice in the administration of the properties.

Though I have been urgently requested to call your attention to some of the most glaring cases, I shall refrain from doing so, feeling that this committee, under the chairmanship of the gentleman from Texas [Mr. SUMNERS], will give them due and proper publicity and will call the attention of the country to them.

Because I, as a member of the Rules Committee and the steering committee, have obtained approval and favorable action on this resolution, there are many who feel that the publicity given to the report of the Chicago Bar Association on Judge Woodward and to the first resolution, which demanded an investigation of the Irving Trust Co., called for the favorable report on this resolution, and that these were the only outstanding cases.

This, however, is not the case. Considerable evidence from many sections of the country was laid before the steering committee, as well as the Rules Committee, concerning not only the question of favoritism but of the misconduct of many of our judges.

I feel, therefore, that before legislation is contemplated or impeachment proceedings commenced, Congress is entitled to all information and as much evidence and as many facts as this important and serious condition warrants.

I wish to assure the House that there is nothing personal in this matter. The fact is that 3 years ago I requested

the Attorney General to make an investigation along these lines, which investigation resulted in the amendment to the bankruptcy law. Because of a willful and deliberate filibuster by some of the gentlemen on the Republican side, whenever any effort is made to investigate the existing abuses or misconduct of any Government department we find the Republicans solidly allied against and protesting against any proposition to investigate.

I wish to call their attention to the fact that every investigation called for by this House or Senate has been justified—unlike the 32 investigations which they began in 1921 and 1922, after the war, and after they came into power. These investigations, conducted by the Republicans at a tremendous cost to the Government, disclosed the fact that matters under the Democratic administration had been conducted honestly, efficiently, and honorably.

The only two resolutions that I have advocated—the one to investigate stock-exchange manipulations, and the other to investigate the post-office property purchases and leases and the air mail contracts—have been of great benefit to the country, not only directly, but indirectly, and I am sure that this investigation, the cost of which, I am assured, will be held down to $5,000, will result in and inure to the everlasting benefit of our judiciary and our country, and, in fact, to a much greater degree than all investigations conducted by the Republican Party for political reasons at a cost of millions of dollars to the Nation.

The gentleman from New York stated a few minutes ago that conditions in New York were scandalous. But what is true in New York is likewise true in many other districts, and for this reason I hope that the honest Republicans who have the interest of the country at heart and who desire to reestablish confidence in our judiciary will join with us in passing this resolution.

It has been suggested that I insert some of the evidence that was produced at some of the proceedings of several bar associations, including that of the Chicago Bar Association, but I shall not encumber the record, feeling that the Judiciary Committee will bring to the attention of the country those reports and findings which, I am sure, will justify the House in granting that great committee this power of special investigation.

Before I conclude, I should like to say that I regret very much that the Chicago Bar Association has failed to comply with my request and furnish me with a copy of the hearings upon which it issued the report on April 24. I am satisfied, however, that this committee will not only obtain these hearings but also the evidence not embodied in the report of which they had knowledge, and which was called to their attention. This latter thing, to my mind, is of graver import than the case to which they restricted themselves.

I doubt very much that my efforts would have availed, were it not for the courageous position taken by the Chicago press. They are entitled to the sincere appreciation and thanks of those who have the sanctity of our judiciary at heart.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to incorporate therein some excerpts and put in the differences between this resolution and Resolution 110 that we formerly refused to pass.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RANSLEY. Mr. Speaker, I yield the balance of the time to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, in the first place, I would like to clear up any misunderstanding that may be in the minds of the Members of the House with respect to the cost of this investigation.

It has been said that under House Resolution 110 this committee could have spent hundreds of thousands of dollars and that under this resolution the situation is entirely different. This is not true at all. Under the previous resolution, which was opposed by a point of order, not one penny could have been expended and the committee was not empowered to spend one penny unless appropriated by the Committee on Accounts, precisely as under the pending resolution. The resolution lost its privileged status because it carried legislation and not because it authorized the expenditure of money, and the point of order being raised, it was rereported by the Committee on Rules with the legislation eliminated. This legislation will come before the House today from the Committee on Accounts with the money necessary appropriated in that resolution from the Committee on Accounts.

So with respect to expenditures, there is no more difference between Resolution 110 and Resolution 145 than between tweedledee and tweedledum.

Now, with respect to the need or desirability of this legislation: In the first place, no resolution of this character should be passed unless there is a most clear and unquestioned need for it. The Committee on Rules has in its files hundreds of resolutions of investigations at every session of Congress, and every time one is reported and every time one is passed the pressure on behalf of all the remaining resolutions increases in almost geometric progression. The gentlemen on the Committee on Rules know this to be the fact.

Now, what is involved here? It is a question of policy, and simply a question of policy.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. LEHLBACH. I yield for a question.

Mr. MARTIN of Oregon. This is a very serious arraignment of the bar and the lawyers of this country, because all these judges are lawyers, and I want to ask the gentleman if the President has recommended this legislation?

Mr. LEHLBACH. I am not in the confidence of the President, but I have never heard that he has.

Under the old system of receiverships, when a concern was placed in bankruptcy, the trustee, or if it were insolvent, a receiver in equity, was appointed by the court largely upon the recommendation of the attorneys for the petitioners or by agreement among certain creditors or by reason of pressure brought by persons in whom the judge had confidence or whom he wished to favor. As a result, in various districts of the Federal courts grave scandals developed, and it was determined by the judges sitting in a majority of the districts throughout the country that the way to protect the estates of the bankrupt and the interests of the creditors was to pick out some experienced, reliable person or institution and turn over all receiverships to him. Whether this policy is better than the old policy is a question for the Judiciary Committee to determine, and they do not have to have an investigation by the committee to consider this question and legislate accordingly. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. KENNEY].

Mr. KENNEY. Mr. Speaker, the Government of the United States requires and demands the confidence of the people. This applies to all branches of the Government. Today, I am told, that the confidence of the people has been gained by the legislative branch, by the House and Senate, and certainly it has extended to the executive department, and today our people have the greatest confidence in our Executive, Franklin D. Roosevelt.

We want our people to have confidence in our courts. I can remember the time when an attorney went into court and wanted a $15,000 fee for a little work in a bankruptcy matter where the assets amounted to only $25,000 and no such fee was allowed, and my only argument was, "Your honor, I do not see how my adversary can look you straight in the eye and ask for that fee." I was told later that if I withdrew these remarks the fee would be paid, but they were not withdrawn.

We need this investigation not to punish anybody, but to have our people absolutely confident so far as the judicial department of our Government is concerned. We should know what exists in order that we can suggest changes in our judiciary or court practices to the Congress, if they are

needed to furnish this confidence. Often the fault is with the system, rather than the man. In any case let us have this investigation and restore full confidence in our Government on the part of our people. [Applause.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, the honest and the efficient judges need have no fear about this investigation. The inefficient and the dishonest judges, and those who abuse their privileges, may have fear of this investigation. This investigation will not be confined to New York, as some of its opponents seem to imply. Complaints have been received from the following districts: From Memphis, Detroit, Chicago, and Los Angeles. We already have impeachment proceedings pending against two judges in the States of Massachusetts and Florida. Incidentally, this resolution will go a great ways toward relieving the House and the Senate of cumbersome impeachment proceedings and the terrific expense thereof. This resolution ought to clear the atmosphere. It will be a sort of disciplinary sword of Damocles hanging over the heads of the judges.

I have great respect for our judiciary. In no sense would I disparage it. There are some judges, however, whose knuckles need cracking, and I assure you, my friends, that after this resolution is passed we shall discipline them. The judges, for example, in the Southern District of New York, who persist in setting up the Irving Trust Co. as a monopoly, should be told in no uncertain language that they are in the wrong. Does it not seem strange that they stubbornly continue the practice of slavish surrender to the Irving Trust Co. despite the fact that the Judiciary Committees of the Senate and the House oppose this practice, and despite the fact that during the last session and the present session of Congress the House passed bankruptcy bills containing provisions which prohibited this practice? In the light of that direction from Congress these judges deserve condign punishment for their stubborn clinging to error.

This investigation will not be a random fishing excursion, as has been charged. We shall only investigate where there are authentic complaints. The Committee on the Judiciary, one of the great standing committees of the House, can be trusted to act carefully and judiciously. Its chairman is wise and efficient and just. He can be relied upon to do the fair thing.

It is charged that there is nothing to investigate; for example, in New York; that everything has already come to the surface and is known. That is not true. Much remains to be revealed. We wish to examine and pull into the sunlight the evils of the monopoly in New York, and then bury that evil so deeply that it will never again raise its head.

The Irving Trust Co. is receiver in, by this time, probably 6,000 cases of bankrupt estates. Such a monopoly is unheard of. It is receiver for the Insull units, including the National Public Service Corporation, the Seaboard Public Service Co., the Cuban Dominican Sugar Corporation, the Krueger & Toll Co., with match factories over all the world, the International Match Corporation, the Savoy-Plaza Hotel, the Hotel Pierre, and a score of other huge hotels in New York, the Garment Center Capital Building, and many other tall skyscrapers, the American Solvents and Chemical Corporation, Browning, King & Co., and the Eastern Palliament Corporation, formerly known as Wallack Brothers, the Chain Store Haberdashery and Cigar Companies, the Lenner Dress Shops, the Owl Drug Stores, the Whalen Drug Stores, the McCrory chain stores, and many other chain-store aggregations.

Let me show you how this monopoly affects the membership of this House. Under rule of the court, the Irving Trust Co., when appointed receiver in New York, becomes the ancillary receiver of the bankrupt estate wherever it may be located. If, therefore, the United Cigar Stores, for example, in bankruptcy, has one store in Memphis, Tenn., another store in Denver, Colo., and another in St. Louis, Mo., the Irving Trust Co. becomes ancillary receiver in Memphis, Denver, and St. Louis, as well as in New York. Thus the Irving Trust Co. does not confine its efforts to New York, but, like a giant octopus, it is reaching out in all directions. Self-respecting lawyers in your respective districts cannot act as ancillary receivers. They must bow down to this great monopoly and give way to it.

A receiver is always precluded from mingling his own funds with the funds he receives as receiver. That is not so with the Irving Trust Co. The judges grant the Trust Co. the right of mingling its own funds with the moneys that come to it as receiver. It puts up bonds of $13,000,000 as security. It puts this into a vault, over which its officers and the senior district judge in New York have joint control. This is an unheard-of procedure. And since the Irving Trust Co. is a New York City institution, in the event of a failure of solvency or liquidation, I am convinced that this $13,000,000 worth of bonds could not be deemed a preference to be set aside for the bankruptcy estates. New York State law, so far as I know it, recognizes no such preferences. This $13,000,000 worth of bonds belongs to the depositors first and then to the stockholders.

It is no answer to say that this institution is a sound one and that there is no danger of its going under. We said that of many institutions in 1929 and 1930; yet they went under. If anything happened to the Irving Trust Co., the bankrupt estates would be left without protection. The depositors and the stockholders could attack the setting aside of these bonds and demand that they first be paid, or at least that the bankrupt estates be classified as ordinary depositors and share equally with the depositors.

I have examined the statements of the Irving Trust Co., and I saw no indication therein that the $13,000,000 of bonds had been set aside for the alleged benefit of the bankrupt estates. I asked the superintendent of banks in the State of New York to take cognizance of this and demand that the statement should tell the whole truth.

I charge that the Irving Trust Co. has shown favoritism to certain bidders. It has shown favoritism in the selection of appraisers, custodians, actuaries, accountants, and counsel. Those who serve the bank directly or indirectly get these plums. The court exercises no control over these aides to the court. It has surrendered all authority to the Irving Trust Co. Large fees have been earned by the lawyers, but generally only those lawyers are appointed whose clients bring business to the bank. This is but natural. If you are a good depositor of the Irving Trust Co. and you have a lawyer whom you want to favor, go to the Irving Trust Co. and you jolly well can do a good turn for your lawyer friend. All this should be and must be investigated.

Several cases have manifested themselves where one bankrupt estate has a claim against another bankrupt estate, so that we have the anomolous situation of the Irving Trust Co. as receiver suing the Irving Trust Co. as receiver.

The New York State Bar Association, the Federal Bar Associations of New York, Connecticut, and New Jersey, the New York County Lawyers' Association, the Brooklyn Bar Association, and the Bar Associations of the counties of Richmond, Queens, Bronx, Nassua, and Westchester have condemned this practice. I should say that over 50,000 lawyers are represented in these important groups.

The resolution of the New York County Lawyers' Association and part of the preamble thereto, concerning the Irving Trust Co., are as follows:

Whereas a careful examination and analysis of the report filed by the Irving Trust Co., dated November 30, 1932, shows this bank to be of no practical advantage to creditors over the administration by the creditors themselves under the bankruptcy law and no improvement for the public interest; and

* * * * * * *

Whereas this association believes that a monopoly of any nature or character is wholly contrary to the best interests of this community and is abhorrent to the spirit of Anglo-Saxon institutions as well as intolerant to the genius and intent of the common law: Now be it

Resolved, That the New York County Lawyers' Association, in this special meeting assembled, disapproves the practice and rules adopted by the judges of the United States District Court for the Southern District of New York under which the Irving Trust Co., a corporation, has been designated official receiver.

The resolution of the Brooklyn Bar Association is as follows:

Whereas such practice tends to transfer the opportunity and remuneration for such service to a financial institution not organized for the purpose of performing receivership duties, and lacking individual responsibility therefor, operating through innumerable employees who never come into contact with and whose identities are wholly unknown to the judge appointing the receiver, such clerks and employees owing primary responsibility and obligations to their employer, the financial institution, and not to the court or the receivership estate; and

Whereas such practice is prejudicial to the public interests and operates to the detriment of the receivership estate, and precludes the proper and flexible and discretionary exercise of the functions of the court, and is calculated substantially to defeat the purpose for which the power of appointment of receivers is entrusted to the courts, and to involve at times the exercise of functions by a corporation which are legal and professional in character, which members of the bar have performed for generations, and which they are specially educated and qualified to perform, thereby constituting an infraction of the spirit, if not the letter, of the statute forbidding the practice of the law by corporations; and

Whereas the New York State Bar Association at its annual meeting in 1931 deprecated the practice which we now deplore and deprecate and by resolution endeavored unsuccessfully to prevail upon the judges of the United States District Court for the Southern District of New York to return to the practice of appointing individuals instead of a corporation to receiverships: Now, therefore, be it

Resolved, That this association deplores and disapproves of such practice and routine of appointing corporate receivers; and

Judge Martin T. Manton, of the Circuit Court of Appeals, has expressed himself as follows:

All integrity, honesty, and understanding have not left the bar just because of the so-called "bankruptcy scandal." Lawyers give to bankruptcy cases their individual, personal attention—their humane consideration. They are efficient and competent, and, I believe, can handle the exigencies of bankruptcy situations more satisfactorily than a banking corporation.

I say let the Irving Trust Co. stick to its own knitting. Let it do banking and let the lawyers handle receiverships.

There is another item that I want to bring up before I conclude. I desire to have investigated the allowances made to the Irving Trust Co. I am quite convinced that some of these allowances are illegal. For example, it has paid extra moneys for custodians. It has paid extra money as high as 10 percent of the sums collected. Ordinarily a receiver is given for his services a sum fixed by the court as just. He is never given extra allowances, such as compensation for expenditures in making collections. That is a part of his job. He is never given a special allowance for custodians.

Furthermore, the Irving Trust Co. in some cases does not appoint attorneys, and in such cases it therefore practices law. This is a violation of the New York State statute, since no corporation is permitted to practice law.

The Irving Trust Co. appoints one firm of accountants; namely, Lybrand, Ross Bros. & Montgomery. Thus, we have a monopoly setting up in turn another monopoly.

Now, let us consider the matter of referees. The expenses for referees are large, being in accordance with a provision of so-called "rule 21, Rules of the Court." These rules may be changed by the judges. Let me give you some of the fees earned by the referees in the city of New York in 1931 and 1932:

Name of referee	1931	1932
Coffin	$20,445.55	$50,482.05
Davis	20,694.08	24,399.22
Ehrhorn	16,674.58	20,908.76
Stephenson	17,819.43	33,047.62

Just think of it. Referees in the city of New York receiving as high as three to five times the salaries of the judges. The job of referee in New York is far better than the job of a Congressman. In addition to the above fees, the New York judges allow these same referees extra allowances when they serve as "special master" or "special commissioner." I charge that some of these special allowances are contrary to law, where there has been an adjudication. I desire that this be investigated.

The judges know all about this situation and have known it since December 13 last. They know about these high fees and have known of them since December 13 last. What action have these judges in New York taken to remedy this situation? They have done nothing. That should be examined.

Mr. STUDLEY. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. STUDLEY. Is it not a fact that these fees are fixed by statute?

Mr. CELLER. No. These fees may be regulated by the judges. However they are regulated and fixed, these judges surely should have taken some steps to curtail such fees.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on adopting the resolution.

The question was taken; and on a division (demanded by Mr. LEHLBACH) there were 125 ayes and 29 noes.

So the resolution was agreed to.

Mr. LEHLBACH. Now, Mr. Speaker, I ask leave to extend my remarks generally.

The SPEAKER. Is there objection?

Mr. BLANTON. Reserving the right to object, I want to call attention to the fact that of the 29 Members who voted against the resolution just passed only 2 were Democrats.

Mr. MARTIN of Massachusetts. The gentleman has no right to make that remark.

Mr. LEHLBACH. Mr. Speaker, will the interruption of the gentleman from Texas appear in the RECORD?

Mr. BLANTON. I had a right to reserve an objection, and to make pertinent remarks under such reservation.

Mr. SNELL. I did not understand that the gentleman reserved any right.

The SPEAKER. The gentleman from Texas reserved the right to object, and it will appear in the RECORD.

Mr. BLANTON. I reserved the right to object, and I had a right to do it. If I had not had the right to call attention to the party complexion of the vote against the bill there might have been an objection.

The SPEAKER. The gentleman from Texas reserved the right to object, and that will appear in the RECORD. Is there objection to the request of the gentleman from New Jersey to extend his remarks in the RECORD?

There was no objection.

Mr. BLANTON. Mr. Speaker, under the unanimous consent granted me to extend my remarks and incorporate excerpts, I desire to show that the provisions of Resolution No. 110 and Resolution No. 145, and the RECORD, support the contention made by me in this debate, and that same do not support the contention made by the gentleman from New Jersey [Mr. LEHLBACH], when in his speech he asserted: "So with respect to expenditures there is no more difference between Resolution 110 and Resolution No. 145 than between tweedledee and tweedledum," and when he further asserted that "a charge on the Treasury" had nothing to do with the Speaker sustaining my point of order against said Resolution No. 110. In parallel columns I want you to compare the provisions of section 5 in this Resolution No. 145 now before the House, and you will see that with respect to expenditures under the two resolutions there is quite a difference. And it is much more than that "between tweedledee and tweedledum." Here is what the two provide:

Resolution 110	Resolution 145
SEC. 5. The said committee, or any subcommittee thereof, is authorized to sit and act at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to employ suitable counsel, assistants, and investigators in aid of its investigation, as well as such experts, and such clerical, sten-	SEC. 5. The said committee, or any subcommittee thereof, is authorized to sit and act at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpena or other-

Resolution 110	Resolution 145
ographic, and other assistants, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpena or otherwise, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary; and all such expenses thereof shall be paid on vouchers ordered by said committee and approved by the chairman thereof. Subpenas shall be issued under the signature of the chairman of the Judiciary Committee or of the chairman of any subcommittee and shall be served by any person designated by any of them. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.	wise, and to take such testimony as it deems necessary. Subpenas shall be issued under the signature of the chairman of the Judiciary Committee or of the chairman of any subcommittee and shall be served by any person designated by any of them. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

You will see from the above that there is in Resolution No. 110 the following provision giving the committee authority to spend large sums that is not in Resolution No. 145, to wit:

To employ suitable counsel, assistants, and investigators in aid of its investigation, as well as such experts, and such clerical, stenographic, and other assistants.

Under Resolution No. 110, embracing the above provision, the Committee on the Judiciary could have been divided into 8 subcommittees of 3 members each, all sitting at the same time in 8 different big cities of the United States, and each one of the subcommittees could have employed just as many lawyers, just as many assistants, just as many investigators, just as many experts, just as many clerks, just as many stenographers, and just as many assistants as each subcommittee desired, and said eight subcommittees could have paid all of the above employees just as big salaries as they wished, wholly without any limitation whatsoever. This could have cost a tremendous sum. And passing said Resolution No. 110 would have given such subcommittees the legal authority to have employed all of said attorneys, assistants, investigators, experts, clerks, and stenographers as they wished, and to have made legal contracts with them agreeing to pay them just as big salaries as they wished, and the Congress would then have felt morally bound to have furnished the money.

And you will also note that said section 5 in said Resolution No. 110 contained the following additional authorization for spending money that is not contained in said Resolution No. 145, to wit:

To have such printing and binding done, and to make such expenditures as it deems necessary; and all such expenses thereof shall be paid on vouchers ordered by said committee and approved by the chairman thereof.

So it is clearly apparent that there could have been spent anywhere from $250,000 to $500,000 under said Resolution No. 110, for legal contracts could have been made with all of the employees, for the carrying out of which Congress would have felt morally bound, while under Resolution No. 145 the extravagant provisions I have quoted above that were in Resolution No. 110 have been left out of said Resolution No. 145, and we have been given the reliable assurance by our colleagues the chairman of the committee [Mr. SUMNERS] and the gentleman from New York [Mr. CELLER] and the gentleman from Illinois [Mr. SABATH] that not more than $5,000 will be spent under this Resolution No. 145, now before the House.

Now, as to the other assertion, that a charge on the Treasury had nothing to do with the point of order I made and which the Speaker sustained. Here is my point of order against Resolution No. 145, which the Speaker sustained on May 16, 1933, to wit:

Mr. BLANTON. * * * Mr. Speaker, I make the point of order that the Committee on Rules has no jurisdiction whatever to report to this House a resolution of this kind, because the resolution shows on its face that it is a charge on the Treasury.

Such a resolution as this could cost the Government $200,000, or even twice that sum. The 25 members of this Committee on the Judiciary, or any subcommittee thereof, between now and the 1st of next January could sit in every big city in the United States from the Atlantic to the Pacific. Their railroad fare, traveling expenses, hotel bills, would be paid by Congress. They could employ as many lawyers as they wished and pay them any salaries they wished, wholly without limitation. They could employ high-priced experts, clerks, stenographers, wholly without limit. We know how much the Joe Walsh committee cost. We know how much the Graham, of Illinois, committee cost. We know that the coal investigating committee cost, first, $400,000, and then another $400,000. We know that the initial cost of the Wickersham Committee was $500,000. I am going to try to stop all such resolutions that do not provide for a limitation of expenses. This resolution is clearly subject to a point of order, because the Committee on Rules does not have any authority or jurisdiction to report such a measure that carries such a charge on the Treasury.

While the Rules Committee would have the right to bring in a rule to make such a matter in order, it has no right, in the first instance, to favorably report such a resolution. I insist that my point of order is good and should be sustained.

And here is the Speaker's ruling sustaining my point of order, and which ruling killed said Resolution No. 145, to wit:

The SPEAKER. The Chair is ready to rule.

The Chair thinks that the provision incorporated in section 5 of the resolution authorizing the committee to employ suitable counsel, assistants, and investigators in the aid of its investigation, and also the provision authorizing all necessary expenses of the investigation to be paid on vouchers approved by the chairman of the committee, is a matter properly within the jurisdiction of the Committee on Accounts. It has been held that where the Committee on Rules reports a resolution of this kind and there is incorporated therein matter which is within the jurisdiction of another committee the matter so included destroys the privilege of the resolution insofar as it prevents consideration at any time by the mere calling up of the report by the Committee on Rules. For this reason the Chair thinks that the point of order is well taken, and the Chair therefore sustains the point of order.

Mr. Speaker, I do not intend to have any position I take here on this floor misrepresented in any particular, hence I have gone to this trouble in quoting the provisions of section 5 in each of these resolutions, to show the very decided difference in them, and in quoting the RECORD to show that the Speaker did sustain my point of order against Resolution No. 145, because it carried a charge on the Treasury.

THE AMERICAN FARMERS ARE ALREADY ENJOYING SUBSTANTIAL BENEFITS AS A RESULT OF THE VIGOROUS, FORWARD-LOOKING POLICIES INAUGURATED BY PRESIDENT ROOSEVELT FOR THE REHABILITATION OF AGRICULTURE

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

There was no objection.

Mr. LOZIER. Mr. Speaker, the American farmers are already enjoying substantial benefits as a result of the vigorous, forward-looking policies inaugurated by President Roosevelt for the rehabilitation of agriculture. His administration is only 3 months old, and yet within that short period he has secured the enactment and put into operation legislation that has already lifted the farmer out of the pit of disaster and started him on a forward march to prosperity. While all commodity prices have advanced, farm product prices are moving upward more rapidly than prices in general.

In the closing days of the Hoover administration hogs were selling at the farm in the Corn Belt for less than $3 per hundred. The average price of corn was 19 cents, wheat 32 cents, and butterfat 15 cents. On May 15 hogs were selling at approximately $4 at the farm, corn 39 cents, wheat 59 cents, and butterfat 20 cents. The advance in farm commodity prices in April was the greatest in any

one month since April 1919. This rapid upward sweep of farm commodity prices very substantially increased the income of American farmers and points the way to much better prices in the near future. Indeed, approximately one and one half billion dollars have been added to the recent and ultimate probable income of American farmers.

The index number of all farm prices was 49 in February and 62 in May, a gain of 13 points. In grain the index number was 34 in February and 62 in May, an increase of 28 points. The index number of meat animals was 53 in February, 65 in May, a gain of 12 points. There was a gain of 5 points in chickens and eggs. These advances are putting cold cash into the pockets of farmers, who are already beginning to feel the upswing in agricultural conditions.

Now, while the cash prices for farm commodities have increased the farmer's supplies are costing him less. For instance, the index number of prices paid by farmers for their supplies in February was 104, which by May had fallen to 100. On the 1910–1914 basis the farmer's buying power was 47 in February and 62 in May, a gain of 15 points. All farm prices between February and May advanced 13 points, from 49 to 62, and wholesale prices in general increased from 87 to 93, a gain of over 6 points.

But let it be understood that the farmer is not yet out of the woods. We have not yet reached a complete solution of the farm problem. While the farmer is headed in the right direction, his progress toward prosperity and economic independence will be slow and tedious. The increase in the price of a few farm products will not restore prosperity to the agricultural classes nor enable them to recoup the tremendous losses they have sustained in the last 12 years. Indeed, the upward trend of farm commodity prices may be halted before the farmers have harvested this season's crops. The apparent advantage of higher prices may fade away in the face of relatively poor crops, reduced production, increased overhead expense, confiscatory freight rates, or an unlooked-for increase in the spread between the price at which the farmer sells his commodities and the price he pays for his supplies.

This temporary increase in the market price of farm products, if halted now, will not and cannot pull the American farmer out of the economic slough of despond. Unless the advance in the market price of farm commodities is general and continues, the march of the agricultural classes toward prosperity will be halted. While the remarkable advance in the last 3 months will temporarily reduce the severity of the agricultural distress, and in a measure mitigate the intensity of the farmer's burdens, still we have not removed many of the causes that brought about these acute, painful, and alarming agricultural conditions.

