Also, a bill (H.R. 7119) for the relief of James Shimkunas; to the Committee on Claims.

By Mr. HAMILTON: A bill (H.R. 7120) to authorize the presentation to William H. Finley of a Distinguished Service Cross; to the Committee on Military Affairs.

By Mr. HILDEBRANDT: A bill (H.R. 7121) authorizing the Secretary of the Treasury to pay Dr. A. W. Pearson, of Peever, S.Dak., and the Peabody Hospital, at Webster, S.Dak., for medical services and supplies furnished to Indians; to the Committee on Indian Affairs.

By Mr. McSWAIN: A bill (H.R. 7122) granting a pension to Tillman Kirk; to the Committee on Pensions.

By Mr. MARTIN of Oregon: A bill (H.R. 7123) for the relief of Axel Groop; to the Committee on Naval Affairs.

By Mrs. NORTON: A bill (H.R. 7124) granting a pension to Kathryn Sellers; to the Committee on Pensions.

By Mr. SUMNERS of Texas: A bill (H.R. 7125) for the relief of Carrie P. Shippey; to the Committee on Claims.

By Mr. VINSON of Georgia: A bill (H.R. 7126) for the relief of the officers and men of the United States Naval and Marine Corps Reserves who performed flights in naval aircraft in connection with the search for victims and wreckage of the U.S. dirigible *Akron;* to the Committee on Naval Affairs.

By Mr. WALTER: A bill (H.R. 7127) for the relief of John J. Foley; to the Committee on Military Affairs.

By Mr. WHITLEY: A bill (H.R. 7128) granting a pension to Cora J. Lowell; 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:

1674. By Mr. BUCKBEE: Petition of Mayor C. H. Bloom for the city of Rockford, Ill., asking that additional funds be appropriated to continue Civil Works Administration work; to the Committe on Appropriations.

1675. By Mr. CADY: Petition of the board of directors of the Junior Chamber of Commerce, Lansing, Mich., November 8, 1933, protesting against the so-called "pay freeze" on automatic pay increases to members of the armed forces of the United States; to the Committee on Military Affairs.

1676. By Mr. FOSS: Petition of Maurice M. Coffey and 31 other residents of Framingham, Mass., and immediate vicinity, urging support of President Roosevelt's monetary policy; to the Committee on Coinage, Weights, and Measures.

1677. By Mr. MAPES: Petition of Frank B. Granger, Allegan, Mich., and 47 other citizens of that city, recommending repeal of the Economy Act, Public Law No. 2, Seventy-third Congress, and restoration of pensions, hospitalization, and care of veterans of the Spanish-American War; to the Committee on Appropriations.

1678. Also, petition of James M. Downs and 19 other citizens of Grand Rapids, Mich., recommending revaluation of currency as advocated by the President; to the Committee on Banking and Currency.

1679. By Mr. MERRITT: Petition of sundry citizens of Bridgeport, in the State of Connecticut, asking support of the President's monetary policy; to the Committee on Ways and Means.

1680. By Mr. RUDD: Petition of Pure Carbonic, Inc., Newark, N.J., protesting against the tax on carbonic gas used for carbonating beverages; to the Committee on Ways and Means.

HOUSE OF REPRESENTATIVES

SATURDAY, JANUARY 20, 1934

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

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

Our blessed Lord God, we pray that the kingdom of Thy grace may invest our hearts, thus enabling us to overcome evil with good. Resolutely help us to bring Thy precepts to bear upon every wrong impulse of our natures. In all our contacts may we cultivate the divine power and beauty of goodness. O arm us against the downward pull and arouse us with the upward urge. Heavenly Father, keep us very conscious of the sweet joy that comes when the spirit of the Master hallows our industry. O Thou who didst consecrate the workshop by Thy presence and glorified labor by Thy example may we walk in Thy light—in Thy name. Amen.

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

RESIGNATIONS FROM COMMITTEES

The SPEAKER laid before the House the following resignations from committees:

JANUARY 20, 1934.

Hon. HENRY T. RAINEY,
Speaker of the House, Washington, D.C.

DEAR MR. RAINEY: I hereby respectfully tender my resignation as a member of the Indian Affairs Committee of the House of Representatives.

Most respectfully,

RANDOLPH CARPENTER.

The resignation was accepted.

JANUARY 20, 1934.

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I hereby respectfully tender my resignation as a member of the Military Affairs Committee of the House of Representatives.

Very truly yours,

WESLEY LLOYD.

The resignation was accepted.

APPOINTMENT TO COMMITTEES

Mr. DOUGHTON of North Carolina. Mr. Speaker, I offer a privileged resolution and move its adoption.

The Clerk read as follows:

House Resolution 230

Resolved, That the following-named Members be, and they are hereby, elected members of the standing committees of the House, as follows:

Census: Paul Brown, Georgia; Henry Ellenbogen, Pennsylvania.
Civil Service: Clark W. Thompson, Texas.
Coinage, Weights, and Measures: Claude V. Parsons, Illinois; William B. Umstead, North Carolina.
District of Columbia: Randolph Carpenter, Kansas; Henry Ellenbogen, Pennsylvania.
Elections No. 1: David D. Terry, Arkansas.
Elections No. 3: Clark W. Thompson, Texas.
Foreign Affairs: Oliver W. Frey, Pennsylvania.
Insular Affairs: Clark W. Thompson, Texas.
Irrigation and Reclamation: Isabella Greenway, Arizona.
Judiciary: Wesley Lloyd, Washington.
Merchant Marine, Radio, and Fisheries: A. H. Carmichael, Alabama; David D. Terry, Arkansas.
Military Affairs: Andrew Edmiston, West Virginia.
Mines and Mining: Robert T. Secrest, Ohio.
Patents: Henry Ellenbogen, Pennsylvania.
Pensions: A. H. Carmichael, Alabama.
Public Buildings and Grounds: Paul Brown, Georgia.
Public Lands: Isabella Greenway, Arizona.
Roads: Wilburn Cartwright, Oklahoma (chairman); Paul Brown, Georgia; A. H. Carmichael, Alabama; David D. Terry, Arkansas.
Territories: R. A. Green, Florida (chairman); Clark W. Thompson, Texas.
World War Veterans' Legislation: Paul Brown, Georgia.

The resolution was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

MONETARY GOLD STOCK OF UNITED STATES

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 227.

The Clerk read as follows:

House Resolution 227

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 6976, a bill to protect the currency of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes, and all points of order against said bill or any provisions contained therein are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the committee on Coinage, Weights, and Measures, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Pennsylvania [Mr. RANSLEY].

I now yield 10 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, I believe this rule should be adopted as an expedient instrumentality to bring this very important bill before the House of Representatives at a time when it seems the necessity and emergency is so great. It has been requested by the President in order to add stability to our monetary system at this particularly difficult period.

Personally I have longed for this time to arrive when I might see the United States Government take charge of its monetary system. I believe now, under the leadership of the President and the events that have transpired since last March, the control of the Federal Reserve System and the control of our monetary system is going to be found in that agency, Congress and the executive departments of the United States, where it was intended it should be. The Constitution delegates authority to Congress to coin money and regulate the value thereof. There are no limitations upon this delegation of authority, and I think that the Congress of the United States has ample constitutional authority to grant this power to the President to carry out the provisions of this bill.

There have been some in the legislative body at the other end of the Capitol who have raised the issue about whether the President can take control and ask that all gold shall be turned into the Treasury of the United States without court action. I do not concur in the opinion of those gentlemen that the money, the circulation, the medium of exchange, that is set up for the business agencies of our Government and for the people to use in business transactions occupies the same position as real estate or other property.

I think there is ample authority under the Constitution for the Congress to take full control of our circulation of coin and of currency, without the authority of any court. I think it is fundamental that government should have the right to retire all issues of currency or coin, under the authority of the Constitution, and that there is no overreaching of authority because the court is not used, under the power of eminent domain. Money is a medium of exchange and an instrumentality of the whole people and no citizen has the proprietary right in money that he has in real estate and in other property, because of the public character of money.

Mr. BUSBY. Will the gentleman yield at this point?

Mr. GREENWOOD. I would rather not yield at this time. I will yield a little later.

I do not believe that gold or currency should be hoarded or held either by an individual or a bank——

Mr. BUSBY. Now, will the gentleman yield at that point?

Mr. GREENWOOD. No. I would prefer to make my statement first.

Mr. BUSBY. It is directly in connection with that statement.

Mr. GREENWOOD. The gentleman can obtain time and express his own views about that later.

I do not believe that money can be held, that is in restraint of trade or of commerce or ordinary activities for which money is intended. I think the Government has full control under those circumstances. The Government further has the duty of establishing a value of the dollar or of the circulation that will be stabilized and that will be certain. I think it is the ultimate intention of this bill to so stabilize the value of the dollar, stabilize it in the value of commodities, stabilize it in value of earning capacity of men, stabilize it in these contributions that are made through production and through labor, so that there can be some certainty as to the purchasing power or value of the dollar from time to time.

I cannot conceive any more dishonest dollar with reference to many of the classes of our citizenship than the one that has existed the last 3 or 4 years. It is inconceivable—in fact, it is unthinkable—that when there is to be a revaluation of the dollar this gold should still be retained by the private citizens or by the banks, that all this accrued value should go to the individual rather than to the whole people. So I am glad we have reached that time when the Government of the United States is to take charge of the monetary system in order to reach better stabilization of value and a greater certainty about the purchasing power of the dollar. [Applause.]

Furthermore, I believe that the $4,000,000,000 of gold as a metallic base upon which to issue credit and currency in this country is too small. For many years I have been converted to what at one time was called the quantitative theory of money. As a young man, even back in the days of William Jennings Bryan, I believed that the metallic base for our currency and our credit should be widened; that gold alone should not be the basis, but that both gold and silver could very well be used as the base for our credits and our circulation.

The chief objective toward which we should work to bring the country out of this depression is an increase in the volume of money so that the price of commodities may have a greater value as measured in dollars. Certainly for the last 3 or 4 years those who have possessed a fixed income or who have turned their property into gold certificates or into gold have had an accrued value to which they were not entitled. This is the reason why I think the dollar of the last 3 or 4 years has been somewhat of a dishonest dollar from the standpoint of the producer, the farmer, and the wage earners of America.

The time has arrived when the chief objective of this recovery program must be to restore purchasing power to the men and women who live on the farms and to the wage earners of America, that their wages and their produce shall have a greater value when measured in the dollars of the Nation. The objective the President has in mind will bring about this desirable result.

We have lived through a period where we have tried the gold standard. It was a narrow base upon which to issue currency and credits. We have learned the lesson that there is no sanctity in the gold standard. Not only have we experienced it but other nations also have experienced it. There is no sanctity in the gold standard that will carry us through a period such as we have so recently passed through; and, so far as I am concerned, I am willing to try what I have always believed and what I always hoped would happen, widening the metallic base on which our credits and our currency are established. I hope this revaluation of the dollar providing a widened base for the issuance of currency and credits will, later on, be augmented by the remonetization of silver upon the proper ratio between the two metals. Certainly the world situation has changed since the political issues of 30 years ago. We do not have the complications today with reference to the remonetization of silver that we had 30 years ago. We may safely move to the wider base that was advocated at that time. I recall very vividly the speech of the great commoner at the convention in Chicago, when he was arguing the theory, I believe, of this bill.

[Here the gavel fell.]

Mr. GREENWOOD. Mr. Speaker, will the gentleman from New York yield me 2 additional minutes?

Mr. O'CONNOR. Mr. Speaker, I yield 2 additional minutes to the gentleman from Indiana.

Mr. GREENWOOD. In that speech, the address which won for him nomination for the Presidency, he said:

> You shall not bear down upon the brow of labor this crown of thorns, nor crucify mankind upon a cross of gold.

I am wondering what would have happened in this country had the lesson been learned at that time; that in narrowing the base of our currency by putting it on a gold standard which could be manipulated with ease by the

money changers of this country they could bring about a money panic or a depression by using credits for speculative purposes, as they have done. And so I say I am glad we have in our President today the leadership of a man who has the vision and the courage to make a change in the monetary system.

If the old system has proved to be the thing that has brought us into this great Gethsemane, this valley of depression, its disastrous effects may be offset by widening the base through revaluing gold. I believe it can be and that when it is done our monetary system will be placed upon a sounder foundation, so I am willing and ready to follow the leadership of our President. Some people call it an experiment, but I am willing to believe it is the true solution of this situation, the solution which will bring us back to prosperity and to an equalization between different classes. This can be done by a revised monetary system.

I hope this rule will be adopted, and I trust the bill will be enacted, and I believe it will be. I am ready to follow the leadership of our President in this matter as one additional step in the recovery program. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. PATMAN].

WHO OWNS THE GOLD

Mr. PATMAN. Mr. Speaker, the question has been raised of the right of the United States Government to take over the gold held by the Federal Reserve System.

The Federal Reserve System, which includes the 12 regional banks and their branches, has about $4,000,000,000 in gold. This gold formerly belonged to the people all over the Nation. The people were induced to deposit their gold in the banks and use paper currency instead for their moneyed transactions. The Federal Reserve System thereby became the means of collecting the gold in order that they might use it as a reservoir for credit. The Federal Reserve banks were never intended to make a profit. They have been doing business largely on the credit of the Nation. The member banks having invested only a very small amount in these institutions. In fact, the member banks have never had invested in all the Federal Reserve banks more than $160,000,000 at one time. With that small investment and the valuable asset, the credit of the Nation, these banks have done as much as $100,000,000,000 worth of business in a year. Without the use of the Government's credit, these banks could not have functioned as they did. But with the power to issue money—not redeemable by them, but redeemable by the United States Government—they have been enabled to do this enormous business. Each Federal Reserve note is a blanket mortgage on all the property of all the people in this Nation. It is also a mortgage on the incomes of all the people. This great right and privilege was conferred upon the Federal Reserve banks for the ostensible purpose of promoting the general welfare.

NO PROFIT INTENDED

It was never intended that these institutions should make a profit. The member banks that were required to take stock are permitted to receive a 6-percent dividend annually on the amount invested. The original Federal Reserve Act of 1913 contained the following provision:

> SEC. 7. After all necessary expenses of a Federal Reserve bank 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, all the net earnings shall be paid to the United States as a franchise tax, except that one half of such net earnings shall be paid into a surplus fund until it shall amount to 40 percent of the paid-in capital stock of such bank.

A CHISELLING AMENDMENT

After the earnings had almost reached 40 percent of the paid-in capital stock of each bank, there was an amendment that became law, March 3, 1919, which had been passed by Congress and approved by the President as follows:

> After the aforesaid dividend claims have been fully met, the net earnings shall be paid to the United States as a franchise tax except that the whole of such net earnings, including those for the year ending December 31, 1918, shall be paid into a surplus fund until it shall amount to 100 percent of the subscribed capital stock of such bank, and that thereafter 10 percent of such net earnings shall be paid into the surplus. (Public, No. 329, 65th Cong.)

It will be noticed that this amendment gave each Federal Reserve bank the right to build up a surplus equal to 100 percent of its subscribed capital stock before having to pay a franchise tax to the Government.

NOTICE THE JOKER

Notice that the amendment permits the surplus fund to be the amount of the subscribed capital stock, not necessarily the paid-in capital stock. The banks have never paid in but one half of their subscribed capital stock, so this permitted the surplus fund to be increased to double the amount of the paid-in capital stock. It was another step in the direction of converting the Federal Reserve banks into profit-making institutions. There was doubtless a hope in the minds of some of these officials that this enormous surplus would some day be distributed back to the member banks.

CONGRESS SURRENDERS TO FEDERAL RESERVE

At the last session of Congress this part of section 7 of the Federal Reserve Act was further amended 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. (Public, No. 66, 73d Cong.)

This amendment completely changes the Federal Reserve System from the object of its original creation, as expressed by its proponents at the time of passage. In other words, it gives all the profits of the Federal Reserve banks to the Federal Reserve banks themselves and does not permit the Government to receive one penny in franchise tax for the use of the Government's credit.

I have wondered why there was an effort made at the last session of Congress to give all the net earnings to the Federal Reserve banks. I wonder if gold devaluation was contemplated by the proponents of this amendment, and if it was intended to force the Government to give all profits on the devalued gold to the Federal Reserve banks. Regardless of the intentions of the proponents of the amendment, the fact remains that it is the only straw that the big bankers of this country can rely upon as an argument in favor of the Federal Reserve banks retaining the gold in their possession.

HISTORY OF AMENDMENT

Permit me to trace the history of this amendment.

The Glass-Steagall bill, which contained this amendment giving the excess profits to the Federal Reserve banks, was before the House on the 22d day of May 1933. I introduced an amendment to strike out this section of the bill and made an argument in its behalf. The House agreed, and my amendment prevailed. Another body, however, passed the Glass-Steagall bill with the provision in it which permitted all excess profits to go to the surplus funds of the Federal Reserve banks. A free conference was asked and granted, and in the free conference committee the Senate conferees insisted upon a provision going in the bill that all net earnings should go to the banks instead of to the Government. The conference report put back the section that had been stricken out by the House, and that is the reason the law today denies the Government the excess earnings of these banks.

THE FLY IN THE OINTMENT

If this amendment had not passed, any earnings of the Federal Reserve banks would automatically go into the Treasury at the end of the year, except, of course, the 6 percent dividend on the paid-in capital stock and expenses of the Federal Reserve System. This would have resulted in all the increased price of the gold going into the Treasury at the end of the fiscal year. There could be no argument about that. But with this amendment, which to me is somewhat mysterious in that I am at a loss to know why it was insisted upon at that particular time, some people are claiming for the Federal Reserve banks that all the increased price of gold should go to them.

GET GOLD WITHOUT LAWSUIT OR DELAY

There is one sure way that the profit on gold question can be settled. There is no reason why we should run any risk of tying this valuable legislation up in the courts until its usefulness has been impaired or destroyed. There is a way of handling this question that will cause the profit on this gold to go to the Government and give the Federal Reserve banks no ground at all for a contention that the gold or the profits should belong to them.

Section 4 of the original Federal Reserve Act provided that each Federal Reserve bank shall have power:

Second, to have succession for a period of 20 years from its organization unless it is sooner dissolved by an act of Congress or unless its franchise becomes forfeited by some violation of law.

This section was amended in 1927 to read as follows:

Second, to have succession, after the approval of this act, until dissolved by act of Congress or until forfeiture of franchise by violation of law.

GOVERNMENT SHOULD TAKE OVER FEDERAL RESERVE SYSTEM

That is the present law. Therefore the Congress of the United States has a right to dissolve the Federal Reserve banks with or without cause. Certainly no one can contend that they have perpetual charters. The dissolution can be brought about by the Government paying the member banks of the Federal Reserve System the amount of money that they have invested as capital stock, which will not exceed $160,000,000. When these banks are paid the $160,000,000 the Government can take them over and operate them as it may desire, in compliance with a part of section 7 of the original Federal Reserve Act, which has never been amended and which reads as follows:

Should a Federal Reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

This provision also expresses an intent by Congress at the time the law was passed that all profits should go to the Treasury of the United States.

It would certainly be ridiculous for Congress to allow a private banking corporation that is owned exclusively by banks to have all the privileges that the Federal Reserve banks are entitled to and not be required to pay a franchise tax; not be required to pay a penny's interest for use of the Government's credit; and not even be required to pay Federal, State, or local taxes, except the small amount that they have to pay upon the real estate they own.

COORDINATE ACTIVITIES WITH RECONSTRUCTION FINANCE CORPORATION

There is a necessity for the Government to own the Federal Reserve banks at this time. When they are taken over their activities should be coordinated with the activities of the Reconstruction Finance Corporation. This system should be used for the purpose of extending the Nation's credit to all banks—State and National—and to industry. This gap must be bridged in some way or manner, and we will never have a better opportunity than now, by the Government taking over the Federal Reserve banking system.

The Federal Reserve Bank of New York practically controls the entire System. J. P. Morgan has used this System to quite a great advantage, as I have pointed out in the past. He certainly had the good will of some of the directors of Federal Reserve banks, and they were certainly anxious to accommodate him because he had them on his preferred list and had favored them in a very substantial way.

UNHOLY ALLIANCE

Considering the unholy alliance that has been existing between the big, greedy, selfish, moneyed interests of this country and the Federal Reserve System, the abuse of the Government's credit, the extension of our credit for the use of foreigners, foreign countries, and international bankers and the exposure of the unsavory methods used by the biggest bankers of our Nation, who were permitted to further their interests through the Federal Reserve System, I think that we should bring this system as a private institution to an end and let the people's credit be used in the interest of the people and not in the interest of a few private bankers.