It is idle for spokesmen of the administration, politicians, periodicals, or the public press to assert that the agricultural crisis has passed, or that the agricultural industry has been stabilized, or that the farmers are on the border of the promised land. The disease that has so long and so completely devitalized agriculture is too deep-seated and malignant to be cured by a temporary, or even permanent advance in the price of a few farm commodities, especially in view of the fact that the farmer is even now still compelled to sell his commodities at prices far below the cost of production.

The benevolent laws already enacted by Congress on the initiative of President Roosevelt must be supplemented by others that will radically and permanently stabilize the market price of farm commodities on a much higher level than those that now prevail. To illustrate, on the basis of values from 1910 to 1914 the average farm price for February on hogs would have been $7.12; on lambs, $5.95; on cattle, $5.11. Averaging these prices and comparing them with the farm prices on meat animals in February 1933 we discover that the combined price on February 15 of these three commodities was only 53 percent, or approximately only one half of the average 1910–14 prices. And while there was an increase of 12 percent in the average farm price of meat animals from February to May, still at the present time they are selling at only 65 percent, or approximately two thirds of pre-war prices.

That is to say, the upward movement in farm commodity prices has just started, and if the American farmers are to be saved from a condition of peasantry and penury, prices must continue to advance until they at least reach a level double the present prices.

For 12 years an economic hurricane of unprecedented violence ravaged agriculture, and we are not quite sure that this storm has spent its fury or its force. Its unabated power would ruthlessly have taken toll of many more millions of farmers had not President Roosevelt come to their rescue. For 12 years the farmers of the Nation have been fighting a losing battle under exceedingly adverse conditions and in that tragic period the earnings and accumulations of a lifetime were dissipated. The enactment of the Agricultural Adjustment Act, the Agricultural Credits Act, the Emergency Farm Mortgage Act, the Industrial Recovery Act, and other benevolent legislation by the Roosevelt administration has already brought a substantial degree of relief to the American farmers and the wise and sympathetic administration of these wholesome laws will certainly and speedily restore the buying power of the American farmers, rehabilitate agriculture, and restore it to its proper position among the profitable occupations.

Agriculture is the oldest basic industry, the mother of all other vocations. When it should have been enjoying an equal degree of prosperity with other vocational groups, with other callings, it was thrown out of the temple of equal opportunity. Its pathetic condition did not awaken the interest, much less the sympathy of those who dwell in the magic zone of perpetual governmental favor. For 12 years the agrarian classes have been relegated to a state of economic servitude. Unless agriculture can be speedily placed on an economic equality with industry, it will soon cease to be a prime factor in the business life of the Nation and will become the bond servant or handmaiden of the other occupational groups whose welfare seemed to be the chief concern of the Republican Party.

The farmers of America constitute the most stable, dependable, and conservative element of our population. They have been the victims of grave economic injustice. They took their losses manfully. Though sorely stricken, hope urged them on and told them tomorrow would be better. They did not turn Bolshevik, but in the zero hour of economic disaster they exemplified the highest ideals and most exalted traditions of American citizenship. If the manufacturing, capitalistic, and commercial classes had suffered the social injustices and economic wrongs to which the farmers have been subjected, these groups would have filled the earth with their bolshevistic ravings and precipitated social unrest and industrial disorder.

The economic distress through which agriculture has been passing, and from which it has not yet emerged, is not primarily chargeable to the farmers themselves but is largely the result of legislative discrimination against them, and an abuse of power and privilege by those who arbitrarily and selfishly control the economic forces of the Nation.

Under the last three Republican administrations the American farmers were marching with steady step to a condition of peasantry. They were not able to sell their commodities at a price that would even return the cost of production, much less afford a profit. Under 12 years of Republican rule the purchasing power of the farmer's dollar was substantially impaired; in fact for several years the farmer has annually faced a deficit and been living off the earnings and accumulations of former years. The shrinkage in the agricultural wealth of the United States in the last 4 years has been so stupendous that it is difficult to comprehend how agriculture has been able to stand the economic strain to which it has been subjected.

Throughout my entire life I have championed the cause of the agricultural classes, whose interest the Republican Party has so unblushingly and arrogantly betrayed. Long before I entered the public life I cast my lot with the American farmers, who constitute the bone and sinew of our

Nation and whose prosperity is absolutely necessary before any substantial and enduring prosperity can come to other vocational groups. What little money I made or could borrow I invested in farm lands, which I still own, though every acre I own is heavily mortgaged.

I am vitally interested in agriculture. I know its problems, and like many others I am bent double by its burdens. Having been born and reared on a farm, and realizing that the welfare of our Nation depends primarily on a prosperous rural population, it is but natural that I should champion the cause of the group from which I sprung.

The first speech I made in Congress related to the agricultural situation and embodied a vigorous protest against the injustice to which agriculture was being subjected. For 10 years in the Halls of Congress I have aggressively fought the battles of American agriculture, as the RECORD will conclusively demonstrate. While many other Members were just as loyal to agriculture and just as zealous, no Member has been more aggressive, loyal, or industrious in advocacy of the claims of the American farmers for a square deal. I have not been halting, wabbling, vacillating, hesitating, or passive in my advocacy of the cause of agriculture. On this and every other question I have always been positive in my convictions and frank in their expression.

Realizing that the granting of economic justice to the agricultural classes was not, and is not, a political question, I have stood shoulder to shoulder with Democratic and Republican Representatives from agricultural districts pleading the cause of the dirt farmers, and in the last 10 years the record will show that in every battle for farm relief I fought in the front ranks, and by voice and vote wholeheartedly cooperated with the representatives and leaders of the great farm organizations in their efforts to put over their legislative program.

And this I did without in any degree disregarding the interests and welfare of other vocational groups, none of which can hope to have any worth while, substantial, and enduring prosperity unless the agriculture of the Nation is placed on a prosperous basis and the buying power of the American farmers restored.

PERMISSION TO ADDRESS THE HOUSE

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes in which to ask the gentleman from New York [Mr. CELLER] a question.

The SPEAKER. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. I want to know from the gentleman from New York whether I understood him correctly to say that he does not desire any money to carry on this investigation.

Mr. CELLER. Mr. Speaker, I explained to the gentleman from Missouri that I believe the bar associations would be very happy to furnish eminent counsel to take care of these investigations throughout the country. It may be that for purposes of accountancy $5,000 might be necessary. As far as I am personally concerned, I should be willing to do without the money entirely, but I believe in the interest of efficiency that $5,000 may be necessary for the purpose of hiring accountants to go over the records of these judges.

Mr. COCHRAN of Missouri. I should like to know why one day one statement is made to the Committee on Accounts and another day another statement is made contrary to the first statement.

Mr. SABATH. The gentleman from New York [Mr. CELLER] does not control the situation. The gentleman from Texas [Mr. SUMNERS] will have control. We all have confidence in him.

Mr. COCHRAN of Missouri. We have a Department of Justice to which we give hundreds of thousands of dollars with which to make investigations, and still you continue to authorize investigations to be made by the House instead of requiring the Department of Justice to investigate such matters as this. The judiciary, in a way, is subject to the Attorney General. Why not call on him to correct the abuses you complain of?

Mr. BLANTON. But the Department of Justice has not done it. Our Committee on the Judiciary ought to do it themselves, as all of its members are able lawyers.

Mr. GREEN. The Department will not investigate the judges. We tried it in the Florida case.

Mr. COCHRAN of Missouri. I am as anxious as the author of the resolution to stop the abuses complained of, but I feel if the Attorney General would take the matter up he could cause a change in the present procedure. Then again, if you would present the matter to the conference of United States circuit judges, held in Washington annually, I am positive they would find a way to meet the situation complained of.

Mr. CLARKE of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a record of the work, the mission, and the objective of the National Forest Reservation Commission.

The SPEAKER. Is there objection?

There was no objection.

Mr. CLARKE of New York. Mr. Speaker, 3 months ago the Speaker honored me by an appointment on the National Forest Reservation Commission. Since then I have noted with increasing appreciation the constructive part played by both Houses of the Congress, through certain of their Members, in the execution of a public program of far-reaching consequence and significance, a program which, by retrieving the errors of the past, will guarantee the security of the future.

Of the seven members of the Commission, two are from this House of Representatives and two from the Senate, with the Secretary of War, Secretary of the Interior, and Secretary of Agriculture. Throughout the 22 years of the Commission's existence, six Members of this body and eight Members of the Senate actively have participated in all of its functions and in the shaping of its policies and programs. It was as a member of this House that John W. Weeks sponsored the act of March 1, 1911, through which the Commission came into being and which because of such sponsorship is popularly known as the Weeks law, although it was not until he became Secretary of War that Mr. Weeks served as a member of the Commission. It was as a Member of this House that I enjoyed the opportunity to share with Senator MCNARY the sponsorship of the act of June 7, 1924, commonly referred to as the Clarke-McNary law, through which the initial purpose and scope of the Weeks law was broadened. The House, I am confident, will be interested in the objectives and attainments of the Commission.

The original objective of the Weeks law, and, therefore, of the Commission, was to safeguard the headwaters of navigable rivers. In the Western States this purpose was being accomplished by national forests created from the public domain; east of the Great Plains it was not then receiving attention. The Commission's first action, therefore, was to approve the establishment of nine areas in which that function was of major necessity and importance. The next year, 1912, it approved 4 more; in 1914 another; in 1918, 2 more; and in 1921 still another.

Within those 17 units the lands of greatest forest and watershed importance were acquired as rapidly as Congress made funds available. The value of the work gained increasing recognition and approval. Meanwhile the problem of forest devastation through destructive forms of timber cutting and unrestrained fires pressed for solution. The confinement of Federal action to the headwaters of navigable streams precluded constructive action in other important forest regions where the need was as great but where the element of protection to navigation was not sufficiently demonstrable. The feeling grew, both nationally and within the Congress, that the stimulation of timber production properly might be a major objective of the program of forest-land purchases by the Federal Government.

With this view the Congress agreed by enactment of the act of June 7, 1924. With that law as a mandate and an

authority the National Forest Reservation Commission combined the objective of timber production with its previous objective of protection to navigable streams. In 1926 it approved the establishment of two additional purchase areas; in 1928, 6 more; in 1929, 8; in 1930, 4; in 1931, 2; and the last year 3 more.

As a result there are today 42 definitely established areas within which forest lands are being purchased by the Federal Government for national-forest purposes. They are situated in 20 of the Eastern States, to wit, Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, New Hampshire, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Vermont, Virginia, West Virginia, and Wisconsin. The fact that my own State is not included in this list in no way diminishes my appreciation of the fine system of national forests. New York, fortunately, finds it practicable to handle her forest-land problems without Federal aid but is glad to see that aid extended where it is necessary and is desired.

March 7 last marked the end of the twenty-second year of the Commission's activity. At that time the net acreage it had approved for purchase totaled 4,727,680 acres. The average price paid was $4.49 per acre. The total appropriations over the 22 years have aggregated a net of $25,035,860.76. The difference represents the cost of widely extended examinations, and of conducting the detailed requirements of the purchase work, including examinations, cruises, and appraisals of the offered lands, the surveys of those approved for purchase, the completion of the perfect titles required in Government practice, not only in relation to the areas finally acquired but also other extensive areas which for one reason or another could not be acquired.

The acquired lands are embraced within 31 of the purchase areas situated in 19 of the States. Within these same areas are 2,503,875 acres reserved from the public domain, transferred from other departments or acquired by exchanges. The Government's total holdings therefore aggregate 7,231,555 acres, or slightly less than one half of all the lands desirable of purchase within the 42 established units. Due to the Nation's financial situation a curtailment of appropriations for land purchase seemed necessary, and the acquisition of the remaining lands seemed remote.

The act of March 31, 1933, authorized the creation of a Civilian Conservation Corps. Naturally the larger portion of the corps was enrolled in the more heavily populated Eastern States, and the employment of the men in their own or adjacent States naturally was desirable. The national-forest units to which I have referred afforded immediate opportunity for effective employment of such men in ways that constructively would contribute to the future welfare of the Nation and would adequately realize the value of the labor. Work justifying the early establishment of a total of one hundred and seven 200-man camps was in sight.

It was, however, evident, that if the remaining lands within the units passed to Government ownership, if the problem of widely interspersed private holdings were eliminated, the services of the Civilian Conservation Corps could be more largely and more effectively utilized and the need for transporting a part of its membership to remote Western States could materially be reduced. In consideration of this situation, the President decided that part of the funds made available by the act of March 31, 1933, properly might be employed to consolidate the forest-land holdings of the Federal Government, and by Executive order of May 20 he allocated $20,000,000 of those funds for the purchase of additional lands within the 42 areas which the Commission previously had approved.

On June 9 the Commission considered and gave its approval to a new program of land purchases consisting of 342 cases totaling 443,909 acres, distributed among 28 of the approved units which are situated in 16 of the eastern States, ranging from Maine to Florida and as far west as Arkansas and Minnesota. The lands are to be purchased at an average price of $1.80 per acre, by far the lowest figure at which such lands have been obtainable since the purchase work began.

Federal purchase of these lands will greatly enlarge the field for the employment of the Civilian Conservation Corps in the Eastern States and will facilitate orderly programs of forest improvement. But it will do a great deal more than that. Before the Government will accept title to the lands all back taxes must be paid, and many counties will receive tax payments that otherwise might not be made. Capital frozen in temporarily nonproductive land will be released for use in local business and industry. Scores of owners of small tracts will obtain funds which, while separately of small amount, may be of infinite service in meeting pressing obligations. All things considered, the Congress may feel well satisfied with the workings of the Commission which it created 22 years ago and in which, through its designated members, it since has taken a major part.

Helpful todays mean more helpful tomorrows.

ORDER OF BUSINESS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to proceed for 7 minutes.

The SPEAKER. Is there objection?

Mr. CONNERY. Mr. Speaker, I reserve the right to object. After the gentleman finishes I shall ask unanimous consent to address the House for 3 minutes.

Mr. SNELL. Mr. Speaker, I reserve the right to object in order to ask the gentleman from Tennessee [Mr. BYRNS] what is to be the program for today?

Mr. BYRNS. We are waiting now upon the Senate with reference to the conference on the independent offices appropriation bill, and also with reference to the deficiency appropriation bill.

Mr. SNELL. Would it not be better to stand in recess until we find out something about it?

Mr. BYRNS. Then there may be a report on the banking bill. [Applause.] I am not sufficiently advised as to that. Personally I hope so.

Mr. SNELL. I am not sufficiently advised, but I doubt that the gentleman is correct in expecting a report.

Mr. BYRNS. The wish may be the father to the thought.

Mr. SNELL. I think we ought to understand what is to be the program for today.

Mr. BYRNS. Of course, I have no objection to the House granting these requests for debate, but as soon as that is over it is my purpose to ask that the House stand in recess subject to the call of the Chair; and, of course, the Chair will be guided when he calls the House back by the business that may be ready to come before it.

Mr. CONNERY. And I want to say in justice to the gentleman and in fairness to my leader that the reason I am asking for the 2 minutes is to say that I am going to make a point of order against the recess and demand the regular order, so that we can get up the 5-day week 6-hour day bill on a call of committees.

The SPEAKER. Is there objection to the request of the gentleman from Texas to address the House for 7 minutes?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes at the conclusion of the remarks of the gentleman from Texas.

The SPEAKER. The gentleman can make that request later.

THE JUDICIARY

Mr. SUMNERS of Texas. Mr. Speaker, I believe I am in position with regard to the resolution just passed to speak in an unbiased and nonpartisan way. When we come to deal with the Federal judiciary we must not deal with it from a prejudiced or partisan standpoint. I recognize that we are all nervous and tired. This has been a very hard session, and it is pretty difficult for us to give that calm, deliberate consideration to any problem now which important problems require. It is probably true, whatever the cause, that the Federal judiciary today, in point of public confidence, holds the lowest position it has held since the organization of the Government. Some of that no doubt is

due to unwarranted attacks, to unjust accusations. On that point Democrats and Republicans ought to be very careful.

A good many people feel that it is smart to say things derogatory to the American Congress. For instance, I have heard it come from sources that really believe in a Government by the people, who are interested in its strength, its stability, and its perpetuity. Some smart fellow writes something in the newspaper or somebody on the stage gets off some wisecrack about Congress, and people laugh. The people of America may well understand that more hurt to this country can be done in this way than all of the soap-box orators you can put on the streets can do. The average person does not distinguish between that intangible thing which we love with that holy love called patriotism, and the functioning machinery of government, or rather the official personnel who function that machinery. Destroy confidence in that personnel and confidence in the Government is destroyed.

But that does not mean that a blanket may be spread over the misdeeds of public officials. The sunlight of publicity, and vigorous, immediate, and adequate punishment must be the reward of those who betray public trust.

The American people have not been taking the responsibilities of being a self-governing people very seriously for a good many years, during this period when we have been on a grand jazz—jazz music, jazz statesmanship, jazz business, jazz citizenship.

We have to get down to business. We have to recognize that as a nation we have been acting very foolishly for the last 14 or 15 years, and have a lot of things to straighten out. We must not lose our heads and dash this way and that. We have a big job ahead of us, and one of the jobs we have ahead of us is to restore the Federal judiciary to public confidence. Do not make any mistake about that. You can hurt it in two ways. You can hurt the Federal judiciary by unwarranted charges against it; by unwarranted insinuations against it. You can hurt it most by keeping some crooked judges on the bench. You can hurt it more that way than any other way on earth.

I hold that when the reasonable and probable consequence of a judge's conduct is to destroy the confidence of a sensible people in his judicial integrity he commits the highest crime, perhaps, he can commit, and that judge must go, and like judges must go if we are to preserve confidence in the judiciary. [Applause.] A few crooked lawyers can cast discredit upon the whole bar. A few dishonest judges on the Federal bench can cast discredit upon the entire Federal judiciary.

In my judgment, taking it all in all, we have fine men on the Federal bench. Now, may I make this other observation? I have been studying this thing for a good while. A great many people believe that when you find an abuse in office you should take the power to abuse away from the office. I am talking of some pretty serious things now—serious things for us to consider. Popular governments have even been destroyed by the process of taking power from the officeholder as a method of correcting abuses, until finally a great crisis comes when there is need for strength in government, it is found that so much strength has been taken away, so much power from the holders of offices that there is not strength enough left to deal with the crisis, and the people turn in disgust from a weak government to a strong, autocratic government. We ought not to forget that in America. I am not speaking as a Democrat. These problems are so great that party considerations in their presence are contemptible. The thing to do when we find a man who is unworthy of his trust is to take the man from the office, and not take the power from the office. I mean within sensible limitations, of course. [Applause.]

We must make the Federal judiciary nonpartisan in this country. I am talking not to Democrats or Republicans now. I am talking to Members of the American Congress who love this Nation. We have to make the Federal judiciary nonpartisan. I speak of all administrations. I know in my own State, and it has been true of others where the party in national power be not representative politically of all the people of such States, that it has been impossible to put a man on the Federal bench unless he has on him the brand of a political boss. Now you stop and think of that for a half minute—making political merchandise of these judicial offices. I cannot speak of the standard of judicial decency that has been established by judgments in impeachment trials of this country, but I say that neither the Federal judiciary nor any other officials can maintain public confidence living upon the standards we have established for judicial propriety in this country. I make that statement with all respect and more in criticism of our methods and procedure than otherwise.

May I ask how much time I have left, Mr. Speaker?

The SPEAKER. The gentleman has 1 minute remaining.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the gentleman be allowed to proceed for 10 additional minutes.

Mr. SUMNERS of Texas. I will conclude in that time.

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

There was no objection.

Mr. LEHLBACH. Before the gentleman resumes his remarks, will he yield for a question?

Mr. SUMNERS of Texas. Yes; I will yield for a question.

Mr. LEHLBACH. The gentleman from New York [Mr. CELLER], in discussing the effects of the resolution, said that certain associations of lawyers would be glad to furnish counsel to the committee. I know the gentleman from Texas will be glad of an opportunity to assure Congress that he does not propose to make his committee conducting this investigation a sounding board for a group of disgruntled lawyers.

Mr. SUMNERS of Texas. I will make this statement: The Committee on the Judiciary has a lot of responsibilities to discharge during this recess. As for myself, I have not asked this responsibility. I am tired as I can be. We are charged with the responsibility specific of investigating the conduct of two Federal judges during the vacation. There are many other things to be done before the next session. I do not like this character of responsibility. I mean I do not seek it. It means work, not a junket. I do not believe there is a judge in America whose skirts are clean, who need be apprehensive as to what may be done by the Committee on the Judiciary in connection with the exercise of the duties imposed upon us by this resolution. Wherever there is need for an investigation I would deem myself and the members of our committee unfit if any group or faction should be able to control. We will avoid being anybody's sounding board.

But I do not want to get off what I was talking about. I did not speak on the resolution adopted, nor did I vote on it. Insofar as I am concerned, I left the determination solely to the judgment of the House, and will act in obedience to its mandate.

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

Mr. SUMNERS of Texas. I yield.

Mr. ZIONCHECK. Does the gentleman advocate the election of Federal judges on a nonpartisan basis; is that the gist of his argument?

Mr. SUMNERS of Texas. Well, I have not "gisted" it that far. [Laughter.]

Mr. ZIONCHECK. Well, I suggest the gentleman "gist" it in that direction.

Mr. SUMNERS of Texas. If my friend will permit, I prefer to direct my own remarks. There are some things I have been thinking about a long time in connection with the present set-up, and particularly with regard to disciplinary powers and procedure. Ours is the most ridiculous procedure that any intelligent people could have. There are several very remarkable things about it. Sometime I may discuss them somewhat in detail. I have promised to finish in 10 minutes. We have a procedure in the year 1933 with regard to the removal of Federal judges that was developed some three or four hundred years ago in England

when, following a judgment of conviction—and it was a real criminal trial—it was possible to hang the defendant, cut his head off, quarter him, confiscate his property, and do several other things to him. Outside of that I do not believe they could do anything to him. [Laughter.]

Ours is the same procedure, notwithstanding our Constitution provides there can be no punishment for crime, and limits the judgment to ouster from office. Now, just think of that.

This came about in a very interesting way. I know how it came about, but I never would have known it if I had not been on the Committee on the Judiciary, and had not from observation and experience gone through the whole procedure. When we got started in this country as an independent government, and after we had been running along for 13 or 14 years we had the necessity to impeach somebody. We never had impeached anybody in this country. They did not know how to go about it. They appointed a committee. They knew just as little about it as my friend KURTZ and myself with our first impeachment case. They got to looking around and found the English precedents. So they tried this first case by the English precedents. Then came the Chase case, I believe it was, and they followed our own precedent. Since then we have been tracking along like little pigs, because we have not thought these things through for ourselves. In the first case we had I said to my friends on the committee, "This is no criminal trial." I looked into the matter further. I have accepted place on the committee, studying the nature of the power being exercised, and am now submitting in brief certain suggestions for your consideration.

I believe we have tried our last impeachment by the ridiculous procedure which we have followed since we have had an independent Government. What I think the Senate will do will be to have testimony taken in the territory where the judge lives by a committee of the Senate that shall perform mixed functions of judges, and, in a sense, act as a master in chancery. I am not describing, but indicating. The trial in the Senate will be largely upon the record, with the privilege reserved to call any witness desired before the full Senate.

With regard to all officers other than judicial officers we have two methods of removal, one by impeachment and the other by the President. In my judgment, the last case of the impeachment trial before the Senate of any officer other than a judge has been had in this country. The President has the power to remove them now. What will happen will be that testimony will be taken by agencies of the House, the matter acted upon by the House, and if in favor of removal, the request of the House for removal, together with the record, laid before the President, or, as stated, by the House and Senate. Upon that evidence the President will be asked to exercise the power established in the Myers case and remove him. Something like that will be worked out, I believe.

I have another notion I am going to submit for your consideration and for the consideration of the lawyers of the country. I speak now without having made complete examination and consideration, but my inclination of judgment is that it is sound. You remember the language with regard to the appointment of judges. They are not appointed for life. They are appointed during good behavior. I am not sure about this now, but I am almost sure. Now, we have always regarded that as an appointment for life, subject only to the exercise of the impeachment power. I believe it is a condition that lies entirely outside of the impeachment power. I believe the phrase, "during good behavior", is a condition that runs with his tenure, and that it is within the power of the Congress to set up a tribunal and give it jurisdiction to try the issue of good behavior. I do not know whether it is practical or not. I have not got that far. I do not know whether it ought to be done or not, but personally I have no doubt, insofar as I have gone, that the Federal judge holds, by the right of his commission, not one day, not one split second, beyond the period of good behavior. It is a condition that runs with his term.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. McFARLANE. I should like to ask the gentleman a question in regard to the Federal judges. In our convention under which this system was created the vote was 5 to 4 after a long and serious debate. Would it not be advisable, and would it not bring about an enormous improvement to let the judges of the State courts elected by the people take care of our judiciary, appeal to be made directly to the supreme court of the State and the Supreme Court of the United States, respectively?

Mr. SUMNERS of Texas. I may say to the gentleman from Texas that I am not yet ready to go that far. But I say this much, and I say it to the Federal judiciary and to the friends of the Federal judiciary, that either they must be subject to some intelligent, proper, fair control of the people or they are going to be abolished. This notion that some people seem to have that a Federal judge cannot be removed from office unless it can be shown that he has served a couple of terms in the penitentiary, or ought to have done so, is placing the whole Federal judicial machinery in peril.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. DONDERO. Carrying out the suggestion made by the gentleman from Texas [Mr. McFARLANE], would it be possible for a State court to try a Federal question or a question arising between two States?

Mr. SUMNERS of Texas. That is entirely too speculative for me to go into now. I am trying to confine my remarks to the points I started out to make.

Now, Mr. Speaker, when the Federal courts had jurisdiction over only a few matters that did not come close to the people—I do not want to reflect on Federal judges now—but you remember when the Federal court had jurisdiction over only big matters we had a certain class of lawyers as judges who were men of outstanding character. A Federal judgeship was just about the highest job that could be found, but in later years, regardless of how it came about, we have largely made the Federal courts police courts. This has had much to do with regard to the type—not the entire type—of judges.

I cannot choose just the word I wish to use, but I would say this much: If we could get rid of say about a dozen Federal judges in this country now, if the House would impeach and if the Senate would clean them out, the Federal judges, as a class, would stand high in this country and the people would have confidence in them. [Applause.]

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

Mr. SUMNERS of Texas. I yield.

Mr. CHRISTIANSON. Has the gentleman considered whether these abuses could be eliminated in some measure by appointing Federal judges, especially those of the inferior Federal courts, for a specific term of years, say, 6 years or 8 years?

Mr. SUMNERS of Texas. That would be impossible without a modification of the Constitution.

Mr. CHRISTIANSON. Would a modification of the Constitution be necessary so far as the inferior Federal judges are concerned?

Mr. SUMNERS of Texas. Yes; I believe so. At least that is my opinion.