MAY ISSUE $10,000,000,000 MONEY ON GOLD PROFIT

If the dollar is devalued 50 percent, or a 25.8 grains of gold dollar is cut in two and a dollar hereafter to be 12.9 grains of gold, the Government will profit $4,000,000,000. That is, if we do not let the Federal Reserve banks have this profit, and we certainly should not. This $4,000,000,000 can be used as a basis of the issuance of $10,000,000,000 in currency without reducing the gold reserve less than 40 percent. We certainly know many things that we can do with this $4,000,000,000. We know it can be used to a better advantage than to give it to the Federal Reserve Banking System.

HEADS, I WIN—TAILS, YOU LOSE

It was contemplated by the framers of the Federal Reserve Act that the Federal Reserve System or the Federal Reserve banks should pay a small compensation for the use of Government credit, and it was written into section 16 of the Federal Reserve Act that when the Federal Reserve notes were delivered by the Bureau of Engraving and Printing to a private bank, a Federal Reserve bank, the bank should pay to the Treasury of the United States such an interest charge as may be assessed by the Federal Reserve Board. The Federal Reserve Board set a zero rate, no interest at all, although the law is mandatory, upon the theory that when the earnings of the Federal Reserve banks came in at the end of the year, and when the operating expenses of the banks had been paid and 6 percent dividends paid on paid-in capital stock, the surplus would go into the Treasury of the United States, and therefore the initial interest rate should not be required, since the surplus would go into the Treasury.

You can quickly see the position Congress has put the Government in. These banks are not charged an interest rate on the Federal Reserve notes that are guaranteed by the Government in compliance with section 16 of the act, because the profits go into the Treasury and there is no use requiring an interest charge on the notes when issued. Then the law is changed so that all profits will go to the surplus fund of the Federal Reserve banks. The Government is left out in the cold so far as the original intentions of the act are concerned and so far as the Government getting anything for the use of its credit is concerned.

It is time the Members of Congress give a little attention to a private business that is doing from fifty to one hundred billion dollars' worth of business a year on Government credit. These banks have a franchise worth billions of dollars if they are unmolested. In the hands of the large greedy bankers it is the world's greatest racket. Why not use these great powers that come from the people in the interest of the people? It is the people's property that is being used as security by these banks.

ANTI-GOLD-HOARDING ORDER

All the laws and regulations that have been passed and issued the last year requiring people to turn in their gold were complied with by turning the gold over to the banks and the banks turning it over to the Federal Reserve banks. I had knowledge of gold that was delivered to the Treasury that was in turn delivered to the Federal Reserve banks. I protested to the Secretary of the Treasury. I insisted that this gold should be retained by the Treasury, that it could be used as a basis for the issuance of two and one-half dollars to every one dollar of gold. The Treasury continued to deliver this gold to the Federal Reserve banks, notwithstanding my protest, and it is now insisted that such banks own this gold and all profits from revaluation of it should go to them. It is a silly contention.

RULE AND BILL

I expect to vote for this rule and vote for the bill.

Mr. O'CONNOR. Mr. Speaker, I yield 3 minutes to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Mr. Speaker, after having voted last week for the rule in connection with the independent offices appropriation bill, I have no hesitation whatever in saying that I can very gladly vote for this rule. I am 100 percent in favor of this bill and in favor of the rule, which, to my mind, under the circumstances which exist today, is ample time for debate, although the questions involved are of extreme moment and of vital importance. Sometimes the question

of time is the essence of the situation, and this is one of the times when it is of great necessity that this measure be expedited through the House.

The Constitution of the United States provides that Congress alone shall have the power to coin money and regulate the value thereof. Under the not only implied but literal construction of this clause of the Constitution, the Congress has power to do the very things it is doing in this legislation.

Just about 100 years ago today the Bank of the United States had, concerning the money situation of this country, the same control and the same disposition of the power of money that the Federal Reserve banks, the individual banks, and the other banking institutions of this country have today. There was never a reason why gold as a metal should have been used as a circulating medium. There is less reason today that it should be so used than ever before.

I may say here that as a Member of this House I am a bimetallist. I believe in a broad base for the currency of this country, and I believe it not only should consist of a gold base but a bimetallic base of both gold and silver at a proper ratio. [Applause.] I may be pardoned for my statement here this morning that I have been blind enough, if you call it that, and I have been liberal enough to be for the past 30 years a great admirer and almost a worshiper of the teachings of that matchless statesman, William J. Bryan, whose policies if enacted into law 30 years ago, we would not today be in economic despair.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 20 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, my first inclination was to vote for this bill for the reason attributed to Napoleon, who is averred to have said that it is sometimes better to do the wrong thing than to do nothing. Anxious as I was, and am, to acquaint the leaders in our industrial life with what they might expect to be the buying power of money upon the execution of a contract, the indispensable thing to a return of prosperity, I had hoped and at first blush thought this measure would conduce to that end; but upon analysis of it and upon such study and reflection as the brief time since the President sent his message has permitted, I have come to the conclusion that this measure in that respect would do more harm than good, and that we would be but jumping out of the frying pan into the fire. This removed any obstacle in the way of my submitting to the House considerations that might warrant the Members in voting against the bill and might acquaint the country, as far as that may be done through the columns of the CONGRESSIONAL RECORD, with the other side of the case.

The bill contains three major proposals and attention might well be concentrated upon them, the rest of the bill being chiefly matter of machinery. These proposals are not interdependent, save as they are part of a general monetary scheme, but they have been put into one bill and we are expected to take it all or none.

The first I would bring to your attention is the matter of the devaluation of the dollar. I am ready to admit that we are off the gold standard, that we shall be off the gold standard for a long time, and that we are not here called upon to devote attention to the problem of when this should take place or will take place. Admitting, therefore, that the dollar had been devalued, the vital thing was to know at what point a new valuation should be placed.

The President might have set a figure, and in so doing he would have allayed the fears of the business world, and those who compose it might at once have resumed the making of contracts and the wheels of factories now still might have been set aturning. Men now idle might have earned an honest livelihood. The dole under a camouflage might have been speedily suspended. Confidence would have been restored to the hearts of the people of the land; business would have been resumed; prosperity would have been approached. The President has seen fit to leave us still in doubt. He recommends that we give him authority now to fix the value of the dollar at anywhere between 50 and 60 percent of its nominal value. Sixty is 20 percent larger than 50, and there still remains a margin of 20 percent of uncertainty, sufficient to deter any prudent man from entering into engagements. He has known all along it might be somewhere from 50 to 66⅔. This changes his uncertainties only by removing 6⅔ percent. Therefore, in that respect the proposal goes no long way to encourage confidence.

Next, I would refer to the second of the important proposals, that relating to a stabilization fund.

Individually I have no objection to raise to a stabilization fund. That experiment has now been tried in England for many months and has worked admirably. It has served the purposes of Great Britain and I know of no reason why a similar fund might not here accomplish the same result; but the method contemplated threatens dangers so great as in the end to offset all the benefits that might be secured from the fund. One reason is that it turns the control of money in this country over to one man—the Secretary of the Treasury. We are getting many lessons these days as to the loss and gain from one-man power. The greater part of the continent of Europe has accepted the political theory that the best government is that which is restricted to one man. Italy, Germany—I must not take the time to enumerate the countries of Europe that have deserted the idea of a republican form of government. As with ourselves, they had been told that the World War meant the end of one-man power. Yet now these nations one after another have discarded democracy, and here, in the very bosom of our own country, its capital, comes along a proposal based upon the theory that one man, uncontrolled save by the President, acting in secret, not required to divulge either what he does or why he did it, shall to the extent of two thousand million dollars be entrusted with the greatest power that can be given to any human being in the land—the power of the purse. That this man, the Secretary of the Treasury, would undoubtedly work in harmony with the President, and if derelict would be dismissed, does not affect the principle involved, that of commanding the combined judgment of a few or many men, an essential feature of the republican form of government. If we are to have the benefits of united wisdom and all its safeguards, surely this power should be entrusted to a board.

Surely, too, the granting of this power in a period of emergency ought to be for a limited period, in order that when the emergency has passed Congress may be compelled to say whether the policy is to have permanence.

So, because of the dangers connected with this uncontrolled and unlimited delegation of power, I protest.

Furthermore, I protest because that power is taken away from an agency created some 20 years ago that has rendered the country great service; that perhaps made it possible for us to help win the war—the Federal Reserve Board. That Board was created on the theory it was not wise to put the power of managing the currency in the hands of one man, particularly one man exposed to political influences. We are all actuated by a mixture of motives. Let us confess it frankly. We are Republicans and Democrats here, and we cannot wholly exclude that consideration from our judgments; but it was the theory of those 20 years ago that the prudent thing to do was to put the regulation of the currency into the hands of a board on which there should be representation of both parties, a board with terms of office of such length and methods of appointment of such a shape that they would not be controlled by any party consideration; and in all the 20 years I have never heard a man allege that any action of the Federal Reserve Board has been taken to advance the interests of any section or any party. Now members of that Board have testified within 48 hours that this proposal will deprive them of the most important part of their power. They would become nothing more than the overseers of the machinery of the banking system of the country.

In the time of the World War, as I say, exercising their power to manage the currency, they did inestimable good. I believe they should be continued with that power. I be-

lieve that to take it away and put it in the hands of one man is dangerous in the extreme, and, of itself, would warrant a vote against this bill.

But to me the third of the important proposals is even more vital. It is the proposal that without just compensation we shall deprive part of the citizens of this country of a huge amount of property, by compelling them to turn it over to the Government of the United States. The President expects that through this transaction the Treasury will be richer by from thirty-four hundred to four thousand million dollars, according as the dollar is devalued by 40 or by 50 percent. You cannot make something out of nothing. This value will not come down from the skies. It will be taken away from somebody. From whom will it be taken? It will be taken from the Federal Reserve banks. Who own these banks? The member banks, as they are called, the national and State banks that are stockholders. Is it their property? Literally, yes, but in reality, no, for it is money that has been entrusted to them by millions of depositors. More than nine tenths of these depositors have balances of less than $2,500. Furthermore, no small part of the large accounts are those of insurance companies, educational and charitable institutions, and others who in the aggregate are entrusted with the use of millions on millions of dollars for the benefit of the masses of our people. Once again you are filching from the forgotten man.

It is argued that we may with a clear conscience take this property from those who in effect hold it in trust—the Federal Reserve banks, because, as Eugene R. Black, Governor of the Federal Reserve Board, says:

> This enhanced value of the System's gold has resulted from no work or investment or act or effort on the part of the System, but entirely from a governmental policy * * * and should go to the Government.

This may be stoutly contested. The rise in the buying power of gold is a corollary of the world-wide fall in prices due to the depression. The value in exchange within the borders of any one country may be temporarily affected by governmental policy, but unless that policy is adopted by many nations the intrinsic value of the metal will be determined by the operation of supply and demand in open markets. Within the borders of our own country governmental policy has already changed, and with the help of this bill may further change, the number of pieces of paper that may be held the equivalent of an ounce of gold. But as the world-wide value of gold in exchange has not changed and seems unlikely to change importantly, the change has been and will be not in the value of gold but in the value of the corresponding pieces of paper as measured by what they will buy. In fact, the avowed purpose of the administration is to make these pieces of paper cheaper; or, in other words, to raise the prices of commodities. To argue that this process has brought profit to the trustees for the depositors in our banks is of doubtful validity. After this process has reached its end the gold is to buy no more goods than before, so that there will have been no real profit. The commandeering of the gold on the proposed basis, therefore, will deprive a substantial part of our citizens—more than half of them, in fact—of one half of certain buying power they now possess. Whether or not they earned it is irrelevant. Whether or not it came to them through the chances of economic change, certain it is that economic change will continue, and that with the revival of industrial and other activities sure to come gains of this sort will be reduced or taken away by rise in the prices of commodities. Half of their gold taken, the thrifty part of the people—much the greater part—will then watch the remaining half of their savings, now indirectly invested in gold, gradually dwindle in buying power as prices rise.

It is frankly stated that the purpose is to enrich the Federal Government, to put in its hands that much more of wealth, which it may use, part of it in a designated fashion, the rest of it undesignated, but adding to the opportunity of the Government to spend money. At least $1,400,000,000 more is to be given into the hands of the administration to use as it sees fit, under the unlimited powers which we have granted to the President.

Now, sir, this taking introduces a further uncertain element.

At the time the repudiation bill was before the House last May I was one of those who cautioned the House of the grave danger of its unconstitutionality.

Let me recall that on a Wednesday a New York court held that the gold clause in contracts could be superseded by legislation, on a Thursday the news reached Washington, on a Friday the matter was considered by the administration and a bill was introduced here, on Saturday the bill was referred to a committee, on Monday the committee reported it and the House acted.

The basis of that action was a decision by an English court. I shall insert the American decision in the RECORD if, sir, I may have permission to revise and extend my remarks and incorporate certain judicial decisions.

The SPEAKER pro tempore (Mr. ROGERS of New Hampshire). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LUCE. The important part of the decision is all in the next to the last sentence, but in order that there can be no question on that point, I insert the whole decision:

IRVING TRUST CO. *v.* HAZELWOOD

SUPREME COURT, SPECIAL TERM,
New York County, May 24, 1933.

Justice INGRAHAM:

This is a motion by the trustees under a trust mortgage made by the Libby's Hotel Corporation for construction of the provisions of the mortgage and for direction to the trustees to satisfy said mortgage upon receiving payment in full of the amount due them in funds other than gold coin. The obligation of the mortgagor provides that: "Libby's Hotel Corporation * * * will pay to bearer or to the registered holder hereof * * * dollars, in gold coin of the United States of America of not less than the present standard of weight and fineness as now fixed by law (notwithstanding any law which may now or hereafter make anything else legal tender for the payment of debts) * * *", and the coupons attached to the bonds contain a similar provision. In August 1929 the mortgaged property was condemned by the city of New York, and as a result of condemnation proceedings an award of $2,850,000, with interest thereon, has been affirmed by the Court of Appeals. The city is expected to make payment of the award during the current week. Such payment will not be made in gold coin, and the trustees accordingly seek instructions of the court. The attorneys for approximately 96 percent of the bondholders, on behalf of their clients, have presented an affidavit consenting that payment be made in current funds instead of gold coin. By Presidential proclamation all gold coin and gold certificates have been withdrawn from circulation. Upon surrender of gold coin or certificates the holder has received other currency of equal coin value. The case of *Bronson* v. *Rodes* (74 U.S. 229; 19 L.Ed. 141) is not in point. Different circumstances there prevailed. Two varieties of money were in general circulation—the gold dollar and the paper dollar. The latter had a much depreciated value. At the present time there is but one lawful medium of exchange, and this has the same coin value as gold of equal amount. The case of *In re Societe Intercommunale Belge d'Electricite-Feist* v. *The Company*, decided by the Court of Appeals of England in March of this year and reported in the Times Law Reports (p. 344), decides the question involved here. I accordingly instruct the trustees to accept current funds and upon payment of the amount due to satisfy the mortgage. Order signed.

Mark you, the American action was based wholly on the decision of a British lower court. Since that time the question has been submitted to the highest judicial body in England, the House of Lords, and that body has reversed the decision of the lower court. By reason of its supreme importance I insert that decision, as follows:

HOUSE OF LORDS,
Friday, December 15, 1933.

Feist, appellant, and Societe Intercommunale Belge d'Electricite, respondents.

Lords present: Lord Atkin, Lord Tomlin, Lord Russell of Killowen, Lord Wright.

(From the shorthand notes of Marten Meredith & Co., 8 New Court, and Cherer & Co., 2 New Court, Carey Street, W.C. 2.)

Sir William A. Jowitt, K.C., Mr. Lionel L. Cohen, K.C., and Mr. Cyril Radcliffe (instructed by Messrs. Allen & Overy, 3 Finch Lane, Threadneedle Street, E.C. 3) appeared as counsel for the appellant.

Mr. Gavin T. Simonds, K.C., and Mr. H. S. G. Buckmaster (instructed by Messrs. Stephenson, Harwood & Tatham, 16 Old Broad Street, E.C. 2) appeared as counsel for the respondents.

JUDGMENT

Lord ATKIN. My lords, I have had the opportunity of reading the opinion which is about to be delivered by my noble and learned friend Lord Russell of Killowen, and I agree with it and desire to adopt it. I wish to say also that my noble and learned friend Lord Warrington, of Clyffe, agrees with it.

Lord TOMLIN. My lords, I also have had the opportunity of reading the opinion which is about to be delivered by my noble and learned friend Lord Russell of Killowen, and I concur in it in all respects.

Lord RUSSSELL OF KILLOWEN. My lords, the point for decision in this case is one which primarily depends upon the true construction of the contract between the parties, the dispute being as to the way in which the obligations of the respondents as to principal and interest under a certain bond issued by them in the month of September 1928 are properly dischargeable. The difficulty arises from the presence in the bond of what is sometimes known as "a gold clause", and from the particular phraseology which it has assumed.

The respondents are a limited company incorporated under the laws of Belgium, with their head office in Brussels. They issued a series of bonds of various denominations which were offered for sale by M. Samuel & Co., Ltd., on September 25, 1928. The bonds are (except as to the principal amount secured thereby) identical in form.

The bond, which is the subject of the present proceedings, is couched as to its operative part in the following language: 1. "Société Intercommunale Belge d'Electricité (Société Anonyme), a corporation organized and existing under the laws of Belgium (hereinafter called 'the company'), for value received will, on the 1st day of September, 1963, or on such earlier day as the principal moneys hereby secured become payable in accordance with the conditions endorsed hereon, pay to the bearer at the registered office of M. Samuel & Co., Ltd. (hereinafter called 'the bankers'), in London, England, the fiscal agent of the company (or at the principal office of any successor fiscal agent) on presentation of this bond the sum of £100 in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on September 1, 1928. 2. The company will, during the continuance of this security, pay at the registered office of the bankers (or at the principal office of any successor fiscal agent), interest thereon at the rate of 5½ percent per annum in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on September 1, 1928, by equal half-yearly payments on every March 1 and September 1 in accordance with the coupons annexed hereto. 3. The principal of and interest on this bond are payable without deduction or diminution for any taxes, assessments, charges, or duties of any kind whatsoever—past, present, or future—that may be levied or imposed by the Kingdom of Belgium, or by any province, commune, municipality, or other taxing authority therein or thereof. 4. This bond is one of an authorized issue of bonds of the company of an aggregate principal amount not exceeding £500,000 in sterling in gold coin of the United Kingdom at any one time outstanding. 5. This bond is issued subject to and with the benefit of the conditions endorsed hereon, which are to be deemed part of it."

The conditions referred to in clause 5 are 20 in number. I shall refer to the relevant ones. No. 1 provides for a sinking fund. No. 2 enables the company to redeem bonds on any interest payment date beginning with September 1, 1933. No. 4 provides for increasing the amount of the payments under the bonds to meet the case of charges imposed by Belgian authorities which the company may not legally assume and pay. No. 6 runs thus: "The bonds of this issue shall constitute and they and each of them hereby are declared to be the direct and unconditional liability and obligations of the company in sterling in gold coin of the United Kingdom in accordance with the provisions of the bonds and these conditions." No. 16 (c) provides that in case default shall be made as there mentioned then "the company upon the demand of the bankers will pay to the bankers for the benefit of the holders of the bonds and coupons then outstanding in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on September 1, 1928, the whole amount which then shall have become due and payable on all such bonds and coupons then outstanding for interest or principal or both as the case may be." No. 18 provides that the bond shall be construed and the rights of the parties regulated according to the law of England and as a contract made and according to the terms thereof to be performed in England.

The coupons which are referred to in clause 2 of the bond, and in accordance with which the interest is to be paid, are each described on the front thereof as a coupon for £2 15s. 0d., being half-year's interest due on the particular date and "payable in accordance with the conditions endorsed hereon" at a place specified, less British income tax. The conditions endorsed on the coupons are in the following terms: "For £2 15s. 0d. in sterling in gold coin of the United Kingdom, of or equal to the standard of weight and fineness existing on the 1st day of September 1928, without deduction or diminution for any taxes, assessments, charges, or duties of any kind whatsoever, past, present, or future, that may be levied or imposed by the Kingdom of Belgium or by any province, commune, municipality, or other taxing authority therein or thereof."

I have cited to your lordships the relevant contractual provisions of the bond; but upon the document itself are to be found certain figures and words of description to which attention must be called. The letter press on the front of the document is enclosed in an ornamental rectangular border and in each of the two top corners are to be found the symbol and figures "£100." Inside the border and above clause 1 of the bond are the following words, figures, and symbols: "Thirty-five-year sinking fund 5½-percent sterling bond. Due September 1, 1963. Part of a total of £500,000 bonds offered for sale on September 25, 1928. Issued in bonds 50 of £1,000 each, numbered 3301 to 3350, inclusive. Issued in Bonds 300 of £500 each, numbered 3001 to 3300, inclusive. Issued in bonds 3,000 of £100 each, numbered 1 to 3000, inclusive. Bond for £100." I mention these details because in the courts below, upon the question of construction, some reliance was placed upon the fact that they were to be found inscribed upon the face of the document. It must, however, be borne in mind that they form no part of the contractual provisions of the bond; they merely purport to be descriptive of the bonds. If upon a consideration of the contractual provisions those provisions are open to more than one construction, descriptive words appearing elsewhere in the document may well assist in deciding which of the alternative constructions represents the intention of the parties; indeed, they may be decisive; but if the contractual provisions reveal only one construction, outside descriptive words will not be competent to alter that construction. If they cannot be reconciled with it, they become misdescriptive.

The question between the parties can now be stated. The company claim, and it has so been decided in both courts below, that they are entitled to satisfy the principal moneys and interest secured by the bond by tendering whatever might at the due date of payment be good legal tender for the nominal amount of the bond or coupon, as the case may be. It is obvious that this decision deprives of all effect the words which occur in clauses 1 and 2 of the bond, namely, "in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on September 1, 1928." These words (which merely for convenience I will call the "gold clause") need in this view never have been inserted at all.

The bondholder, on the other hand, contends that they were inserted for a specific purpose, namely, to protect the lender against any depreciation of sterling in terms of gold and that the gold clause, with its reference to gold coin of a defined standard of weight and fineness, is a clause which deals, not with the method in which a debt of fixed unvarying amount is to be discharged but with the fixing of the amount of the debt to be discharged.

Alternatively the bondholder says that if the bond is to be construed as a contract to pay in gold coins of the United Kingdom of the specified standard of weight and fineness, then he would, on breach, be entitled to equivalent damages.

Mr. Justice Farwell thought the question of construction a difficult one, but he came to the conclusion that the contract was to pay £100 and interest at 5½ percent as fixed sums, notwithstanding that such a condition involved giving no effect to the gold clause; and to pay those fixed sums by one particular form of legal tender and none other. He held that such a contract was not illegal, but that the respondents were, notwithstanding it, entitled to pay the fixed sums in any other form of legal tender. He made a declaration accordingly.

The master of the rolls, in effect, I think, was of opinion that upon its true construction the contract was a contract to pay £100 in a manner prescribed by English law, and was not a contract to pay a sum of money to be ascertained by calculation on the basis of a specified standard of gold.

Lord Justice Lawrence, after much fluctuation of opinion, came to the conclusion that the gold clause did not measure the liability, but indicated the mode in which a liability of fixed amount was to be discharged; and he held that an agreement to discharge a debt by one form of legal tender could not abrogate the enactment of the legislature that the debt could be discharged by other forms of legal tender.

Lord Justice Romer took the same view as to construction, namely, that the contract was to pay sums of fixed amounts, but to pay them only "in a particular form of currency, namely, the gold currency as it existed on September 1, 1928, to the exclusion * * * of all other forms of currency." Such a contract he held to be illegal under section 6 of the Coinage Act of 1870, with the result not that the whole contract was unenforceable but that the words which created the illegality must be treated as excluded.

My lords, I share the view of Mr. Justice A. Farwell and Lord Justice Lawrence that the question of construction is a difficult one, but after careful consideration of all the contractual provisions of the bond I have come to the conclusion that we should give to the gold clause the meaning and effect for which the bondholder primarily contends.

The courts below, in construing the bond, have started with the assumption that the bond must be, as is stated on its face, a bond for £100; they then construe the words of the gold clause literally and hold that its sole intention is to obtain payment in one particular form of tender only, and that that intention must be defeated by the operation of the law.

For myself, I approach the question of construction in a different way.

I consider first the state of affairs existing at the date of the bond. The gold standard act, 1925, had exempted the Bank of England from obligation to pay its own notes in legal coin but had provided that such notes should not thereby cease to be legal tender. Further, it had repealed the provision of the currency and

bank notes act, 1914, entitling the holder of a currency note to be paid its face value in gold coin. It had, however, provided that the Bank of England should be bound to sell on demand gold bullion at the price and as therein specified to any person on demand but only in the form of bars containing approximately 400 ounces troy of fine gold. The currency and bank notes act, of 1928, had received the royal assent, though it did not come into operation until November 22, 1928. By that act the Bank of England was authorized to issue bank notes for £1 and for 10s, which were to be legal tender for any amount. Existing currency notes were converted into bank notes, the bank becoming liable upon them; and the bank was empowered to require any person in the United Kingdom owning gold coin or bullion to an amount exceeding £10,000 in value to sell it to the bank on payment (in the case of gold coin) of the nominal value thereof. The country was on the gold standard, but the notes were inconvertible and gold coin was substantially no longer in circulation.

These being the circumstances and conditions of the time, it is not, I think, improper or hazardous to make two surmises: (1) That the gold clause was inserted in clauses 1 and 2 of the bond in contemplation of the contingency of this country going (as it did in 1931) off the gold standard at some future date; and (2) that neither party to the bond can have contemplated payment under the bond being actually made in gold coins.

I turn to the bond to see if from the contents of the document itself it is apparent that the parties did not use the words of the gold clause in accordance with the literal meaning which they would bear if considered apart from the rest of the document and the circumstances which surrounded its execution. A consideration of clause 2 will show, I think, that as there used the words must mean something other than what they say; for, translating the 5½ percent by equal half-yearly payments into the appropriate figures, it becomes a provision for the payment of £2.15.0 "in gold coin of the United Kingdom." The same consideration applies to the interest coupons, which with their express provision for deduction or income tax, would be purporting to provide for a payment "in gold coin of the United Kingdom" of a sum (today) of £2.1.3. Again, if one looks at clause 4 of the bond, the reference which it contains to gold coin of the United Kingdom cannot bear its literal meaning. There is no issue or amount outstanding "in gold coin of the United Kingdom." Taking even clause 1 by itself, it would be practically impossible to fulfill its literal requirements, even if a sufficiency of gold coin were still in circulation, for, according to its strict reading, the coins tendered would all have to be coins of the exact standard of weight and exact standard of fineness specified in the Coinage Act, 1870, without remedy allowance or variation from the standards. Thus neither in clause 1 nor in clause 2 can the words have been intended by the parties to carry their literal interpretation.

I therefore ask myself this question: If the words of the gold clause cannot have been used by the parties in the sense which they literally bear, ought I to ignore them altogether and attribute no meaning to them, or ought I, if I can discover it from the document, to attribute some other meaning to them? Clearly the latter course should be adopted if possible, for the parties must have inserted these special words for some special purpose, and if that purpose can be discerned by legitimate means, effect should be given to it.

In my opinion, the purpose can be discerned from clause 4, in which the reference to gold coin of the United Kingdom is clearly not a reference to the mode of payment but to the measure of the company's obligation. So, too, condition 6, which again is a clause not directed to mode of payment but to describing and measuring liability, shows that the words are used as such a measure. In just the same way I think that in clauses 1 and 2 of the bond the parties are referring to gold coin of the United Kingdom of a specific standard of weight and fineness not as being the mode in which the company's indebtedness is to be discharged but as being the means by which the amount of that indebtedness is to be measured and ascertained. I would construe clause 1 not as meaning that £100 is to be paid in a certain way, but as meaning that the obligation is to pay a sum which would represent the equivalent of £100 if paid in a particular way; in other words, I would construe the clause as though it ran thus (omitting immaterial words: "Pay * * * in sterling a sum equal to the value of £100 if paid in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st day of September 1928." I would similarly construe clause 2.

I am conscious, my lords, that this construction strains the words of the document, and that it fits awkwardly with some of its provisions. Thus, for instance, the half-yearly payments in accordance with the coupons (which are described in clause 2 as equal) may, in fact, not be equal. But I prefer this to the only other alternatives, namely, attributing no meaning at all to the gold clause, or attributing to it a meaning which, from other parts of the document and the surrounding circumstances, the parties cannot have intended it to bear.

We were, in the course of the argument, referred to certain decisions and judgments in cases which came before the Permanent Court of International Justice sitting at The Hague. I do not, I need hardly say, treat these as in any way binding upon us. Indeed the relevant facts and words under consideration were very different from those which have been under consideration here. I would like, however, to cite one passage as stating happily and succinctly the considerations and principles which have influenced me in arriving at the conclusion which I have reached. It occurs in the judgment dealing with certain Serbian loans stated to be payable both as to principal and interest in gold. It runs thus: "As it is fundamental that the terms of a contract qualifying the promise are not to be rejected as superfluous, and as the definite word 'gold' cannot be ignored, the question is, What must be deemed to be the significance of that expression? It is conceded that it was the intention of the parties to guard against the fluctuations of the Serbian dinar, and that, in order to procure the loans, it was necessary to contract for repayment in foreign money. But, in so contracting, the parties were not content to use simply the word 'franc', or to contract for payment in French francs, but stipulated for 'gold francs.' It is quite unreasonable to suppose that they were intent on providing for the giving in payment of mere gold specie, or gold coins, without reference to a standard of value. The treatment of the gold clause as indicating a mere modality of payment, without reference to a gold standard of value, would be not to construe but to destroy it."

I would allow this appeal and substitute for the declaration made by Mr. Justice Farwell a declaration in the following terms: "Declare that upon the true construction of the bond the appellant is entitled as holder thereof to receive from the respondents from time to time by way of principal and interest thereunder and on the due dates of payment therefor such a sum in sterling as represents the gold value of the nominal amount of each respective payment, such gold value to be ascertained in accordance with the standard of weight and fineness existing on September 1, 1928, and that accordingly every 'pound' comprised in the nominal amount of each such payment must be treated as representing the price in London in sterling (calculated at the due date of payment) of 123.27447 grains of gold of the standard of fineness specified in the first schedule to the Coinage Act, 1870, and any fraction of a 'pound' comprised in the nominal amount of any such payment must be treated as representing the price in London in sterling (calculated at the due date of payment) of a corresponding fraction of 123.27447 grains of gold of the same standard of fineness."

The view which I take upon the question of construction renders it unnecessary for me to consider the other questions which were debated upon the hearing of the appeal. They do not arise. It would be unwise, and I do not desire to deal with the question whether an effective bargain can be made for a debt to be paid only in one form of legal tender. Still less do I desire to express a view as to the meaning and effect of section 6 of the Coinage Act, 1870.

Lord WRIGHT. My lords, I fully agree in the reasoning and conclusions expressed in the speech just delivered by my noble and learned friend Lord Russell, of Killowen.

Questions put: That the order appealed from be reversed.

THE CONTENTS HAVE IT

That the cause be remitted to the chancery division of the high court of justice with a direction to declare that upon the true construction of the bond the appellant is entitled as holder thereof to receive from the respondents from time to time, by way of principal and interest thereunder and on the due dates of payment therefor, such a sum in sterling as represents the gold value of the nominal amount of each respective payment, such gold value to be ascertained in accordance with the standard of weight and fineness existing on September 1, 1928, and that accordingly every "pound" comprised in the nominal amount of each such payment must be treated as representing the price in London in sterling (calculated at the due date of payment) of 123.27447 grains of gold of the standard of fineness specified in the first schedule to the Coinage Act, 1870, and any fraction of a "pound" comprised in the nominal amount of any such payment must be treated as representing the price in London in sterling (calculated at the due date of payment) of a corresponding fraction of 123.27447 grains of gold of the same standard of fineness.

The contents have it.

Particularly would I call your attention to the paragraph wherein Lord Russell says he would construe the gold clause as if it ran: "pay * * * in sterling a sum equal to the value of £100 paid in gold coin of the United Kingdom of or equal to the standard rate of fineness existing on the 1st day of September, 1928." If our Supreme Court follows the highest court of England, instead of following, as the New York judge unquestionably did, an English lower court, then the confidence of our Attorney General in advising upon the pending bill may prove to have been unwarranted. If our highest court takes the view of the highest English court, then the repudiation bill of last June will go by the board and this bill likewise as far as it attempts to take away from a large part of our citizens without just compensation a huge volume of propery.

The Attorney General has been equally rash in his giving the public to understand that this bill ensures just compensation. He says in effect that this will be secured by giving the owners of the gold engraved pieces of paper saying that there is in the vaults of the Treasury certain metal that if marketed would exchange in the ratio of $20.67 for 1 ounce. Note what the Constitution says in the fifth amendment,

that being one of the articles of what is commonly known as the "Bill of Rights":

* * * nor shall private property be taken for public use without just compensation.

Remember that without the promise to add a Bill of Rights it is highly probable the Constitution would not have been adopted. The amendments comprised in that bill assert rights supposed to be everlasting, unchangeable, paramount. Who can imagine that the Supreme Court would not hold them to control every article in the main body of the Constitution and all the other amendments? The Attorney General displays no doubt that $20.67 an ounce would be "just compensation", as that is the price fixed by law. Yet the President is now paying Frenchmen, Englishmen, Canadians, any other foreigners, $34.45 an ounce. Which figure will the Supreme Court hold to be "just compensation"?

The Attorney General may have overlooked opinions now quoted in this morning's RECORD of yesterday's Senate proceedings, page 914, wherein the Supreme Court held that the ascertainment of just compensation is a judicial function, and "no power exists in any other department of the Government to declare what the compensation shall be or to prescribe any binding rule in that regard." (*Monongahela Navigation Co.* v. *United States* (1892), 148 U.S. 312, 327, and *United States* v. *New River Collieries*, 262 U.S. (1922) 343, 344.) This means that no statute can prevent the Supreme Court from using its own judgment as to what is "just compensation."

The Attorney General himself cites a case—*Ling Su Fan* v. *United States*, 218 U.S. 302, 310—in which the court said of coins: "Their quality as a legal tender is an attribute of law aside from their bullion value." Three quarters of the gold today in the Treasury is in bullion form, and this bill requires the rest to be melted into bullion at once. The daily statement of the United States Treasury that we received this morning reports as a liability, Gold fund, Federal Reserve Board, $1,764,379,065.79; and manifestly a great part of the offsetting assets is in bullion form. It would seem as if the Supreme Court must treat this as bullion, and nothing but bullion.

This, you will see, brings uncertainty not only as to what has been hitherto done in the matter of gold but also as to what we may now do to solve the question, and therefore still further muddies the waters instead of clarifying them.

Gentlemen will cite, on the other hand, the recent decision in the Minnesota case, but if they will read that decision they will see that the views of the majority are based on the fact that the action of the Minnesota Legislature had been taken for a purpose of emergency—that the question was the right of State sovereignty to overrule and suspend the Constitution by reason of a great calamity. It was a matter wholly temporary.

Now, sir, in this question of a just compensation the Supreme Court will be called upon to pass judgment upon permanent legislation, a permanent change in the monetary policy of the land.

Mr. McKEOWN. Will the gentleman yield?

Mr. LUCE. Mr. Speaker, how much time have I remaining?

The SPEAKER. The gentleman has 4 minutes.

Mr. LUCE. I regret that I cannot yield.

I wish that the President might have been more candid in telling the people what was the effect of this proposal in the matter of the transfer of gold to the Federal Reserve System. He gave them to understand that the gold certificates to be given in compensation are to be backed by gold.

He said in his message to us:

These gold certificates will be, as now, secured at all times dollar for dollar by gold in the Treasury, gold for each dollar of such weight and fineness as may be established from time to time.

A Member of the House admired for his outstanding intelligence and capacity, who by his committee position is better qualified to understand these things than most of the other Members, reading this when absent, tells me he concluded this meant what it said. He though "security" had its usual meaning and he came back here quite satisfied on that score. Yet, the truth is that "security" means here absolutely nothing beyond the fact that there will be in the Treasury bullion which, if coined, would produce as many dollars as there are in the total of outstanding certificates. The statement contains no obligation whatever. There is not a particle of assurance that the gold will at once, if ever, be exchanged for dollars. I submit that the use of the word "secured" was unfortunate.

Sir, there are back of you on either side portraits of George Washington and Lafayette, with the flag between. Metaphorically they may give you backing, but surely no one would say you are "secured" by their presence. Security implies connection. Nothing is security that cannot be enforced. Unless to pay a debt abroad no man can get an ounce of the gold that is to be impounded. The value of no piece of paper will be enhanced because it says there is gold somewhere. That piece of paper will be nothing but a statement of a fact.

There are other statements of fact known as "certificates." There are birth certificates, there are marriage certificates, and there are death certificates. I prefer to look on those proposed by this bill as death certificates—certificates of the death and burial of 8,000 tons of precious metal. In the future when a guide takes a tourist around the Capital, he will tell of the burial vault under the grim old Treasury, itself suggestive of a mausoleum, and will point to a tablet reading—

Hic Jacet Aurum (here lies gold).
Sterilized and chloroformed. (Long it served mankind. Now it shall slumber until the Day of Resurrection.)

Mr. Speaker, it would have been more candid to let the people know that here we are giving them more of irredeemable currency—the currency so baneful to previous generations, and in our own time as in so many times before, calamitous for the people of other lands. I had hoped, sir—I should have wished—that the message of the President to the Congress would declare in terms so clear as not to be misunderstood against printing-press money; would guard us against fiat money; would guard us against the terrible possibility of inflation that hangs like the darkest of clouds over our heads. That possibility destroys confidence, keeps from action those who can plan and push, prevents return of prosperity. Here you find hidden in the bill, undisclosed by the administration, this danger, and I think that alone may justify any man in registering his opposition. [Applause on the Republican side.]

Mr. O'CONNOR. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, it is impossible for me to discuss the merits of this measure as fully as I should like to do in the short time allotted to me. It is in line with what I have been advocating for the last 4 years. Taken in connection with the bill passed by the last Congress, giving the President the power to revise our monetary system by cutting down the gold content of the dollar, and so forth, it constitutes one of the greatest governmental achievements of all time.

If President Hoover and his administration had done this in 1929, we never would have had this panic. The American people would have been saved the terrible distress through which they have passed during the last 4½ years.

As I listened to the criticisms just made by the gentleman from Massachusetts [Mr. LUCE], I was reminded of a famous expression of Victor Hugo, when he said that "nothing dies harder or more thoroughly than an old regime." The gentleman from Massachusetts echoes the voice of a dying regime.

The old order is passing away, vanishing as it were, before this onward march of human progress. The ultimate effect of this legislation will be to raise the level of commodity prices and restore prosperity to the masses of the American people. It will particularly benefit the distressed farmers by raising the prices of the things they have to sell, such as wheat, cotton, corn, hogs, land, and lumber. Of course, that will not suit the bondholders of Boston, represented by

the gentleman from Massachusetts [Mr. LUCE], or the money changers of Wall Street who are bending every effort to defeat this measure and return to the old order under which they could continue to exact their pound of flesh from nearest the heart of suffering humanity.

The gentleman from Massachusetts [Mr. LUCE] deplores the "uncertainty" which this measure will bring to our monetary system. I wonder if he thinks it will bring any more uncertainty in our fiscal affairs than what we have had for the last 10 years, with our financial structure in the hands of private bankers and dominated by private greed. [Applause.]

He ostensibly deplores the fact that this bill will bring about central control of our monetary system because of the authority lodged by it in the Secretary of the Treasury. As a matter of fact, the Secretary of the Treasury is a member of the President's Cabinet. He is answerable at all times to the President of the United States, who is elected by the American people. This bill may not be perfect in that respect, but the gentleman from Massachusetts [Mr. LUCE] never complained so long as we were under the old system that led us to wreck and ruin. I, for one, am more than willing to make this change and lodge this power with the President and the Secretary of the Treasury rather than return to the old system, under which our financial affairs were controlled by Eugene Meyer, Andrew W. Mellon, J. P. Morgan, Ogden Mills, and other representatives of Wall Street, who dominated the Federal Reserve System under the old regime and helped to produce the disastrous panic from which we are now emerging. [Applause on Democratic side.]

But the gentleman from Massachusetts calls attention to the fact that the peoples of Europe have been deserting republican forms of government. Probably they have been disappointed at what has transpired in the United States since 1921. When they looked across the Atlantic and saw what was being done by this Government under the old regime; when they saw the purse strings of the Nation turned over to a group of ruthless bankers and the American people driven into the most disastrous depression of all times by their conscienceless misconduct; when they saw our farmers bled white, our transportation systems wrecked, our men driven to bankruptcy and to suicide, and the streets of our large cities streaming with the bread lines of hungry, suffering men, women, and children—when they saw these disastrous consequences of misgovernment in America, it was enough to shake their confidence in the wisdom, stability, and justice of American institutions.

By the example we are setting today may we not hope to again inspire their confidence and to lead them back into the paths of democracy and the practice of self-government, in which the hope of our civilization rests.

The gentleman from Massachusetts [Mr. LUCE] undertakes to get dramatic in his denunciation of this policy which places the gold reserve of our country beyond the reach of the money changers, and tries to prove that it will be worthless, and that our currency will be fiat money. He points to the picture of Washington here on the wall and says that it is there, but asks what it is worth.

Ah, gentlemen, the very fact that this gold cannot be hawked about by greedy financiers will inspire the confidence of the American people in our financial structure. They will know that their gold reserve is placed where moths and rust do not corrupt nor thieves break in and steal.