Mr. CHRISTIANSON. I thought that would be true as to the Federal judges that were specifically created by the Constitution, but I doubt very much whether it would be true as to those Federal courts which the Congress has established.

Mr. SUMNERS of Texas. The Committee on the Judiciary has examined the question several times and we have always come around to the conclusion that except for judges in the Territories, such as Alaska, where Congress governs under the general powers conferred by a provision of the Constitution with which the gentleman is familiar, it would require a modification of the Constitution to bring about what the gentleman suggests.

Mr. CHRISTIANSON. Does not the gentleman believe it would be a wise course to pursue?

Mr. SUMNERS of Texas. I do not want to get away from what I am trying to indicate may be done under present constitutional powers and arrangement.

Mr. CHRISTIANSON. Just one further question: Does not the gentleman believe it might be wise for this Congress to submit to the States a constitutional amendment to bring about such a reform?

Mr. SUMNERS of Texas. I should like not to get into that subject. I should like to deal with the subject about which I started out to talk.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes; but let me hold to my line of thought.

Mr. ZIONCHECK. I will bring it right to the theory of the gentleman's argument. Would it not have had a very salutary effect upon Federal judges in the United States had the Senate impeached Judge Louderback?

Mr. SUMNERS of Texas. I believe I will never rid my mind of that opinion. [Applause.]

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

Mr. SUMNERS of Texas. Yes.

Mr. DUNN. Does the gentleman believe it is right that a man should be appointed a Federal judge, whether of the district court or the Supreme Court or any other court, who is a large stockholder in some utility or other gigantic corporation?

Mr. SUMNERS of Texas. I think it would be just as well not to have judges embarrassed by such relationships.

Mr. DUNN. But is it not a fact that oftentimes the people do not get a square deal when a case is brought before such a judge?

Mr. SUMNERS of Texas. I do not want to get into too many spraddling-outs of this matter, but I will say that, of course, the great safeguard is for the Senators to make the proper recommendation and the President to appoint the proper man in the first instance; but in the House we do not have to deal with that. We have to deal with them after we get them.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 2 more minutes.

Mr. SUMNERS of Texas. I do not want to transgress by taking the time of other gentlemen who want to speak.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. I want to ask my colleague, who, I know, has studied the question closely, whether he has considered the advisability of Congress's preparing the machinery for the Federal judiciary itself to have a committee on discipline headed by the Attorney General of the United States as chairman?

Mr. SUMNERS of Texas. I will say to my friend that I have that whole matter under examination now. I hope to be able to make a report of tentative conclusions at least. [Applause.]

Mr. FITZPATRICK. Will the gentleman yield for one question?

Mr. SUMNERS of Texas. Yes.

Mr. FITZPATRICK. Are the conditions in New York worse today than they were before the selection of the Irving Trust Co.?

Mr. SUMNERS of Texas. I cannot answer that question.

Mr. FITZPATRICK. That is a very important question, because that is what this whole matter is about.

Mr. SUMNERS of Texas. The gentlemen from New York, I imagine, could better answer that question. [Applause.]

[Here the gavel fell.]

THE LATE HONORABLE WILLIAM C. WRIGHT

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

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. OWEN. Mr. Speaker, it is with genuine sorrow and regret that I announce to the House the death of Hon. William C. Wright, who formerly represented the Fourth Congressional District of Georgia. His death occurred at his home at Newnan, Ga., yesterday afternoon. Mr. Wright was elected to the Sixty-fifth Congress to fill the unexpired term of the Honorable W. C. Adamson, in 1918. He served on the Military Affairs Committee for a number of years and was a very active and influential member of that committee. He served the last 6 years of his membership in this House on the Appropriations Committee and his work in this capacity is well known to every Member of the House.

A large majority of the present Membership knew him and loved him. He was an eminent lawyer, a faithful representative of the interests of his people, a fearless man, and a real patriot. He voluntarily retired from Congress last year, desiring to spend his remaining days in his home town in the pursuit of his loved profession of the law.

THE 5-DAY WEEK 6-HOUR DAY

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

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. Mr. Speaker, as the House can see, I did not try to take any unfair advantage of my leader or the Speaker. I told them in the few remarks I made a moment ago just what I was after and just what I intended to do.

I understand the Rules Committee is going into session to bring in a rule to try to prevent me from getting before the House the 5-day week 6-hour day bill.

I am not going to object to anybody's talking after me and I will wait until the Rules Committee brings in its report and give them a fair break, because I think the House knows I try to be a fair fighter; but if the House is fair and wants to give the Committee on Labor a break, after the hours and days and weeks of work it has put in on the 5-day week 6-hour day bill, which is a better bill for labor and a better bill for capital than the national recovery bill, then I ask the House when this rule comes in to vote it down and give us a chance to get this measure up.

Incidentally, I will make a point of order that the rule must lay over until another day, or else receive a two-thirds vote in order to put it through.

I hope the House will back up the Committee on Labor and give us a chance to get a vote on this 5-day week 6-hour-day bill, which is the Senate bill 158, which passed the Senate and was amended by my committee and then unanimously reported favorably to the House. If you do not want to pass the bill, then defeat it. If you want to pass it, pass it; but, in fairness to labor at least, allow the bill to come up for a vote. [Applause.]

Mr. GOSS. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. GOSS. Then the gentleman thinks that if the House votes down the rule, or if the rule does not receive a two-thirds vote, he will have an opportunity to get up his bill for a vote in the House?

Mr. CONNERY. Yes.

Mr. GOSS. And I take it a vote against the rule would really be a vote in favor of letting the gentleman's bill come up for consideration?

Mr. CONNERY. A vote against this rule will give us an opportunity to bring up the 5-day week 6-hour-day bill, which the American Federation of Labor and all labor and the manufacturers in the United States want. [Applause.]

Mr. MARTIN of Oregon. Mr. Speaker, I ask unanimous consent to address the House for 7 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. MARTIN of Oregon. Mr. Speaker, this morning I very carefully read the proposition brought to us Saturday night on the eve of adjournment in relation to the reorganization of the Government departments and providing for a

procurement division in the Treasury Department for the purchase of all Government supplies. Not, perhaps, that what I may say will have any effect on the ultimate action of the House, but I want solemnly to warn you as one who has followed the President all through his program in this House, one who has had 40 years' experience in the Army, that I believe that if this proposition goes through it will wreck the national defense of this country. I issue this solemn warning as the result of years of experience in the Army, and I am going to give you some of the reasons why I think so.

The mission of the War Department is to insure the national defense. Its organization and operation must be alike in peace and war so that there will be no abrupt change in a crisis. It must be prepared upon the outbreak of war to expand tremendously in a minimum of time. No commercial organization has a problem comparable in any phase to this. There is no time to experiment and no place for divided responsibility. Any organization or plan by which an agency outside the War Department is given authority over a function necessary in the performance of its assigned mission can have no other effect than to hinder operations and jeopardize the successful outcome of a war and possibly the life of the Nation.

The Army must be prepared upon the outbreak of war to move its tactical organizations from their peace-time stations to destinations not now known. At the same time new and vast stores of military supplies must be procured, stored, and transported to the field of operations.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. MARTIN of Oregon. For a brief question.

Mr. COCHRAN of Missouri. How many purchasing officers do you have in the War Department?

Mr. MARTIN of Oregon. I am not going to be led astray by any little technicality which the gentleman brings up, but I will say that at the end of the World War we tried this new Douglas idea of having one purchasing department for the Army alone, and it broke down completely. I say that this will break down. The danger is that it will break down when the very life of the Nation is involved.

I will say that in the purchase of coal or the purchase of potatoes, the purchase of staple articles, this new-fangled Douglas operation might function, but when it comes to technical instruments, aircraft, munitions of war, other instruments of war, it will be a lamentable and an awful failure. The trouble is, it has been brought in by people who do not understand the matter.

Mr. COCHRAN of Missouri. Is it not reasonable to assume that Army officers will be appointed to make the purchases for the War Department?

Mr. MARTIN of Oregon. No; I have no right to assume it. I want to say that if you carry this through you will get into more trouble than you got into in the veterans' proposition. [Laughter.]

The disbursing of funds must be closely allied with the purchasing function. Complete administrative and operative control over both the procurement of supplies and the prompt payment therefor is at all times a necessary and integral part of the successful conduct of a war. The payment of soldiers must be made where they are located, and especially in war it is important that such disbursing be in the hands of the military officials. In many cases the duty of disbursing is merely incidental and additional to the troop duties of the officers engaged therein. In any event the centralizing of disbursing functions would not change the requirement outlined above.

Also, the warehousing activities at Army posts are for the purpose of providing tactical organizations with limited supplies to meet immediate needs. These units must be prepared to take the field at a moment's notice, and much of these local supplies must accompany them. To meet this requirement a close contact between the troops of the post and the local supply agencies is necessary. As a result of these requirements, the personnel engaged in those activities is almost without exception military and would remain so under any other practicable organization, centralized or decentralized.

The larger warehousing installations are incident to the purchasing and manufacturing activities or they contain reserve supplies. All of these are used to furnish supplies to tactical units distributed over a considerable area.

Experience of all armies during many years, and particularly during the World War, demonstrated the absolute necessity of warehouses located at points of production and strategic localities. The existing War Department zone of the interior storage establishments were located for the foregoing reasons over a period beginning with the War of 1812 and continuing down to include the World War.

The compelling reason for the maintenance of a fiscal accounting and bookkeeping system other than that required in connection with disbursing and collecting within the various echelons of the War Department, as in any other organization, is to provide responsible officials with the means of efficiently administering their assigned functions. Without adequate fiscal information the Secretary of War would be unable to distribute intelligently and control the expenditure of War Department funds, the chief of the obligating branch could not properly suballot and control the obligation of funds apportioned to him, nor would the obligating agent in the field be in a position to prevent the overobligation of amounts made available for specific purposes. Such records are indispensable to efficient administration; and should a centralized accounting system be superimposed on the existing departmental accounting structure, it could relieve the latter of few of its present requirements, and would add appreciably to the overhead cost.

The organization of the Military Establishment must be based upon efficiency in war. This necessitates that control of all activities essential to its functioning remain with the Military Establishment.

Procurement of supplies must be treated as comprising purchase, storage, and distribution of such supplies. It is not sufficient to consider purchase price alone as representing total cost. The economies sought are represented in the ultimate cost over a period of years to the unit consuming the supplies. It is obvious that the supply system of all Government departments cannot be identical unless the organization, the functions, and the method of operation of these departments are completely parallel.

It is true that in nearly all cases large purchases result in lower unit purchase price; but if the saving in the unit purchase price is lost in storage or in distribution costs, then the apparent economy has disappeared.

It is self-evident that the further the consolidation of supply is carried, especially in passing from one department to another, the greater will be the time period in collecting requirements, effecting purchases, and making distribution. The increase in length of time must be overcome by increasing stocks in warehouses, and this stocking of Government warehouses costs money.

The function which each department has in the scheme of Government and the mission which it is called upon to perform from time to time must also be considered in adopting a procurement plan for its use. The War Department, for example, is perhaps unique in one respect in that it is from time to time unexpectedly called upon to expand its activities almost a hundredfold. That is, when war breaks out, the supplies purchased by the War Department in a given time increase to an abnormal degree beyond the purchases normally made in peace time. This condition, therefore, must be considered in establishing a procurement plan that involves the War Department. It cannot be doubted that under war conditions the War Department procurement plan must be entirely responsive to the Secretary of War. And the Secretary of War, as a result of the World War experiences, considers a decentralized procurement plan as essential to success.

In addition to the foregoing conditions the individuality of the purchasing activity of each department and establishment and its ready responsiveness to the needs of the re-

spective departments and establishments must be retained. This responsiveness is essential to the efficient functioning of the Federal departments, and it cannot be maintained under any plan which takes the purchasing authority from the control of the head of a department or independent establishment. Procurement for any agency of the Government is an integral part of the prime and governmental function for which such agency was established.

Coordination of procurement by the Federal departments can best be obtained by an active interchange of information among the procurement agencies in Washington of the departments, and the use of interdepartmental contracts or the purchase from other departments' stocks whenever such actions are economical. An example of this is the current use by various departments of the Navy Department annual purchase contract for lubricating oils.

I have just received the following telegram in regard to section 2 of the order:

FREDERICKSBURG, VA., *June 12, 1933.*

Hon. CHARLES H. MARTIN,
House Office Building, Washington, D.C.:

Press carries information that section 2 of President's Executive order relating to reorganization of Government departments provides for transfer of military parks and national cemeteries from jurisdiction of War Department. This organization protests such transfer and is unalterably opposed thereto, due to fact that the Army certainly should be allowed to care for its own dead and the hallowed ground on which they died. Virginia is more interested than any other State, due to fact that by far the greater number of such parks and cemeteries are within its borders.

W. F. CARTER, Jr.,
Executive Secretary Chamber of Commerce.

But the crowning travesty is in section 16, where Congress is robbed of all authority in saying where the money it appropriates goes and the Director of the Budget runs the whole show. Why have a Congress at all?

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes on the President's reorganization.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, Members of Congress may find some reasonable excuse for trying to ameliorate regulations that reduce soldiers' compensation, but I want to assert without fear of contradiction here on this floor that there is not a Member of Congress, either in the House or the Senate, who can find any excuse or who can hope to have the approval of the people of this country for voting against the President's plan of reorganization and abolishing of bureaus.

I want to say that the one thing for which the President is to be most commended, and for doing which he will have the approval of all citizens, is the reorganization plan he has just submitted to Congress for approval which abolishes many bureaus. He is the only one that could effect this consolidation. His is the only power in this Nation that could have brought about this proper retrenchment and prevention of duplication. Let me call attention to some bureaus he has abolished and to a few of his consolidations.

One of the first of the most useless, most inefficient, most extravagant, most undependable bureaus that he abolished was the so-called "Bureau of Efficiency." You older Members will probably remember that ever since 1927 I have been doing everything within my power to get this inefficient so-called "Bureau of Efficiency" abolished.

On December 7, 1927, in the Seventieth Congress, I introduced the bill, H.R. 6036, to abolish this Bureau of Efficiency, and it was referred to the Committee on Expenditures in the Executive Departments, and I have made many speeches against this wasteful Bureau, and have shown many times that it was useless and was constantly inspiring and creating inefficiency, and that it never had stood for efficiency except for the first year or two after it was organized. I also showed many times that it was absolutely undependable and unreliable, and that its stand on numerous occasions was against the best interest of the Government.

It took only a very short time for the President to abolish it. It would have been impossible for Congress ever to have abolished it.

And it is almost impossible for Congress ever to effect any consolidation of bureaus, or ever to abolish any of them. This work can be done only by the President. And this is because the bureau personnel, just as soon as it is proposed to consolidate it, or to abolish it, will besiege Members of Congress and implore them, and waylay them, with every kind of appeal imaginable, and have propaganda letters and telegrams sent them from home, demanding that such proposed action be not taken. And then you will find Members taking the floor to fight consolidation and to fight abolition. And there are no consolidations and no abolishments effected.

The President has stepped on the toes of some Army personnel in his proposed reorganization. So, naturally, we find our major general colleague from Oregon, who fails so frequently to vote with us Democrats, taking the floor to fight against the President's plan, predicting that dire calamity will follow, unless we set the President's action aside.

Only the President of the United States can fairly have before him in such matters a perspective of the interests and welfare of the whole 120,000,000 people of the United States of America. Every Member here will have the interests of some constituents affected by abolishing bureaus and consolidations. Therefore Members of Congress cannot abolish bureaus, and they cannot consolidate bureaus. It takes the President to do it.

And I believe that before this year is over the President of the United States will consolidate the War Department and the Navy Department into one department of national defense, with a unified Air Corps, and such action will easily save at least $100,000,000 annually, and will give us far more efficiency both in our Army and Navy. Yet you will remember that it was our major general friend who was largely responsible for the defeat of this consolidation in the last Congress.

Mr. LUNDEEN. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I regret that I have not the time. Now, let me call your attention to some of the consolidations made by the President. Here is one of them:

All functions of administration of public buildings, reservations, national parks, national monuments, and national cemeteries are consolidated in an Office of National Parks—

And so forth. Why not? That is to prevent a duplication of effort and money, and it is the President of the United States who is bringing order out of chaos and saving money unnecessarily being expended out of the people's taxes. Let me call your attention to another one of the consolidations made by the President:

The functions of the United States Shipping Board, including those over and in respect to the United States Shipping Board Merchant Fleet Corporation, are transferred to the Department of Commerce, and the United States Shipping Board is abolished.

Once when Congress adjourned I spent the entire summer of my vacation checking up the rents that the Shipping Board and the Emergency Fleet Corporation were paying for buildings in Washington and Philadelphia. Do you know how much these two bureaus were then paying out for rents? They were paying out $764,000 a year for rented buildings alone in Washington and Philadelphia. At the same time there was vacant space down here in the Army and Navy Building in Potomac Park sufficient to house both of them. I found there was more vacant space there in that building, by actual measurements, than was necessary to house the whole Shipping Board and Fleet Corporation. I brought those facts to the attention of Mr. Martin Madden, who was chairman of the Committee on Appropriations—and God bless him, he always tried to save money for the Government—and he caused that Shipping Board and Emergency Fleet Corporation to give up their rented buildings and move down there into the Army and Navy Building and they are there today, thereby saving this Government $764,000 a year in rentals alone on just two bureaus.

The President also abolishes the National Screw Thread Commission. I tried to keep them from ever appointing such a Commission. The gentleman from Connecticut, the former Republican leader, caused it to be created. It was

foolish to begin with, and it has existed here for 12 years. Finally it took a Democratic President to abolish it. Let me call your attention to some others that President Franklin D. Roosevelt has consolidated. The Bureaus of Immigration and Naturalization of the Department of Labor are consolidated. Why should they not be? It prevents duplication of effort and saves money and expense to the people and taxpayers.

The SPEAKER. The time of the gentleman from Texas has expired.

(By unanimous consent, Mr. BLANTON was granted leave to extend his remarks in the RECORD and to incorporate some excerpts.)

PUBLIC, NO. 2—THE PRESIDENT'S PLAN OF REORGANIZATION AND ABOLISHING OF BUREAUS

Mr. BLANTON. Mr. Speaker, when President Roosevelt got Congress to pass his Public, No. 2, "To preserve the credit of the United States Government", neither the President nor the Members of Congress intended that any injustice should be done to any of our disabled veterans. He implored Congress to help him save the Government from impending inevitable bankruptcy, for otherwise he claimed it could not continue to hospitalize and succor veterans, their widows, orphans, and dependents.

As the House has granted me unanimous consent to extend my remarks and to incorporate some excerpts, I will avail myself of the privilege accorded me and complete my discussion of the President's economy program by quoting some pertinent excerpts from correspondence, which for want of time I was prevented from doing in my speech on the floor.

Under Republican rule for the past 12 years a Republican Congress has engaged in a wild saturnalia of money spending, with an orgy of waste and extravagance unequaled in all our history. During the past 4 years the Hoover administration spent $1,000,000,000 annually more than our total revenues, creating total deficits of $4,000,000,000. Naturally, in such an atmosphere, a friendly, sympathetic Congress voted unprecedented benefits and compensation to all veterans.

Respecting compensation to the veterans of different wars, the Administration called the attention of Congress to the following facts:

As to the Revolutionary War, which began April 19, 1775, no pensions were paid until the act of March 18, 1818, which provided payment from that date, "when in need of assistance from his country for support", to commissioned officers $20, and to all others $8 per month, though prior thereto land warrants had been issued, but that up to 1861 for service in the Revolutionary War, the War of 1812, the Mexican War, and the Indian wars prior to 1855, the value of the total lands granted was under $82,000,000, and the total pensions paid for all of said wars to this date aggregated less than $90,000,000.

The Administration reminded Congress that for veterans of the War of 1812 their first pension act was passed February 14, 1871, allowing $8 per month to veterans and their widows, which was increased as follows: $12 to widows in 1886, $20 to widows as old as 70 in 1916, $30 to widows in 1920, and $50 to widows in 1926, which was 111 years after the war had closed.

The Administration also advised Congress that for veterans of the Mexican War of 1846 their first pension act was passed on January 29, 1887, which granted $8 per month to all veterans either 62 years of age or who were disabled or dependent, and to unmarried widows, which, in 1893, was raised to $12 for those totally disabled, and in 1912 to $30, and in 1916 widows 70 got $20, and in 1920 widows got $30, and in 1926 widows got $50, which was 78 years after the war; and in 1920, 72 years after the war, Mexican veterans were paid $50 per month.

Congress was also reminded that in their first act of July 27, 1892, veterans of Indian wars were paid $8 per month, and in 1913 were raised to $20 per month, and in 1908, $12 was paid to their widows, who in 1927 were raised to $30, under which act veterans of Indian wars were paid $20 if 62, $30 if 68, $40 if 72, and $50 per month if 75 years of age.

Congress was informed that for veterans of the Civil War, which began March 4, 1861, their first pension act was passed June 27, 1890, over 24 years after the war closed, paid them from $6 to $12 per month from date of filing application, for disability "not result of his own vicious habits"; and on April 24, 1906, 40 years after the war closed, Congress provided that upon reaching 62 years, did not require specific disability; and on February 6, 1907, pension was increased to $15 per month if 70 years old, and $20 per month if 75 years old; and on May 11, 1912, pension was increased, where veteran had had 3 years' service, to $16 if 62, $19 if 66, $25 if 70, and $30 per month if 75 years of age; and another increase was granted in 1918; and in 1920 was increased to $50 per month, and where attendant was necessary veteran received $72 per month; and in 1926 the above were increased to $65 and $90, respectively; and in 1930, which was 64 years after the Civil War had closed, veterans received $75 per month, and $25 additional if they required an attendant, and not until 1890, 24 years after the Civil War had closed, were their widows and children granted anything, and then widows received $8 per month, with $2 per month additional for each child under 16 years old.

Congress was advised also that for veterans of the War with Spain, commonly called the Spanish-American War, from April 21, 1898, to April 11, 1899, their first pension law was passed June 5, 1920, which paid for "disability not due to vicious habits", or for age, $12 if 62, $18 if 68, $24 if 72, and $30 per month if 75 years of age; which on May 1, 1926, were increased to $20 if 62, $30 if 68, $40 if 72, and $50 per month if 75 years of age, and those requiring attendants receiving $72 per month; and which on June 2, 1930, were again increased to $30 if 62, $40 if 68, $50 if 72, $60 if 75 years of age, and to $72 per month if an attendant is required, where there was 3 months' service, and for disabilities, under the above ages, they were paid $20 for one tenth, $25 for one fourth, $35 for one half, $50 for three fourths, and $60 per month for total disability, and no pensions were granted to their widows and children until July 16, 1918, which was over 19 years after the war had closed, there being first allowed $12 to widows and $2 per month for each child, which on September 1, 1922, was increased to $20 to widows and $4 per month for each child, and was again increased on May 1, 1926, to $30 per month to widows and $6 to each child.

The Administration reminded Congress that with respect to all of our wars which preceded the recent World War Congress did not grant pensions until many years after the close of such wars, while during the last fiscal year alone the Government paid to World War veterans and their dependents the sum of $595,948,314.57, and from the close of the World War to April 30, 1933, Congress has caused to be paid to World War veterans and their dependents a total of $5,830,338,771.80. In South Carolina there are 1,480 colored veterans drawing disability compensation and 4,196 colored veterans drawing disability allowance. In Georgia there are 2,764 colored veterans drawing disability compensation and 5,871 colored veterans drawing disability allowance. In Alabama there are 2,111 colored veterans drawing disability compensation and 4,983 colored veterans drawing disability allowance. Administration doctors advise that many of their ills are imaginary, are not serious, and are not of proven service origin, yet many of such colored veterans refuse to work, and demand that the Government support them and their families. The above facts are cited to show that the Government is depending on American Legion posts to help it keep off the rolls the veterans who are not disabled and who are not entitled to pensions.

Congress has also been reminded by the Administration that no other government in the history of the world has ever done more for or given better treatment to service men than has the United States of America; that during the war the Government paid allowances of not exceeding $50 per month to the dependents of a veteran, which was added to the allotment he made them out of his own pay; that they were provided with war-risk insurance convertible since the

war; that the Government paid them the small $60 bonus, promptly provided them with vocational rehabilitation, extending such training not only to the skilled trades but also to the professions, during which time the Government made allotments and allowances to his family; that under the act of March 4, 1923, veterans were granted the presumption of service-connection of tubercular and neuropsychiatric diseases shown to have developed to a degree of 10 percent within 3 years after separation from the service, and under the act of June 27, 1924, such presumption was extended to January 1, 1925; that burial expenses were paid up to $100; and that under the act of May 19, 1924, there was granted adjusted-service pay of $1 per day extra for home service and $1.25 per day for foreign service, for which, with earned interest to accrue to 1945, adjusted-service certificates were issued to veterans, and Congress has required one half of the face amount of these certificates to be loaned to veterans.

I am one of those in Congress, Mr. Speaker, who believes that this adjusted-service pay should have been paid to veterans in cash. In the last Congress the petition to require full payment was signed first by Mr. PATMAN, second by Mr. RANKIN, and third by myself, and we passed the bill in the House requiring cash payment, but it was killed in the Senate. In the next session I shall not leave a stone unturned in my efforts to help pass a law requiring immediate cash payment.

The Administration has reminded Congress of the fact that hospitalization with travel pay to and from their homes has been granted to all disabled veterans whose disabilities are not of service origin, but have been incurred since the close of the war; also that under the Emergency Officers' Retirement Act of May 24, 1928, which at first contemplated only about 900 officers, over 7,000 emergency officers have been retired on pay from $106.25 to $262 per month for life, as disabled, yet hundreds of them are at the same time drawing large salaries from the Government ranging as high as $10,000 per year, and hundreds of them are holding lucrative positions in cities and States, as mayors, judges, police chiefs, and heads of various departments, while others have lucrative private practices as physicians, lawyers, dentists, and engineers, and that the disabilities of over 4,000 of them are acknowledged to be merely presumptive, embracing such afflictions as "social inaptitude", and others as fully ridiculous and absurd. It was to correct the inequities, inequalities, and injustices of existing conditions, and to save the Government, as he said, from inevitable bankruptcy, that the President implored Congress to pass his "Public, No. 2", and which if not passed he claimed, the Government would not be financially able to help even the bedridden disabled.

It will be remembered that in my resolution, No. 355, which I introduced on April 6, 1932, I showed that Maj. William Wolff Smith, general counsel of the Veterans' Administration, did not enter the service until October 29, 1918, just 13 days before the armistice, that he held a swivel-chair job here in Washington during said 13 days, yet he had himself retired as a disabled emergency officer at $187.50 per month for life, and at the same time was receiving a salary of $9,000 per annum from the Government as General Counsel, and that he had held the position of General Counsel in the Veterans' Bureau since February 1, 1923, but I forced him to resign after trying him before the Committee on Military Affairs.