I have looked on that serene figure of Washington many a time since this depression began, and I believe I voice the sentiment of the American people when I say that I would rather have the faith, the hope, and the courage that even the picture of Washington inspires than to have all the destructive bickerings of the gentleman from Massachusetts [Mr. LUCE] and all others who believe as he does. [Applause on the Democratic side.]

Mr. O'CONNOR. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, I cannot, of course, be expected to discuss this rule or this measure in the short time of 3 minutes, but I have asked for this time simply to express my surprise at the position which the gentleman from Massachusetts, as I understood him, took with reference to this bill. I understood the gentleman from Massachusetts to say as one of his three objections that he thought it was not proper, notwithstanding that the people of this country, acting through their chosen representatives, can only devalue the gold content of the dollar; that he believed and considered it a vital objection to this bill that it does not give the profits accruing from the action of the people with reference to the gold dollar to private institutions rather than to the people themselves. To my mind, such a position is wholly untenable. The Government proposes to issue gold certificates, based, as I understand it, on gold in the Treasury, to the banks in return for this gold at its present value. If subsequently the people, acting through their representatives, as I have said, devalue the gold content, causing profits to accrue, it is unthinkable to me that those profits should go to private institutions rather than to the people themselves. That is one practice and one policy that has been pursued in the past which has brought this country to the condition it is in today. This is a new deal, gentlemen, a new deal which has brought the people themselves into the picture, and when they will receive the benefits of government rather than the favored few who have been receiving them in the past. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield the remainder of my time to the gentleman from New Jersey [Mr. PERKINS].

Mr. PERKINS. Mr. Speaker, we must not think that this is a partisan question. It has nothing to do with partisan politics. I am for the rule and I am for the bill. [Applause.]

I am for this bill because it is a step on the road to the stabilization of our money. I am for it because it puts within the control of the Federal Government absolutely the monetary base, namely, gold. I am for it because it establishes a stabilization fund whereby our dollar in foreign exchange can be stabilized.

Of course, there are many views on this subject. If you sit in a committee dealing with the subject of money and remain there long enough to hear all the experts, your mental condition is that of one who is at sea, adrift, in a fog without compass or chart, and who feels like singing Lead Kindly Light. [Laughter and applause.]

There are just as many experts as there are people; and if you try to follow any school, you soon become so befogged yourself that you are like the judge who said he could decide in favor of the plaintiff when he heard his case, but, having heard the defendant's case, he did not know how to decide.

But we know a few fundamental things. We know, first, that we want the dollar stabilized as nearly as it can be under present conditions. This bill unquestionably leads in that direction. We need at least some guidance in that direction at the present time. There is no unanimity of opinion among the experts. In fact, there is nothing but diversity and division of thought and resultant confusion, and for my part I intend to follow the President of the United States at the present time rather than attempt to reconcile all the varying different schools of monetary thought. [Applause.]

One objection advanced against the bill is that it devalues the dollar. We heard just recently from high authority that you cannot devalue the dollar unless the dollar already has depreciated.

At the present time the President can devalue the dollar anywhere from 100 cents to 50 cents. This bill limits the devaluation to between 60 cents and 50 cents, and tends to give confidence to the people that when the dollar is devalued they will know within 10 percent where the value of the dollar is finally to be fixed.

Of course, there are features of this bill that some of us would like to see changed. We do not like the idea of one man absolutely controlling this vast stabilization fund; but gentlemen, this is an emergency, and the President cannot wait until a board could be set up. If the handling of this stabilization fund were placed in a board of three or five

members, great delay in selecting and setting up that board would result. If that method be a better method than the one set up in the bill, I am sure that the administration later would agree to it, but this is an emergency, Mr. Speaker; the stabilization must begin promptly. It would take weeks, if not months, to establish a board; and while I would personally rather see three men or five men control this vast fund, yet for the present I would rather see the bill enacted than to have it delayed for that period of time.

Now, there has been quite some gloomy views expressed on the question of taking over the gold into the Treasury. How many Members of this House know how the gold now stands? How many of you could answer how much gold is in the Treasury and how much is in the Federal Reserve banks? Before our committee late yesterday afternoon the chairman of one of the Federal Reserve banks testified that the entire monetary gold in the Federal Treasury is only $500,000,000, and that the monetary gold in the Federal Reserve banks is at the present time $3,500,000,000.

If we are to have a stable dollar, how can we get it better than is proposed by this bill, by bringing all of the gold into the Federal Treasury? I am not worrying about the issuance of these certificates to the Federal Reserve banks. It is a long time since I personally have had any gold in my pocket. I do not believe we need look with a gloomy view about this gold being put into the Treasury and "sterilized and glorified." If all of the monetary base is in the Treasury, that gold can be used like ballast in a ship. Does the captain worry because the ballast is "sterilized or glorified"? The object of bringing this gold into the Treasury is that when the ship careens too far to one side, it can be used as a counterbalance on the other side. Undoubtedly we are reaching a serious change in our monetary system. Why should we not have some change? We have had very little change of any kind for some time. It is undoubted that the system under which we have been operating for the last few years has not been a successful system. Shall we remain in the doldrums or shall we attempt to make some change for the better? It is quite impossible to know all of the ramifications of this bill. As to the operation of any legislative plan, we have to take a great deal on faith, and I have faith in this bill. I am willing to accept the conclusions of the President rather than to attempt to consolidate in the one bill all the varying theories of the experts we have heard before the committee for the last 8 or 10 years.

Mr. PARSONS. Will the gentleman yield?

Mr. PERKINS. I yield.

Mr. PARSONS. Is it not a fact that this does not devalue gold? It appreciates gold. In other words, it raises the price of gold. According to the markets of last fall a year ago, 1932, in farm products, stocks and bonds, and general physical properties, was not the gold dollar appreciated to the extent of about 75 percent or perhaps more?

Mr. PERKINS. Undoubtedly the gold dollar has been constantly appreciating, and consequently everything else has been constantly depreciating. The idea of this bill is to bring all the gold into the Treasury and not to use gold as currency at all. The idea is to have certain definite value back of our currency, in the form of gold, because that is the only exchange value in the markets of the world.

Mr. PARSONS. And are not the coinage and the regulation of the value of money a function of government?

Mr. PERKINS. Unquestionably; and it ought to be more completely under the control of the Federal Government now. [Applause.]

Mr. O'CONNOR. Mr. Speaker, the rule itself is a wide-open rule. [Applause.] There is no gag in it. It permits of amendments to the bill and merely provides a limitation of 3 hours on debate, with a provision waiving points of order, which is made necessary by the fact that there is an appropriation in the bill which would not be in order if the rule did not carry this waiver.

The gentleman from Massachusetts [Mr. LUCE] has been most gracious and considerate to his own party. He described the condition in which we found ourselves on March 4, after 12 years of Republican rule, as a "frying pan"; he said we were now in a "frying pan." I think he is very modest about it; I think "stew" would be a better word than "fry."

The gentleman objects to the placing of power in one man, meaning the Secretary of the Treasury. I suppose if a Mellon or a Mills were presiding there, this objection would not lie on the Republican side of the House. In our form of government we have control over any one man and over any group of men. The President has control over his appointee in the Treasury, whoever for the moment he may be; and with the legislative control Congress has over every one of the President's actions, this democracy of ours need never fear one man or any group of men in this country. [Applause.]

I know what was behind the argument of the gentleman from Massachusetts. He typifies the elephant; he has those three letters printed all over him. For 12 years it was "G.O.P.", but when we took control of the Government we found it has been changed to "I O U"

The Republican theory of government, as announced by the gentleman from Massachusetts, is that off there somewhere is the "Federal Government", and off here somewhere are the "American people." He says we are going to take these billions of dollars away from the American people and give them to the Federal Government. Of course, the Republican theory is that the people have no voice in their Government; that they are not fit to govern; that a few people, "the Old Guard", are ordained to administer the affairs of government. But the Democratic theory is that there is no difference, no distinction, no separation between the American people and their Government. [Applause.] The American people are the Government of the United States. [Applause.]

This is a happy day for the American people. No one here will gainsay the fact that 99 percent of the people in every spot of this Nation are solidly behind the President and behind his program; and we shall see the will of the people consummated probably more perfectly here today in the enactment of this measure, probably more important than any one other feature of the President's great recovery program.

The gentleman from Massachusetts [Mr. LUCE] said that "the wheels of industry might be turning" had the President taken this action sooner.

Why, Mr. Speaker, on the 4th of March last the wheels had stopped dead. The gentleman from Massachusetts can vouch for this himself—that in his own State the wheels and the spindles today are turning and business is recovering and millions of people have been put back to work who were thrown out of work prior to March 4. The American people know this, even though some Representatives or some bankers do not know it. The American people know who is responsible for it, and they are ready to back up their elected Representatives in this House in making one further step to support the President in his great program of recovery. [Applause.]

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was adopted.

Mr. SOMERS of New York. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6976) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6976) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

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

Mr. SOMERS of New York. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Chairman, the purpose of this bill, as has been pointed out, is to seek in conjunction with other recovery plans to establish a fairer price level and eventually attain a less variable purchasing power for the dollar. The bill limits the power of the President to revalue the gold dollar between 50 and 60 percent and eliminates with a great deal of uncertainty in regard to the extent of revaluation. In order to accomplish the revaluation of the gold dollar, the bill transfers to the United States the ownership and possession of all Federal Reserve bank gold and provides for payment therefor in gold certificates. This will give to the Government the profits estimated at two and two-thirds billions in the case of a 60-percent devaluation and four billions in the event of a 50-percent devaluation, which may accrue as the result of this increase in the statutory value of the gold dollar. This money will be used to create the stabilization fund provided for in the bill, and eventually, after the necessity for the maintenance of the stabilization fund has ceased, these profits will be used to reduce the Treasury deficit. There are many other provisions in the bill amendatory of existing laws which are made necessary on account of the revaluation of the gold dollar, the acquisition of gold, and the creation of the stabilization fund. But the fundamental and primary purpose of the bill is, through the revaluation of the gold dollar and the creation of the stabilization fund, to establish a fairer price level, create a less variable purchasing power for the dollar, and protect our own country from the deliberate undervaluation of foreign currencies in the markets of the world.

I do not profess to be an expert on the monetary question. I have listened to the testimony of many eminent authorities on this subject, and I find few of them who are willing to hazard a definite opinion in regard to the effects of certain monetary changes. Since I have been a member of the Committee on Coinage, Weights, and Measures we have had rather exhaustive hearings involving much of the subject matter of this bill, as well as many other questions affecting gold, silver, and currencies. I have for a long time contended that we should revalue the gold dollar, and on March 20, 1933, I introduced a bill, H.R. 14374, which was referred to the Committee on Coinage, Weights, and Measures, and which had for its purpose the revaluation of the gold dollar by reducing its content 33⅓ percent and authorizing the purchase of silver and the payment therefor in certificates. A hearing was had on this bill before our committee, but no definite action has been taken.

It must be apparent to every thinking man that our price level must be restored in order that our enormous public and private indebtedness, incurred principally in the period from 1917 to 1929, can be discharged. It has been estimated that our public and private indebtedness aggregates the enormous sum of $230,000,000,000, as compared with a very small prewar debt. These debts, for the most part, were contracted when the dollar had a considerably less purchasing power than now prevails. Since these debts were contracted, the dollar has increased in terms of wholesale commodities 56 percent above the normal purchasing power of the dollar for the years 1921 to 1929, as ascertained by the United States Department of Labor. Warren and Pearson conclude as a result of their careful studies that—

> To restore the price level to the debt level will require that the Bureau of Labor Statistics index number of price of all commodities be restored approximately to the 1926 level, or that this index rise from 87 in February to approximately 146, when prewar is 100, or from 60 to 100, when 1926 is 100.

To restore this price level is in the interest of debtor and creditor alike. Without an increase in the price level the debtors will be unable to discharge their obligations and the creditor will risk the loss of both principal and interest. On the other hand, if the price level is increased or, expressing the same thing, if the purchasing power of the dollar is restored to the 1926 level, the debtor will be able to pay off his debts in the same kind of money that he borrowed.

Those who contend that the restoration of the 1926 price level constitutes a repudiation of honest obligations and those who cry out that the return of the dollar to its 1926 purchasing power is inflation are in error. It is not only morally and legally right that this should be done, but in my judgment it is essential to our economic stability. The history of the world furnishes many precedents for this action, and it is by no means an experiment. We are not the only country that has been confronted with the serious problem of debt. In discussing the important part that debt played in the destruction of Rome, one great author said:

> Credit is the great weapon of the aristocracy against the lower class. The nobility was thereby enabled to place in its power the small farmers, whose labor and lives it controlled until the day when they realized that they were oppressed and formed alliances strong enough to break for the time being their serfdom. The concentration of land reposed to a great extent on the workings of the credit system, the property of the rich increasing almost automatically by the addition of that of the poor, and the seizure of the mortgaged property being the main reason for this expropriation.

The problem of debt was so serious in Rome that the Government adopted the most drastic measures in dealing with it. In 342 B.C. Rome abolished interest altogether. In 352 B.C. a state commission of five bankers was appointed to adjust the strained relations between debtors and creditors, and their efforts seem to have met with some success. Pliny states that during the first Punic War the Roman dollar was diminished in weight from 1 pound to 2 ounces, and the power of money fell to such a point that he says:

> Thus a profit of five sixths was made and debts were canceled to that extent.

The remission of debts was often the slogan of the peasant and workers, and at one time they forced the passage of a law that reduced all debts and decreed that interest payments in the past would be applied on the principal. But the ablest historians agree that through the power of money and credit exercised by a select few and manipulated to suit their interests the sources of wealth were concentrated in their hands and the majority was reduced to enforced idleness and poverty.

After the World War, France was burdened with a crushing debt, but she proceeded to liquidate the indebtedness of her citizenship by the Government increasing the quantity of money, and thereby increasing the price of her farm and other commodities. France increased the quantity of her money 5 times, and her wholesale prices increased 7 times, while her farm commodity prices increased 6 times. According to researches conducted by Columbia University, prices rose with the volume of money in 1919 and 1920, fell with it in 1921 and 1922, and rose again from 1923 to 1926.

Of course, there was a great depreciation in the purchasing power of the franc, as measured in the terms of the gold dollar. In 1913 the value of the franc in terms of dollars was 100, but it steadily decreased year by year until in 1926 it was 17. The value of the franc, in terms of its wholesale purchasing power, fell from 100 in 1913 to 14 in 1926. According to the conclusions reached by the council conducting this research, certain advantages resulted from the inflation as well as certain disadvantages. The advantages were: First, the debts, with interest and other fixed charges, were greatly reduced. The French farmers profited from the inflation, in the words of the Council, as follows:

> On the whole, it appears that changes in the costs of farm production did not keep pace with changes in the price of farm products, so that in all probability the French peasant and farmer found a certain advantage in inflation. Their labor costs, their expenditures for fertilizers, their mortgage charges, were all reduced.

French industry profited from the inflation as follows, in the words of the Council:

> The low gold values of French manufactured products brought about a certain expansion of markets abroad. The diminution in costs of production stimulated industrial activity, while the flight from the franc on the domestic market opened a sufficient home outlet for the increased flow of goods. It was mainly through its effects on the costs of production that inflation exerted a direct influence on industrial output. This is fairly obvious in the case of that element of cost which consists of interest paid on capital charges. An industrial firm which had issued a million francs' worth of bonds before the war at the current rate of 3½ percent

was still paying 35,000 francs per year in 1926 as interest. In that year, however, these 35,000 francs were worth only 5,000 francs in terms of 1913 purchasing power. From the point of view of prevailing prices in 1926, therefore, the rate of interest on this loan fell from 3½ percent to one half of 1 percent. Such economies enabled businesses to sell at lower prices and stimulated production and sales. The general opinion seems to be, for example, that the farm laborer and the small peasant were better off in the post-war period than before the war. They are said to be better fed, to eat more frequently, to be better clothed and housed than ever before.

The disadvantages of inflation to French agriculture on account of inflation are summed up by the council as follows:

On the other hand, machinery cost them dearly and they had difficulty in obtaining sufficient labor and credit. These difficulties were so serious that they often resulted to the abandonment of farm lands.

However, this research council found that the French Government immediately did away with the difficulty of securing credit by placing at the disposal of the rural credit associations vast sums of money and allowed these associations to loan to the farmers on easy conditions. The rate of interest on long-term loans made by the above associations to the farmers was invariably 2 percent up to the middle of 1927, when it was raised to 3 percent.

In regard to the disadvantages to industry the council concluded as follows:

In the later years of inflation French industry suffered, however, from the scarcity of capital.

The reason that uncontrolled and unmanaged inflation produced a scarcity of capital is because those who had money were afraid to make long-term loans on account of the falling value of the franc and the uncertainty of collecting in francs whose value was the same as when they were loaned.

Mr. Chairman, at this point I desire to insert several paragraphs from the instructive book on Prices, written by Warren and Pearson, which may be of interest to those who desire to know the effect of revaluation upon the price level and business activity:

Legal changes in the weight of gold in the monetary unit: There are innumerable cases in history of changing the weight of gold and silver in the monetary unit. In 1834 the weight of gold in the dollar was reduced by 6.26 percent. (See p. 87.)

The pound sterling was originally 1 pound of silver with a purity of 37/40, which was known as sterling fineness. Although the name of the pound was retained, the weight was reduced from time to time until it stood at a little less than a third of a pound of silver at the time of the adoption of the gold standard. The name is still retained, but it is not a pound, not sterling, not silver. At the time this is written it is not gold, and it promises to be reduced in weight when it again becomes gold.

Before the World War the French franc was 290.322 milligrams of pure gold. On June 25, 1928, it was reduced to 58.95 milligrams. Public and private debts and all other monetary transactions could then be paid with a franc having a value similar to its value when most of these obligations were incurred.

Since France was still inflating her currency up to 1926 she avoided the depression of 1920 and most of the depression of 1929–30 because her price level was five times pre-war (fig. 98).

The decline in 1931 caused a depression in France, but nothing comparable to the situation in England and the United States. The only public or private debts that were troublesome were those that were contracted at a price level of over four times pre-war.

On October 25, 1926, the Belgian currency was established on a gold basis with a new unit of currency, the belga, with a content of 209.211 milligrams of fine gold and a fixed relationship to the Belgian paper franc of about 7 to 1. By this act Belgium reduced the weight of gold in the franc from 290.322 milligrams of fine gold to 41.842 milligrams.

Before the war the Italian lira was 290.322 milligrams of fine gold. On December 22, 1927, this was reduced to 79.1911 milligrams. Public and private debts were therefore payable at approximately the price level at which they were incurred, and all services and charges were left in the same relationship which they held previous to stabilization.

Since Italy was inflating the currency up to 1927, she avoided the deflation of 1920. Prices fell in 1931 so that deflation was felt (fig. 99).

Germany inflated her currency until it became almost worthless. On November 15, 1923, the rentenmark was provided for. One trillion of the old paper marks was equal to one rentenmark. These were replaced by the gold reichmark in the autumn of 1924.

The inflation was extremely serious for the country, but the serious effects of deflation were avoided. Any debts that were incurred with the paper mark could be paid with the rentenmark at the ratio of 1 trillion to 1. There was no need to reduce the innumerable fixed prices, because stabilization at the fantastic level was nevertheless a continuance of the old price level. This was entirely different from deflation.

Germany felt the full effect of the deflation of 1929–31, because she had incurred a new indebtedness and fixed charges at the price levels of 1925–29.

In 1931–32 England and 31 other countries discontinued the gold standard. Presumably most of these countries will follow the example of France and Italy and reduce the weight of gold in their currencies when they return to a gold basis.

No country likes to revalue its money, but when prices have risen too high an attempt to deflate causes such universal bankruptcy that creditors instead of profiting by being paid money with a higher value lose so much of the principal that it is to their interest, as well as to the interest of debtors, to revalue the currency. An attempt to deflate requires such unusual and drastic writing down of debts, wages, freight rates, telephone charges, fees, and every other economic charge as to cause unemployment, reduced national production, and national poverty. To attempt to meet such a situation government loans, price-control measures, and other undesirable legislation is tried. Rather than undergo these calamities it is much better to revalue the currency and allow business to proceed.

Prices in 1931, at the time when a large number of the countries gave up the effort to deflate, are shown in table 28. At this time prices in England had declined 65 percent from the average of the 24 months with highest prices. This amount of price decline caused such prolonged unemployed, so many bankruptcies, and other disastrous conditions that the process could not be continued. By doles and other means national governments had attempted to tide over the situation, but such drastic deflation proved to be beyond the power of national finance to alleviate.

This leaves the United States with a price decline of 57 percent as the most striking deflation for any large country that continued the effort to maintain its pre-war currency. In 10 to 20 years the full results of this effort will be apparent.