And in my said Resolution No. 355, which was carefully checked up and found correct by the Committee on Military Affairs, I showed that the Veterans' Administration had in its employ and on the pay rolls of the Government an army of doctors, lawyers, dentists, and other swivel-chair officers who hold fat positions at big salaries and who were also at the same time drawing additional retirement pay each month as disabled emergency officers, from which I quote the following:

Dr. Winthrop C. Adams, salary $7,500, retired pay $150 per month; Dr. Wilfred E. Chambers, salary $6,500, retired pay $206.25 per month; Dr. William C. Gibson, salary $6,500, retired pay $125 per month; Dr. Ignatz D. Loewy, salary $6,000, retired pay $206.25 per month; Dr. George C. Skinner, salary $6,500, retired pay $150 per month; Dallas B. Smith, salary $6,500, retired pay $262.50 per month; Dr. Howard C. Von Dahn, salary $6,500, retired pay $150 per month; Dr. Herbert E. Whitledge, salary $6,500, retired pay $150 per month; Dr. John R. McGill, salary $6,500, retired pay $187.50 per month; Dr. Julius C. Arntzer, salary $5,400, retired pay $150 per month; Dr. Jesse J. Beatty, salary $5,600, retired pay $125 per month; William J. Blake, salary $5,600, retired pay $125 per month; Dr. John C. Carling, salary $5,200, retired pay $150 per month; Dr. Booten S. Compton, salary $5,800, retired pay $125 per month; Dr. Eugene C. Davis, salary $5,500, retired pay $187.50 per month; Dr. William T. Doherty, salary $5,200, retired pay $125 per month; Dr. James G. Donnelly, salary $5,600, retired pay $125 per month; Frank T. Duffy, salary $5,600, retired pay $125 per month; Dr. M. J. Duncan, salary $5,200, retired pay $150 per month; Dr. Thomson C. Edwards, salary $5,600, retired pay $150 per month; Dr. Jose M. Ferguson, salary $6,500, retired pay $150 per month; Thomas Foster, salary $5,400, retired pay $150 per month; John R. Galbraith, salary $5,600, retired pay $106.25 per month; Dr. Michael L. Gallagher, salary $5,400, retired pay $150 per month; Dr. Jesse L. Hall, salary $5,400, retired pay $150 per month; Dr. William A. Jolley, salary $5,000, retired pay $262.50 per month; Dr. Claude C. Keeler, salary $5,400, retired pay $150 per month; William E. Kendall, salary $5,600, retired pay $187.50 per month; Dr. Isham Kimball, salary $5,000, retired pay $187.50 per month; Dr. John C. Ladd, salary $5,000, retired pay $150 per month; Dr. Homer G. Lightner, salary $5,400, retired pay $150 per month; Dr. Bernard C. MacNeil, salary $5,200, retired pay $125 per month; Dr. Bernard A. McDermott, salary $5,000, retired pay $125 per month; Dr. Samuel B. McFarland, salary $5,000, retired pay $150 per month; Dr. Edward M. Parker, salary $5,000, retired pay $187.50 per month; Dr. Clayton A. Patterson, salary $5,200, retired pay $165 per month; Dr. George E. Pfeiffer, salary $5,600, retired pay $125 per month; Dr. Edd L. Robertson, salary $5,400, retired pay $187.50 per month; Dr. Frank R. Sedgley, salary $5,600, retired pay $150 per month; Dr. Hargus G. Shelly, salary $4,800, retired pay $150 per month; Dr. Moses E. Sherer, salary $5,400, retired pay $150 per month; Dr. Robert P. Smith, salary $5,000, retired pay $187.50 per month; Dr. Allen H. Walker, salary $5,600, retired pay $180 per month; Dr. Justus M. Wheate, salary $5,400, retired pay $240.62 per month; Dr. Otis B. Mallow, salary $5,579, retired pay $150 per month; Dr. Roscoe C. Adams, salary $4,000, retired pay $262.50 per month; John H. Ale, salary $4,600, retired pay $125 per month; Dr. Albert A. Ankenbrandt, salary $4,600, retired pay $150 per month; Dr. David E. Arnold, salary $4,600, retired pay $187.50 per month; Dr. James T. Arwine, salary $4,400, retired pay $187.50 per month; Dr. Harry P. Bacon, salary $4,600, retired pay $150 per month; Dr. Frank J. Bailey, salary $4,200, retired pay $165 per month; Dr. Erasmus S. Baker, salary $4,600, retired pay $125 per month; Dr. James L. Ballou, salary $4,600, retired pay $150 per month; Dr. Clinton G. Beckett, salary $4,600, retired pay $187.50 per month; Dr. Laurence J. Bernard, salary $4,600, retired pay $125 per month; Dr. George I. Birchfield, salary $4,000, retired pay $150 per month; Dr. Dennis L. Black, salary $4,600, retired pay $125 per month; Dr. Alpheus J. Bondurant, salary $4,600, retired pay $125 per month; Archibald D. Borden, salary $4,800, retired pay $225 per month; Dr. Benjamin Brod, salary $4,200; retired pay $125 per month; Dr. John R. Brown, salary $4,600, retired pay $125 per month; Dr. Samuel C. Buck, salary $4,200, retired pay $150 per month; Dr. Louis L. Burstein, salary $4,000, retired pay $125 per month; Joseph V. Byrne, salary $4,800, retired pay $150 per month; Dr. Alfred A. Caldarone, salary $4,000, retired pay $150 per month; Dr. Franklin C. Cassidy, salary $4,600, retired pay $125 per month; Dr. Jenner P. Chance, salary $4,600, retired pay $206.25 per month; Dr. Alpha M. Chase, salary $4,600, retired pay $195 per month; Dr. James C. Christiansen, salary $4,600, retired pay $165 per month; Dr. Benjamin A. Cochrell, salary $4,400, retired pay $150 per month; Dr. Beamon S. Cooley, salary $4,200, retired pay $125 per month; Dr. Paul R. Copeland, salary $4,800, retired pay $125 per month; Dr. Harry S. Crawford, salary $4,000, retired pay $150 per month; Dr. Wendell P. Dally, salary $4,600, retired pay $150 per month; Dr. Clark B. Devine, salary $4,600, retired pay $150 per month; Dr. Vincent M. Diodsti, salary $4,600, retired pay $150 per month; Dr. Thomas F. Dodd, salary $4,800, retired pay $187.50 per month; Dr. John L. Donahue, salary $4,600, retired pay $150 per month; Dr. Timothy S. Donovan, salary $4,000, retired pay $125 per month; Dr. John M. Ehlert, salary $4,400, retired pay $125 per month; Luther E. Ellis, salary $4,800, retired pay $150 per month; Dr. Joseph C. Endler, salary $4,000, retired pay $150 per month; Dr. F. J. M. Ernest, salary $4,600, retired pay $206.25 per month; Dr. Oscar S. Essenson, salary $4,600, retired pay $150 per month; Dr. Tema L. Eyerly, salary $4,200, retired pay $150 per month; Dr. Frank A. Fannin, salary $4,600, retired pay $150 per month; Glenn C. Fauret, salary $4,200, retired pay $165 per month; Percy M. Feltham, salary $4,800, retired pay $150 per month; Dr. Albert Field, salary $4,200, retired pay $150 per month; William T. Fitzgerald, salary $4,800, retired pay $131.25 per month; John H. Fraine, attorney, salary $4,600, retired pay $312.50 per month; Dr. John C. George, salary $4,600, retired pay $187.50 per month; Dr. John L. Gill, salary $4,600, retired pay $150 per month; Harry B. Gilstrap, salary $4,800, retired pay $206.25 per month; Dr. Benjamin W. Gleason, salary $4,600, retired pay $150 per month; Dr. Henry V. Hanson, salary $4,600, retired pay $150 per month; Dr. Edwin M. Hasbrouck, salary $4,000, retired pay $150 per month; Dr. Samuel C. Hindman, salary $4,600, retired pay $150 per month; Dr. Edwain E. Hobby, salary $4,600, retired pay $206.25 per month; Hilary G. Hooks, salary $4,400, retired pay $150 per month; Dr. John F. Howard, salary $4,600, retired pay $150 per month; Dr. John B. Howe, salary

$4,200, retired pay $150 per month; Dr. Theodore G. Howe, salary $4,400, retired pay $150 per month; Dr. Scott M. Huff, salary $4,000, retired pay $180 per month; Dr. Edwin M. Johnson, salary $4,600, retired pay $150 per month; Dr. William E. Joiner, salary $4,600, retired pay $150 per month; Dr. Edward B. Jones, salary $4,600, retired pay $150 per month; Dr. Ralph P. Jones, salary $4,800, retired pay $125 per month; Dr. Charles A. Kearney, salary $4,600, retired pay $150 per month; Dr. Ernest R. Latham, salary $4,600, retired pay $150 per month; Dr. William R. Leahy, salary $4,600, retired pay $150 per month; Dr. Henry C. Lochte, salary $4,400, retired pay $125 per month; Dr. Marion B. MacMilan, salary $4,600, retired pay $187.50 per month; Dr. Will H. Malone, Jr., salary $4,400, retired pay $125 per month; Dr. James H. Malonson, salary $4,200, retired pay $180 per month; Dr. William O. Manion, salary $4,800, retired pay $150 per month; Dr. Marius B. Marcellus, salary $4,600, retired pay $243.75 per month; Dr. Albert C. Martin, salary $4,600, retired pay $150 per month; Dr. John F. Martin, salary $4,200, retired pay $125 per month; Dr. Walter M. Matthews, salary $4,600, retired pay $125 per month; Dr. David C. McCulloch, salary $4,400, retired pay $150 per month; Dr. John T. McDonald, salary $4,400, retired pay $125 per month; Dr. James L. McKnight, salary $4,600, retired pay $125 per month; Dr. Charles H. Meyst, salary $4,600, retired pay $150 per month; Dr. Harlan E. Mize, salary $4,600, retired pay $150 per month; Dr. Harry S. Monroe, salary $4,600, retired pay $125 per month; Dr. Roy D. Moore, salary $4,400, retired pay $150 per month; Dr. John E. Neilon, salary $4,200, retired pay $125 per month; Dr. Edwin G. Nelson, salary $4,000, retired pay $125 per month; Dr. Philip H. Nevitt, salary $4,400, retired pay $125 per month; Dr. George A. Nieweg, salary $4,600, retired pay $125 per month; Dr. William H. Owens, salary $4,400, retired pay $125 per month; Dr. William E. Park, salary $4,600, retired pay $150 per month; Dr. Cyrus B. Partington, salary $4,500, retired pay $125 per month; Dr. John R. Patton, salary $4,200, retired pay $150 per month; Dr. Charles E. Ralph, salary $4,400, retired pay $187.50 per month; Dr. Carl O. Reed, salary $4,400, retired pay $150 per month; Dr. Richard A. Roach, salary $4,200, retired pay $150 per month; Dr. Frederick C. Robbins, salary $4,600, retired pay $187.50 per month; Dr. William J. Roberts, salary $4,200, retired pay $150 per month; Dr. Guy F. Robinson, salary $4,800, retired pay $150 per month; Dr. Claude N. Rucker, salary $4,200, retired pay $150 per month; Dr. Walter J. Saubert, salary $4,000, retired pay $125 per month; Dr. Wilburn E. Saye, salary $4,600, retired pay $125 per month; Dr. Harry A. Scott, salary $4,600, retired pay $125 per month; Dr. Alexander W. Seibert, salary $4,200, retired pay $125 per month; Dr. David A. Seibert, salary $4,000, retired pay $125 per month; Dr. Henry D. Shankle, salary $3,800, retired pay $150 per month; Dr. Oscar F. Shewmaker, salary $4,000, retired pay $125 per month; Dr. Willis N. Simons, salary $4,200, retired pay $125 per month; Dr. Frederick J. Smith, salary, $4,600, retired pay $187.50 per month; William Wolff Smith, salary $9,000, retired pay $187.50 per month; Dr. John E. Soper, salary $4,200, retired pay $150 per month; Dr. Charles E. Starnes, salary $4,600, retired pay $125 per month; Dr. Leo F. Steindler, salary $4,200, retired pay $150 per month; Dr. William O. Stephenson, salary $4,600, retired pay $150 per month; Dr. Harry J. Thompson, salary $4,000, retired pay $150 per month; Dr. James W. Thornton, salary $4,800, retired pay $187.50 per month; Dr. John D. Wakefield, salary $4,200, retired pay $150 per month; Dr. Bacil A. Warren, salary $4,200, retired pay $150 per month; Dr. Robert F. Wells, salary $4,000, retired pay $125 per month; Dr. Lee W. Whitaker, salary $4,200, retired pay $125 per month; Dr. Phillips H. Woods, salary $4,600, retired pay $150 per month; Dr. Roy B. Woodward, salary $4,600, retired pay $125 per month; Dr. Hamlette G. Wyatt, salary $4,200, retired pay $125 per month; Dr. Ellis P. Burns, salary $4,400, retired pay $150 per month; Ernest L. Shubert, salary $4,600, retired pay $150 per month; Walter B. Rile, salary $4,600, retired pay $187.50 per month; Dr. William H. Hatcher, salary $4,400, retired pay $150 per month; Dr. Thomas S. Carrington, salary $4,800, retired pay $150 per month; Dr. David A. Baker, salary $3,800, retired pay $150 per month; Attorney Alfred M. Barlow, salary $3,800, retired pay $125 per month; Harry H. Barnhart, salary $3,300, retired pay $210 per month; Dr. Howard J. Barry, salary $3,800, retired pay $125 per month; Attorney John R. Bays, salary $3,200, retired pay $106.25 per month; Levi A. Beem, salary $3,300, retired pay $165 per month; George A. Blair, salary $3,300, retired pay $165 per month; Charles R. Bohn, salary $3,300, retired pay $195 per month; Dr. Benjamin D. Boyd, salary $3,800, retired pay $162.50 per month; Dr. Henry A. Brady, salary $3,800, retired pay $150 per month; Byron B. Daggett, salary $3,300, retired pay $165 per month; Dr. Homer C. Darrah, salary $3,800, retired pay $165 per month; Attorney Ernest R. Decker, salary $3,800, retired pay $165 per month; Dr. Joseph P. Delaney, salary $3,800, retired pay $125 per month; Dr. Louis B. Derdiger, salary $3,800, retired pay $150 per month; Stanton C. Dorsey, salary $3,300, retired pay $125 per month; Harrie A. Douglas, salary $3,300, retired pay $150 per month; R. D. Engel, salary $3,300, retired pay $106.25 per month; Dr. James S. Fouche, salary $3,800, retired pay $150 per month; Dr. Ellis E. Givin, salary $3,000, retired pay $218.75 per month; Dr. John E. Graf, salary $3,800, retired pay $125 per month; Dr. Adolph E. Grau, salary $3,700, retired pay $125 per month; Norman B. Gridley, salary, $3,300, retired pay $150 per month; Dr. Samuel R. Hopkins, salary $3,800, retired pay $187.50 per month; Attorney Edwin C. Irion, salary $3,300, retired pay $125 per month; Benjamin P. Johnson, salary $3,200, retired pay $106.25 per month; Francis L. Kane, salary $3,300, retired pay $150 per month; Dr. Herbert C. Kincaid, salary $3,800, retired pay $150 per month; Dr. Earl K. Lazenby, salary $3,800, retired pay $150 per month; Dr. Benjamin J. Lewis, salary $3,800, retired pay $125 per month; Cyril A. Liberty, salary $3,800, retired pay $106.25 per month; Dr. Dick R. Longino, salary $3,800, retired pay $125 per month; Harry E. Maher, salary $3,300, retired pay $125 per month; Dr. James E. Maloney, salary $3,800, retired pay $206.25 per month; Dr. William W. McCrillis, salary $3,700, retired pay $150 per month; Dr. Oral H. McDonald, salary $3,800, retired pay $125 per month; Herbert L. McNulty, salary $3,200, retired pay $125 per month; Arthur B. Metcalf, salary $3,200, retired pay $106.25 per month; Dr. Paul D. Moore, salary $3,800, retired pay $125 per month; Dr. Erle T. Newsom, salary $3,800, retired pay $150 per month; Dr. Leon M. Ochs, salary $3,800, retired pay $125 per month; Charles H. Patterson, salary $3,800, retired pay $125 per month; Dr. Edward L. Patterson, salary $3,800, retired pay $150 per month; Dr. Thomas W. Penrose, salary $3,800, retired pay $243.75 per month; Dr. John H. Prill, salary $3,800, retired pay $150 per month; Austin B. Richeson, salary $3,300, retired pay $225 per month; Milton S. Rosenfield, salary $3,300, retired pay $106.25 per month; Dr. Horace E. Ruff, salary $3,800, retired pay $243.75 per month; Charles E. Schaeffer, salary $3,700, retired pay $150 per month; Cameron B. Sherry, salary $3,300, retired pay $106.25 per month; Howard R. Sisson, salary $3,600, retired pay $125 per month; Dr. John J. Small, salary $3,800, retired pay $150 per month; Dr. Sneed Strong, salary $3,800, retired pay $150 per month; Dr. John D. Thomas, salary $3,800, retired pay $125 per month; Emil Walter, salary $3,300, retired pay $250 per month; Dr. Charles W. Wang, salary $3,800, retired pay $125 per month; Nathaniel E. Whiting, salary $3,800, retired pay $137.50 per month; Mortimer Woodson, salary $3,300, retired pay $125 per month; Dr. Jesse M. Worthen, salary $3,800, retired pay $150 per month; Frederick L. Wyatt, salary $3,400, retired pay $165 per month; Dr. William D. McFaul, salary $3,800, retired pay $165 per month; Albert E. McCabe, salary $3,300, retired pay $150 per month.

And, Mr. Speaker, I showed in my said Resolution No. 355 that there were 25 other doctors, and numerous other employees of said Veterans' Bureau that were drawing good salaries from the Government, and were at the same time also drawing additional monthly retirement pay as disabled emergency officers ranging from $106.25 to $240.62 per month, one being a chaplain drawing retirement pay of $195 per month in addition to his regular salary; that among the employees in the State Department drawing double pay was Prentiss B. Gilbert, drawing a salary of $7,000 per year and additional retirement pay of $150 per month, and I named numerous employees in the various departments of Government who were drawing large monthly retirement pay as disabled emergency officers while at the same time receiving large salaries for work that was presumed to be full time. The President felt it to be his duty to review these cases and ascertain which were not service connected, and which were not meritorious, and he will review them after July 1.

The fortitude and patriotism exhibited by veterans everywhere in supporting the President in his reorganization program has simply been wonderful. Yet because I supported the President in this crisis more portentious than in time of war, one adjutant of one post has accused me of "a change of heart toward veterans" and threatened me with political defeat. On May 24, 1933, I wrote a letter to the adjutant of Vernon D. Hart Post, No. 100, at Stamford, Tex., in which I said:

I would appreciate it very much indeed if your post would carefully check up the cases of all veterans in your vicinity who are being dropped or reduced in compensation, and give me complete detailed facts on each case where you know injustice has been done, so that I may bring same to the personal attention of the Administration, Budget Director, and President.

I intend to use every means within my power to force a correction of these injustices. Our disabled American veterans must be treated justly.

We friends of veterans here have arranged for a Democratic caucus to be held here in the House Chamber tomorrow night. We hope to formulate and have adopted proper plans that will force the passage of an amendment of the Economy Act that will correct injustices.

To my great surprise I received the following reply:

THE AMERICAN LEGION,
VERNON D. HART POST, No. 100,
Stamford, Tex., May 26, 1933.

HON. THOMAS L. BLANTON,
House of Representatives, Washington, D.C.

DEAR MR. BLANTON: Your letter of May 24, addressed to adjutant Vernon D. Hart Post, No. 100, American Legion, Stamford, Tex., just reached me, and it is interesting to note your change of heart toward the veterans. This is to be appreciated by all men who are interested in veterans and their welfare; however, it strikes me that your letter is a little late for you to attack the President's policy, for even we birds at the forks of the creek have received the tip that the President now proposes to temper the

wind so that it will not blow hard upon the shorn-lamb veterans. Your help comes a little bit late, Mr. BLANTON; but, of course, we appreciate it.

Mr. BLANTON, permit me to give you this tip. We veterans through our organizations propose to fight any man or devil who proposed an unjust act against the veterans. We do not care very much whether we are fighting a popular President or an unpopular one. we were born in a fight and haven't yet gotten over the tendency.

And by the way, Mr. BLANTON, through some of my friends I have made application to you for appointment as postmaster at Stamford. I have just recently been selected assistant district committeeman of the Seventeenth District of the American Legion. The new district committeeman lives outside the new Seventeenth District and if we follow the usual course I will qualify as Seventeenth District committeeman when the new organization becomes operative. I have always supported you in your former campaigns, but frankly my further support and influence will depend upon whether I get the place as postmaster of Stamford, Tex. That's putting it straight, but you are going to need the service man in the next election.

Sincerely yours,

M. B. HARRIS, *Adjutant.*

You will note that Adjutant Harris asserted that he had always supported me in my political campaigns, and that he would support me next year if I made him postmaster at Stamford. In other words he would forgive me for supporting President Roosevelt, provided I gave him the postmastership, but if I "didn't come across" he would use his influence as "district committeeman of my Seventeenth District" to defeat me in the next election. I feel sure that his post and the other American Legion posts in my district will not approve of his threat, because the constitution of the American Legion does not permit such political reprisals. I answered Adjutant Harris as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 31, 1933.

Mr. M. B. HARRIS,
Adjutant the American Legion, Stamford, Tex.

DEAR MR. HARRIS: I feel hurt that you would write me such a letter. I know that some veterans are grateful for the many years of hard work I have done for them. I note your statement:

"We veterans through our organizations propose to fight any man or devil who proposed an unjust act against the veterans. We do not care very much whether we are fighting a popular President or an unpopular one. * * * I will qualify as Seventeenth District committeeman. * * * I have always supported you in your former campaigns, but frankly my further support and influence will depend upon whether I get the place as postmaster of Stamford. That's putting it straight, but you are going to need the service man in the next election."

Until I received the above very unjust and threatening letter, I had felt very kindly toward your application. I have had a very high opinion of you, and did not think that you were capable of resorting to "hold-ups" in an attempt to take over a position. Postmasterships in my district are not for sale—either for money or votes. The position I hold is one of honor. I have not dishonored it. I will never dishonor it. I would rather give it up than to allow threats to influence me.

If I have had you sized up right during the years I have known you, I feel sure that when you have time to reflect I shall receive an apology from you. I have always thought you to be a real man. I still think that way, though I must admit that my faith has been sorely tested.

Your friend,

THOMAS L. BLANTON.

On March 30, 1933, I received from Mr. Hubert L. Turner, of Roscoe, Tex., a letter enclosing a petition signed numerously by patrons of the Roscoe post office endorsing him for postmaster, in which letter he said:

I have the endorsement of our county chairman, Mr. W. H. Jobe, of Sweetwater, of our congressional committee, and Mr. Frank Scofield, our director of finance.

I have pledged 10 percent of my salary, if appointed, to our Democratic campaign. * * * Mr. BLANTON, I am going to do more than that; if I receive the appointment, I am going to give you as a gift $500. Five hundred dollars in return of your favor, to be used to help you in your next campaign. I am not trying to buy you off, as I know you to be a man that cannot be bought off; and I say any man that has stood as firm as you have against such strong opposition, as you have had to fight in this session of Congress, deserves help, credit, favor, and honor. * * *

With all good wishes, I am,

Sincerely yours,

HUBERT L. TURNER.

I immediately replied as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., April 10, 1933.

Mr. HUBERT L. TURNER,
Roscoe, Tex.

MY DEAR MR. TURNER: I have your letter stating that you are endorsed for the postmastership there by Mr. W. H. Jobe, Democratic county chairman, by the congressional committee, and by Mr. Frank Scofield, Democratic director of finance, and also enclosing a petition signed by 294 alleged patrons of the Roscoe post office.

Such endorsements would have warranted me in having you appointed, but on account of the letter you wrote you haven't a chance. You can't buy the office. In your letter you state:

"I have pledged 10 percent of my salary, if appointed, to our Democratic campaign, as I understand national headquarters are expecting each one appointed to pledge a percent. Mr. BLANTON, I am going to do more than that; if I receive the appointment, I am going to give you as a gift $500 in return of your favor, to be used to help you in your next campaign. I am not trying to buy you off, as I know you to be a man that cannot be bought off; and I say any man that has stood firm as you have against such strong opposition as you have had to fight in this session of Congress deserves help, credit, favor, and honor."

Your proposal is an insult to me and to the Democratic Party. It is simply an attempt to bribe. Anyone who would propose such a bribe is wholly unfit and disqualified to hold public office. The people want officials who won't offer bribes to others and who can't be bribed themselves. Though $25,000 was spent by various interests in my district against me last year, not a dollar was contributed to my campaign, and I still owe the bank a balance of $1,500 for money borrowed to enable me to make it; but I will pay it with honest money, not with bribes. I have helped to pass a law cutting my salary $1,500, cutting an additional 2 months' pay from my term, cutting my clerical allowance $750 (which I am bearing myself and supplying to them out of my own pay, as my clerks with dependents are not able to lose it), and cutting my mileage 25 percent, and cutting my office expenses 25 percent, and I have practically nothing left each month after my expenses are paid; but I am not for sale. I can't be bribed.

In my numerous speeches made in the national campaign last year I denounced the Republican practice of selling post offices. I pledged that it would be stopped. No person in my district will pay anything to anybody for any appointment.

I promptly showed your letter to President Roosevelt. It astounded him. He is the head of our Democratic organization. He will permit no contributions to be received in return for appointments. He will allow no offices to be bought.

Very truly yours,

THOMAS L. BLANTON.

It would be just as reprehensible for me to sell the postmastership at Stamford to Adjutant M. B. Harris, district committeeman of the American Legion, for his influence and support as it would be to sell the postmastership at Roscoe to Mr. Hubert L. Turner for the $500 he wrote that he would pay me for it. If I have had "a change of heart", as charged by Adjutant Harris, and am not the kind of a Representative to give the legionnaires a fair, just deal, then Adjutant Harris is not giving them a fair deal to offer me his influence and support as the district committeeman in return for my giving him the postmastership.

I showed Adjutant Harris' letter to my colleague, Hon. WILLIAM P. CONNERY, Congressman from Massachusetts, who is the able and popular Chairman of the Committee on Labor, and who enlisted as a private and served 19 months in France, taking part in all major operations and engagements, and who, with RANKIN, PATMAN, BROWNING, and POU, led the forces here in protecting the interests of World War veterans, and with his usual kindly interest he wrote the following letter:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON LABOR,
Washington, D.C., May 31, 1933.

Hon. M. B. HARRIS,
Adjutant Vernon D. Hart Post No. 100,
The American Legion, Stamford, Tex.

DEAR "BUDDIE": Because I am a veteran of the World War, am a member of the Veterans' Affairs Committee, am Chaiman of the Committee on Labor, and am thoroughly familiar with all veterans' legislation here, your Congressman has just shown me your letter to him of May 28. You condemn him because he backed the President and voted for the economy bill, and I note your threat that you intend to fight him and the President, and unless BLANTON appoints you postmaster, you will use your influence as district committeeman of the American Legion to defeat him for re-election.

THOMAS L. BLANTON and I have served together here for years. He has always been a loyal, stanch friend of the veterans of all wars. When he voted for the President's economy bill, he was assured that the Bureau would do no injustice to any veteran. In the last Congress BLANTON was the third Member to sign the petition that forced the Patman bill to be passed in the House, to pay the bonus in cash to veterans.

At his own expense BLANTON spent months investigating Col. Charles R. Forbes, former Director of the Bureau, whom the Department of Justice afterwards indicted and sent to the penitentiary. At his own expense BLANTON investigated numerous hos-

pitals in the United States, including old Hospital No. 25 at Houston, and on one day caused about 200 tubercular patients to be transferred to Prescott, Ariz., and Fort Bayard, N.Mex. At his own expense BLANTON made the Staples and McMorris investigations to insure justice to veterans. At his own expense BLANTON spent his entire vacation investigating Col. Frederick A. Fenning, and he personally conducted the trial of Fenning before the Judiciary Committee, and forced Fenning to resign and make retribution to several hundred shell-shocked veterans put in insane asylums and robbed by Fenning. At his own expense BLANTON spent several years investigating the inequities and injustices carried on in the Bureau by Maj. Wm. Wolff Smith, general counsel, and conducted the trial of Major Smith before the Committee on Military Affairs, forcing Smith to resign, and to return to the Government money he had unlawfully collected.

I mention the above to show that you are in error when you say that BLANTON "has had a change of heart." Thousands of veterans scattered in every part of the United States have appealed to BLANTON, and he has never yet turned one of them down. BLANTON is helping now a committee that is conferring with the President to remedy injustices, and he is a personal friend of mine, and of PATMAN, RANKIN, BROWNING, JEFFERS, Mrs. ROGERS, and others here who handle veterans' affairs.

Very sincerely yours,

WILLIAM P. CONNERY.

My good friend and colleague from Mississippi, Hon. JOHN E. RANKIN, is Chairman of the Committee on World War Veterans' Legislation, and is a veteran of the World War, and he rendered to the country services of great value in helping to force Col. Frederick A. Fenning to resign, and the following letter from him shows whether or not I am a friend of veterans:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WORLD WAR VETERANS' LEGISLATION,
Washington, D.C., June 2, 1933.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D.C.

DEAR TOM: With reference to the matter which we were discussing yesterday, relative to veterans' relief, I desire to call your attention to the fact that some amendments to the independent offices appropriation bill are being adopted by the Senate that will greatly aid the disabled veterans and their dependents.

Look for them in the CONGRESSIONAL RECORD in the morning. I am calling your attention to this for fear that you might miss it. I know that you are very busy and, like most of us, don't have the time to read the RECORD as closely as you would like to.

I know this will be gratifying information to you, especially in view of the extreme disappointment you have expressed at the manner in which the so-called "economy bill" has been administered.

You have been one of the most diligent and consistent Members of the House in your labors for the benefits of the veterans and I can appreciate the keen disappointment you so often express at the merciless injustice now being done them by the Veterans' Administration in carrying out the provisions of the so-called "economy bill."

Look these amendments over when you get the RECORD in the morning and I will talk with you further about this matter when I see you in the House tomorrow.

Sincerely your friend,

(Signed) JOHN.

In our Democratic caucus a special select committee, composed of Mr. CROSSER, of Ohio; Mr. BROWNING, of Tennessee; Mr. PATMAN, of Texas, and Mr. POU, of North Carolina, was sent to the White House to confer with the President, and after a conference lasting several days they reached an agreement with the President, which resulted in the following new regulations being adopted, to wit:

The President is hereby authorized under the provisions of Public Law No. 2, Seventy-third Congress, to establish such number of special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of this act), as he may deem necessary to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct), in which presumptive service connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are held not service connected under the regulations issued pursuant to Public Law No. 2, Seventy-third Congress. Members of such boards may be appointed without regard to the Civil Service laws and regulations, and their compensation fixed without regard to the Classification Act of 1923, as amended. Such special boards shall determine, on all available evidence, the question whether service connection shall be granted under the provisions of the regulations issued pursuant to Public Law No. 2, Seventy-third Congress (notwithstanding the evidence may not clearly demonstrate the existence of the disease or any specific clinical findings within the terms of or period prescribed by regulation 1, part 1, subparagraph (c), or instruction no. 2, regulation no. 1, issued under Public Law No. 2, Seventy-third Congress), and shall in their decisions resolve all reasonable doubts in favor of the veteran, the burden of proof in such cases being on the Government.

Notwithstanding the provisions of section 17, title I, Public, No. 2, Seventy-third Congress, any claim for yearly renewable term insurance on which premiums were paid to the date of death of the insured and any claim for pension, compensation allowance, or emergency officers' retirement pay under the provisions of laws repealed by said section 17 wherein claim was duly filed prior to March 20, 1933, may be adjudicated by the Veterans' Administration on the proofs and evidence received by the Veterans' Administration prior to March 20, 1933, and any person found entitled to the benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws: *Provided*, That the payments hereby authorized to be made shall continue only to include June 30, 1933, and only one original adjudicatory action and one appeal may be had in such cases. Where a veteran died prior to March 20, 1933, under conditions which warrant the payment of, or reimbursement for, burial expenses, such payment or reimbursement may be made in accordance with the laws in effect prior to March 20, 1933, provided that claim for such payment or reimbursement must be filed within 3 months from the date of passage of this act.

Notwithstanding the provisions of Public Law No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date: *Provided*, That where any case is pending before any one of the special boards on October 31, 1933, the President may provide for extending the time of payment until decision can be rendered. The President shall prescribe such rules governing reviews and hearings as may be deemed advisable. Payment of salaries and expenses of such boards and personnel assigned thereto shall be paid out of and in accordance with appropriations for the Veterans' Administration.

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the rates of compensation payable for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were except by fraud, mistake, or misrepresentation, in receipt of compensation on March 20, 1933, be reduced more than 25 percent, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to Federal employees, hospitalized cases, and cases of beneficiaries residing outside of the continental limits of the United States; and in no event shall death compensation, except by fraud, mistake, or misrepresentation, being paid to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act of 1924, as amended, on March 20, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service.

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, who served 90 days or more, was honorably discharged from the service, is 55 years of age or over, is 50 percent disabled, and in need as defined by the President, shall be paid a pension of not less than $15 per month.

The above will be signed into law by the President and will become a part of the Regulations of the Veterans' Administration. Mr. PATMAN gave same his approval. Mr. BROWNING in approving same said that nothing more at this time could be gotten for the veterans. Mr. POU, whose beloved son did not return from France, and who is one of the oustanding friends of all veterans, asked all Democrats to approve of the above agreement with the President.

To offset what Adjutant Harris said about my "change of heart", I want him to see one of my possessions more valuable to me than money—the following letter from my good friend and colleague from Kentucky, Congressman A. J. MAY, than whom the veterans of all wars have no truer or better friend in this Congress:

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 26, 1933.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D.C.

MY DEAR COLLEAGUE: As I told you on the floor of the House a few days ago, I am planning to retire from Congress the 1st of next January to accept a judgeship in my own State; but at the time I told you of my contemplated plans it had not occurred to me that it would be but a few days until our active service together shall have ended.

Under these circumstances I cannot refrain from expressing to you what is in my mind and heart concerning your services in Congress as a Representative of a great constituency and to reaffirm my appreciation of your never-ceasing diligence, industry, and fearless devotion to duty at all times and under all circumstances. In my public and business career of nearly 40 years I have not known any man more faithful and devoted to the in-

terests of his country than you have been in all these trying years of these terrible economic times in which we are living.

Often have I been amazed at not only your parliamentary skill and cool, deliberate judgment, but I have wondered at your never-failing skill and ability in overcoming the opposition. I wanted to say to you from the very depths of my heart and in all sincerity that in my judgment no district in the United States ever had a more faithful or honorable Representative in the Congress than the district you have so ably represented.

I do not know your plans for the future, but in parting may I say that I shall devoutly hope you may continue to represent your district here; that the masses of the common people of America may continue to have at least one great champion of their cause continue in Congress; and that the Treasury, where the people's money is deposited, may have a real watchdog.

With kind regards and best wishes, I shall continue always,

Very cordially and sincerely yours,

A. J. MAY.

In conclusion I want to predict that the President of the United States will have the backing of the veterans of all wars in his earnest, patriotic efforts to save this Republic and bring about an economic recovery and get things back to normalcy. I have confidence in him. I believe that he is going to make good. The country believes in him, and has absolute confidence in him. Let us all give him a hand. And when things get prosperous again, the President and the Congress are going to make more generous provision for our veterans of all wars.

CALL OF THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and thirty-three Members present; not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 67]

Almon	Doutrich	Lea, Calif.	Robinson
Andrew, Mass.	Fernandez	Lindsay	Schulte
Arens	Foulkes	Lloyd	Scrugham
Bacharach	Fulmer	Luce	Sirovich
Bacon	Gasque	McDuffie	Sisson
Blanchard	Gavagan	McKeown	Somers, N.Y.
Bolton	Gibson	McReynolds	Steagall
Buckbee	Gifford	Maloney, La.	Stokes
Bulwinkle	Goldsborough	Mansfield	Stubbs
Burke, Calif.	Goodwin	Montague	Sullivan
Cannon, Wis.	Griffin	Mott	Sumners, Texas
Carter, Wyo.	Griswold	Moynihan	Taylor, S.C.
Chase	Hamilton	Norton	Taylor, Tenn.
Claiborne	Hoeppel	O'Brien	Tobey
Clarke, N.Y.	Hollister	O'Connell	Treadway
Collins, Calif.	Hornor	O'Malley	Utterback
Connolly	Imhoff	Oliver, N.Y.	Wadsworth
Corning	James	Peavey	Waldron
Crosser	Kemp	Perkins	White
Dickstein	Kinzer	Peterson	Whittington
Disney	Kleberg	Reed, N.Y.	Wood, Ga.
Ditter	Knutson	Reid, Ill.	Woodrum
Douglass	Kocialkowski	Rich	

The SPEAKER. Three hundred and thirty-nine Members have answered to their names, a quorum.

Mr. O'CONNOR. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

LEAVE TO ADDRESS THE HOUSE

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to proceed for 7 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. PARSONS. Mr. Speaker, in the next few hours or perhaps a few days or at least a week or 10 days, this House will have adjourned—we hope. I understand that the Banking and Currency Committees of both Houses are having conferences with reference to the guaranty bank deposits bill. I think that this House and the country generally is for the guaranteeing of bank deposits. [Applause.] I rise to call attention to some statistics that I secured this morning with reference to the condition of banks that were closed on March 5. On February 29, just a few days before the general closing, there were 1,069 national banks under liquidation, with assets of $1,358,000,000. On May 29 there were 1,029 national banks that were closed by the moratorium, now under conservatorship or receivership, with assets of $1,150,000,000. There are 2,380 State banks that were closed by the moratorium, with assets of $1,835,000,000. There are approximately 800 State banks placed in liquidation since the moratorium with assets of approximately $500,000,000. There were 249 mutual savings banks with assets of $2,400,000,000, which are also under conservatorship or receivership, making a total of 5,527 banks with $7,243,000,000 in assets locked up at the present time in the 48 States of the Union.

Mr. O'CONNOR. Will the gentleman yield there?

Mr. PARSONS. Let me get through, please. I cannot yield.

If a guaranty bank deposit law is passed, whether it guarantees $2,500 or $5,000 or up to $10,000 deposits, practically every one of these banks, whether they are in liquidation now or not, will be placed in liquidation, and $7,243,000,000 of assets will be locked up for an indefinite period, probably 50 percent of which will never be paid to the depositors.

Mr. DUNN. Will the gentleman kindly say that again?

Mr. LUNDEEN. Will the gentleman put in the deposits also?

Mr. PARSONS. The figures will appear in the RECORD. We passed a bank bill providing for the Reconstruction Finance Corporation to come to the rescue of those banks and take preferred stock. The Reconstruction Finance Corporation adopted the policy that they would not take a single dollar of preferred stock in any bank until they had combed their own communities and raised a like amount of preferred stock at home.

Naturally, a large portion of our money has drifted to the commercial centers. Most all of these 5,527 banks are located in the smaller towns and cities and rural communities, involving about 20,000,000 people, with the number of deposits equally as great, but not as great in amounts, of course, but in numbers, as a large portion of the metropolitan centers. Hundreds and thousands of those depositors with $100 or $200 or $300 on deposit are now on charity in many communities. I say to you it is a crime and a shame, with all the relief that has been granted here in one form or another—$500,000,000 appropriated directly for relief, $3,300,000,000 to go into the public works bill to put people back to work and to revive confidence and to revive business, that we cannot take two or three hundred million dollars and go to the rescue of these 5,000 banks and open them. [Applause.]

I do not mean that I would have the Reconstruction Finance Corporation or the Federal Reserve just pour money into a bank that does not have any good assets at all, but I say to you that practically all these banks have slow paper which, with the revival of prices, with the rise in commodity levels, will be good assets in the next 2 or 3 years. If we are going to predicate the reopening of these banks upon present business conditions of the moment, certainly they never will be opened.

We ought to have a more liberalized attitude given the depositors and officers of the banks than the Treasury Department is at the present time giving to them. What are we doing? We are asking the depositors to take preferred stock with their money that is on deposit. We are asking the stockholders to go out and comb the town and the community for every dollar they can get, to take preferred stock, or to pay on their stock assessment, or come in, in some manner to revive the bank. You are combing the county and the city for money. You place it in the bank to make the bank solvent, and there it is locked up because the bank will not loan a single dollar to a single individual because of lack of security, values, and lack of confidence. You have adopted a deflationary policy for every one of these banks that are still closed.

I did not want this Congress to adjourn without making a protest to someone who is in authority or the ones who may be in authority, who have the power to adopt a liberal attitude toward a reopening of the banks. The Reconstruction

Finance Corporation has the power and authority to make these extensions of loans on preferred stock, but certainly they will not do it unless the Congress demands it. I think we ought to have a resolution adopted before we adjourn calling upon the Reconstruction Finance Corporation or upon the Treasury Department and the Comptroller of the Currency to take a more liberal attitude, so that 20,000,000 people who have deposits in these 5,500 banks with $7,243,000,000 assets can get some relief; at least get some of their deposits paid at this time, pending further liquidation.

Mr. EAGLE. Will the gentleman yield there for a question?

Mr. PARSONS. I yield.

Mr. EAGLE. Even if that were done, and it ought to be done, does the gentleman think that the American people who still have some money, will ever again deposit in anybody's bank unless this Government insures, in some reasonable way, those deposits, and should this Congress adjourn at all until we first pass a bank guaranty deposit bill? [Cries of "No!" "No!" "No!"]

Mr. PARSONS. I agree with the gentleman that we ought to have bank deposits guaranteed; but if you pass the bill which is now in conference, without making any provision for extending aid to banks now under conservatorship or receivership, their assets will be wiped out, because the requirements will be such that no bank of this type can be included under the guaranty plan.

One year ago, practically all the bankers of the country were against guaranteed deposits. Today most of them have come around for it. Why the miraculous change? A number of large bankers have come to support guaranteed deposits because they see that what I have just described will happen. That is, that we will by law, enforced under regulations written by the authorities in charge of the law, prohibit the 5,000 banks described, from qualifying under the guaranty clause. These banks will be liquidated and wiped out, making room for expansion by the large bankers, either through branch systems or interlocking directorates, into all the sections which will then be without banking facilities. The credit of local and rural communities will be dictated by a central bank or central authority in the larger towns and cities, perhaps hundreds of miles removed from the place where the loans are located.

While it is true that many bankers have honestly come to support guaranteed deposits, nevertheless I can see in this movement the motive that I have just described.

This kind of movement will be fine for those banks that are left, but it will absolutely destroy more than 5,000 banks with $7,000,000,000 deposits affecting probably twenty or twenty-five million of our people. We have tried to restore confidence. How can confidence be maintained when one fifth of our population see their last savings destroyed by liquidation?

The reason these banks are not opened is that the examiners are requiring certain degrees of liquidity and additional security on loans. Billions of these loans are on farm and city property, which, of course, under the present conditions, cannot be liquefied, and in many instances the interest cannot be paid up to date to make the paper acceptable under the strict requirements. Certainly all this paper is slow if you appraise it on the basis of present prices and values. But if predicated upon a rise in price and value, these loans furnish as sound security as any stock or bond. If the farm lands, city homes, and smaller business properties on which are based all our city, State, and Federal bonds is not good security, where under heaven are you going to find sound security? We have set up the Reconstruction Finance Corporation to finance nearly every kind of industry, bank, and insurance company, but only those that have liquidity, and which do not necessarily need to borrow, are the ones who can and are borrowing. The institutions that are in need, and who must borrow if they are to survive, are the ones who are ignored by the Reconstruction Finance Corporation.

If the United States is coming back to normalcy, then the assets of the closed and restricted banks will eventually become sufficiently valuable that they can either reopen on a sound basis under the guarantee-deposits plan, or else liquidate for enough to pay off the depositors. I am informed that a provision is contained in the guarantee deposits bill now in conference to provide funds to loan to banks now under liquidation. That will help to liquidate perhaps, but it will not conserve banking facilities for the communities.

The SPEAKER. The time of the gentleman from Illinois [Mr. PARSONS] has expired.

Mr. KELLER. Mr. Speaker, I ask unanimous consent that the gentleman have 5 additional minutes.

Mr. CONNERY. Mr. Speaker, I object. I demand the regular order.

Mr. BEEDY. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

Mr. CONNERY. Mr. Speaker, I object. I demand the regular order.

Mr. BEEDY. Mr. Speaker, will not the gentleman withdraw his objection?

Mr. CONNERY. I cannot. They are filibustering on me.

Mr. O'CONNOR. Mr. Speaker, by direction of the Committee on Rules, I present a privileged report from that committee and ask for the immediate consideration of the resolution accompanying the report.

Mr. CONNERY. Mr. Speaker, I reserve a point of order.

The Clerk read as follows:

House Resolution 188

Resolved, That during the remainder of the first session of the Seventy-third Congress it shall be in order for the Speaker at any time to entertain motions to suspend the rules notwithstanding the provisions of clause 1, rule XXVII; and it shall also be in order at any time during the first session of the Seventy-third Congress for the majority leader to move that the House take a recess, and said motion is hereby made of the highest privilege.

Mr. CONNERY. Mr. Speaker, I make the point of order this resolution is not in order at this time.

The SPEAKER. The question is on the consideration of the resolution.

The question was taken; and the Chair announced that in the opinion of the Chair two thirds had voted in favor thereof.

Mr. CONNERY. Mr. Speaker, a point of order. I was on my feet making the point of order I had previously reserved.

The SPEAKER. The gentleman will state his point of order.

Mr. CONNERY. Mr. Speaker, I had previously reserved a point of order. Then I made the point of order that this resolution is in violation of rule XI and is not privileged. It must go over for a day under the rules.

Mr. O'CONNOR. Mr. Speaker, not necessarily.

Mr. Speaker, I move the immediate consideration of the resolution. This, under the rule, will require a two-thirds vote.

Mr. CONNERY. That is all right. This will give us a chance to vote it up or down.

The SPEAKER. The question is, Shall the resolution be now considered?

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry. As I understand it, in order for the motion to carry it must receive a two-thirds vote?

The SPEAKER. Yes; certainly.

Mr. CONNERY. Mr. Speaker, I ask for the yeas and nays.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GOSS. I understand that, under the rules, 20 minutes to a side would be allotted for the consideration of the resolution. Inasmuch as the gentleman from New York has not moved the previous question, will he not yield some time to Members on this side?

The SPEAKER. There is no such rule applying to the resolution.

Mr. O'CONNOR. There is no such rule. Under the rules, of course, I would have been entitled to 1 hour, but the clamor for a vote deterred me from explaining the resolution. I do feel, however, that perhaps some few Members of the House do not understand the purpose of it.

Mr. GOSS. That is the point, and I am hopeful the gentleman will yield some time so it can be threshed out before a vote is taken. The previous question has not been ordered.

The SPEAKER. The yeas and nays have been requested.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. As I understand the situation, when a rule of this character is brought in for consideration, it should be considered in exactly the same way in which any rule would be considered, except that it takes a two-thirds vote to pass it.

The SPEAKER. The question is one of consideration, and it requires a two-thirds vote to consider it.

Mr. SNELL. The motion of the gentleman from New York is not now in order.

Mr. O'CONNOR. Yes; it is.

Mr. SNELL. It requires a two-thirds vote. As I understand it, we are merely passing on the question of consideration at this time.

The SPEAKER. The gentleman from New York calls up the resolution. The question is on the consideration of the resolution. The yeas and nays have been demanded.

Mr. SNELL. The question is on the consideration of the resolution.

Mr. O'CONNOR. Yes; that is right.

The SPEAKER. The Chair announced on a viva-voce vote that two thirds had voted to consider the resolution.

Mr. CONNERY and Mr. FISH demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 233, nays 118, not voting 79, as follows:

[Roll No. 68]

YEAS—233

Abernethy	Delaney	Kloeb	Richards
Adair	DeRouen	Kniffin	Richardson
Adams	Dickinson	Kocialkowski	Robertson
Allgood	Dies	Kopplemann	Rogers, N.H.
Andrews, N.Y.	Dobbins	Kramer	Rogers, Okla.
Arnold	Dockweiler	Lambeth	Romjue
Auf der Heide	Doughton	Lamneck	Rudd
Ayres, Kans.	Doxey	Lanham	Ruffin
Bailey	Drewry	Lanzetta	Sabath
Bankhead	Driver	Larrabee	Sanders
Beam	Duffey	Lea, Calif.	Sandlin
Beiter	Duncan, Mo.	Lee, Mo.	Schaefer
Biermann	Durgan, Ind.	Lehr	Schuetz
Bland	Eicher	Lesinski	Scrugham
Blanton	Ellzey, Miss.	Lewis, Md.	Sears
Bloom	Farley	Lindsay	Secrest
Boehne	Fiesinger	Lozier	Shallenberger
Boylan	Fitzpatrick	McCarthy	Shannon
Brennan	Flannagan	McCormack	Sisson
Brooks	Fletcher	McDuffie	Smith, Va.
Brown, Mich.	Ford	McGrath	Smith, W.Va.
Browning	Fuller	McGugin	Snyder
Brunner	Gambrill	McKeown	Spence
Buchanan	Gasque	McMillan	Strong, Tex.
Buck	Gillespie	McSwain	Studley
Burch	Gillette	Major	Sumners, Tex.
Burke, Nebr.	Glover	Maloney, La.	Sutphin
Busby	Granfield	Marland	Swank
Byrns	Gray	Martin, Oreg.	Tarver
Cady	Green	May	Taylor, Colo.
Caldwell	Greenwood	Mead	Taylor, S.C.
Cannon, Mo.	Gregory	Meeks	Terrell
Carden	Haines	Merritt	Thom
Carley	Hancock, N.C.	Miller	Thomason, Tex.
Carpenter, Nebr.	Harlan	Milligan	Thompson, Ill.
Cartwright	Hart	Mitchell	Tobey
Cary	Harter	Montet	Truax
Castellow	Hastings	Moran	Turner
Celler	Healey	Morehead	Umstead
Chapman	Henney	Musselwhite	Underwood
Chavez	Hildebrandt	O'Connell	Vinson, Ga.
Church	Hill, Ala.	O'Connor	Vinson, Ky.
Clark, N.C.	Hill, Samuel B.	Owen	Warren
Cochran, Mo.	Hoidale	Palmisano	Wearin
Coffin	Howard	Parker, Ga.	Weaver
Colden	Huddleston	Parker, N.Y.	Werner
Cole	Hughes	Parks	West, Ohio
Collins, Miss.	Imhoff	Parsons	West, Tex.
Colmer	Jacobsen	Patman	White
Cooper, Tenn.	Jenckes	Pettengill	Wilcox
Cox	Johnson, Okla.	Peyser	Willford
Cravens	Johnson, Tex.	Polk	Williams
Crosby	Johnson, W.Va.	Pou	Wilson
Cross	Jones	Prall	Wood, Ga.
Crowe	Kee	Ragon	Woodrum
Cullen	Kelly, Ill.	Ramsay	Young
Cummings	Kennedy, Md.	Rankin	
Darden	Kennedy, N.Y.	Rayburn	
Deen	Kenney	Reilly	

NAYS—118

Allen	Dunn	Kelly, Pa.	Shoemaker
Arens	Eagle	Knutson	Simpson
Ayers, Mont.	Eaton	Kurtz	Sinclair
Bakewell	Edmonds	Kvale	Smith, Wash.
Beck	Eltse, Calif.	Lehlbach	Snell
Beedy	Englebright	Lemke	Strong, Pa.
Black	Evans	Luce	Sweeney
Bolleau	Fish	Lundeen	Swick
Britten	Focht	McFadden	Taber
Brumm	Frear	McFarlane	Taylor, Tenn.
Burnham	Gilchrist	McLean	Tinkham
Carpenter, Kans.	Goodwin	McLeod	Traeger
Carter, Calif.	Goss	Maloney, Conn.	Turpin
Cavicchia	Griswold	Mapes	Wadsworth
Christianson	Guyer	Marshall	Waldron
Cochran, Pa.	Hancock, N.Y.	Martin, Colo.	Wallgren
Condon	Hartley	Martin, Mass.	Watson
Connery	Hess	Millard	Weideman
Connolly	Higgins	Monaghan	Welch
Cooper, Ohio	Hill, Knute	Muldowney	Whitley
Crowther	Hoeppel	Murdock	Wigglesworth
Culkin	Holmes	Nesbit	Withrow
Darrow	Hooper	Powers	Wolcott
Dear	Hope	Ramspeck	Wolfenden
De Priest	James	Randolph	Wolverton
Dingell	Jeffers	Ransley	Wood, Mo.
Dirksen	Jenkins	Reece	Woodruff
Ditter	Johnson, Minn.	Rogers, Mass.	Zioncheck
Dondero	Kahn	Schulte	
Dowell	Keller	Seger	

NOT VOTING—79

Almon	Crump	Kerr	Peterson
Andrew, Mass.	Dickstein	Kinzer	Pierce
Bacharach	Disney	Kleberg	Reed, N.Y.
Bacon	Douglass	Lambertson	Reid, Ill.
Berlin	Doutrich	Lewis, Colo.	Rich
Blanchard	Faddis	Lloyd	Robinson
Boland	Fernandez	Ludlow	Sadowski
Bolton	Fitzgibbons	McClintic	Sirovich
Brown, Ky.	Foss	McReynolds	Somers, N.Y.
Buckbee	Foulkes	Mansfield	Stalker
Bulwinkle	Fulmer	Montague	Steagall
Burke, Calif.	Gavagan	Mott	Stokes
Cannon, Wis.	Gibson	Moynihan	Stubbs
Carter, Wyo.	Gifford	Norton	Sullivan
Chase	Goldsborough	O'Brien	Thurston
Claiborne	Griffin	O'Malley	Treadway
Clarke, N.Y.	Hamilton	Oliver, Ala.	Utterback
Collins, Calif.	Hollister	Oliver, N.Y.	Walter
Corning	Hornor	Peavey	Whittington
Crosser	Kemp	Perkins	

So (two thirds not having voted in favor thereof) the resolution was referred to the House Calendar and ordered printed.