Revaluing the currency is a single drastic procedure to correct a single situation. It does not provide a continuing stability of money. France and Italy revalued their money in conformity with their price level when commodity prices in the gold-using countries were about 40 percent above pre-war. This avoided any of the difficulty that the United States and England experienced in going from a price level of more than 200 to 140, but it did not avoid the difficulties that came with the decline in prices in 1931–32. If England and the other countries that left the gold basis in 1931 revalue their currencies so as to bring their prices back to the level of 1929 they will be in a better position than France, as they will avoid the continuance of the deflated prices of 1932.

Many obligations contain the "gold clause", calling for payment in gold dollars of present weight and fineness. This clause is most frequent in bonds of various units of government and corporations. It does not apply to most farm mortgages, life insurance, or ordinary business transactions. According to the Constitution, "Congress shall have power * * * to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures" (art. I, sec. 8).

"No person shall * * * be deprived of life, liberty, or property, without due process of law * * *"—amendment V.

"No State shall pass any * * * law impairing the obligation of contracts * * *"—article 1, section 10.

If it becomes necessary to change the dollar, there is little question of the power of Congress to invalidate such contracts. Many Supreme Court decisions have held that while States may not invalidate contracts, Congress can do so.

In any event, revaluation would allow payment of the many debts in dollars and would allow adjustment of the innumerable fixed charges that wreck business when prices fall, so that business would proceed and there would be money with which to pay debts, taxes, and wages. The gold clause is a trival matter compared with the restoration of the opportunity to work. If deflation is continued, it is not a question of the kind of money in which debts will be paid but a question of what debts can be paid at all.

The question is often raised as to just what would happen if the price of gold were raised 50 percent. Innumerable charges that have not declined would not rise, but would be relieved of the necessity of declining. Among these are public and private debts, freight rates, telephone charges, and the like. Total tax payments would increase because taxes could be paid. Therefore, tax rates would be lowered.

Prices of cotton and wheat at export points would rise a little more than 50 percent. The following illustrations are based on prices for December 1932. If wheat at New York rose from 64 to 96 cents, wheat in Nebraska would rise about 32 cents. There have been so many examples of just such a change that we can be sure of the effect on the Nebraska price. But this would more than double the Nebraska price. Corn at New York City would also increase about 50 percent, or about 21 cents per bushel. This would much more than double prices on Iowa farms.

The above changes would occur without change in prices in foreign countries. The increased business which rising prices cause would result in still further price increases. These would be very decided increases for basic commodities.

Even with no improved prospects for business, prices of industrial stocks would increase about 50 percent. Prices of such stocks in London and New York keep on the same basis in ounces of gold. On December 15, 1932, 1.6 ounces of gold were required to buy a share of United States Steel stock in London, and 1.5 ounces were required in New York. On the same day 0.73 ounces of gold were required to buy a share of Pennsylvania Railroad

stock in London and 0.71 ounces in New York. Of course, a rise in the price level would stimulate business and cause much more than a 50-percent increase in security prices. A bale of cotton was worth 1.5 ounces of gold in New York and 1.8 ounces in England.

The value of lumber and other building materials in a house would at once rise by 50 percent. This would stop bankrupt sales and, before long, would result in more building. Lumber far from market would rise in price by a much greater percentage. The prices of cement, brick, and metals would also advance.

In general, those prices which have not declined would be relieved of the necessity of declining and prices of basic commodities far from market would rise most. These effects are the same as a rise in prices brought about by any other cause.

There would be one major difference—gold would also rise in price. Expectation of such a change would probably result in hoarding gold. It would, however, be much more profitable to hoard basic commodities, such as lumber, cotton, corn, wheat, copper, and the like, at points far from market. It would also be more profitable to hoard common stocks than gold. With everything else at panic prices, gold would be one of the least profitable things to hold.

If such a change were made in the price of gold, it would probably be preceded by the suspension of gold payments, as has been the case in most of the world, or would probably require the suspension of such payments while the subject was being discussed.

WHAT WILL HAPPEN IF THE GOLD VALUE OF THE DOLLAR IS REDUCED ENOUGH TO RESTORE AN EQUILIBRIUM IN THE PRICE STRUCTURE?

Wholesale prices of all commodities would gradually rise to the average level that prevailed at the time public and private debts were contracted and the level to which taxes, costs of distribution, and other slow-moving charges are adjusted. This would require that wholesale prices be restored to approximately the 1926 level. Costs of distribution would then be more nearly in adjustment with wholesale prices than they were in 1926 because they would rise less than they have declined. They were out of adjustment in 1926. Prices of basic commodities would for a time be higher than prices of all commodities, but would later come into adjustment automatically.

Index numbers of prices of food at retail would rise a little higher than prices paid to farmers because, even at the wholesale-price level of 1926, costs of distribution would be rather high. The only thing that could change this would be a shortage of food relative to other commodities, which would make farm prices high relative to retail prices. Such a shortage is a possibility. Much of the apparent surplus is due to low consumption because of unemployment in the countries that have not reflated.

The cost of living would be somewhat lower than in 1926 because costs of distribution would be lower than they were in that year and because rents would not rise to the 1926 level. The index numbers of the cost of living would be somewhat higher than the index numbers of wholesale prices, but not so much higher as they were in 1926.

The long-time trend of wages in the United States is to rise in purchasing power at the rate of 1.71 percent per year. This is practically the same as the normal increase in output of commodities per capita. The buying power of wages is thrown out of line by either inflation or deflation. A restoration of the price level would avoid the long years of unemployment that are an inevitable accompaniment of deflation.

If the pre-war trend of wages had continued to 1934, and if wholesale prices had remained at the 1910–14 level, or 100, wages would have been expected to be 144, which is the normal increase in purchasing power in 21.5 years.

If wholesale prices return to the 1926 level (146 when 1910–14 equals 100), wages would be expected to be 210.

In 1926, city wages were 235; farm wages 171; wages of Government employees, 161; and college professors, 157. In the spring of 1933 wages were in utter chaos. Many persons were working on farms and elsewhere for less than pre-war wages. Some workers were receiving almost as high wages as they received in 1929. A restoration of the commodity price level would gradually bring approximate equilibrium in wage rates for different kinds of work.

If wholesale prices of all commodities are restored to the 1926 level and the cost-of-living index is somewhat higher than the all-commodity index but somewhat lower than it was in 1929, as is to be expected, it is probable that the general level of all wages will return approximately to the 1926 level. Wages paid to farm labor were relatively low in 1926. They would probably rise above the 1926 level. Wages in the construction industry were relatively high in 1926 and might not return to that level. All the above discussion is based on a restoration of the price level so as to stop deflation without causing inflation. If instead of reflation the deflation process is resumed, the chaos of 1932 will begin again. If a policy is followed which will raise commodity prices much above the level of 1926, price relationships of the type that developed from 1916 to 1917 would result.

Not only did France revalue her money and depreciate its purchasing power, but England did likewise. The English and United States index numbers were identical for the years 1928 and 1930. After England left the gold standard and in February 1933, the English index stood at 91 and the United States index at 69.

I am not prepared to say what the precise effect of the revaluation of the gold dollar 50 or 60 percent will have upon the rise of the price level. I do not say that an immediate increase will accompany the revaluation of the dollar, or that the increase will approximate the degree of the revaluation. I realize that there are many factors apart from the monetary question which enter into the rise of the price level, but from the experiences of other nations, and the weight of authorities who profess to understand this subject, I am confident that eventually the rise in the price level must follow the revaluation of the gold dollar. It is also my opinion that the revaluation of the gold dollar, if accompanied by the issuance of sufficient currency based upon this new statutory value and placed in circulation, will effectuate a material rise in the price level and an increased depreciation in the purchasing price of the American dollar. I also believe that the revaluation of the gold dollar, and the skillful manipulation of the stabilization fund to be created from the profits of revaluation, will raise wholesale commodity prices and contribute to the restoration of the normal purchasing power of the dollar. At least this much can be said, that if the President and the Secretary of the Treasury exercise the powers conferred upon them in this bill in conjunction with the recovery program heretofore adopted, we may expect a material rise in commodity prices.

There are those that will urge that this bill is unnecessary because the gold dollar has already depreciated in purchasing power approximately 40 percent and that this bill will accomplish nothing in the way of price increase unless the President should decide to fix the revaluation at 50 percent. It is true that there has been an external depreciation of the dollar. As measured in terms of foreign currency, the dollar might be said to have depreciated in the markets of the world, but this cannot be said of our dollar, insofar as its domestic purchasing power is concerned. If there has been an internal depreciation, it has not been nearly so great as it has externally.

It cannot be argued even by the most conservative that the dollar should be revalued on the pre-war basis. To do so would be to overvalue our dollar in comparison with foreign currencies, which would mean that we would surrender the markets of the world to our competitors and crush our own people under a staggering debt burden which could only be discharged through the bankruptcy courts and foreclosure sales. It would mean a price level which would preclude the possibility of normal business conditions during our age and generation.

The creation of this stabilization fund is not a question of choice or expediency, but a matter of self-preservation. In order to protect our people from the well-organized and skillfully executed plans of the British exchange equalization fund, we are compelled to equip our Government with similar powers and resources. To anyone who has given any study to the subject, it appears certain that England has used her enormous equalization fund of 350,000,000 pounds for the purpose of increasing the purchasing power of the dollar in relation to foreign currencies. In this manner she has made our export products dear to foreign buyers and at the same time she has been able to capture our market by selling her own products cheaper. I know that there are some who will deny this.

The English leaders have given out various reasons for the maintenance of this fund, for instance, that it is intended to iron out minor fluctuations in the exchange value of the pound and to control major movements of the pound and protect England from sudden withdrawals of capital; but these reasons are given out to deceive the simple. The real purpose of this enormous fund is to undervalue the English sterling in relation to other currencies so that England will enjoy a superior trade advantage on the markets of the world and depress the price level in other countries. In fact, the members of the House of Commons have charged the Government with this purpose. On May 9, 1933, a Labor member of the House of Commons protested that it was—

> A lot of cant and hypocrisy to suggest that this money (a mere billion dollars additional for the fund) was wanted for any other purpose than to carry on an exchange war.

A few typical remarks made in the House of Commons on May 4, 1933, when the addition of a billion dollars to the fund was under consideration will show the depth of the conviction:

I quite appreciate that the part of the fund which is ironing out day-to-day fluctuation, and which is operating satisfactorily at the present time, is a useful part of export trade. (Sir S. Cripps.)

What is the policy of the Chancellor of the Exchequer? What does it amount to? It is a sort of dole, a supplement, to the trade of the country. (Mr. David Mason.)

With this sum they were going to compete with the United States Government, which was trying to monopolize gold by monopolizing gold, trying to injure the foreign trade of this country. (Mr. S. Samuel.)

I believe that he (the Chancellor of the Exchequer) will be well advised not to pursue the will-o'-the-wisp of gambling in foreign exchanges in order to keep sterling at an artificially low level. (Mr. Boothby.)

We have seen in the last 20 years the greatest war in the history of our time. We have also seen the greatest tariff war, and now we are seeing the greatest exchange war. (Mr. A. Bevan.)

Of course, there are those who will argue that these Members are influenced by political bias, but there is other evidence available which cannot be so easily disputed. But before stating this evidence permit me to give a brief history of this exchange-equalization fund. In April 1932 the Chancellor of the Exchequer announced the Government's intention to establish an exchange-equalization account to give the authorities the means to intervene in the exchange markets in order to check undesirable speculation in sterling and to even out seasonal fluctuation. The account had as its nucleus the balance of the gold dollar exchange reserve, amounting to £25,000,000, and, in addition, was given borrowing powers up to £150,000,000. When this fund was created at the beginning of July 1932 the account took over from the Bank of England the substantial holdings of foreign currencies, principally dollars and francs, which had been acquired during the previous spring. It began to operate at once with the greatest secrecy. Its operations are under the law of England veiled in secrecy, and there is no way of ascertaining its activities except by appraising the results. By November 1932 the sterling rate had fallen until it reached a low point of $3.14. During the first 6 months of the existence of this fund its operation had been so successful and satisfactory that the Chancellor of the Exchequer had by the end of last year decided to ask Parliament's approval to a substantial increase in the borrowing powers of the account. These powers were increased by £200,000,000, which gave the authorities in charge of the fund ample powers to carry out the functions of the account. It is believed in informed circles that the fund made a considerable profit through short selling and other manipulations.

When December 15 arrived the fund made a neat profit of £10,000,000 by receiving the full paper value of the £19,500,000 ($95,000,000) debt payment from the Government, a sum which amounted to £29,500,000 in currency, and then buying gold at par from the Bank of England for shipment to the United States. In January the fund began to draw gold from America in considerable quantities. The authorities in charge of this fund bought dollars with sterling and thereby lowered the purchasing power of sterling. They then converted these dollars into gold and shipped the gold to the Bank of England, until they had gotten from us three times the amount of gold paid to us in December. With the tremendous funds given to the account, it is able to buy foreign exchange and then convert this foreign exchange into gold. As a result of its operations, the Bank of England has increased its gold stock from £121,000,000 in January 1933 to £192,000,000 on November 8, 1933, with a result that the Bank of England has more gold than it possessed while England was on the gold standard.

But the proof that England has operated this fund in order to overvalue the dollar and undervalue the sterling, or, in plainer terms, to make the dollar dear and the sterling cheap, and thereby make it unprofitable for foreign buyers to purchase our products, can be best appreciated by considering the beneficial results that have come from the operation of this fund. Since the creation of this fund England's trade balance has changed remarkably. In 1931 England's adverse trade balance was 406.7 million pounds. In 1932 it had been reduced to 287.1 million pounds. For the first 4 months of this year the adverse balance was 78.4 million pounds as against 99.2 million pounds in the corresponding period of last year. England has been able to repay the £130,000,000 exchange credit raised in defense of sterling in 1931. She loaned £30,000,000 to the French Government, and, as previously stated, the Bank of England's gold reserve has tremendously increased. In addition to this the Bank of England has accumulated foreign currencies in excess of £100,000,000.

The effect of the operation of this fund in depreciating the sterling as compared with foreign currency on wholesale commodity prices shows that England has enjoyed a distinct advantage. Taking the figure 100 as pre-war, in September 1931 the wholesale prices in Great Britain stood at 94.9. At the same time it stood at 90.1 in the United States and 87.4 in France. In March 1933 it stood at 92.4 in Great Britain, 75.8 in the United States, and 76.8 in France. The figures in reference to the cost of living are also striking. In September 1931 the figure for Great Britain was 145, for the United States 148, and for France 115. However, in March the figure stood at 137 for Great Britain, 132 for the United States, and 105 for France. The truth is that from the time England abandoned the gold standard in 1931 until the time the United States abandoned it, England, through the manipulation of the equalization fund, enjoyed a distinct advantage over France and the United States. The same can be said of France prior to the time that England abandoned the gold standard. In 1927 the wholesale price figure for Great Britain was 144.8, for the United States 185.9, and for France 127. Whereas in September 1931 the figure for Great Britain was 94.9, for the United States 90.1, and for France 87.4. So that in the operation of this fund since its creation, England has succeeded in depreciating the sterling about 30 percent in the exchange value of sterling.

I have presented these facts in order to show that it is imperative that we resist the operations of the equalization fund. The only feasible method by which this can be accomplished is to establish a similar fund, and to clothe the Secretary of the Treasury and the President with equal powers and resources. I know that it is urged that the operation of this stabilization fund should be made public in order to avoid the possibility of mismanagement. The same thing was contended by members of Parliament when the equalization fund was created in England, but the Parliament decided that the success of the fund would be destroyed if its operations were not veiled in the greatest secrecy. For the same reason Congress will have to impose confidence in the honesty and integrity of the Secretary of the Treasury and the President.

The Secretary of the Treasury is directly responsible to the President, and must furnish periodical reports to him. The President is directly responsible to the Congress and to the Nation. If we should ever be so unfortunate as to have an unscrupulous President, he could, independent of the fund, misappropriate unlimited public funds.

It may be argued that the creation of this stabilization fund would precipitate a currency war between England and the United States or between the United States and other nations. I do not believe this. The only currency war that we would wage would be one in self-defense. To the contrary, I believe that the creation of this fund would hasten the day when we can return to a stabilized currency. When Europe finds out that we are no longer willing to be made the willing dupes and innocent victims of their duplicity and cunning, it will increase their respect for us and at the same time make them realize that it is to their advantage to desist from further currency manipulations.

This is a vital part of a national program to protect America for Americans and to demand from the world that respect to which our generosity entitles us.

Permit me to summarize the beneficial results which it is hoped that this bill will accomplish:

First. It will contribute substantially to the gradual rise of the wholesale prices of all commodities to the average level that prevailed at the time public and private debts were

contracted, and the level to which taxes, costs of distribution, and other slow-moving charges are adjusted.

Second. It will give to the Government between two and three-quarter billions and four billions to establish and operate a stabilization fund on account of the profits accruing from revaluation.

Third. When the stabilization fund is no longer needed, this money will be used to reduce the public debt and thereby lighten the burden of taxation.

Fourth. It will furnish the Government with adequate weapons to prevent the undervaluation of foreign currencies or the overvaluation of the dollar so that American exportable surpluses can be sold to foreign buyers. This will enable us to recapture some of the markets of the world.

Fifth. That part of the profits accruing from revaluation which are not needed to effectually operate the stabilization fund can be distributed in the form of new currency through some medium of circulation, such as the Civil Works program, or the payment of the adjusted-service certificates, or it can be applied to the immediate reduction of the Treasury deficit.

Sixth. The limitation of the President's power to revalue the gold dollar between 50 and 60 percent will answer the objections of those who contend that resumption of normal business activity is retarded on account of the uncertainty of the extent to which the dollar will be revalued.

I am frank to confess that this bill does not go as far as I would like for it to. I am convinced that we should broaden the base of our monetary system and increase our reserve by the use of silver. The inadequate supply of the world stock of gold, its diminishing production, and the absence of any convincing proof that new mines are likely to be discovered in the near future, combined with the unequal distribution of the gold supply among three nations, convince me that we must use silver as a supplement to gold. I shall not enter into a discussion of the question as to whether or not the supply of monetary gold is sufficient to support the currency and credit structure of the world, maintain the necessary price level, and serve as a medium of international exchange. Many eminent authorities, such as Warren and Pearson, advance rather convincing facts to support their contention that the supply is inadequate. But whether they are right or wrong, it is generally agreed that with three nations owning most of the monetary gold of the world, it will be a long time before this gold stock can be redistributed in such a manner as to suffice for the metallic base of the currency system of the world.

The nations that own this gold are going to resist all efforts to deprive them of it. But if we were to add silver to gold as our monetary base, we could not only provide a sufficient base for our currency and credit system and thereby hasten the return of stabilized currencies, but we could restore the purchasing power of more than one half of the world that uses silver. This is extremely important to the people of the United States because the chief markets to which we must turn in the future must be China and India and other silver-using countries. When the purchasing power of their silver money is restored and placed on the same fair parity with gold, they will be glad to buy our products. The President in his message has promised us that he will propose some definite plan to aid in restoring the normal purchasing power of silver. If he does this a long step will have been taken in the direction of recovery. Many plans have been proposed to remonetize silver or restore it to the metallic reserves of the world. I shall not at this time discuss the merits of these respective plans. If we have the will to restore the purchasing power of silver, a way can be found without serious difficulty. Our committee has devoted exhaustive study to the question of silver, and I believe that a majority of the members on it are anxious to give to Congress and the country a practicable and workable silver bill at the earliest time.

Mr. SOMERS of New York. Mr. Chairman, I desire to yield to the gentleman from New Jersey 15 minutes of the time under my control and I ask unanimous consent that the gentleman may, in turn, yield such time.

The CHAIRMAN. The gentleman from New York asks unanimous consent that of the time allotted to him he may, in turn, yield 15 minutes to the gentleman from New Jersey, to be used by the gentleman from New Jersey at his discretion. Is there objection?

There was no objection.

Mr. PERKINS. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, I listened with a great deal of interest to the remarks of the gentleman from Texas, in which he discussed the proposition that the British pound is driven down to a low level, while the American dollar is at a high level.

If he had made that speech a year ago, it would be in order, and I should be in accord with him. But let us take the facts as they are today.

The dollar is cheap and the pound is high, not the pound cheap and the dollar high. The normal exchange value between the dollar and the pound for the year was $4.86. Yesterday in the money markets of the world it required $5.02 of American money to buy a British pound. In other words, the American dollar was 16 cents below normal on the world exchange markets for a pound. Not 16 cents on the dollar but 16 cents on the pound. Today the American dollar ranks as one of the low-value currencies among standard currencies of the world.

It is with some humiliation that we must acknowledge today that the American dollar in exchange with the Canadian dollar, the premium is on the side of the Canadian dollar.

I am not in favor of a high-priced dollar. Today I am in favor of reducing the content of the gold dollar.

But when a gentleman stands on this floor and makes a speech that would have been appropriate a year ago, in which he undertakes to lead the House and the country to believe that today the American dollar is so high in price that we need a $2,000,000,000 equalization fund to beat down its value, I must refute such a statement. In doing so I am substantiated by the quotations of the money markets of the world as of yesterday and today.