The Clerk announced the following pairs:

On this vote:

Mr. Corning and Mr. Whittington (for) with Mr. Carter of Wyoming (against).

Mr. Gavagan and Mr. Bulwinkle (for) with Mr. Bacon (against).

Mr. Mansfield and Mr. Montague (for) with Mr. Chase (against).

Mr. Almon and Mr. Sullivan (for) with Mr. Kinzer (against).

Mr. O'Brien and Mr. Oliver of Alabama (for) with Mr. Bacharach (against).

Mr. Burke of California and Mr. Oliver of New York (for) with Mr. Bolton (against).

Mr. Sirovich and Mr. Kerr (for) with Mr. Gibson (against).

Mr. Somers of New York and Mr. Fernandez (for) with Mr. Moynihan (against).

Mrs. Norton and Mr. McReynolds (for) with Mr. Stalker (against).

Mr. Dickstein and Mr. McClintic (for) with Mr. Treadway (against).

Until further notice:

Mr. Steagall with Mr. Gifford.
Mr. Douglass with Mr. Perkins.
Mr. Crosser with Mr. Thurston.
Mr. Ludlow with Mr. Reid of Illinois.
Mr. Brown of Kentucky with Mr. Blanchard.
Mr. Crump with Mr. Andrew of Massachusetts.
Mr. Disney with Mr. Foss.
Mr. Griffin with Mr. Buckbee.
Mr Utterback with Mr. Lambertson.
Mr. Peterson with Mr. Stokes.
Mr. Lewis of Colorado with Mr. Clarke of New York.
Mr. Fitzgibbons with Mr. Hollister.
Mr. Goldsborough with Mr. Mott.
Mr. Kemp with Mr. Peavey.
Mr. Walter with Mr. Reed of New York.
Mr. Pierce with Mr. Rich.
Mr. Boland with Mr. Collins of California.
Mr. Claiborne with Mr. Lloyd.
Mr. Cannon of Wisconsin with Mr. Stubbs.
Mr. Berlin with Mr. Faddis.
Mr. Hornor with Mr. Foulkes.
Mr. Fulmer with Mr. Sadowski.
Mr. O'Malley with Mr. Hamilton.

Mr. OLIVER of Alabama. Mr. Speaker, I desire to vote "aye."

The SPEAKER. Was the gentleman present and listening when his name was called?

Mr. OLIVER of Alabama. I was not, Mr. Speaker.

The result of the vote was announced as above recorded.

Mr. CONNERY. Mr. Speaker, I demand the regular order.

Mr. LAMBETH. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

Mr. CONNERY. Mr. Speaker, reserving the right to object; I am sorry, but I shall have to object.

I demand the regular order, Mr. Speaker.

CALL OF THE COMMITTEES

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. What is the regular order at this time, Mr. Speaker?

The SPEAKER. The calling of the committees.

The Chair notes the time is now 3:33 o'clock p.m. The Clerk will call the committees.

Mr. SABATH (when Committee on Elections No. 2 was called). Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SABATH. Mr. Speaker, as I understand, there are several contests pending before the Committee on Elections No. 2. I wonder whether the chairman or some other member of the committee is present and can give the House some information relative to these contests.

The SPEAKER. There has been nothing reported by the committee.

Mr. CONNERY. Regular order, Mr. Speaker.

The SPEAKER. The Clerk will call the next committee.

BEDFORD COUNTY, TENN.

Mr. BROWNING (when the Committee on the Judiciary was called). Mr. Speaker, by direction of the Committee on the Judiciary, I call up the bill (H.R. 5909) to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district.

Mr. GOSS. Mr. Speaker, I reserve a point of order. Did I understand the gentleman to say he is directed by the committee to call this up?

Mr. BROWNING. Yes.

The Clerk read the bill, as follows:

Be it enacted, etc., That Bedford County of the Nashville division of the middle district of the State of Tennessee is hereby detached from the Nashville division and attached to and made a part of the Winchester division of the middle district of such State.

The SPEAKER. The gentleman from Tennessee [Mr. BROWNING] is recognized for 1 hour.

Mr. BROWNING. Mr. Speaker, I yield such time as he may desire, within the 1 hour, to the gentleman from Tennessee [Mr. MITCHELL].

Mr. HESS. Mr. Speaker, will the gentleman yield half of the time to this side?

Mr. BROWNING. I will yield time to Members on that side, but I shall not yield time except as gentlemen request it.

Mr. HESS. Will the gentleman yield one half hour of the time to this side?

Mr. BROWNING. To be confined to the bill?

Mr. HESS. Yes.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GOSS. Do I understand this time is allotted for general debate, or is the debate confined to the bill, under the rule?

The SPEAKER. In the House debate must be confined to the bill under consideration.

Mr. MITCHELL. Mr. Speaker, this bill seeks to remove from the Nashville district of the Federal court of Tennessee one of the greatest bluegrass counties in the world. [Applause.]

We seek by this bill to prevent any contaminating influences that may prevail within the environs of Nashville, Tenn., or any local talent in middle Tennessee that might be guilty of manufacturing liquids rather than solids. [Laughter.]

Mr. BYRNS. Will the gentleman yield?

Mr. MITCHELL. I yield to the gentleman with pleasure.

Mr. BYRNS. I want to say to my good personal friend and colleague that there is nobody in Tennessee, either in my district or in the gentleman's district, who thinks there are any contaminating influences in Nashville.

Mr. MITCHELL. Whatever contaminating influences may prevail in Nashville come not from Tennessee but from the bordering States of Kentucky, Georgia, and Alabama. [Laughter.]

Mr. BYRNS. I accept the gentleman's explanation.

Mr. EAGLE. Will the gentleman yield?

Mr. MITCHELL. I yield to the gentleman with pleasure.

Mr. EAGLE. Will the gentleman state that no matter what the controversy on this floor between the gentleman from one section of Tennessee and the gentleman from another section of Tennessee, what is it outside of this floor that the gentleman from Tennessee says to the other gentleman from Tennessee? [Laughter.]

Mr. MITCHELL. Mr. Speaker, this bill has an absolutely unanimous report from the Judiciary Committee. It seeks to transfer Bedford County's criminal jurisdiction from Davidson County, where it was originally placed, to another great, middle Tennessee county, where the Federal court sits in regular session under the present statutes.

There is a difference in mileage that would result in a saving to the Federal Government and likewise a saving in the expense incident to holding Federal court.

Mr. TABER. Will the gentleman yield?

Mr. MITCHELL. With pleasure.

Mr. TABER. Does this bill have the approval of the Bureau of the Budget?

Mr. MITCHELL. Insofar as I know, there is no opposition from any section—the attorneys, officers of the court, or anyone else it may concern. There is this distinction so far as the attendance of witnesses go. It is 70 miles from Shelbyville to Nashville, Tenn.

Mr. GRANFIELD. Will the gentleman yield?

Mr. MITCHELL. Yes.

Mr. GRANFIELD. What is the attitude of the bar of Bedford County for this change?

Mr. MITCHELL. The bar of Bedford County have unanimously signed a petition requesting the change. There is likewise a unanimous petition by the members of the bar in Franklin County. If there should be any opposition to this measure it would have to come from some jitney driver or hotelkeeper in Nashville, Tenn.

Mr. BEAM. Will the gentleman yield?

Mr. MITCHELL. With pleasure

Mr. BEAM. I should like to ask the gentleman what is the population of these respective counties, and how do they compare, and how it will affect the dockets of the respective courts?

Mr. MITCHELL. The judge on the bench and the attorney general endorse the bill, although they did not want to be placed on record. The population of the two counties is about equal.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. MITCHELL. I will.

Mr. WEIDEMAN. Do the members of the bar of both counties endorse this bill?

Mr. MITCHELL. The attorneys in each bar agree that this is a meritorious measure.

Mr. TERRELL. Will the gentleman yield?

Mr. MITCHELL. With pleasure.

Mr. TERRELL. Does this measure have the endorsement of the President of the United States?

Mr. MITCHELL. The President of the United States stands for every proposition that is right, and against those without merit. This is right, and consequently he is in favor of this bill. [Laughter.]

Mr. DIES. Will the gentleman yield?

Mr. MITCHELL. I will.

Mr. DIES. I am informed—I do not know whether it is a fact—but I should like to ask the gentleman whether or not my able and distinguished colleague, Mr. CROSS, originated in Bedford County, Tenn.? If the gentleman knows the details I should like the information. [Laughter.]

Mr. MITCHELL. I am going to plead guilty to the intimation of my friend, and I may say that his distinguished

colleague, a Representative from Texas, the Lone Star State, did originate in Bedford County, Tenn.

Mr. DIES. Then we are for your bill. [Laughter.]

Mr. GREGORY. I understood the gentleman to say something about Kentucky. Will he please be kind enough to repeat it?

Mr. MITCHELL. Kentucky is a great State. [Laughter.] It has a reputation for slow race horses and fast ladies. [Laughter.]

Mr. JEFFERS. Will the gentleman repeat that last statement?

Mr. MITCHELL. The gentleman from Kentucky will repeat it. I never made any reference to Kentucky except in a complimentary way.

Mr. BROWNING. Will the gentleman yield to me?

Mr. MITCHELL. For a very brief question.

Mr. BROWNING. In answer to the gentleman from Kentucky who made the inquiry, I should like to interject a statement. My colleague in addressing the House intimated that some contaminating influences came from neighboring States. And the gentleman from Kentucky said that those contaminating influences were run out of that State and got into Nashville. Does the gentleman endorse that?

Mr. MITCHELL. If, perchance, evildoers escape the jurisdiction of Kentucky and go down into the Hermitage district, where the majority leader, J. W. BYRNS, radiates such wholesome influences, it immediately works out a complete reformation.

Mr. PARSONS. Will the gentleman yield?

Mr. MITCHELL. For a short question, but be brief. [Laughter.]

Mr. PARSONS. Mr. Speaker, I notice that Bedford County is mentioned. What is the population of Bedford County?

Mr. MITCHELL. I could not tell accurately about the population, but if you measure the great service that the people are rendering in that great bluegrass section one would think that the population ran into the millions. They feed and clothe the world in that section of the country.

Mr. PARSONS. The gentleman has not answered my question. About how many people live in that county? An effort is being made to transfer it from one judicial district to another. How many people will be affected by the transfer?

Mr. MITCHELL. The population is approximately 15,000 in each of the counties affected.

Mr. DIES. Will the gentleman yield for a short question?

Mr. MITCHELL. Yes.

Mr. DIES. There is no question about the fact that the people wear shoes down there, is there?

Mr. MITCHELL. Absolutely no question about that. And if it were not for the white-faced cattle and the black Angus cattle raised in that section of the country, the gentleman who asked the question would be barefooted right now. [Laughter.] We furnish the beef, we furnish the livestock to feed the world from the bluegrass hills of the Fourth District of Tennessee.

Mr. PARSONS. And is it not a fact that that section of the country furnished most of the pioneer residents of the State of Texas?

Mr. MITCHELL. Except for Tennessee there never would have been a Texas in this country. We have furnished the motive power and intellectual ability to run the Lone Star State for a hundred years.

Mr. BEAM. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. With pleasure to a Representative from the great city of Chicago.

Mr. BEAM. It is my pleasure to serve on the Agricultural Committee with the distinguished gentleman now occupying the floor, and I rise to say that the farmers of this Nation have no more stanch friend than the gentleman from Tennessee. His efforts in behalf of agriculture and in behalf of the poor people throughout the country pertaining to agriculture have been crowned with great success, and the farmers of the Nation should be congratulated to have such a distinguished Representative upon that committee. In due deference to the gentleman and his efforts here today I think the entire assembly should be present to hear his speech. Therefore, Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and fifty-seven Members present, not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 69]

Adams	De Priest	Kerr	Reed, N.Y.
Allgood	DeRouen	Kinzer	Reid, Ill.
Almon	Douglass	Kleberg	Rich
Andrew, Mass.	Doutrich	Larrabee	Richards
Bacharach	Evans	Lewis, Colo.	Robinson
Bacon	Fernandez	Lloyd	Sabath
Beck	Foss	Ludlow	Schulte
Biermann	Frear	McCarthy	Sirovich
Blanchard	Fuller	McClintic	Somers, N.Y.
Bolton	Gavagan	McReynolds	Stalker
Buckbee	Gibson	Mansfield	Stokes
Bulwinkle	Gifford	Montague	Stubbs
Burke, Calif.	Gillette	Moynihan	Sullivan
Cannon, Wis.	Griffin	Norton	Sumners, Tex.
Chase	Hamilton	O'Brien	Treadway
Christianson	Hill, Ala.	O'Malley	Utterback
Claiborne	Hoeppel	Oliver, Ala.	West, Tex.
Clark, N.C.	Hollister	Palmisano	Whittington
Clarke, N.Y.	Hornor	Patman	Wolcott
Collins, Calif.	Howard	Peavey	Woodruff
Corning	Huddleston	Perkins	Woodrum
Crosser	Jenckes	Peterson	
Crump	Kemp	Pierce	
Cummings	Kennedy, N.Y.	Pou	

The SPEAKER. Three hundred and thirty-six Members have answered to their names, a quorum.

Mr. CULLEN. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S.Con.Res. 5. Concurrent resolution requesting the President to return to the Senate the enrolled bill (S. 1580), the Emergency Railroad Transportation Act, 1933, and authorizing its reenrollment with an amendment.

RECALL OF RAILROAD BILL

The SPEAKER laid before the House the following concurrent Senate resolution, which was read.

Senate Concurrent Resolution 5

Resolved by the Senate (the House of Representatives concurring), That the President of the United States be, and he is hereby, requested to return to the Senate the enrolled bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

Resolved further, That in the event the said bill is returned by the President, the action of the Speaker of the House of Representatives and of the Vice President of the United States in signing the said enrolled bill be rescinded, and that the Secretary of the Senate be, and he is hereby, authorized and directed to reenroll the said bill with the following amendment, viz: In section 13, after the word "conditions", insert the words "and relations."

The SPEAKER. The question is on agreeing to the resolution.

Mr. CONNERY. Mr. Speaker, is this is a privileged resolution?

The SPEAKER. It is. The question is on agreeing to the resolution.

The concurrent resolution was agreed to.

A motion to reconsider the vote by which the concurrent resolution was agreed to was laid on the table.

BEDFORD COUNTY, TENN.

The SPEAKER. The Chair recognizes the gentleman from Tennessee [Mr. MITCHELL].

Mr. MITCHELL. Mr. Speaker, reverting to the contribution of Tennessee to Texas, near where this court is to meet, and in this same congressional district, which I have the honor to represent, at least four Texans, Members of the present House of Representatives, first saw the light of day. [Applause.] It was in this same congressional district that I have the honor to represent that the greatest law school in Dixie is situated, Cumberland University, which has graduated more than 25 Members of this House. [Applause.]

Mr. BEAM. Will the gentleman yield?

Mr. MITCHELL. I am glad to yield to the gentleman from Chicago.

Mr. BEAM. I do not like to unnecessarily interpose myself upon the gentleman's speech, but I come from the great State of Illinois. [Applause.] I believe, in studying the history of our country——

Mr. DIES. May I interrupt the gentleman long enough to congratulate the State of Illinois? [Applause.]

Mr. BEAM. I thank the gentleman. I am cognizant of the great contributions which the great States of Illinois and New York and Massachusetts have made to this Commonwealth. I believe I am also familiar with the history of the country relative to the contributions that Kentucky, Alabama, Louisiana, Ohio, Virginia, and the great western sisterhood of States have made, but what I am concerned about is, outside the contribution of sending such a distinguished delegation from Tennessee to this House of Congress, what contribution has the State of Tennessee made to the greatness of our Republic?

Mr. MITCHELL. If the gentleman is not familiar with the contribution which Tennessee has made to this country it would be a very serious reflection upon the gentleman who makes the inquiry. [Laughter and applause.] Has the gentleman not heard of the hero of New Orleans, Andrew Jackson? [Applause.] Has the gentleman not heard of James K. Polk? [Applause.] Has the gentleman not heard of Andrew Johnson? [Applause.] Has the gentleman not heard of Bedford Forrest? [Applause.] Has the gentleman not learned of John Sevier? [Applause.] Has the gentleman not learned of David Crockett and Sam Houston? [Applause.] Has the gentleman not heard of Alvin York? If not, I could not expect him to understand what contribution the State has made. [Applause.]

Mr. GUYER. Did Dr. Scopes come from Tennessee?

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. ROGERS of Oklahoma. I want to ask what those gentlemen from Texas did that you ran them out of Tennessee?

Mr. MITCHELL. I want to make this observation——

Mr. SHOEMAKER. Will the gentleman yield for a parliamentary inquiry?

Mr. MITCHELL. I do not yield.

Mr. SHOEMAKER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Does the gentleman yield for the parliamentary inquiry?

Mr. MITCHELL. No, sir; I do not yield.

Mr. DUNN. Will the gentleman yield?

Mr. MITCHELL. No. I decline to yield further. Mr. Speaker, the gentleman is from the wrong State to expect me to yield.

Mr. ROBERTSON. Will the gentleman yield?

Mr. MITCHELL. I want to make this same observation, that in this same environment we speak of, the greatest Secretary of State that any administration ever had, Mr. Cordell Hull, has his residence. He lives in the Fourth District of Tennessee and served my State and district in Congress for one quarter of a century. [Applause.]

Mr. GREEN. Will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. GREEN. I was wondering also if Mr. Scopes came from the State of Tennessee?

Mr. MITCHELL. I am glad to inform the gentleman of the whereabouts of Dr. Scopes. He moved out of the old Volunteer State and journeyed immediately to the swamps of Florida. [Applause and laughter.]

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. JOHNSON of Texas. In the list of notables that the gentleman has mentioned as having come from Tennessee he overlooked three distinguished sons of Tennessee who are now in this House, Members from the State of Texas—namely, Hon. HATTON W. SUMNERS, Hon. SAM RAYBURN, and Hon. R. E. THOMASON. I think their names should be added to the list of notables.

Mr. MITCHELL. I want to thank the gentleman for that contribution and make this observation—that these are great and distinguished colleagues.

Mr. MARTIN of Massachusetts. Has the gentleman put in the name of Norman H. Davis?

Mr. KNUTSON. Mr. Speaker, I demand the regular order.

Mr. BLANTON. The regular order is the speech of the gentleman from Tennessee. Will the gentleman yield for a question?

Mr. MITCHELL. For a brief question.

Mr. BLANTON. I think the gentleman from Tennessee ought to tell his colleagues that if they will visit McMinnville and go to Miss Sedbury's inn, they will get the finest meal they ever had in their lives, splendidly served by the most courteous Negro servants in the country. [Laughter and applause.]

Mr. MITCHELL. I thank the gentleman from Texas for making that observation.

Mr. ROBERTSON. Will the gentleman yield?

Mr. MITCHELL. In just a moment. I want to make this further reference to the bluegrass fields of middle Tennessee. If any of you gentlemen have failed to journey down southward and see that magnificent environment, you have lived practically in vain. [Laughter and applause.]

You can take this same environment, composed of 18 counties in the Fourth District of middle Tennessee, and you can fence off the rest of the world, and we will never ask for any assistance from the outside. Cotton, corn, livestock, all the mineral resources that are known, and, above all, Tennesseeans continue to produce fathers and mothers to go west and help settle that country over there. [Applause.]

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. COCHRAN of Missouri. Is this county that the gentleman desires to transfer from one district to another the county to which the gentleman referred in the last session of Congress where farmers were getting 5 cents a dozen for eggs?

Mr. MITCHELL. That is one of the counties.

Mr. COCHRAN of Missouri. In view of the fact that the people of that county are only receiving 5 cents a dozen for eggs, it is reasonable to assume that they do not have the necessary money to go 60 miles to court; and I think this bill should be passed. [Laughter and applause.]

Mr. MITCHELL. I appreciate the observation of my colleague. I only regret that I could not convert him at the time to the necessity of championing the measure in behalf of which I appeared before his committee.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. For a brief question only.

Mr. PARSONS. The observation the gentleman has made with reference to this particular part of Tennessee shows that a great people must live there. I have driven through that part of his State. Will the gentleman inform the House if the people of this county he wants to transfer to another district are in favor of refunding the national debt at this time and reducing the interest rate on Government bonds?

Mr. MITCHELL. So far as my constituency goes, they are in favor of inflating the currency, cheapening the dollar, and increasing the income tax on the wealth of the country. [Applause.]

Mr. GLOVER. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. I shall be delighted to yield to my friend the distinguished gentleman from Arkansas.

Mr. GLOVER. I thought when the gentleman made his statement a while ago that he had the greatest State in

the Union he was taking in a whole lot of territory, but since he has voiced the names of so many of these wild fellows from Texas who were born and reared in Tennessee, I am bound to concede his statement. I want, though, to inquire further with reference to the statement made by the gentleman from Illionis a moment ago about the distinguished service the gentleman who is now addressing the House had rendered to the agriculture of this country. He has served on the Committee of Agriculture, together with the gentleman from Illinois and others, and I know of his valuable service. I have seen him, day after day, sitting with Mr. Morgenthau, Dr. Meyer, and our great Secretary of Agriculture, Mr. Wallace, and working over the various problems with which we have to deal in this Congress. While I know of his valuable service there, I want his people in Tennessee to know that he has made a record.

Not only that, but I should like to say that the gentleman who has yielded to me has been a leader of economy here in carrying out the President's program, saving not only 25 percent but even, in some instances, 50 percent, and even being willing to go to the extent of cutting his own salary. [Applause.]

I want his constituents and others to know also of his pleasing personality, something that has manifested itself to me ever since I have learned to know and love the gentleman. Over and above the most excellent record he has made in Congress I am told he has withstood the fiery darts of the opposite sex and is still an unmarried man. I want the world to know not only his great ability as a Congressman but his wonderful personality. I believe his condition of celibacy will soon be remedied.

Mr. MITCHELL. I thank my colleague from Arkansas, and I trust he will broadcast to the fair ladies of the country the latter part of his complimentary reference. [Laughter.]

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. I shall be delighted to yield to my colleague from Minnesota.

Mr. KNUTSON. In view of the fact that so many distinguished Texans were sired in Tennessee I shall not vote against the gentleman's resolution.

Mr. MITCHELL. I appreciate the observation of my colleague.

Mr. FORD. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. FORD. Can the gentleman inform the House how many distinguished Tennesseeans have contributed to the wealth and greatness of the State of California?

Mr. MITCHELL. If I had the capacity of an adding machine, and knew all the statistics contained in Mulhall's Reports, I would be enabled to answer the inquiry of my colleague. Men like McAdoo and others came from Tennessee and went to California. [Applause.]

Tennessee is in the center of the world, my friends. She has contributed not only of material wealth but of that which is immensely more valuable—the service rendered by her patriotic sons on the battlefields and in the Halls of Congress throughout the years.

Mr. LUNDEEN. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. Certainly.

Mr. LUNDEEN. I wish to recall to the gentleman's attention the great service of that gallant Tennesseean, Andrew Jackson, who was able to collect a war debt from France—every dollar of it. A reading of his statesmanlike utterances on this matter, recorded in the Presidential papers, will teach us how to collect money from France today. France has the money with which to pay. She is spending over $500,000,000 a year on her army and her navy. If Andrew Jackson, that great Democrat, were here we would be able to collect this money.

I am glad the gentleman yields for a brief statement. One of America's greatest statesmen was Andrew Jackson, of Tennessee—a gallant, courageous, fighting American, a real American—a Washington, Hamilton, Jefferson American—who believed in America first.

I want to bring to the attention of every Member in this great House the state papers of the Jackson administrations concerning the French war debt. Yes, we had a war with France, although it was never declared.

During the Napoleonic wars, there were many engagements between French and American vessels upon the high seas, and if you will go down to Annapolis you will find captured battle flags taken off French ships which were defeated and destroyed in combat with American ships on the ocean during that period.

When the struggle was over and America had brought France to terms, that great nation—and we were then a small Nation compared to the French Empire—signed an agreement to pay America so many million dollars, a very large sum of money for those times, to pay for the damages done to American commerce and to pay for the violation of American rights as a neutral in that very great world war between Napoleon and the allies.

For 25 years the negotiations continued about the payment of this debt. For 25 years the French evaded and promised and evaded again. The Chamber of Deputies refused to appropriate the money and the French Cabinet refused to pay. The French Government would not pay, but finally, the American people elected a man to the White House by the name of Andrew Jackson from Tennessee, and I hope that every Member of Congress, House and Senate, will read the words of Americanism which flowed from the Jacksonian pen. He was still the same American who refused insult at the hands of the British officers when a boy. He had not changed since the day he rode so boldly before his armies at New Orleans and won the greatest battle of the second war with England. I say he was still the same red-blooded, fighting American, and he negotiated with the French Empire in a manner of which we can well be proud at this late day. Just about 100 years ago Andrew Jackson demanded the money which France withheld in order that she might arm herself for future wars and withheld in order that she herself might profit at American expense. Andrew Jackson exchanged state papers with France, called their attention to their solemn pledges and promises reduced to writing and signed; called their attention to the long friendship we had had with France prior to this clash and disagreement, and expressing desires for continued peace; nevertheless, he made it plain that America would enforce her rights under international law and that if France did not pay, he would, under international law, seize upon French property, private property, property belonging to the nationals, the property of the French Government, to satisfy that debt.

There was a great flurry in France. There was even talk of war and preparation for war, but, by standing like granite, by maintaining an American position, by refusing to yield in a weak, in a feeble manner, by maintaining American dignity and American rights, Andrew Jackson made France see that she was dealing with a man, with a soldier, and a statesman. When France recognized that here was a man unyielding, courageous, and able, France paid, paid every dollar due the American Nation, and wiped the slate clean, without any reductions, without any cuts in the debts, without any refunding arrangements, but paid in full satisfaction of the American demands; and I say to the gentlemen of this House today that if we had an Andrew Jackson in the White House today—and he was a great Democrat—there would be no refunding and cuts in the present French debts. France is today spending more than $500,000,000 per year in cash to maintain her army; France today has the greatest air fleet in the world for war; one of the greatest and most powerful navies in the world; France has the greatest and best-equipped standing army in the world; France has, in the language of her own financiers, practically no unemployment; the savings banks of France are filled with cash; France has the second largest gold reserve in the world, and the greatest in Europe.

We need another Andrew Jackson to lead us in this day and hour of trial. Why in today's papers I see that the

British Premier urges a cut in the debts. The papers report that the United States group at the parley in London is handed a surprise. The Premier starts off the London confab by exploding a bomb of first import, and our delegates sit there at the feet of the British King and Emperor of India, ruling one fourth of the earth's surface, ruling the world's greatest empire, without protest, tamely and lamely failing to sustain an American-Jacksonian position.

Just as we expected, the papers record that Secretary of State Cordell Hull announced shortly before the opening of the conference at London that the United States would "keep faith" with any agreements entered into at the parley. America is supposed to enter into an agreement with the best part of a score of nations that owe us money, and these nations are supposed to lay down the law to our country, and we are supposed to "keep faith" with them. God save us from that type of Americanism lest our country be destroyed.

What sort of Americanism is that which fails to protect more than 13,000,000 Americans who wander over our land without employment? What kind of Americanism is that which permits our women and children to starve, and the American standard of living and wages to fall ever downward, while Europe, the kings and emperors of the ruling nations of Europe owe us billions upon billions of dollars, a debt which already has been cut in two during the negotiations of 1926, and now the British Premier demands that it be cut down full 90 percent, so that we are only to have 10 percent. And I say to the gentlemen of this House that if we permit that, I will not be surprised to see them demand that the 10 percent be eliminated and wiped off the international slate to the detriment of America.

Will Rogers once said, "America never lost a war and never won a conference."

I thank the gentleman for permitting the interruption. I wish to pay tribute to the great Jackson of Tennessee, a great American who knew how to defend American rights.

Mr. MITCHELL. I thank my colleague for the observation.

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

Mr. MITCHELL. I yield.

Mr. MARTIN of Colorado. If the gentleman will permit, I should like to make a contribution to his list of notable Tennesseeans.

Mr. MITCHELL. I should be glad to have the gentleman's contribution.

Mr. MARTIN of Colorado. I believe Martin W. Littleton, the great lawyer, who was formerly a Member of this House, either was born in Tennessee and migrated to Texas or was born in Texas and migrated to Tennessee. Will not the gentleman include his name in the roster of great Tennesseeans?

Mr. MITCHELL. I thank my colleague for his eulogy of this former Member of the House and one of the Nation's great lawyers and a former Tennesseean, who was born in Roane County, Tenn.

Mr. COLLINS of Mississippi. Mr. Speaker, will the gentleman yield to me to submit a unanimous-consent request?

Mr. MITCHELL. I yield.

KITS FOR CONSERVATION CORPS

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the purchase of Army kits.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLINS. Mr. Speaker, I feel called upon as a matter of simple justice to Colonel Howe, the secretary to the President, and other officials of the Government whose names have been linked in a critical way with the supply of toilet kits to the Civilian Conservation Corps, to express my firm conviction, after carefully perusing the testimony given before the Senate Committee on Military Affairs and conferences with various ones of those involved in the transaction, that the officials of the administration, directly or indirectly responsible for placing the order with BeVier & Co., Inc., deserve commendation and praise and not censure or criticism for the course which they took. Any fair-minded person could not entertain any other view in the light of all the facts.

For my part, however, I may say that the Senate's inquiry does not end the matter. When the estimates of appropriations for the Military Establishment are considered at the forthcoming regular session of Congress, in my capacity as a member of the Appropriations Committee I shall inquire very carefully into all phases of the Army's connection with emergency conservation work, particularly procurement transactions and material expenditures from Army stores and issues purchased out of emergency conservation work funds. I propose, then, to find out why the Army was so persistent in pursuing a course—contrary to the impression which has gained wide-spread credence—that actually would have cost the Government more to supply toilet kits than it will under the BeVier contract. If any criticism or censure is justified, I am inclined to feel that it should be directed against the War Deparament. I do not like the Department's conduct in the matter at all.

The public has been grossly misled in the matter. It has been led to believe that the Army could supply kits at a much lower cost to the Government and that some favored concern stepped in and was awarded a contract that would net a handsome profit.

What are the facts? Up until the very day this contract was let the Army was buying components of the kits from the very firm that received the kit contract, BeVier & Co., and from other concerns. As a matter of fact, the Army has been doing business with BeVier for something like 15 years. Now, please mark this: Taking the lowest prices the Army has been quoted or was paying prior to the execution of the BeVier contract for each of the several components of the kits, the total cost of a kit, exclusive of a sewing outfit and a container or kit box, was a fraction of 1 cent less than the contract price for a complete kit. The figure was $1.3912, and that included a 6-cent toothbrush and excluded a sewing kit, worth about 12 cents, and a container for all of the articles.

Think of a 6-cent toothbrush! The toothbrush supplied with the contract kit is a standard, durable brush, scientifically constructed, and of a make offered to the Government under formal proposal prior to the kit contract for 26 cents apiece in a $25,000 lot.

In the light of these facts, I submit there is absolutely no foundation for anyone to entertain any sort of doubt as to the reasonableness of the BeVier contract. It is so obviously to the advantage of the Government that it really seems foolish to dwell upon it. The record shows conclusively that it was costing more to supply the kits by purchasing the component articles separately than it will cost under the BeVier contract to supply complete kits with, in some instances, a better grade of article. This emphasizes the need of a change in Army procurement methods, which I have long condemned. There is a lack of procurement concentration. Every Tom, Dick, and Harry buys. The record shows that before the BeVier contract was made Army quartermasters all over the country were buying a quantity of this, that, or the other component of toilet kits. That was the course that actually was being pursued, instead of the Quartermaster General here at Washington determining the entire needs and making one procurement contract in an orderly way. For example, some purchasing officers were paying as high as 60 cents for a safety razor and five blades, while others were buying the same articles for 36.49 cents. The high-grade razor in this kit, plus five blades, was sold for 23 cents. Some purchasing officers were paying 12 cents for combs and others were buying the same articles for 5.4 cents each. This will illustrate the costly method of not concentrating purchases and demonstrates, with some purchasing officers paying top prices, why the kits, on the average, were costing more than under the BeVier contract, and I might remark that my information is that the Army continued to pursue this most ineffective and expensive

course for as much as 15 days after the consummation of the BeVier contract. Think of it! Practice of that sort is responsible for the urge for a single Federal procurement agency, and I am truly glad to see that the President has proposed such an agency in his reorganization order just submitted.

It has been urged that the kits comprise more articles than those supplied enlisted men of the Regular Army upon first enlistment. This is not denied. The regular soldier gets a toothbrush, so-called, a shaving brush, a comb, and a safety razor and five blades. Whether or not a more complete outfit should be supplied is not the question here. In this connection, however, I might point out that the Army recruit upon first enlistment is given a $5 credit at the post exchange, which he might use to augment the toilet articles issued to him gratis. That $5 is as much as members of the Emergency Conservation Corps receive in the course of a month, all in excess of such sum being paid to their dependents.

I hold no brief for the Emergency Conservation Corps. I opposed it in the beginning; not because I was not in sympathy with providing for the needy but because I felt and still feel that greater good could be done by extending relief in the way of money through organized relief agencies throughout the country. We have adopted the most expensive way imaginable. I am perfectly confident that it will cost us not less than $5 per diem for each man enrolled in the camps. This is at the rate of $150 per month. This is five times as much as is paid to each man enrolled per month. Under a direct-relief plan five families could be cared for, with the male members remaining at home where they belong, at no greater cost than relief to one family is costing under the conservation program, and the one family is getting but $30 of the $150. However, having embarked upon the plan to provide relief through giving employment in conservation work, the Government is obliged to see that its charges are adequately housed, clothed, and fed, and are given medical attention. Their health depends upon personal cleanliness, and personal cleanliness makes it mandatory that each man have a supply of the articles contained in the much-advertised toilet kits. Neither in quantity, quality, nor price is there ground for any complaint. Sound common sense and business judgment are abundantly evident.

I do not contend that if the War Department in the beginning had executed a single procurement contract for the entire number of kits required a better price might not have been obtained. Instead, however, through piecemeal, scattered purchases up to the very time when large numbers of men were enrolling for the camps, an emergent demand arose that precluded ordinary procurement procedure. The remarkable thing is that a contract under such circumstances was obtainable so favorable in price and performance.

In conclusion I wish to quote the following proposition made to the Senate Committee on Military Affairs by Mr. BeVier at the outset of his testimony on June 7, 1933, viz:

Ever since this controversy has started the Quartermaster General's Department has claimed that they could purchase the same quality of nationally advertised brands of merchandise and other articles included in the kit at a price of 85 cents. We have claimed that the price of $1.40 as of May 15, 1933, was a fair and equitable price and could not have been duplicated by the Quartermaster Corps of the Army.

In fairness to us and the Government officials instrumental in the signing of this contract we respectfully ask that the Army be called upon to produce all orders for Civilian Conservation Corps toilet articles purchased on or prior to May 15, 1933, and that these orders be tabulated so as to show the exact unit price paid by the Quartermaster Corps for similar articles of similar quality as contained in the kit. When the exact unit price has been obtained and the price for the articles in the kit added, it will show the exact figure which the Quartermaster Corps is entitled to claim as a cost of a kit in comparison to the $1.40 contract price.

In view of the contention of the Quartermaster Corps, we make this offer to the Federal Government, namely: We will sell to the Government the kits in question at a price which will be 10 percent lower than the price at which the same quality of nationally advertised branded merchandise has been purchased by the Quartermaster Corps of the United States Army for Civilian Conservation Corps recruits at or prior to May 15, 1933, the date on which this contract was signed.

It is respectfully asked that a committee of three be appointed whose duty it shall be to recap the figures presented by the Quartermaster Corps of the Army. These three members shall be R. B. BeVier, president of BeVier & Co., Inc., any member of the Quartermaster Corps chosen by the Quartermaster General, and any member of this committee or appointee of this committee.

As there are certain items in the kit which are not purchased by the Quartermaster Corps, the committee shall obtain affidavits from the manufacturers as to the lowest manufacturers' wholesale prices up to and including the 15th day of May 1933 for such items.

The committee shall compile the figures showing the exact cost prior to May 15, 1933, of similar items to those in the BeVier kit, and which have been purchased by the Quartermaster Corps, which data shall be submitted to the Chairman of the Military Affairs Committee of the Senate.

In this respect BeVier & Co., Inc., will be pleased to pay all reasonable expenses incurred by the committee in recapping the figures presented by the Quartermaster Corps.

Could anything be fairer?

BEDFORD COUNTY, TENN.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. ZIONCHECK. Will not the gentleman tell us the true story of Davy Crockett?

NATIONAL BANKING SYSTEM

Mr. STEAGALL. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to have until midnight to file a conference report on the bank reform bill [applause] and to dispense with the filing of a statement.

Mr. SNELL. Mr. Speaker, reserving the right to object, I wish the majority leader would tell us what the program is, and then we can tell better what we want to do.

Mr. BYRNS. If this permission is granted, we should like to take this bill up the first thing tomorrow.

Mr. SNELL. What is the further program, provided we do not adjourn for the next 2 or 3 days?

Mr. BYRNS. We have nothing else in view. As the gentleman knows, the Senate is now considering the independent offices appropriation bill, and I hope they will be able to conclude its consideration in a few minutes and either vote the motion that has been made over there up or down. If they vote it down, the bill will go to conference, and I hope by tomorrow we may have a conference report upon that bill. There is nothing else, so far as I know, outside of these two matters, except the passage of the deficiency appropriation bill.

Mr. SNELL. Then does the gentleman intend to at least use his efforts to adjourn?

Mr. BYRNS. I have been doing that since Saturday and I am sure we all have, and I am hopeful we will be able to get away from here very soon. This is one reason I was anxious to see the rule adopted awhile ago. I did not want to bring in any controversial matters that might delay adjournment.

Mr. SNELL. I have been trying to keep out controversial matters for several days myself, but have not been very successful.

Mr. BYRNS. Unfortunately, the gentlemen on the other side did not join with us in voting for the resolution.

Mr. SNELL. Oh, I beg the gentleman's pardon.

Mr. BYRNS. Then, I beg the gentleman's pardon.

Mr. CONNERY. If the gentleman will yield, practically every Republican voted against the adoption of the rule.

Mr. SNELL. No; the gentleman is mistaken about that.

Mr. O'CONNOR. Except the gentleman from New York [Mr. PARKER] I know of no other.

Mr. CONNERY. Regular order, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. CONNERY. Mr. Speaker, reserving the right to object, I dislike to object to my friend's request, but I think today I am fighting a battle for labor, and I am going to object.

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

Mr. CONNERY. I hope that motion will be voted down.

Mr. BROWNING. Will the gentleman withhold that a moment?

Mr. BYRNS. I withhold it.

Mr. BROWNING. Mr. Speaker, I move the previous question on the passage of the bill now before the House.

Mr. CONNERY. Mr. Speaker, I rise in opposition to that bill.

Mr. BROWNING. The gentleman cannot do that.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

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

On motion of Mr. BROWNING, a motion to reconsider the vote by which the bill was passed was laid on the table.

LEAVE OF ABSENCE

Mr. BANKHEAD. Mr. Speaker, I know there is another and the usual way of accomplishing the result, but I desire to make this statement with reference to the able and distinguished gentleman from Ohio [Mr. CROSSER]. He has been in bad health, as we all know, for quite a while, and within the last few days there fell upon Mr. CROSSER's shoulders, as chairman of the steering committee of the Democratic Party, the arduous and responsible duties of undertaking to work out with the Chief Executive some compromise on the veterans' compensation proposition. These labors which he has performed with such fidelity and such zeal have resulted in a further impairment of his health, and upon the advice of his physician he has gone to his home in Ohio to recuperate. I think it due him that we should pay this tribute to his fine service, and I ask that the gentleman may have an indefinite leave of absence on account of illness.

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

There was no objection.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

Mr. LUCE. Will the gentleman withhold that a moment?

Mr. BYRNS. I withhold it.

Mr. LUCE. In order that I may appeal to my friend and associate. The conferees on the banking bill have been working many hours under the difficult circumstances of the weather and have at last, I think to the gratification of both branches of Congress, reached an agreement. [Applause.] It will take but an instant to allow this report to be filed tonight so that it may be considered tomorrow. I beg of the gentleman to permit this to be done. [Applause.]

Mr. CONNERY. I should like to say to my distinguished colleague from Massachusetts that no one realizes any more than I do the position I am in, but I am fighting a battle for little, hungry kids, and I am not going to yield.

Mr. BLANTON. The bank bill affects every laboring man in the United States.

Mr. CONNERY. We can pass it within the next 2 or 3 days.

HOW TO SAVE FEDERAL-AID PROJECTS

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, recently I placed in the RECORD a statement concerning Federal-aid appropriations including a table received from the Secretary of the Treasury showing the Federal aid granted each State for the fiscal year ending June 30, 1932. I have received a letter from Dean F. B. Mumford, of the College of Agriculture of the University of Missouri, relative to my remarks, and I feel that it is of sufficient importance to print in the RECORD. The letter follows:

UNIVERSITY OF MISSOURI,
Columbia, June 8, 1933.

Hon. JOHN J. COCHRAN,
House of Representatives, Washington, D.C.

MY DEAR MR. COCHRAN: My attention has been called to certain remarks made by you reported in the CONGRESSIONAL RECORD of May 29, 1933, relating to Federal appropriations for agricultural education and agricultural research.

I know and appreciate your sincere attitude and desire for basing any important action on the facts. I feel certain that you would not willingly and knowingly be a party to any movement in the Federal Government that would be a distinct and permanent injury to farmers and the agricultural industry of Missouri.

As Congressman representing the great city of St. Louis, which is very dependent upon the development of a very large agricultural territory, I am sure that any enterprise looking toward the permanent development of the agricultural industry is a matter of very great importance to the city of St. Louis.

As one who has been connected with the College of Agriculture of the University of Missouri for nearly 38 years, and with another college of agriculture for 4 years, and as a citizen of Missouri interested in its progress and development, I am taking the liberty of commenting on your remarks with a view to establishing the facts and if possible convincing you that some of your remarks might be interpreted as a direct and intentional blow to the agricultural industry of Missouri. I am sure you do not so intend.

1. It is my understanding that the Federal appropriations to agricultural experiment stations are not in the list of permanent appropriations and are not required to be matched by State appropriations. It is significant, however, that the comparatively small Federal appropriations made to agricultural experiment stations have proved of such exceptional advantage to farmers in the several States that the legislatures have, without any Federal requirement for matching, expended about $3 of State money for $1 of Federal money. Surely, if these Federal appropriations for agricultural research were harmful to farmers and to the agricultural industry, the great agricultural States of the Middle West would not now be expending three times as much for agricultural research as is expended by the Federal Government.

2. There is little evidence upon which to base a general statement that "there is an immense duplication of work." The very great differences in climate, soil, topography, and cropping systems of the United States require researches adapted to these varying conditions. Plant varieties adapted to Missouri conditions have no value in Arizona or Louisiana or perhaps Minnesota and northern Michigan. An examination of the list of projects now active in the State experiment stations, which is available, would seem to an impartial observer to have avoided, in the main, harmful or wasteful duplication. It is undoubtedly true that there may be some duplication which could be avoided, but this is small in amount and of comparative unimportance. In this matter the stations have been influenced by the constant pressure of farmers demanding that certain investigations be made in the particular States for the reason that they insist upon the importance of varying State conditions.

3. The inference in your remarks seems to be that the chief purpose of the agricultural experiment stations is to stimulate production, that the surpluses now existing in staple crops are due to the stimulation and that because of the surplus the prices of farm commodities have collapsed. Each of these assumptions is wrong. It is not true that the agricultural experiment stations have stimulated production or encouraged farmers to produce more than the market demand. They have made the farmer more efficient, and if the farmers had not increased in efficiency they would all have been destroyed in the recent economic depression.

The experiment stations have repeatedly and earnestly advised farmers to sell 25 or 30 percent of the cows now being milked because the poorer 25 percent of cows now being milked return no profit and do add to surplus. They have repeatedly and constantly urged the culling of poultry flocks, selling 20 to 25 percent of the poorer producers, which again is a direct effort to prevent overproduction.

If there is one principle or policy advocated more often than another by the experiment stations since their beginning, it is that the farmers cultivate fewer acres and employ better methods on the reduced area.

4. It is an error to hold the experiment stations responsible for present low prices of farm commodities or the surplus. The apparent surplus in recent years is due to the reduction in exports to foreign countries. The reduction in exports to foreign countries is due to the increasingly high tariffs in foreign countries against American agricultural products, in part due to retaliation for the high tariffs on manufactured goods in the United States.

There are, of course, other causes; but I cannot go fully into this matter in a letter. I am, however, taking the liberty of sending to you an article prepared by me for the annual meeting of the American Association of Land Grant Colleges and Universities, which discusses the responsibility of the agricultural experiment station for the present agricultural situation.

I am sincerely convinced that if the Federal appropriations for agricultural experiment stations and for extension should be withdrawn it would be the greatest injury to agriculture that could possibly be made at the present time. This is not alone the opinion of one who has been associated with these enterprises for 42 years but it is the collective opinion of the farmers and farm organizations of the whole United States. You may disregard the opinions of men like myself holding official positions in these institutions, but surely you cannot safely disregard the opinions of farmers and farm organizations throughout the whole United States.

I hope sincerely that you will not only not oppose these appropriations, which mean so much to the State of Missouri, but that you will give them your friendly support in the interests of the

permanent prosperity of Missouri agriculture and the effort being made to develop in this State a contented and efficient rural civilization.

Very truly yours,

F. B. MUMFORD, *Dean and Director.*

I am not in disagreement with Dean Mumford of our State university on the value of this service. It is clearly evident that Dean Mumford did not grasp the intention I sought to convey. It seems to me that the above letter justifies the warning I sought to send to those interested in the experiment stations, the extension service, and the State agriculture and land grant colleges that receive aid from the Government.

While my language might have been misconstrued or not properly understood, I will say now that what I intended to emphasize was that unless the Government found a way to collect money so that the Budget could be balanced all appropriations would suffer, Federal aid included, because there was a feeling that in future years we are going to stay within the revenue collected to run the Government.

It was my purpose to impress upon the friends of the various services mentioned that one way we could get money would be by making it legal through the repeal of the eighteenth amendment to collect $500,000 or more annually through the taxing of distilled spirits, and if the dry States, many of them now drawing from the Federal Treasury more money in the form of Federal aid than they actually pay into the Treasury, did not assist us in repealing the eighteenth amendment so that revenue could be collected, there was danger that the Federal aid would be discontinued.

What has happened since my remarks appeared in the RECORD? The President has sent to the Congress a message in which he embodies a reorganization program and he provided in that program a reduction of 25 percent in the appropriations for the experiment stations, the extension service, vocational education, and aid to agricultural colleges. This will be objected to, but when every other branch of the Government is suffering reductions is it not reasonable to assume that the Federal-aid appropriations will likewise suffer?

I repeat I am not in disagreement with Dr. Mumford as to the value of the service. It seems to me that the warning I have uttered should be heeded and that steps should be taken by those interested to use their influence with the officials in the dry States to secure assistance that will result in the repeal of the eighteenth amendment so that the Government can collect a half billion dollars and continue meritorious Federal-aid projects.

FEDERAL GUARANTY OF BANK DEPOSITS

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the guaranty of bank deposits.

The SPEAKER. Is there objection?

There was no objection.

Mr. McLEOD. Mr. Speaker, millions of depositors, small as well as large, have seen their life savings melt away in the terrible banking cataclysm that culminated in the suspension of all banking activities throughout the Nation by Presidential proclamation on March 6, 1933. Inevitably and naturally, the collapse of the Nation's banking structure has resulted in an insistent demand by the people for stability of the country's banking system and absolute safety for depositors.

We have reached that stage of affairs where temporizing and ineffectual compromise can no longer be considered or tolerated. Every possible measure must be taken to minimize the losses to depositors in banks that failed to reopen upon termination of the national banking holiday. In addition, depositors must receive assurance that when they place their funds in a bank they can withdraw them whenever they please, regardless of what happens to the bank. Furthermore, unification of our banking system, under strict supervision and control of the Federal Government, must be attained if we are to rebuild on a firm and unassailable basis.

To eliminate the lengthy and burdensome delays that go hand in hand with liquidation of insolvent banks, to prevent additional losses and hardships entailed by forced liquidation, and for the purpose of releasing the tied-up funds in closed banks that are paralyzing the purchasing power of millions and further decelerating the slowly turning wheels of industry, I have introduced a bill, H.R. 4974, directing the Reconstruction Finance Corporation to acquire the sound frozen assets of closed banks and liquidate them only when such action will be to the best interests of the depositors and debtors alike.

In addition to providing, through reduction of interest rate to 4 percent, a powerful incentive to debtors to meet their obligations to banks in preference to letting them go by default, the liquidation of such assets over a period of years will prevent further ruinous deflation and depression of the real-estate and securities markets. In this way it may be possible for depositors in closed banks to realize most, if not all of their funds. This aid I am proposing to extend in my bill would be a fully secured loan and not a gift or grant in any sense or meaning of the word.

Adequate provisions must be taken by the Federal Government to guard against a costly and dangerous repetition of our recent banking collapse, the fourth in our country's history. In the year 1819 practically all of the banks in the United States suspended operations. The country witnessed another distressing period of almost universal bank suspension in 1837. Twenty years later, in 1857, another similar catastrophe befell our country. The complete collapse of our national banking structure last March was the first serious curtailment of banking activities since 1857, although in 1873 our country experienced wide-spread banking difficulties for a time.

We must not only restore confidence in our banking system but must justify that confidence in every way. Unification of our banking system, with absolute regard for intrinsic soundness as a primary requisite for entrance of all banks into such a system, is a national necessity of the most urgent and extreme importance. Legislation to accomplish this end must be drawn in the interests of the millions of depositors and not considered primarily as legislation for banks.

To prevent the future loss of a single cent to any depositor and to provide for maximum stability and safety of the Nation's banking system by unification of all banks in one system under rigid Federal supervision and control, on May 9 I introduced a bill, H.R. 5571, to provide a Federal guaranty fund under control of the Federal Reserve Board, to be made up of assessments of all banks in proportion to their deposits and guaranteed by the Treasury of the United States, at the same time making it mandatory for all banks within the United States to enter the Federal Reserve System, subject to control and supervision of the Federal Reserve Board.

Bank failures are brought about in part by depressions, but they also deepen and prolong depressions. Canada and Great Britain have suffered from the present depression, yet neither country, with its rigid supervision and control of its unified banking system, has had a single bank failure. On June 30, 1921, there were 30,821 banks in the United States, while today there are only approximately 14,000 banking institutions operating unrestrictively and under license of the Federal and State authorities. Fully 80 percent of these bank failures were in institutions capitalized at less than $25,000. One of the principal flaws in our banking system was the large number of banks, with the unwarranted competition resulting therefrom. Branch banking, certainly when confined to proper regional districts, based entirely and wholly upon the needs of the locality, offers more hope as a constructive and sound step in safer banking than any other single measure.

By proper supervision branch banks can be made safer than a large number of individual banking institutions, entirely dependent upon their own resources and upon the prosperity of their particular local industries and communities. To illustrate the true importance of this point we may take the experience of two States in this country—North Dakota and New York—before the crash in 1929.

In 1920 North Dakota had 898 banks, or 1 bank for every 725 inhabitants. New York had 1,057 banks, or 1 for every 10,400 of her citizens. The human base which supported 1 bank in New York had to support 14 banks in North Dakota. It is significant to note that during the period 1920–1929, 444 banks failed in North Dakota and 12 in New York.

In Canada no bank can start in business unless it has a paid-in capital of half a million dollars. This is extremely important since the capital of the bank is the hostage which the stockholders offer the depositors to insure the prudent management of the institution. If the bank makes mistakes which result in losses, they are chargeable first to the profits of the bank, next to its capital, and finally to the depositors. Thus the greater the capital fund, the safer the bank, other things being equal. Many of our States have no minimum capital requirements for banks, with the result that banks can be operated on risky and unsafe margins of capital.

As a stabilizing provision of extreme importance, my bill provides that no bank shall be permitted to operate whose capital, surplus, and undivided profits are less than $50,000 and directs the Federal Reserve Board to order and arrange for the merging of all such small banks, so that by combining the resources of several such institutions, a sufficient degree of strength and stability will be attained to warrant their admission to the Federal Reserve System and guaranty of their deposits.

The guaranty fund provided in my bill would consist of assessments levied on all banks, in proportion to their deposits, payable in such installments as the Federal Reserve Board shall decide, and thereafter whenever necessary to replenish the fund so as to keep it equal at all times to an amount not less than 1 percent of the deposits of all banks within the United States.

Had the guaranty of deposits in all national banks alone, been in effect for the past 18 years, the cost would have amounted to approximately one fifth of 1 percent of the yearly average of total deposits. In reality, it is extremely doubtful if the cost would actually have been this high. The confidence which a guaranty fund, and Government control, in itself would inspire, as proposed in my bill, would be a tremendous factor tending to reduce the number of suspensions and the total expense of the fund. Psychological factors, under such indemnity provisions, would cease to play havoc with banks and the banking system. No bank could again fail because of fear. The cost of guaranteeing deposits would indeed be insignificant compared with the great expense of periodically trying to liquidate the entire banking structure of the country.

If we had had Federal guaranty of deposits during the more than 3 years of depression, there would not have been as many bank failures or as great a loss of deposits. But if bank failures had been just as numerous and the assets of the failed banks no greater in proportion to the deposits, the entire amount of the loss during the 3-year period would have been about $500,000,000, or $167,000,000 a year. The cost of guaranteeing deposits would be slight indeed when compared with an annual loss in wealth production, because of present conditions, of not less than $30,000,000,000. We did not hesitate to spend $28,000,000,000 and sacrifice thousands of lives to protect our country in the World War. Our country is threatened now with a very much graver danger, and I deem it my duty to press for enactment of legislation to make banking absolutely safe for depositors.