Now, I wish to discuss this bill, if I may. In the first place, it is a very far-reaching bill. The devaluation of the value of the dollar or fixing the gold content of the dollar is the smallest part of this bill. The President's message and the newspaper reports which have gone out over the country would lead Congress and the country to believe that the bill is necessary to stabilize the value of the dollar. That is not true. The enactment of the bill does not stabilize the value of the dollar.

In the last special session Congress enacted the Thomas amendment, whereby the President was given power to reduce the content of the gold dollar, not to exceed 50 percent of its normal and present value. The President today by Executive order can reduce the content of the dollar to any point from its present weight of 23.22 grains, down to 11.61 grains.

This bill does not make him reduce it. All this bill does is to allow him to fix it between 50 and 60 percent of its present weight of 23.22 grains.

That he can do at any moment he chooses. Whatever the bill does, remember this: It does not fix the value of the gold dollar. The enactment of the bill does not change the situation, except that if the President chooses to fix the value he must fix it between 50 and 60 percent, which he is now permitted to do by Executive order, under the Thomas amendment.

The truth is that all this talk about stabilization of the dollar now is only to take advantage of the wide-spread public sentiment crying to high heaven for some sort of stabilization in the value of the dollar and wipe out the present fear and uncertainty. Taking advantage of that situation, the people are led to believe that we need some legislation by Congress in order to do that. We need nothing of the kind. The President can stabilize the dollar, under the Thomas amendment, by Executive order any moment he chooses. Such propaganda is put out to blind the Congress and the public to accept a bill here that carries many provisions that are far-reaching, and which are not

even considered by the public at this time. All there is in the bill which pertains to fixing the value of the dollar is to be found in about seven lines in section 12, and section 12 does not fix the value.

We have had no fair chance to consider this bill in the committee. I have asked that we have time to call in various witnesses. There is nothing partisan about it. Two of the witnesses I wanted to call were Newton D. Baker, a former Democratic Secretary of War and a friend of this administration, and David Houston, a former Democratic Secretary of the Treasury.

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

Mr. McGUGIN. Yes.

Mr. SOMERS of New York. Would the gentleman mind stating to the House that the chairman called every witness that the gentleman suggested?

Mr. McGUGIN. Yes.

Mr. SOMERS of New York. And personally telephoned to them.

Mr. McGUGIN. Yes. I am not saying that it was the fault of the chairman, but it is because the leadership of this House is trying to ramrod this bill through Congress before we could have sufficient time to bring in these witnesses I have mentioned and many other witnesses.

The Committee of the Nation sends a telegram this morning begging the opportunity to appear before the committee. The Committee of the Nation stands for devaluation. It is a friend of the principle held out as the fundamental principle of this bill, but which is not the fundamental principle of the bill. The fundamental principle involved in the bill is to create a $2,000,000,000 fund, to be placed in the hands of one man, whereby he can club up or club down not only the currency of the United States but the currency of any other country in the world. I say to you that neither the Congress nor the country would accept section 10 of this bill in its present form if it were standing out here on its own merits as a square-toed piece of legislation. The administration knows that neither the country nor the Congress would accept section 10 upon its merits alone. That is why this propaganda has been hailed to the country, that the primary purpose of this bill is stabilization, when it is not. That is a smoke screen while section 10 is being ramrodded through Congress without Congress knowing much about it and the public knowing less about it. I can say that and cannot be charged with being an enemy of the basic principle of devaluing the gold dollar, because my words are in perfect keeping with the words in this telegram from the Committee of the Nation which we received this morning, and which I now read:

> Regulating the purchasing power of our United States money imposed as a duty by the Constitution upon the Congress is the highest act of sovereignty. Permanent relinquishment of this function by Congress to one Cabinet member is so momentous a step that it should have full discussion before being taken.

This bill seeks to turn over the full control of the power of money into the hands of one man, the Secretary of the Treasury, not only this Secretary of the Treasury but all Secretaries of the Treasury which may come after him. The framers of the Constitution in their wisdom placed, not in the President of the United States, but in the Congress the power to coin money and regulate the value thereof. When we provide a $2,000,000,000 fund for the Secretary of the Treasury to use to beat up or down American money, to beat up or down the currency of all other countries of the world, we have placed into the hands of one man the economic destiny of 126,000,000 American people. In doing it we have betrayed our constitutional obligation to retain in the hands of Congress the power to control money. If section 10 were standing here as a free, independent piece of legislation on its own merits, the Congress would not dare turn the interests of all the people of this country over to the hands of one man. What is involved in this bill is section 10, and upon that section comes the wrath and the opposition of those who want devaluation of the dollar by those who still love and revere constitutional government in this country and who oppose placing that amount of power in one lone man.

Let me say to you Democrats who vote for this bill today thinking you are serving your party, in the nature of things, you will not always be in power, and if some day, some time, there is an Andrew Mellon or a Eugene Meyer as Secretary of the Treasury—two gentlemen particularly obnoxious to many Democrats—and if they use this power to drive down prices, the responsibility will rest upon you, you Members of Congress who sit here today and betray your constitutional obligation to retain in the hands of Congress the power to control money. Instead of doing that you are giving it to the Secretary of the Treasury in the form of permanent legislation which lasts as long as the Republic lasts, unless some other Congress in its wisdom undoes the wrong this Congress is about to do in the name of party loyalty or some other side issue. If, indeed, we need such a fund for an emergency, I say to you that there is no occasion for making it permanent legislation.

If it is to meet an emergency, then pass it as emergency legislation, with a time limit for that power. Another future Congress will love this country the same as we do, and if it be necessary to extend that power for a longer period of time, that Congress will meet that responsibility. Another Congress sat here 2 years ago and organized the Reconstruction Finance Corporation as an emergency measure. It limited the life of the Reconstruction Finance Corporation to 2 years. It would have expired this month. This Congress extended the life of it because in its wisdom it deemed it advisable to do so.

Again we are told we must have this equalization fund of $2,000,000,000 because England has such a fund. Well, England at least has three men administering that fund. England does not place her destiny in the hands of the Chancellor of the Exchequer or any other one man. I say in all fairness, in all candor, the man does not live and the man never has lived in America or any other place in this world, in my judgment, who has the ability, single-handed and alone, to bear the responsibilities of handling a $2,000,000,000 fund, with the power to use it to fight all of the currencies of the world.

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

Mr. PERKINS. Mr. Chairman, I yield 5 additional minutes to the gentleman from Kansas.

Mr. FORD. Will the gentleman yield?

Mr. McGUGIN. No; I cannot yield now.

We are going to offer an amendment later on, not for the purpose of strangling your President, not at all, but we shall offer an amendment providing that the duties here prescribed for the Secretary of the Treasury will be carried out by a board.

The membership of the board, under this amendment will be the President of the United States, the Secretary of the Treasury, the Governor of the Federal Reserve Board, and two other men whom the President of the United States may appoint, subject to confirmation by the United States Senate. That is not tying the hands of the administration. All it is doing is giving to the American people, in the administering of this fund, the wisdom of five men instead of the wisdom of one man. At least, we want somebody there who once in awhile may say, "Mr. Secretary, I believe that this which you are about to do might be a mistake." It is not right, it is not practical for this Congress to place in the hands of any one man such gigantic power over the American people. I am not even going to ask in that amendment that Mr. Roosevelt appoint from any party other than his own. I am not going to ask that he recognize my party. All we are asking is that these duties be performed by a board of five men, one of whom is the Secretary of the Treasury, the other the President himself, the other the Governor of the Federal Reserve Board, whom he himself chose, and two other men whom he may choose. The only possible restriction upon the President would be senatorial confirmation of two of the members, and is it possible that the United States Senate, nearly three fourths of which is Democratic, would unduly hamper the Democratic President in his appointment of two members to this board?

The first nine sections of this bill pertain to Federal Reserve gold. That Federal Reserve gold comes from various sources. Some of it was forced into the Federal Reserve as the result of the banking legislation passed last year. It was taken away from the people. Obviously, the last penny of that should go into the United States Treasury. There is some gold that belongs to the Federal Reserve, upon which it has its Federal Reserve notes issued, and those notes as currency are in the hands of the people. That part of the gold of the Federal Reserve against which currency is issued, in my judgment, should remain with the Federal Reserve, with this exception, that if the dollar is depreciated 40 percent, 40 percent of the amount of such gold that it has in its possession shall be taken into the Treasury of the United States. In other words, neither the Federal Reserve nor any individual should have any right whatever to make one penny of profit out of the devaluation of the gold dollar. But in my judgment, there should be enough gold left to the Federal Reserve to support the currency which it has issued, not as a special favor to the Federal Reserve banks, but in common duty, keeping a common trust with the millions of citizens of this country who have perchance Federal Reserve currencies in their pockets. However, the terms of the bill provide that after this gold is taken over, the Government guarantees equal parity between that Federal Reserve currency and all other currency. If that is carried out, probably it is not a serious matter. I am not here to combat the first nine sections of this bill. I believe that the greater part of that gold should come into the Government. I am not in favor of the Federal Reserve making a penny profit as a result of devaluation. I think the Federal Reserve should retain as much gold as it requires to support the money they have issued, under the new standard of value of the dollar. However, if all the currency is placed on a parity, as the bill promises, that may not be such a serious proposition. But the real serious thing in this bill is section 10, which is contrary to traditional Americanism. [Applause.]

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

Mr. SOMERS of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Chairman, on the 15th day of January 1934 the President of the United States sent a message to the House of Representatives recommending legislation to protect our currency system and to provide for the use of our monetary gold for the betterment of our citizens. In that message the President said:

> The issuance and control of the medium of exchange which we call "money" is a high prerogative of government. * * * Because they were scarce, because they could readily be subdivided and transported, gold and silver have been used either for money or as a basis for forms of money which in themselves had only nominal intrinsic value.
>
> In pure theory, of course, a government could issue mere tokens to serve as money—tokens which would be accepted at their face value if it were certain that the amount of these tokens were permanently limited and confined to the total amount necessary for the daily cash needs of the community. Because this assurance could not always or sufficiently be given, governments have found that reserves or bases of gold and silver behind their paper or token currency added stability to their financial systems.

The message further says:

> Free circulation of gold is unnecessary, leads to hoarding, and tends to the possible weakening of national financial structures in times of emergency.

The President asks specific enactment by Congress to vest in the United States title to all supplies of American-owned monetary gold, with provision for the payment in gold certificates. The President is now authorized to reduce the gold content of the dollar as much as 50 percent under the Thomas amendment to the Agricultural Adjustment Act of May 12, 1933, and he is asking authority to revalue the dollar at not more than 60 percent. Under this bill the weight of the gold dollar cannot be fixed at more than 60 percent of its present weight.

The Constitution of the United States provides that Congress shall have the power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures. You will note this provision specifically reserves to Congress the right to "regulate the value" of money. I believe this bill is constitutional and valid.

Mr. Chairman, the gentleman from Kansas [Mr. McGUGIN] in his address seemed to be greatly concerned with the authority which this bill vests in the handling of the stabilization fund, in the Secretary of the Treasury, who is under direct control and supervision of the President of the United States; but I might call the attention of the gentleman to the fact that from the 4th of March 1921 until the 4th of March 1933 not only the Treasury Department but the Government of the United States was under the control of one man, Andrew W. Mellon, and we have not heard very much from the gentleman's side of the House complaining about that.

Last November we changed that and took it out of the control of one man. The stabilization fund provided in this bill has to be administered by someone. In England the stabilization fund is administered not by three men but by two men, as the authorities before the committee testified; and no man knows how they administer it.

Under this or any other bill enacted, Congress has control at all times of the Secretary of the Treasury and the other Cabinet officers. Congress at any time can order an investigation, and upon proper cause can impeach any Cabinet officer and remove him. We must trust somebody. I do not believe this trust will be misplaced.

The bill H.R. 6976, introduced by the gentleman from New York [Mr. SOMERS], Chairman of the Committee on Coinage, Weights, and Measures, is the bill that carries into effect the recommendations of the President's message referred to above. The bill provides for the restoration of a fairer price level, stabilizes the dollar, and will cause a reduction in our indebtedness.

Under the terms of the bill all gold coin and bullion shall pass to and be vested in the United States, and payment therefor will be made in gold certificates issued against this gold. The Federal Reserve Act is amended, so far as Federal Reserve notes are concerned, by striking out "gold" and inserting "lawful money", which makes these notes payable in any lawful money. The bill gives the Secretary of the Treasury, with the approval of the President, power to issue regulations when needed in order to further carry out the purposes of the act. Provision is made that any gold that is withheld in violation of the act may be seized and condemned by the Government. Under the terms of the bill, all gold coin of the United States shall be withdrawn from circulation, and, with other gold owned by the United States, shall be made into bars of the weight and fineness directed by the Secretary of the Treasury.

Statistics show that under the terms of the bill the Government will have title to about $4,500,000,000 in gold, and if the weight of the gold dollar is fixed at 50 percent of its present weight, this will increase the value of our gold by $4,500,000,000. This amount, in the sum of $9,000,000,000, will provide a basis, under the present law requiring a 40-percent gold reserve, for the issuance of $22,500,000,000 in sound currency.

If this bill is enacted into law and the President decides on a gold dollar of 60 percent of the present weight, this will mean that the gold dollar will contain 13.93 grains, whereas it now contains 23.22 grains. In other words, we would have a 60-cent dollar in comparison with the 23.22 grains in the present gold dollar. The new dollar would be worth 60 percent of that dollar. I believe everyone agrees that this bill will increase commodity prices, including farm products. It will increase the actual circulation of money and assist greatly in putting people to work.

The bill also provides for a stabilization fund of $2,000,000,000 for the purpose of stabilizing the value of the dollar.

Mr. Chairman, your Committee on Coinage, Weights, and Measures has held extensive hearings in the Seventy-second Congress and in the present Congress upon this question and has had a bill of this nature before it for consideration. We have heard many eminent authorities upon the money question. I am glad to be a member of this committee and to have a part in the preparation of this important legislation.

I believe this bill goes farther and is more far-reaching than any other bill that Congress has considered for many years. The President of the United States is to be congratulated by our entire citizenship upon his vision and forethought. He has gone farther than any other President in modern times toward removing the clutches of Wall Street and our international bankers from the medium of exchange. The greatest inaugural address I have ever heard or read since the days of George Washington was that delivered by the President on the east steps of the Capitol at his inuguration March 4, 1933. The President said:

Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men.

True, they have tried, but their efforts have been cast in the pattern of an outworn tradition. Faced by failure of credit, they have proposed only the lending of more money. Stripped of the lure of profit by which to induce our people to follow their false leadership, they have resorted to exhortations, pleading tearfully for restored confidence. They know only the rules of a generation of self-seekers. They have no vision, and when there is no vision the people perish.

The money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of restoration lies in the extent to which we apply social values more noble than mere monetary profit.

Mr. Chairman, the first acts of the President were to put the people back to work and he now comes before us for enactment of the greatest declaration of monetary rights ever given to our citizenship. In his message of January 15, 1934, the President further says:

Governments can well, as they have in the past, employ silver as a basis for currency, and I look for a greatly increased use. I am, however, withholding any recommendation to the Congress looking to further extension of the monetary use of silver, because I believe we should gain more knowledge of the results of the London agreement and of our other monetary measures.

This is a most sympathetic declaration on silver.

This action of the President is not a repudiation of any kind, but is even-handed justice to our people in general. The President speaks the language of the multitude and is easily understood. When he took the reins of government we were faced with destruction and needed leadership—a Moses to guide us through this period of depression and despair. That leadership appeared in the person of President Franklin D. Roosevelt, who has the ability, the leadership, and above all, the courage to resist the influence of the money changers in high places.

I believe this bill should be speedily enacted into law, as requested by the President, and I feel confident that in the near future it will be followed with an act for the remonetization of silver, whereby a prosperous trade will be opened between our country and the silver countries of the Orient. [Applause.]

Mr. PERKINS. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, the bill we now have before us was drawn at the instance of the President of the United States. The bill has had very little if any detailed consideration in either of the two committees reporting it, and I recognize the fact that there is a lack of knowledge of this bill among the membership. It is the common remark in the corridors and cloakrooms—and has been for the last several days—that no one knows what is in this bill.

The bill is not so complicated. It has for its purpose that which the President aims to accomplish in dealing with the economic and financial situation in the United States—to bring conditions back to what he calls the 1926 price level; and in order to do that after having tried other methods he is proposing to lower the gold content of the dollar; and Congress at the last special session gave him this right.

There is no question but that the Congress of the United States has the sole power to deal with the question of the value of money, and in this particular instance we now here have the responsibility. The President has asked for definite proposals in this connection not only for reducing the gold content of the dollar but for dealing in gold and international exchanges for supporting the Government's credit through the use of the stabilization fund of $2,000,000,000 which is proposed to be created. There are embodied in this bill other provisions which give the Secretary of the Treasury certain rights he does not now have, and which he says are necessary in the issuance and sale of the large amount of Government securities which are going to be put on the market very shortly.

I may say to the membership of this House, particularly to some of the new Members, that I am not alarmed in regard to taking over the gold from the Federal Reserve banks into the Treasury of the United States; in fact, I have been advocating this on the floor of the House for the past several years.

I have before me now a speech I made on February 10, 1930, which has a bearing on this. I have before me here a speech I made on June 10, 1932, and from this speech I wish now to quote. I said:

What is needed here is a return to the Constitution of the United States. We need to have a complete divorce of bank and state. The old struggle that was fought out here in Jackson's day must be fought over again. The independent United States Treasury should be reestablished and the Government should keep its own money under lock and key in the building the people provided for that purpose. Asset currency, the device of the swindler, should be done away with. The Government should buy gold and issue United States currency on it. The business of the independent bankers should be restored to them. The State banking systems should be freed from coercion. The Federal Reserve districts should be abolished and State boundaries should be respected. Bank reserves should be kept within the borders of the States whose people own them, and this reserve money of the people should be protected so that international bankers and acceptance bankers and discount dealers cannot draw it away from them. The exchanges should be closed while we are putting our financial affairs in order. The Federal Reserve Act should be repealed and the Federal Reserve banks, having violated their charters, should be liquidated immediately. Faithless Government officers who have violated their oaths of office should be impeached and brought to trial. Unless this is done by us, I predict that the American people, outraged, robbed, pillaged, insulted, and betrayed as they are in their own land, will rise in their wrath and send a President here who will sweep the money changers out of the temple. [Applause.]

Referring again to the Federal Reserve gold, my thought in that connection is that the gold taken away from the Federal Reserve banks is apparently to be replaced by some kind of Government obligation. The President's message indicated that it was to be a gold certificate. There is some doubt as to whether there is to be specifically set aside gold to redeem these to-be-issued gold certificates. This I regret; and I hope that, either by proclamation of the President or by amendment to this bill, the kind of security that is given to the Federal Reserve bank may be clarified. I mean by this is the to-be-issued gold certificate to be a gold certificate in name only, or will the United States redeem these gold certificates in actual gold on the new gold-dollar value?

There is no reason in the world why when we lower the gold content of the dollar this so-called "book profit" should remain in the custody and to the benefit of the Federal Reserve System. It belongs in the Treasury of the United States; and let me say that if you will examine the Federal Reserve law carefully, you will find that eventually or at liquidation all of the surplus assets and profits remaining in the Federal Reserve banks are to be returned to the United States Treasury. So, so far as that is concerned, there is much ado about nothing. I recognize, however, that the administration in taking some of the steps up to this point has paid little regard to the Constitution of the United States. In the early stages of this administration the President acted in contradiction, I believe, of the Constitution of the United States; but he sent in a bill which the membership of this House passed, ratifying those unconstitutional acts so far as the Membership here could ratify them.

There are some things in this bill that I am alarmed about—and they are serious—and may I point out to you gentlemen who have the responsibility on the majority side that you should give serious consideration before granting the authority which in this bill is being delegated to the present Secretary of the Treasury. You are creating a fund of $2,000,000,000 and placing it under the sole direction of this one man; and I am sorry to say that at this particular time I, as one member of the citizenry of this country, have not the confidence in the ability of this man to handle

successfully on his own account the affairs of the United States Treasury. His experience and background do not qualify him for the things that are to be done now in the Treasury and with this stabilization fund. I want to suggest to you the importance of amending this bill—and I realize how hopeless it is for anyone who is not in the majority to offer an amendment in this respect—I want to suggest that you change the provision for yearly reports to monthly reports. If I had my way in this connection, I would say that these reports should be made to the Congress of the United States, to the Speaker of the House, and to the Vice President of the United States. The management of the proposed functions under this bill should never be left to any one man.

I want to point out here definitely, while I am on this subject, that the present Secretary of the Treasury is by family, tradition, neighbors, association, and friends tied in with the international Jewish financial group who are associated closely with the ruling financial officials of the British Government and the Bank of England at this time.