According to the Annual Report of the Comptroller of the Currency, the demand and time and savings deposits in all reporting banks in the United States and Territories on June 30, 1932, amounted to $63,863,456,000. One percent of this figure would amount to $638,634,560, leaving more than a sufficient margin to take care of the most serious situation that could reasonably be anticipated. However, if in the event that this sum should by any chance prove insufficient, my bill directs the Secretary of the Treasury to advance money out of the general fund of the United States Treasury as a loan to make up the difference.

For purposes of safety and unification of control, my bill carries provisions that the Federal Reserve Board, in controlling the guaranty fund, shall only invest the fund in securities issued or guaranteed by the United States and shall have such full power to inspect and examine all banks as is now possessed by United States bank examiners under existing law. Furthermore, as a safeguard against abuses by banks of their position as custodians of indemnified deposits, the Federal Reserve Board is authorized by provisions of my bill to, in its discretion and after a hearing, remove officers and directors of such banks as in its judgment engage in unsound practices. The removed officers and directors would be replaced by others to be selected by the stockholders of such banks, by and with the approval of the Federal Reserve Board.

Any bank official or employee who falsifies any record or who knowingly makes any false statement or willfully overvalues any security for the purpose of influencing the Federal Reserve Board in exercising its control and supervision of banks shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 10 years, or both.

The surplus fund of a bank exists as an additional safeguard to its safety and stability. As a stabilizing measure of utmost importance, I have incorporated a provision in my bill to prohibit dividend payments by any bank to stockholders until its surplus equals one fourth of its capital. When surplus equals one fourth and less than one half of capital the maximum dividend paid shall be 6 percent. When the surplus equals one half of capital, the maximum dividend shall be 8 percent, but the dividends shall be discretionary after surplus equals capital; provided, however, that no yearly dividends shall be paid in excess of 25 percent.

The idea of Federal guaranty of bank deposits is not essentially new. The idea of some form of deposit guaranty was a part of the original intent and meaning of the Federal Reserve Act. In 1913 a provision for the indemnity of depositors was eliminated in the conference on the bill between the two Houses of Congress. The objection at that time was one of technicality, and the understanding was that the provision would be redrawn and enacted at the 1914 session of Congress. The outbreak of the World War was the cause for this undertaking not being carried out.

The Federal Government already guarantees payment of deposits made with the Postal Savings System. The increase in deposits of the System during the last 2 years, notwithstanding the fact that only 7,500 of the 48,000 post offices are depositories and that deposits are limited to a maximum of $2,500 to each depositor, is striking evidence of what might happen if the deposits of all banks were placed under Government supervision and fully guaranteed.

During the fiscal year 1931, ended June 30 last, deposits of the Postal Savings System about doubled, and they again about doubled during the ensuing 8 months. For the fiscal year 1928 Postal Savings deposits totaled $152,143,349. Last March 31 the estimated deposits—audited figures are not yet available—were more than $1,111,000,000.

About 80 percent of the Postal Savings deposits are redeposited with banks in the localities from which the deposits have come. As security for these deposits, the Government requires the deposit by the banks of approved bonds supported by the taxing power—that is, Federal, Federal Land, State, or municipal bonds. Similar requirements apply to other Federal deposits in banks, and likewise to deposits of State, county, and municipal authorities. Thus protection is afforded to public deposits, but no similar protection is now afforded to private deposits in any State. This is significant of the terrible weakness of our national banking system. There is absolutely no guarantee of any sort for private deposits, despite an impression that has been widely prevalent among many depositors to the effect that funds placed in national banks were more or less safeguarded by the United States.

Not only must the justifiably shattered confidence of the people in our banking system be restored by removing all risks from placing money in banks for safekeeping but we

must coordinate such action with adequate relief for the cities of the country who, through bank failures and other disasters accompanying the depression, have been brought to a most grave and serious condition of tax delinquency. Although my bill, H.R. 4311, to provide for a moratorium on the bonded indebtedness of insolvent municipalities, has been tabled for the time being by the Judiciary Committee of the House of Representatives, such relief is imperative and cannot long be delayed. In my own city of Detroit operating expenses have been reduced to a minimum and taxes have been increased to a point beyond endurance. This essential relief must be granted not only to help the cities but as a protection to the holders of municipal bonds themselves. It is most conservatively estimated that over 90 principal American cities are on the verge of financial collapse, with 6 having already repudiated bond obligations through sheer inability to pay.

In summarizing the advantages to be gained by the banking legislation I am sponsoring we find that complete confidence would be restored and people would be given renewed faith in the soundness and integrity of the banking system as no other action would give. An absolute guaranty by the Government would bring from hiding many millions of dollars hoarded in all parts of the country. Passage of my bill would prevent runs on banks through fear and other psychological factors. Such action would give peace of mind, comfort, and confidence to the poor man who may have accumulated savings for a lifetime. The guaranty of deposits and unification of our banking system under Federal control would contribute to an inestimable degree in keeping the industrial energies of America uniformly employed at maximum efficiency, thereby acting as a most powerful factor in combating unemployment. With unified control and stricter supervision, with the penalties contained in my measure, would come safer and saner banking, based on the principles of service and safety to depositors rather than private profit to stockholders.

Our archaic system of banking has long outlived its usefulness and must be reorganized along the lines I am proposing in order to meet the greater demands made by the more complex and modern civilization of today. Eventually, this vital reform, touching as it does the very foundations of our economic system, must come about. The crucial moment has arrived, and it is up to us to insist upon immediate action. Unless confidence in the structure of our banking system is restored, I can see no hope for the early return to normalcy we have every right to demand and expect as citizens of the greatest and most productive nation in the world.

I have signed the petition now on the floor of the House, demanding the deferment of adjournment of this special session of Congress until a Federal guaranty of deposits bill is enacted into law, and I urge all of my colleagues on our side of the aisle to do likewise. To me there is no legislation proposed, sponsored, or enacted that transcends this in importance.

H.J.RES. 202

Mr. LANZETTA. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include House Joint Resolution 202, introduced by Mr. IGLESIAS, providing for extension of the cooperative work of the Geological Survey to Puerto Rico, together with the committee's report.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LANZETTA. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following joint resolution (H.J.Res. 202), introduced by Mr. IGLESIAS, providing for extension of the cooperative work of the Geological Survey to Puerto Rico, together with the committee report.

Resolved, etc., That the provisions of law authorizing the making of topographic and geological surveys and conducting investigations relating to mineral and water resources by the United States Geological Survey in various portions of the United States be, and the same are hereby, extended to authorize such surveys and investigations in Puerto Rico.

[Report No. 236, 73d Congress, first session]

GEOLOGICAL SURVEY IN PUERTO RICO

Mr. MCDUFFIE, from the Committee on Insular Affairs, submitted the following report to accompany H.J.Res. 202:

The Committee on Insular Affairs have had under consideration H.J.Res. 202, and respectfully submits the following report in explanation of said resolution authorizing the Department of the Interior to extend the work of the United States Geological Survey to the island of Puerto Rico, the cost of said work to be borne one half by Puerto Rico and one half by the United States Government.

During the last year the value of the commerce between the United States and the island of Puerto Rico exceeded $160,000,000. The island ranks sixth as a customer of the United States. Puerto Rico has an area of approximately 3,500 square miles. No survey of this island has ever been made, either by the island authorities or the United States Government.

The committee feels that it is not only feasible but advantageous both to the United States and the island to have topographic maps made, and likewise a study of all the natural resources of the island. The committee believes that its surface and underground water resources, as well as its mineral resources, should be surveyed. Because of the stricken condition of the island due to hurricanes in 1928 and 1932 its people are financially unable to carry on this work without assistance. The Legislature of Puerto Rico in 1925 set aside the sum of $100,000, which is now in its treasury, being appropriated for this purpose, and to be devoted exclusively to a survey by the Department of the Interior of the United States Government.

The survey is estimated to cost approximately $250,000, and should be completed in 3 or 4 years.

The committee herewith submits a letter from the President of the United States enclosing a letter from the Secretary of War expressing their respective opinions of the proposed legislation. The committee is unanimous in its approval of the joint resolution.

THE WHITE HOUSE,
Washington, June 3, 1933.

Hon. JOHN MCDUFFIE,
House of Representatives, Washington, D.C.

MY DEAR MR. MCDUFFIE: I inclose a letter from the Secretary of War in regard to a bill introduced by the Delegate from Puerto Rico. I see no objection to the passage of this bill. It merely authorizes the Geological Survey to extend its work to Puerto Rico, the cost of such work being shared on a 50–50 basis.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

WAR DEPARTMENT,
Washington, May 31, 1933.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: This is the bill which will authorize the United States Geological Survey to make a survey of the mineral and water-power resources of Puerto Rico.

I think it desirable that you request its passage.

However, it involves the general policy of Federal relief to Puerto Rico, which, by law, is exempted from contributions to the Treasury, thus extending greater benefits to Puerto Rico than are extended to the States, which pay Federal Taxes.

Very respectfully,

GEO. H. DERN.

NATIONAL BANKING SYSTEM

Mr. CONNERY. Mr. Speaker, I realize the situation of the House that the banking bill is about as important to the poor people as my bill, and I am going to continue the fight. I will withdraw my objection to the request of the gentleman from Alabama.

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

There was no objection.

(For conference report see Senate proceedings.)

Mr. MITCHELL. Mr. Speaker, I ask unanimous consent to revise and condense my remarks. [Laughter.]

There was no objection.

BANK GUARANTY DEPOSIT BILL

Mr. RANKIN. Mr. Speaker, more than 100 Members of the House have signed an agreement to oppose any adjournment of Congress until the bank guaranty deposit bill shall be brought before the House and disposed of. I ask unanimous consent to insert that agreement with the names in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

The agreement is as follows:

JUNE 10, 1933.

HOUSE OF REPRESENTATIVES,
Washington, D.C.:

We, the undersigned Members of Congress, hereby pledge and obligate ourselves to vote against any motion to adjourn this special session of the Seventy-third Congress until the bank-guarantee deposits bill is brought out from conference and placed upon its passage by the Congress, or until we have bank-guarantee legislation.

Glover H. Cary, J. E. Rankin, W. H. Larrabee, W. V. Gregory, Edgar Howard, Terry Carpenter, J. C. Lehr, Finly H. Gray, G. J. Boileau, Prentiss M. Brown, Claude E. Cady, J. Buell Snyder, John D. Dingell, Joseph P. Monaghan, Chas. J. Colden, R. L. Ramsay, F. H. Lee, Everett M. Dirksen, Wesley E. Disney, James W. Mott, George R. Durgan, Paul John Kvale, J. G. Scrugham, F. H. Shoemaker, Wall Doxey, W. D. McFarlane, Carl M. Weideman, Wm. M. Colmer, Theo. B. Werner, M. C. Allgood, Kent E. Keller, Will Rogers, George G. Sadowski, John Lesinski, M. G. Sanders, Geo. A. Dondero, Brent Spence, Denver S. Church, Clarence J. McLeod, Byran B. Harlan, Jesse P. Wolcott, John A. Martin, Eugene B. Crowe, Walter Nesbit, Warren J. Duffey, C. R. Carden, H. P. Kopplemann, John M. O'Connell, Knute Hill, W. J. Driver, Jed Johnson, Lamar Jeffers, Wilburn Cartwright, David J. Lewis, Ernest Lundeen, Mon. C. Wallgren, J. V. McClintic, James E. Ruffin, Roy E. Ayers, Tilman B. Parks, Fred M. Vinson, Ross A. Collins, E. W. Gibson, A. J May, Finley Hamilton, Compton I. White, W. R. Thom, Abe Murdock, R. T. Wood, J. H. Hoeppel, H. B. Steagall, T. Alan Goldsborough, Anning S. Prall, Loring M. Black, Chas. A. Wolverton, J. Roland Kinzer, James Wolfenden, B. Carroll Reece, Hubert H. Peavey, Gardner R. Withrow, J. Howard Swick, Harold Knutson, G. W. Blanchard, Fred H. Hildebrandt, Russell Ellzey, F. J. Sisson, Martin L. Sweeney, A. C. Willford, Thomas F. Ford, John F. Dockweiler, Jeff Busby, Brooks Fletcher, Jennings Randolph, James A. Meeks, Roy O. Woodruff, Jno. C. Taylor, Carl Vinson, John Y. Brown, Thomas L. Blanton.

EUROPE AND THE GOLD STANDARD

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a statement by Max Schofield on adjustment compensation.

The SPEAKER. Is there objection?

There was no objection.

Mr. WHITE. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article by Max Scoffield, relative to Europe and the gold standard:

[From the Winchester (Idaho) Reporter of Oct. 10, 1931]

France controls the gold stock of Europe. As long as the gold standard exists France can rule Europe, holding other nations in economic subjection. But the gold standard cannot be maintained unless continued in America.

The gold standard operates the same among individuals as among nations. Those who have the gold can hold others in economic servitude, drive down prices by hoarding gold, exact high interest rates, bring on depressions and panics and bankrupt the masses.

France offers a fine demonstration of the gold standard. Its quick recovery of gold reserves after the World War, the ease with which it paid the gold indemnity after the Franco-Prussian War, witness the operation of the gold standard in France. These gold stocks were accumulated by the nation producing more than it consumed. To provide the surplus wealth which the financiers of France piled up in gold someone in France must consume much less than they produce, and that someone is the peasant class.

We read about gay Paris with its boulevards, its wealth, and fashions; but ask the doughboys who visited France how the peasants live. They tell that families lived in the same house with their cow; that the women toiled in the fields, becoming old and haggard at the age of 40; that the children had neither shoes nor stockings, but wrapped their feet in rags in wintertime; that adults wore wooden shoes—one pair of which would last a lifetime. They'll tell you of the third-class accommodations provided by the railroads, quarters little better than America provides in shipping livestock, but beyond the means of the peasant class. They tell of the old stone houses that have stood for a hundred years with no improvements in that time—no lights, no plumbing, rough floors, and practically no furniture. That is the condition under the gold standard in France.

In America it has produced 7,000,000 unemployed, which with their dependents easily total 20,000,000. If these 20,000,000 had been content to live as do the French peasants, America would not feel the depression as it does. If the 20,000,000 had not bought homes, cars, radios, washing machines, etc., for which they now cannot pay, the credit of the Nation would not be frozen with repossessed property and merchandise.

Although many leaders in Congress are advocating changes in the money system, the President agrees with Premier Laval that the gold standard should be maintained. The French Premier can speak with authority, because the French peasants are content to live in such conditions. But Americans are not satisfied with such a life. They wish some of the joy and comfort of living. Under the gold standard they cannot share in the accumulating wealth of the few who control the Nation's gold. The 20,000,000 can only share in what is left for the masses, increasing the number who are in want. Twenty million people cannot rule the Nation, but when fifty, sixty, or seventy million people feel the depression they may vote to overthrow the gold standard.

CLEAN UP THE BANKRUPTCY ACT

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

The SPEAKER. Is there objection?

There was no objection.

Mr. KRAMER. Mr. Speaker, in 1898 the Congress enacted a bankruptcy act which is in force today. This act of Congress had a twofold purpose of relieving a debtor who was unable to meet his obligations from lifelong harassment, and the purpose of applying the efficiency of the debtor's estate to the payment of the claims of his creditors. I regret to say that the original purposes of the Bankruptcy Act have become almost entirely lost under the practices of many of our courts. This act of Congress, adopted to fill a place of great need for the relief of both debtors and creditors, has become the principal instrument and means of operation of a distinct group of racketeers.

The bankruptcy racketeers are classed all the way from the appraisers, adjusters, up through the receivers, trustees, attorneys, and referees, and some judges who appoint them. Why is it that a reputable attorney, representing large interests of creditors, is unable to suggest the name of an efficient, capable man for the position of receiver for the bankruptcy estate? Why is it the judges will neither listen to nor give heed to the advice of creditors vitally interested or their attorney in whom they have placed their confidence? Why is it that these same judges regard the appointment of receivers, and attorneys for receivers and trustees, as perquisites of their judicial office? These things are so. The very robes of justice are used to cover the practices of racketeer cliques in many parts of the country.

The judge appoints his own receiver. The receiver in some cases is in the same office with the attorney appointed by the judge, and the referee must pass upon the acts of that receiver. The receiver or the trustee, together with the referee, then appoints attorneys to represent the interests of the estate. These attorneys quite often have no interest in the case whatsoever; that is to say, they do not represent the interests of any creditors but merely the theoretical interests of the estate. The referee appointed by the judges appoints appraisers who appraise the property of the estate in bankruptcy. These appraisers have to do with the sale of the property conducted by the receiver or the trustee. All these officials in a particular jurisdiction quite often form a clique, passing things back and forth from one to the other. When all the fees, allowances, expenses, and so forth, are first deducted from the liquidated assets of the estate, creditors quite often wake up with a headache and infinitesimal check representing what should have been a substantial dividend from the liquidation of substantial assets.

Expenses are padded by these receivers and trustees like nowhere else. Many professional receivers or trustees conduct their office on a supposed time prorate basis, charging employees' time on various estates. Telephone, postage, stationery, and overhead expenses are also divided among their estates in receivership and bankruptcy. I can assure you that if the books of some of these receivers and trustees were ever really audited they would show rent received from estate accounts many times the amount actually paid the office building. Stenographers, bookkeepers, and other office employees' time charged against various estates added up would equal many times the actual salary of the employee. I am sure that a rigid investigation would show in many cases kick-backs where the estate checks are drawn payable to the employee. These things happen quite often in the offices of the receivers and trustees, and these same receivers and trustees are the favored darlings of the same referees and judges who arbitrarily refuse to hear any

interested parties on the matter of appointment of receivers.

The actual practice of the Bankruptcy Act has so far departed in many instances from its original purpose that this House should be advised through the results of a thorough investigation on the necessary measures to correct the wide-spread evil which exists in the application of the Bankruptcy Act of 1898.

Mr. GOSS. Mr. Speaker, on the next call of committees, if it is not Calendar Wednesday, does it go to the Committee on the Judiciary?

The SPEAKER. Under the rule each committee has 2 days.

Mr. GOSS. So the next day would be taken by the Judiciary Committee?

The SPEAKER. Yes.

PASS THE CREDIT ON TO THE PEOPLE

Mr. FORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the banking situation.

The SPEAKER. Is there objection?

There was no objection.

Mr. FORD. Mr. Speaker, this Congress has made a record in putting through a great reconstructive program to bring about national recovery. War against depression has been made on all fronts. But as yet no relief has been offered the thousands of men and women in this country who borrowed money from banks on real-estate security and are unable to get their mortgages renewed. If renewal is considered at all, the banks are demanding an initial cash payment on the mortgage or they are insisting upon having the mortgage amortized by means of monthly payments. This works a hardship on those able to make the payments; and it brings ruin to those unable to pay, because of lack of income.

It seems that the banks have adopted the theory that the only sound asset is money. Real-estate mortgages are looked upon with disfavor and suspicion, although these mortgages may be in every way sound. This deflationary policy is undermining all values; and it is destroying honest property owners who by rigid economy and actual sacrifices are paying their taxes and interest and upkeep on improved property but are unable to make payments on the principal. This applies especially to home owners and to owners of small-income properties, who do not come under the provisions of the home-loan legislation already passed.

This Congress has given aid to the home owner who is unable to pay his interest and taxes and who faces foreclosure. But as yet we have done nothing for the very large class of property owners who are every day faced with new and difficult demands from banks and who have resources that are being sapped by the banks.

I ask you if there is any reason in the world why solvent property owners who are paying all carrying charges on mortgages should be thrown into bankruptcy or forced to ask aid of the Government? And I ask you how much longer the Government is going to continue to permit the banks to follow the deflationary and ruinous policy I have mentioned?

It is my reasoned opinion that the Congress should take some step to force the banks that have received loans from the Reconstruction Finance Corporation to adopt a new and constructive policy in regard to self-sustaining real-estate loans. No longer should they insist that such loans be reduced and amortized.

This "reduce and amortize" policy of the banks is not only working hardship and worse on many thousands of our people but it is also against the public interest because it is entirely destructive and deflationary. This policy is no small factor in deflation. I do not need to tell you that it is deflationary, because it diverts income to the banks that should be used in general spending. Thus purchasing power is lost while balances in banks mount to no good purpose. In my own district, normally a rich and prosperous one, I personally know of scores of cases where people are stripped of every dollar they can raise by forced amortization of bank loans amply secured by good real estate.

If the loans made through the Reconstruction Finance Corporation to banks are not to be reflected in benefits to the depositors of those banks in the way of more liberal credit and more liberal refinancing policy, why make them? It is time that the people got the direct benefits of all this credit extension, and it is time we men and women representing the people take action to assure such benefits being passed on from the banks to our constituents.

One of the measures, popularly known as the "Steagall bill", passed by this House and now in conference, with a bank-deposit-insurance plan as one of its features, will, I believe, go a long way toward allaying the fears of the banks, which is one reason for their persisting in the present ruinous deflationary policy. That bill ought to be promptly enacted into law.

EXTENSION OF REMARKS

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein two letters from constituents.

The SPEAKER. Is there objection?

Mr. DOBBINS. I object.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5495. An act 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, and to extend the times for commencing and completing construction of said bridge; and

H.R. 5645. An act to amend the National Defense Act of June 3, 1916, as amended.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

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

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on the following dates present to the President, for his approval, bills and a joint resolution of the House of the following titles:

On June 10, 1933:

H.R. 3511. An act to authorize the creation of a game refuge in the Ouachita National Forest in the State of Arkansas;

H.R. 3659. An act to extend the mining laws of the United States to the Death Valley National Monument in California;

H.R. 4872. An act authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.;

H.R. 5589. An act 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.; and

H.J.Res. 183. Joint resolution extending for 1 year the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission.

On June 12, 1933:

H.R. 5495. An act 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, and to extend the times for commencing and completing construction of said bridge; and

H.R. 5645. An act to amend the National Defense Act of June 3, 1916, as amended.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 45 minutes p.m.) the House adjourned until tomorrow, Tuesday, June 13, 1933, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 715. A bill to award the Distinguished Service Cross to former holders of the certificate of merit, and for other purposes; without amendment (Rept. No. 251). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 188. Resolution providing for suspension of rules and recess motions during the first session of the Seventy-third Congress; without amendment (Rept. No. 252). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CHRISTIANSON: Committee on Military Affairs. H.R. 311. A bill for the relief of Ida F. Waterman; with amendment (Rept. No. 245). Referred to the Committee of the Whole House.

Mr. COFFIN: Committee on Military Affairs. H.R. 588. A bill for the relief of Charles C. Schilling; without amendment (Rept. No. 246). Referred to the Committee of the Whole House.

Mr. CHRISTIANSON: Committee on Military Affairs. H.R. 890. A bill for the relief of Henry M. Burns; without amendment (Rept. No. 247). Referred to the Committee of the Whole House.

Mr. LLOYD: Committee on Military Affairs. H.R. 912. A bill awarding the Distinguished Service Cross to Joseph Tibe; without amendment (Rept. No. 248). Referred to the Committee of the Whole House.

Mr. LLOYD: Committee on Military Affairs. H.R. 1352. A bill to allow the Distinguished Service Cross for service in the World War to be awarded to Lt. Col. Claude M. Stanley; without amendment (Rept. No. 249). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. H.R. 3985. A bill for the relief of Charles T. Moll; without amendment (Rept. No. 250). Referred to the Committee of the Whole House.

Mr. CHRISTIANSON: Committee on Military Affairs. H.R. 891. A bill for the relief of Albert N. Eichenlaub, alias Albert N. Oakleaf; with amendment (Rept. No. 253). Referred to the Commitee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SNYDER: A bill (H.R. 6096) for the improvement of the Youghiogheny River Watershed, Pa.; to provide flood control; and to encourage agricultural, industrial, and economic development; to the Committee on Rivers and Harbors.

By Mr. PATMAN: A bill (H.R. 6097) to provide for inspecting, classifying, and cataloging motion pictures, both silent and talking, before they enter interstate or foreign commerce; to create a Federal Motion Picture Commission; to define its powers; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. RANDOLPH: A bill (H.R. 6098) to collect and pay into the Treasury of the United States $4,000,000,000, the value of oil, gas, and minerals on lands, the property of the United States, which were ceded to it by Mexico, and which have been unlawfully, illegally, and wrongfully taken and withdrawn by foreign, as well as domestic, corporations and persons, and for other purposes; to the Committee on the Public Lands.

By Mr. O'CONNOR: Resolution (H.Res. 188) providing for the suspension of rules and recess motions during the first session of the Seventy-third Congress; to the Committee on Rules.

By Mr. CELLER: Resolution (H.Res. 189) providing for the expenses of conducting the investigation authorized by House Resolution 145; to the Committee on Accounts.

By Mr. WHITE: Joint resolution (H.J.Res. 205) that the Architect of the Capitol make a survey of the acoustics of the House of Representatives to improve the audition within the Chamber; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BAILEY (by request): A bill (H.R. 6099) for the relief of Alfred Hohenlohe, Alexander Hohenlohe, Konrad Hohenlohe, and Viktor Hohenlohe by removing cloud on title; to the Committee on the District of Columbia.

By Mr. KENNEY: A bill (H.R. 6100) for the relief of Wenzel A. Klinger; to the Committee on Claims.

By Mr. RICHARDSON: A bill (H.R. 6101) for the relief of Luther Edward Savage; to the Committee on Naval Affairs.

Also, a bill (H.R. 6102) granting a pension to Emma R. Lessly; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6103) granting an increase of pension to Catherine A. Wolf; to the Committee on Invalid Pensions.

By Mr. SNYDER: A bill (H.R. 6104) granting a pension to Mary Alice Davis; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6105) granting an increase of pension to Ann Eliza Ansell; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6106) granting an increase of pension to Ella Dean; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6107) granting an increase of pension to Melissa D. Smith; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6108) granting an increase of pension to Mary Wilson; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

1375. By Mr. FORD: Petition of certain citizens in the State of California, requesting Congress to restore to all service-connected disabled veterans their former benefits, privileges, schedules, ratings, etc.; to the Committee on Expenditures in the Executive Departments.

1376. By Mr. GOODWIN: Resolution from George D. Cook Post, No. 3, American Legion, Ellenville, N.Y., stating that a great injustice has been done the veterans of the wars of the United States by the promulgation of the new administrative regulations governing the compensation and hospitalization of veterans, and a telegram from William J. Otjen, commander in chief United Spanish War Veterans, Washington, D.C., requesting that the Connally amendment to the independent offices bill be accepted by the House of Representatives; to the Committee on Appropriation.

1377. Also, telegram from Fred Wales, commander, Liberty, N.Y., asking favorable consideration of the Connally amendment to the independent offices bill, and a letter from Joyce Schirick Post, No. 1386, Veterans of Foreign Wars, asking that veterans be not cut more than 25 percent; to the Committee on Appropriations.

1378. By Mr. GOSS: Petition of citizens of the cities of Torrington, Terryville, Waterbury, and Thomaston, Conn., protesting certain phases of the so-called "Economy Act regulations", especially as they apply to service-connected veterans; to the Committee on Expenditures in the Executive Departments.

1379. By Mr. KENNEY: Petition of the American Legion, Department of New Jersey, insisting that the Lyons (N.J.) regional office be continued; to the Committee on World War Veterans' Legislation.