Above all, I want to clear in my own mind, and attempt to clarify in your minds, the question of stabilization. The lowering of the gold content of the dollar is not stabilization.

We can legislate until we are black in the face, and we will not be able to legislate stabilization.

Stabilization, as I understand it, is going to come subsequent to the passage of this act, if it comes at all. It is probably going to come about through an announcement from the President that we are now again on a gold basis—on a new gold basis; then the stabilization is going to come when there is worked out by the President of the United States, and I hope he will do this of his own volition, taking into consideration what is for the best interests of the 125,000,000 people in the United States, a plan whereby he will fix definitely the parity of our new dollar with the pound and the franc. I hope he will dominate the drafting of all bilateral treaties on this subject.

Those of us who have studied this parity of the dollar with other countries' money heretofore have recognized that there has been an unfair parity. This has resulted in our relations with Great Britain particularly, with her vast resources all over the world, having an advantage in settlements over the United States. This has cost us many hundreds of millions of dollars. So the important thing for the administration in this respect is to bring about stabilization of the right sort. I mean stabilize the dollar with the pound and the franc in such a way that the British will not have an opportunity to make out of the unfair parity millions of dollars at our expense; a parity that will not give France the opportunity and, if you please, that will not give the United States an opportunity to unfairly make money out of an unfair parity of our dollar as compared with the money of the other nations of the world. This is an important matter that is still to be determined.

In connection with this authority which we are granting, with the appropriation of $2,000,000,000, we are turning over to the Secretary of the Treasury the right to buy and sell foreign exchange. This means the right to deal in foreign bills which accumulate in international trade transactions.

It gives the Secretary of the Treasury authority to buy and sell gold on the international market. Above all, it gives him authority to buy and sell gold and Government securities. This is an authority, and I think I understand what is in the mind of the administration in that respect, which is fraught with much danger, if not the opportunity for downright dishonesty. We all know in the present situation, because of the great demands for money which have been made upon the Government up to this time, that it is issuing Government bonds in large quantities now. That they are maintaining what is known as a market now. That has been stated by the Secretary of the Treasury. They are using Government trust funds, like the Post Office funds, the employees' retirement fund, and Alien Property Custodian fund, in stabilizing Government bond prices. They are supporting the present prices on Government bonds lest the prices in the market go too low and thus destroy the market for Government bonds.

We have a fictitious Government-bond market today. This big fund, if it is used to further support the market on our own Government securities, will be used for the purpose of maintaining a fictitious market, and that, I submit, is a dishonest transaction. We must so conduct the affairs of our Treasury that this great Government of ours will not be under suspicion or its credit ever challenged. I shall regret the day when we give authority to the Secretary of the Treasury to buy and sell Government securities at par or below par. This is an authority which this Congress has never delegated to any one administrative officer heretofore; and it should not be done now, especially when this law makes him not accountable to any other administration officers for his decisions—not even to the President of the United States.

Those are the two great objections I have to this bill, and I think if you gentlemen who have the responsibility will look into this matter carefully you will cooperate in the amending of this bill to the extent of having a committee administer this stabilization fund.

There is another danger in delegating this power to the chief financial officer of the Government. He is an interested party. He should not participate in these transactions, which are independent of the Government's financial operations.

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

Mr. McFADDEN. I yield.

Mr. BLANCHARD. I should like to ask the gentleman if the passage of this bill is in any way tied up to the P.W.A. and the C.W.A. financing?

Mr. McFADDEN. I do not know. Of course, the funds that are furnished to those organizations to carry out their work come from Government bond issues and taxes. That is the only connection I see in any way, shape, or form.

There are certain statistics in connection with this matter, Mr. Chairman, that I should like the privilege of inserting. I ask unanimous consent to revise and extend my remarks in the RECORD by inserting them.

The CHAIRMAN (Mr. DISNEY). Is there any objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Just a little detail here as regards what we are doing. On the basis of a 50-cent devaluation of the gold content of the dollar, which would make the price of gold $41.34, the dollar will have been depreciated 50 percent and inflated 50 percent. Do not overlook that fact. It is a 50 percent inflation.

The arithmetic of this is as follows: There are 480 grains of fine gold in one ounce. At a parity of the gold standard, that is, 480 grains of fine gold are priced by law at $0.0430625 for each grain of fine gold. Therefore, if you multiply 480 grains by $0.0430625 you will obtain the answer $20.67, which is the lawful fixed price of 1 ounce of fine gold (mint price). This price of $20.67 is the international parity of the gold-standard treaties which the two leading civilized white and Christian creditor nations of the world have denounced and abandoned all the principles thereof. If we depreciate by 50 percent the gold content of 1 ounce of fine gold lawfully priced at $20.67, the price of 1 ounce of fine gold is raised ipso facto to $41.34. Likewise the lawful price of 1 grain is raised from $0.0430625 to $0.0861250. If you multiply 23.22 grains, which is one gold dollar, by $0.0861250, you will obtain the answer $1.9999, which is really $2. If you multiply 113 grains, which is the number of grains contained in 1 English pound sterling, i.e., $4.866, by $0.086125, you will obtain the answer $9.732, which is exactly twice the value of the parity of $4.866.

To clarify, I am going to present a table to which I direct particular attention, which shows the different stages of devaluation of the gold from 100 to 50 and, likewise, its effect upon the pound sterling, which, of course, is the exchange with which we have the most to do.

[Here the gavel fell.]

Mr. PERKINS. I yield the gentleman from Pennsylvania 3 additional minutes.

Mr. McFADDEN. The matter just referred to is as follows:

Percent depreciation	Rate of exchange of pound	The value of gold in depreciated money (1 ounce)	Mint value of 1 grain of pure gold in depreciated money	Mint value of 23.22 grains of pure gold in depreciated dollar	Mint value of 113 grains (£1) in depreciated dollar	Percent of inflation of paper money in terms of gold
100.00	(1)	$20.67	$0.0430625	$1.00	$4.866	(1)
95.00	$4.628	21.75	.0453289	1.0525	5.1221	5.00
90.00	4.38	22.96	.0478472	1.1110	5.4067	10.00
85.00	4.14	24.31	.0506617	1.1763	5.7247	15.00
83.24	4.05	24.8317	.0517329	1.2012	5.8458	16.76
82.20	4.00	25.1456	.0523867	1.2164	5.9197	17.80
80.00	3.893	25.83	.0538281	1.2498	6.0825	20.00
75.00	3.65	27.55	.0574166	1.3332	6.4880	25.00
70.00	3.40	29.52	.0615178	1.4284	6.9515	30.00
66.00	3.24	31.00	.0645937	1.50	7.299	33.00
60.00	2.92	34.44	.0717708	1.6665	8.11	40.00
55.00	2.67	37.58	.0782954	1.8180	8.8473	45.00
50.00	2.433	41.34	.0861250	2.00	9.732	50.00

[1] Parity.

NOTE.—Par values: 1 grain of pure gold is worth $0.0430625; 23.22 grains of pure gold are worth $1; 113 grains of pure gold are worth $4.866; 116.2 grains of pure gold are worth $5; 480 grains of pure gold are worth $20.67; 5.806 grains of pure gold are worth $0.25; 5.65 grains of pure gold are worth $0.243; 113 grains of pure gold are worth £1; 480 grains of pure gold are worth £4 4s. 11½d.

Parity of exchanges on gold-standard basis

1 Number of grains of fine gold in 1 ounce	2 Lawful value in shillings per 480 grains	3 Lawful value in pence per 480 grains	4 Lawful value in pence per 1 grain	5 Lawful value of 113 grains multiplied by 2.12395 pence
480	84.11½	1,019.50	2.12395	£1 or 20s or 240d.
480	$20.67	2,067 cents	0.0430625 cent	$4.866.

NOTE:

1 grain of pure gold is fixed by law at 2.12395 d.
5.65×2.12395 is fixed by law at 12d. or 1s.
113×2.12395 is fixed by law at £1, or 20s., or 240d.
480×2.12395 is fixed by law at £4 4s. 11½d, or 84s. 11½d.
23.22×2.12395 is fixed by law at 49.3d., or 4s. 1d.

In connection with the consideration which should be given to this question of the changing of the gold content of the dollar and the stabilization of the then new dollar with the moneys of other countries with whom we have trade relations, the following statement is important, and I place it in the RECORD at this point for the information of the Membership of the House:

Foreign trade of the United States of America during year ending 1926, excluding gold and silver

	1 Imports	2 Inflated imports	3 Exports	4 Excess exports	5 Excess imports	6 Total excess inflated merchandise imports	7 Net excess free credit against merchandise exports	8 Net excess merchandise exports	9 Net excess free loans against past or future merchandise exports from the United States	10 Aggregate net excess bank credits in United States
Average rate of exchange	$4.8582	$3.16–$7.48	$4.8582	$4.8582	$4.8582	$7.48	$7.48	$7.48	$7.48	$7.48
AMERICA										
Canada	475,886,402	731,630,914	738,474,772	+262,588,370		−255,744,512	−255,744,512	+6,843,858		
Greenland	618,885	951,477	7,561		−611,324	−332,592			−332,592	−943,916
St. Pierre-Miquelon	63,754	98,015	257,680	+193,926		−34,261	−34,261	+159,665		
Newfoundland	9,038,965	13,896,564	8,851,385		−187,580	−4,857,599			−4,857,599	−5,045,179
Mexico	169,368,775	260,388,679	134,994,164		−34,374,611	−91,019,904			−91,019,904	−125,394,515
British Honduras	2,848,409	4,379,162	2,368,655		−479,754	−1,530,753			−1,530,753	−2,010,507
Costa Rica	7,052,187	10,842,074	6,312,416		−739,771	−3,789,887			−3,789,887	−4,529,658
Guatemala	14,512,318	22,311,334	11,088,204		−3,424,114	−7,799,016			−7,799,016	−11,223,130
Honduras	8,719,834	13,405,930	7,540,286		−1,179,548	−4,686,096			−4,686,096	−5,865,644
Nicaragua	5,975,837	9,187,291	6,264,272	+288,435		−3,211,454	−288,435		−2,923,019	−2,923,019
Panama	5,548,522	8,530,334	32,412,669	+26,864,147		−2,981,812	−2,981,812	+23,882,335		
El Salvador	4,237,149	6,514,221	9,556,521	+5,319,372		−2,277,072	−2,277,072	+3,042,300		
Total	703,871,037	1,082,135,995	958,128,585	+295,254,250	−40,996,702	−378,264,958	−261,326,092	+33,928,158	−116,938,866	−157,935,568
Bermudas	1,124,160	1,728,299	3,287,020	+2,162,860		−604,139	−604,139	+1,558,721		
Barbados	568,683	874,297	1,592,616	+1,023,933		−305,614	−305,614	+718,319		
Jamaica	9,110,754	14,006,933	8,389,159		−721,595	−4,896,179			−4,896,179	−5,617,774
Trinidad	8,234,031	12,659,053	4,905,135		−3,328,896	−4,425,022			−4,425,022	−7,753,918
Other British West Indies	3,380,163	5,196,685	6,039,528	+2,659,365		−1,816,522	−1,816,522	+842,843		
Cuba	250,569,693	385,227,510	160,487,680		−90,082,013	−134,657,817			134,657,817	−224,739,830
Dominica	8,072,213	12,410,273	14,572,376	+6,500,163		−4,338,060	−4,338,060	+2,162,103		
Dutch West Indies	24,385,832	37,490,940	4,866,463		−19,519,369	−13,105,108			13,105,108	−32,624,477
French West Indies	162,446	249,745	1,958,073	+1,795,627		−87,299	−87,299	+1,708,328		
Haiti	1,379,303	2,120,549	10,857,427	+9,478,124		−741,246	−741,246	+8,736,878		
Virgin Islands	810,410	1,245,468	1,799,444	+989,034		−435,058	−435,058	+553,976		
Total	307,797,688	473,209,752	218,754,921	+24,609,106	−113,651,873	−165,412,064	−8,327,938	+16,281,168	−157,084,126	−270,735,999
Colombia	90,241,676	138,738,151	49,282,028		−40,959,648	−48,496,475			−48,496,475	−89,456,123
British Guiana	1,206,157	1,805,435	1,581,544	+375,387		−599,278	−375,387		−223,891	−223,891
Dutch Guiana	360,856	554,782	1,577,935	+1,217,079		−193,926	−193,926	+1,023,153		
French Guiana	65,635	100,907	150,622	+84,987		−35,272	−35,272	+49,715		
Venezuela	23,315,607	35,845,569	39,690,084	+16,374,477		−12,529,962	−12,529,962	+3,844,515		
Argentina	88,137,205	135,502,724	143,574,682	+55,437,477		−47,365,519	−47,365,519	+8,071,958		
Brazil	235,307,073	361,762,625	95,449,419		−139,857,654	−126,455,552			−126,455,552	−266,313,206
Falkland	104,475	160,620	60,430		−44,045	−56,145			−56,145	−100,190
Paraguay	540,954	831,666	905,407	+364,453		−290,712	−290,712	+73,741		
Uruguay	18,423,243	28,324,016	23,015,149	+4,591,906		−9,900,773	−4,591,906		−5,308,867	−5,308,867
Bolivia	279,986	430,452	5,162,927	+4,882,941		−150,466	−150,466	+4,732,475		
Chile	81,442,281	125,209,903	49,043,564		−32,398,717	−43,767,622			−43,767,622	−76,166,339
Ecuador	6,757,104	10,388,416	4,662,159		−2,094,945	−3,631,312			−3,631,312	−5,726,257
Peru	21,796,710	33,510,406	29,352,521	+7,555,811		−11,713,696	−7,555,811		−4,157,885	−4,157,885
Total	567,978,962	873,165,672	443,508,471	+90,884,518	−215,355,009	−305,186,710	−73,088,961	+17,795,557	−232,097,749	−447,452,758
RECAPITULATION										
North and Central America	703,871,037	1,082,135,995	958,128,585	+295,254,250	−40,996,702	−378,264,958	−261,326,092	+33,928,158	−116,938,866	−157,935,568
West Indies and Bermudas	307,797,688	473,209,752	218,754,921	+24,609,106	−113,651,873	−165,412,064	−8,327,938	+16,281,168	−157,084,126	−270,735,999
South American Republics	567,978,962	873,165,672	443,508,471	+90,884,518	−215,355,009	−305,186,710	−73,088,961	+17,795,557	−232,097,749	−447,452,758
Grand aggregate of Pan American Union	1,579,647,687	2,428,511,419	1,620,391,977	+410,747,874	−370,003,584	−848,863,732	−342,742,991	+68,004,883	−506,120,741	−876,124,325

Foreign trade of the United States of America during year ending 1926, excluding gold and silver—Continued

	1 Imports	2 Inflated imports	3 Exports	4 Excess exports	5 Excess imports	6 Total excess inflated merchandise imports	7 Net excess free credit against merchandise exports	8 Net excess merchandise exports	9 Net excess free loans against past or future merchandise exports from United States	10 Aggregate net excess bank credits in United States
COUNTRIES OF EUROPE										
Average rate of exchange	$4.8582	$3.16–$7.48	$4.8582	$4.8582	$4.8582	$7.48	$7.48	$7.48	$7.48	$7.48
Austria	9,418,687	14,480,351	2,891,481		−6,527,206	−5,061,664			−5,061,664	−11,588,870
Belgium	77,799,460	119,609,406	99,289,398	+21,489,938		−41,809,946	−21,489,938		−20,320,008	−20,320,008
Czechoslovakia	28,309,996	43,523,975	2,967,516		−25,342,480	−15,213,979			−15,213,979	−40,556,459
Denmark	5,508,506	8,468,813	50,577,039	+45,068,533		−2,960,307	−2,960,307	+42,108,226		
France	152,030,007	233,731,942	263,779,037	+111,749,030		−81,701,935	−81,701,935	+30,047,095		
Germany	198,460,503	305,114,495	364,114,585	+165,654,082		−106,653,992	−106,653,992	+59,000,090		
Hungary	873,113	1,342,329	986,842	+113,729		−469,216	−113,729		−355,487	−355,487
Iceland	177,877	273,469	246,875	+68,998		−95,592	−68,998		−26,594	−26,594
Ireland	1,476,397	2,269,822	16,986,518	+15,510,121		−793,425	−793,425	+14,716,696		
Holland	101,893,586	156,651,866	135,795,044	+33,901,458		−54,758,280	−33,901,458		−20,856,822	−20,856,822
Norway	25,076,365	38,552,570	24,880,427		−195,938	−13,476,205			−13,476,205	−13,672,143
Sweden	43,999,832	67,645,633	40,861,061		−3,138,771	−23,645,801			−23,645,801	−26,784,572
Switzerland	42,053,361	64,653,116	8,253,240		−33,800,121	−22,599,755			−22,599,755	−56,399,876
England	383,189,536	589,118,137	972,384,840	+589,195,304		−205,928,601	−205,928,601	+383,266,703		
Total	1,070,267,226	1,645,435,924	1,984,013,903	+982,751,193	−69,004,516	−575,168,698	−453,612,383	+529,138,810	−121,556,315	−190,560,831
Estonia	1,234,553	1,898,009	826,178		−408,375	−663,456			−663,456	−1,071,831
Finland	9,108,267	14,003,110	12,915,562	+3,807,295		−4,894,843	−3,807,295		−1,087,548	−1,087,548
Latvia	5,982,256	9,197,160	726,927		−5,255,329	−3,214,904			−3,214,904	−8,470,233
Lithuania	946,593	1,455,298	88,455		−858,138	−508,705			−508,705	−1,365,843
Poland-Danzig	4,146,739	6,375,224	3,938,887		−207,852	−2,228,485			−2,228,485	−2,436,337
Soviet Russia	13,502,687	20,759,120	48,499,061	+34,996,374		−7,256,433	−7,256,433	+27,739,941		
Total	34,921,095	53,687,921	66,995,070	+38,803,669	−6,729,694	−18,766,826	−11,063,728	+27,739,941	−7,703,098	−14,432,792
Azores-Madeira	1,594,775	2,451,817	1,280,316		−314,459	−857,042			−857,042	−1,171,501
Gibraltar	30,800	47,352	1,676,792	+1,645,992		−16,552	−16,552	+1,629,440		
Italy	102,527,151	157,625,922	157,401,862	+54,874,711		−55,098,771	−54,874,711		−224,060	−224,060
Portugal	5,559,772	8,547,630	11,634,029	+6,074,257		−2,987,858	−2,987,858	+3,086,399		
Spain	41,334,439	63,547,841	68,204,700	+26,870,261		−22,213,402	−22,213,402	+4,656,859		
Total	151,046,937	232,220,562	240,197,699	+89,465,221	−314,459	−81,173,625	−80,092,523	+9,372,698	−1,081,102	−1,395,561
Bulgaria	1,295,445	1,991,625	357,788		−937,657	−696,180			−696,180	−1,633,837
Greece	16,908,301	25,994,934	10,352,509		−6,555,792	−9,086,633			−9,086,633	−15,642,425
Malta, Gozo, and Cyprus	194,928	299,683	1,312,222	+1,117,294		−104,755	−105,755	+1,012,539		
Rumania	1,097,933	1,687,969	3,111,261	+2,013,328		−590,036	−590,036	+1,423,292		
Turkey in Europe	8,983,154	13,810,760	2,510,496		−6,472,658	−4,827,606			−4,827,606	−11,300,264
Yugoslavia and Albania	1,154,925	1,775,580	854,776		−300,149	−620,655			−620,655	−920,804
Total	29,634,686	45,560,551	18,499,052	+3,130,622	−14,266,256	−15,925,865	−694,791	+2,435,831	−15,231,074	−29,497,330
RECAPITULATION										
Northwestern and Central	1,070,267,226	1,645,435,924	1,984,013,903	+982,751,193	−69,004,516	−575,168,698	−453,612,383	+529,138,810	−121,556,315	−190,560,831
Northeastern Europe	34,921,095	53,687,921	66,995,070	+38,803,669	−6,729,694	−18,766,826	−11,063,728	+27,739,941	−7,703,098	−14,432,792
Southwestern Europe	151,046,937	232,220,562	240,197,699	+89,465,221	−314,459	−81,173,625	−80,092,523	+9,372,698	−1,081,102	−1,395,561
Southeastern Europe	29,634,686	45,560,551	18,499,052	+3,130,622	−14,266,256	−15,925,865	−694,791	+2,435,831	−15,231,074	−29,497,330
Grand aggregate of all Europe	1,285,869,944	1,976,904,958	2,309,705,724	+1,114,150,705	−90,314,925	−691,035,014	−545,463,425	+568,687,280	−145,571,589	−235,886,514
ASIA AND OCEANIA										
WESTERN ASIA										
Aden	2,892,085	4,446,316	553,398		−2,338,687	−1,554,231			−1,554,231	−3,892,918
Arabia	1,661,183	2,553,913	59,818		−1,601,365	−892,730			−892,730	−2,494,095
Iraq-Mesopotamia	2,483,486	3,818,127	982,836		−1,500,650	−1,334,641			−1,334,641	−2,835,291
Palestine	188,288	289,382	1,192,581	+1,004,353		−101,154	101,154	+903,199		
Syria	2,756,860	4,238,414	2,165,962		−590,898	−1,481,554			−1,481,554	−2,072,452
Persia	8,400,851	12,915,524	753,904		−7,646,947	−4,514,673			−4,514,673	−12,161,620
Turkey in Asia	7,851,309	12,070,654	417,484		−7,433,825	−4,219,345			−4,219,345	−11,653,170
Total	26,234,002	40,332,330	6,125,983	+1,004,353	−21,112,372	−14,098,328	101,154	+903,199	−13,997,174	−35,109,546
SOUTH-SOUTHEASTERN ASIA										
British India	150,887,485	231,975,421	50,008,760		−100,878,725	−81,087,936			−81,087,936	−181,966,661
Malaya	383,799,824	590,056,398	13,563,205		−370,236,619	−206,256,574			−206,256,574	−576,493,193
Ceylon	55,805,372	85,795,549	2,588,042		−53,217,330	−29,990,177			−29,990,177	−83,207,507
Java	68,394,544	105,150,226	17,406,892		−50,987,652	−36,755,682			−36,755,682	−87,743,334
Other Dutch East Indies	51,221,910	78,748,904	10,201,990		−41,019,920	−27,526,994			−27,526,994	−68,546,914
French Indo-China	197,064	302,967	2,189,840	+1,992,776		−105,903	−105,903	+1,886,873		
Philippine Islands	103,796,844	159,577,957	68,648,351		−35,148,493	−55,781,113			−55,781,113	−90,929,606
Siam	633,324	973,676	1,852,088	+1,218,764		−340,352	−340,352	+878,412		
Other Asia	413,781	636,149	37,911		−375,870	−222,368			−222,368	−598,238
Total	815,150,148	1,253,217,247	166,767,079	+3,211,540	−651,864,609	−438,067,099	−446,255	+2,765,285	−437,620,844	−1,089,485,453
EASTERN ASIA										
China	143,146,165	220,073,864	110,205,014		−32,941,151	−76,927,699			−76,927,699	−109,868,850
Hong Kong	11,293,111	17,362,103	12,818,752	+1,525,641		−6,068,992	−1,525,641		−4,543,351	−4,543,351
Kwantung	3,465,692	5,328,177	6,465,742	+3,000,050		−1,862,485	−1,862,485	+1,137,565		
Japan	400,692,589	616,027,447	260,754,079		−139,938,510	−215,334,858			−215,334,858	−355,273,368
Soviet Russia in Asia	619,305	952,123	1,406,581	+787,276		−332,818	−332,818	+454,458		
Total	559,216,862	859,743,714	391,650,168	+5,312,967	−172,879,661	−300,526,852	−3,720,944	+1,592,023	−296,805,908	−469,685,569

Foreign trade of the United States of America during the year 1926, excluding gold and silver—Continued

	1 Imports	2 Inflated imports	3 Exports	4 Excess exports	5 Excess imports	6 Total excess inflated merchandise imports	7 Net excess free credit against merchandise exports	8 Net excess merchandise exports	9 Net excess free loans against past or future merchandise exports from United States	10 Aggregate net excess bank credits in United States
RECAPITULATION										
Western Asia	$26, 234, 002	$40, 332, 330	$6, 125, 983	+$1, 004, 353	−$21, 112, 372	−$14, 098, 328	$101, 154	+$903, 199	−$13, 997, 174	−$35, 109, 546
South-Southeastern Asia	815, 150, 148	1, 253, 217, 247	166, 767, 079	+3, 211, 540	−651, 864, 609	−438, 067, 099	446, 255	+2, 765, 285	−437, 620, 844	−1, 089, 485, 453
Eastern Asia	559, 216, 862	859, 743, 714	391, 650, 168	+5, 312, 967	−172, 879, 661	−300, 526, 852	3, 720, 944	+1, 592, 023	−296, 805, 908	−469, 685, 569
Grand aggregate (Asia)	1, 400, 601, 012	2, 153, 293, 291	564, 543, 230	+9, 528, 860	−845, 856, 642	−752, 692, 279	4, 268, 353	+5, 260, 507	−748, 423, 926	−1, 594, 280, 568
OCEANIA										
Australia	45, 738, 549	70, 318, 748	168, 694, 795	+122, 956, 246		−24, 580, 199	24, 580, 199	+98, 376, 047		
New Zealand	18, 826, 033	28, 943, 275	41, 574, 571	+22, 748, 533		−10, 117, 237	10, 117, 237	+12, 631, 296		
Other British Oceania	1, 453, 950	2, 235, 312	1, 424, 735		−29, 215	−781, 362			−781, 362	810, 577
French Oceania	2, 325, 839	3, 575, 760	1, 011, 215		−1, 314, 624	−1, 249, 921			−1, 249, 921	−2, 564, 545
Total (Oceania)	68, 344, 376	105, 073, 095	212, 705, 316	+145, 704, 779	−1, 343, 839	−36, 728, 719	34, 697, 436	+111, 007, 343	−2, 031, 283	−3, 375, 122
AFRICA										
MEDITERRANEAN										
Algeria and Tunisia	3, 154, 148	4, 849, 208	6, 399, 265	+3, 245, 117		−1, 695, 060	−1, 695, 060	+1, 550, 057		
Egypt	35, 221, 389	54, 149, 597	10, 338, 972		−24, 882, 417	−18, 928, 208			−18, 928, 208	−43, 810, 625
Italian Africa	8, 185	12, 583	14, 998	+6, 813		−4, 398	−4, 398	+2, 415		
Morocco	542, 485	834, 020	2, 313, 311	+1, 770, 826		−291, 535	−291, 535	+1, 479, 291		
Spanish Canary Islands	464, 377	713, 936	3, 833, 553	+3, 369, 176		−249, 559	−249, 559	+3, 119, 617		
Other Spanish Africa	1, 349	2, 073	798, 544	+797, 195		−724	−724	+796, 471		
Total	39, 391, 933	60, 561, 417	23, 698, 643	+9, 189, 127	−24, 882, 417	−21, 169, 484	−2, 241, 276	+6, 947, 851	−18, 928, 208	−43, 810, 625
OTHER AFRICAN COUNTRIES										
Abyssinia	13, 656	20, 994	4, 023		−9, 633	−7, 338			−7, 338	−16, 971
Belgian Congo	1, 696, 634	2, 608, 416	1, 233, 136		−463, 498	−911, 782			−911, 782	−1, 375, 280
British East Africa	2, 250, 991	3, 460, 688	3, 976, 032	+1, 725, 041		−1, 209, 697	−1, 209, 697	+515, 344		
British South Africa	19, 826, 854	30, 481, 937	51, 079, 969	+31, 253, 115		−10, 655, 083	−10, 655, 083	+20, 598, 032		
British West Africa	19, 793, 536	30, 430, 713	9, 912, 283		−9, 881, 253	−10, 637, 177			10, 637, 177	−20, 518, 430
French Madagascar	271, 072	416, 747	286, 449	+15, 377		−145, 675	−15, 377		130, 298	−130, 298
Other French Africa	1, 199, 001	1, 843, 352	4, 066, 310	+2, 867, 309		−644, 351	−644, 351	+2, 222, 958		
Liberia	280, 040	430, 535	389, 281	+109, 241		−150, 495	−109, 241		−41, 254	−41, 254
Portuguese Mozambique	11, 562, 892	17, 776, 866	4, 979, 332		−6, 583, 560	−6, 213, 974			−6, 213, 974	−12, 797, 534
Other Portuguese Africa	140, 753	216, 394	1, 493, 300	+1, 352, 547		−75, 641	−75, 641	+1, 276, 906		
Total	57, 035, 429	87, 686, 642	77, 420, 115	+37, 322, 630	−16, 937, 944	−30, 651, 213	−12, 709, 390	+24, 613, 240	−17, 941, 823	−34, 879, 767
RECAPITULATION										
Mediterranean	39, 391, 933	60, 561, 417	23, 698, 643	+9, 189, 127	−24, 882, 417	−21, 169, 484	−2, 241, 276	+6, 947, 851	−18, 928, 208	−43, 810, 625
Other African countries	57, 035, 429	87, 686, 642	77, 420, 115	+37, 322, 630	−16, 937, 944	−30, 651, 213	−12, 709, 390	+24, 613, 240	−17, 941, 823	−34, 879, 767
Grand aggregate (Africa)	96, 427, 362	148, 248, 059	101, 118, 758	+46, 511, 757	−41, 820, 361	−51, 820, 697	−14, 950, 666	+31, 561, 091	−36, 870, 031	−78, 690, 392
GRAND SUMMARY										
America	1, 579, 647, 687	2, 428, 511, 419	1, 620, 391, 977	+410, 747, 874	−370, 003, 584	−848, 863, 732	−342, 742, 991	+68, 004, 883	−506, 120, 741	−876, 124, 325
Europe	1, 285, 869, 944	1, 976, 904, 958	2, 309, 705, 724	+1, 114, 150, 705	−90, 314, 925	−691, 035, 014	−545, 463, 425	+568, 687, 280	−145, 571, 589	−235, 886, 514
Asia	1, 400, 601, 012	2, 153, 293, 291	564, 543, 230	+9, 528, 860	−845, 856, 642	−752, 692, 279	−4, 268, 353	+5, 260, 507	−748, 423, 926	−1, 594, 280, 568
Oceania	68, 344, 376	105, 073, 095	212, 705, 316	+145, 704, 779	−1, 343, 839	−36, 728, 719	−34, 697, 436	+111, 007, 343	−2, 031, 283	−3, 375, 122
Africa	96, 427, 362	148, 248, 059	101, 118, 758	+46, 511, 757	−41, 820, 361	−51, 820, 697	−14, 950, 666	+31, 561, 091	−36, 870, 031	−78, 690, 392
Aggregate grand summary	4, 430, 890, 381	6, 812, 030, 822	4, 808, 465, 005	+1, 726, 643, 975	−1, 349, 339, 351	−2, 381, 140, 441	−942, 122, 871	+784, 521, 104	−1, 439, 017, 570	−2, 788, 356, 921

Net surplus exchange

AMERICAN DOLLARS EXCHANGE FUND CONTROLLED BY BRITISH BANKS

Countries	Average exchange										1933
	$4.5748	$4.4171	$4.8289	$4.8582	$4.8610	$4.8662	$4.8569	$4.8621	$4.5349	$3.5060	
	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	
Brazil	$97, 650, 008	$114, 127, 956	$134, 110, 782	$139, 857, 654	$114, 289, 869	$120, 592, 011	$98, 898, 592	$77, 048, 789	$81, 722, 028	$53, 663, 141	
Colombia					39, 109, 604		54, 541, 763	72, 008, 997	59, 428, 104	50, 175, 890	
Chile	60, 743, 403	67, 300, 799	49, 920, 594	32, 398, 717	23, 968, 823	34, 798, 876	46, 248, 592	8, 375, 696	18, 514, 972	8, 709, 542	
Peru							3, 991, 220	5, 562, 564	1, 038, 793		
China		8, 697, 174					42, 069, 602	12, 073, 229			
Japan		89, 741, 291					172, 745, 454	114, 454, 897	49, 731, 298		
Czechoslovakia	16, 592, 617	20, 472, 525	19, 983, 468	25, 342, 480	24, 284, 741	31, 459, 476	40, 006, 317	24, 522, 879	19, 375, 056	11, 147, 957	
Greece	3, 488, 531	11, 006, 923	9, 553, 288	6, 555, 801	14, 617, 197	1, 000, 000	1, 015, 837	502, 700	3, 403, 772		
Aden	1, 000, 000	1, 000, 000	2, 696, 867	2, 338, 687	2, 472, 985	2, 803, 269	1, 849, 043	1, 516, 134	1, 161, 050	480, 074	
Persia	4, 935, 959	4, 568, 478	6, 772, 939	7, 646, 947	5, 957, 767	7, 777, 147	6, 218, 657	4, 054, 578	3, 400, 874	1, 682, 065	
Iraq					3, 670, 891	5, 042, 351	5, 262, 893	2, 775, 593	2, 799, 397	766, 535	
Gold Coast							11, 459, 838	4, 956, 279	3, 656, 401	3, 940, 638	
Nigeria							9, 466, 172	6, 807, 433	4, 004, 385	1, 463, 535	
Belgian Congo							10, 197, 479	12, 742, 010	1, 747, 430	716, 889	
Venezuela									11, 199, 644	10, 058, 277	
Finland									5, 077, 387	5, 403, 475	
Italy									7, 842, 485		
Switzerland									13, 427, 347	5, 192, 208	
Equador									1, 668, 551	1, 766, 499	
Austria									1, 497, 513	1, 733, 510	

Net surplus exchange—Continued

AMERICAN DOLLARS EXCHANGE FUND CONTROLLED BY BRITISH BANKS—continued

Countries	Average exchange										1933
	$4.5748	$4.4171	$4.8289	$4.8582	$4.8610	$4.8662	$4.8569	$4.8621	$4.5349	$3.5060	
	1923	1924	1925	1926	1927	1928	1929	1930	9131	1932	
Norway									$4,675,070	$3,523,540	
Sweden									2,112,231	7,022,245	
Turkey	$4,898,487	$6,467,599	$8,439,202	$7,433,825	$16,042,377	$14,144,878	$6,355,443	$7,253,062	6,371,511	3,850,295	
India	97,728,932	68,375,742	106,221,868	100,878,725	67,706,532	95,236,217	93,972,784	58,952,632	21,822,255	8,288,887	
Malaya	146,437,639	140,542,738	302,738,139	370,236,619	264,158,069	192,536,449	224,522,840	134,431,194	78,337,606	32,309,412	
Ceylon	26,387,815	23,736,973	45,773,228	53,217,330	38,171,888	27,960,840	29,590,055	18,911,007	9,648,934	5,178,139	
Egypt	32,632,099	24,229,779	33,650,930	24,882,417	22,110,000	17,662,956	25,648,112	4,685,691		2,142,717	
Total	492,495,490	580,267,977	719,861,305	770,789,202	636,560,743	551,014,470	884,060,693	571,635,364	413,664,094	219,215,468	

SUMMARY

British Empire	$304,186,485	$257,885,232	$491,081,032	$551,553,778	$398,290,365	$341,242,082	$401,771,737	$233,035,963	$121,430,028	$54,569,937	$3,155,046,639
South America	158,393,411	181,428,755	184,031,376	172,256,371	177,368,296	155,390,887	203,680,167	162,996,046	173,572,092	122,605,850	1,691,723,251
Europe	29,915,594	42,515,525	44,748,897	46,979,053	60,902,082	54,381,501	63,793,733	49,075,229	68,930,676	42,039,681	503,281,971
Asia		98,438,465					214,815,056	126,528,126	49,731,298		489,512,945
Total	492,495,490	580,267,977	719,861,305	770,789,202	636,560,743	551,014,470	884,060,693	571,635,364	413,664,094	219,215,468	5,839,564,806

AGGREGATES

British Empire	$3,155,046,639
South America	1,691,723,251
Europe	503,281,971
Asia	489,512,945
Grand aggregate	5,839,564,806

Statement showing international merchandise and services balances between Great Britain and the United States

Years	1 Exchange	2 Imports	3 Shipping	4 Bills of exchange	5 Investment income	6 Aggregate	7 Exports	8 War debt	9 Cash balances
1923	$3.16	(B) $579,718,362	$176,664,635	$705,144,358	$204,778,096	$1,666,305,451	$821,321,237	$161,000,000	$683,984,214
	$4.5748	(A) 404,071,815	123,137,724	492,495,490	142,733,200	1,162,438,229	821,321,237	161,000,000	180,116,992
	Excess	(C) 175,646,547	53,526,911	212,648,868	62,044,896	503,867,222			503,867,222
1924	$3.16	(B) 512,267,807	170,411,873	811,108,702	198,001,400	1,691,789,782	982,034,509	160,310,000	549,445,273
	$4.4171	(A) 366,476,902	121,912,825	580,267,977	141,650,400	1,210,308,104	982,034,509	160,310,000	67,963,595
	Excess	(C) 145,790,905	48,499,048	230,840,725	56,351,000	481,481,678			481,481,678
1925	$3.16	(B) 630,667,710	214,583,088	1,100,044,323	214,280,562	2,159,575,683	1,003,856,369	160,620,000	995,099,314
	$4.8289	(A) 412,704,535	140,421,671	719,861,305	140,223,700	1,413,211,211	1,003,856,369	160,620,000	248,734,842
	Excess	(C) 217,963,175	74,161,417	380,183,018	74,056,862	746,364,472			746,364,472
1926	$3.16	(B) 589,118,137	208,089,320	1,311,864,123	222,540,226	2,331,611,806	972,384,840	160,900,000	1,198,326,966
	$4.8582	(A) 383,189,536	135,350,866	770,789,202	144,750,400	1,434,080,004	972,384,840	160,900,000	300,795,164
	Excess	(C) 205,928,601	72,738,454	541,074,921	77,789,826	897,531,802			897,531,802
1927	$3.16	(B) 550,601,990	189,759,209	979,212,676	224,930,623	1,944,504,498	840,058,668	160,150,000	944,295,830
	$4.8610	(A) 357,930,937	123,357,149	636,560,743	146,221,100	1,264,069,929	840,058,668	160,150,000	263,861,261
	Excess	(C) 192,671,053	66,402,060	342,651,933	78,709,523	680,434,569			680,434,569
1928	$3.16	(B) 536,567,604	189,630,576	848,527,850	226,937,834	1,801,663,864	847,276,661	161,400,000	792,987,203
	$4.8662	(A) 348,434,661	123,141,735	551,014,470	143,777,370	1,166,368,236	847,276,661	161,400,000	157,691,575
	Excess	(C) 188,132,943	66,488,841	297,513,380	83,160,464	635,295,628			635,295,628
1929	$3.16	(B) 506,825,128	193,055,208	1,358,797,290	226,504,274	2,285,181,900	847,999,841	160,590,000	1,276,592,059
	$4.8569	(A) 329,750,565	125,605,580	884,060,693	147,368,210	1,486,785,048	847,999,841	160,590,000	478,195,207
	Excess	(C) 177,074,563	67,449,628	474,736,597	79,136,064	798,396,852			798,396,852
1930	$3.16	(B) 323,088,084	130,616,749	879,541,860	214,487,493	1,547,734,186	678,108,376	160,590,000	709,035,810
	$4.8621	(A) 209,982,700	84,890,960	571,635,364	139,400,570	1,005,909,594	678,108,376	160,590,000	167,211,218
	Excess	(C) 113,105,384	45,725,789	307,906,496	75,086,923	541,824,592			541,824,592
1931	$3.16	(B) 194,387,072	74,030,082	593,647,256	181,924,297	1,043,988,707	455,973,613	160,780,000	427,235,094
	$4.5349	(A) 135,452,411	51,585,494	413,664,094	126,768,125	727,470,124	455,973,613	160,780,000	110,716,511
	Excess	(C) 58,934,661	22,444,588	179,983,162	55,156,172	316,518,583			316,518,583
1932	$3.16	(B) 82,866,649	35,346,146	243,218,184	101,500,639	462,931,618	288,462,805	161,000,000	+13,468,813
	$3.5060	(A) 74,688,706	31,857,906	219,215,468	91,483,744	417,245,824	288,462,805	161,000,000	−32,216,981
	Excess	(C) 8,177,943	3,488,240	24,002,716	10,016,895	45,685,794			45,685,794

Column 1: The average rate of exchange of the English pound sterling for the year 1923 through 1932.

Column 2: Value of United States imports from Great Britain for the year 1923 through 1932.

Column 3: Value of payments made each year by the United States to British shipping, insurance, and banking companies for services rendered in connection with the aggregate import and export trade of the United States throughout the world.

Column 4: Value of bills of exchange drawn on United States importers by exporters of foreign nations, which are debtors to Great Britain, bought in sterling by British banks operating throughout the world.

Column 5: Value of interest payments received as income on British capital invested in United States securities of every description, such as bonds, stocks, debentures, mortgages, etc., owned by British investors.

Column 6: Aggregate value of columns 2, 3, 4, and 5.

Column 7: Value of United States exports to Great Britain.

Column 8: Value of annual installments payable to U.S.A. Government on account of the British war debt in accordance with the terms and conditions set down in the Baldwin-Mellon agreement of March 1923.

Column 9: Aggregate value, after deduction of values contained in columns 7 and 8 from the values contained in column 6, which latter contains the aggregate values contained in columns 2, 3, 4, and 5. The marginal subdivisions marked "(A)", "(B)", and "(C)" in regard to column 9 show the degree of profit and/or purchasing power: (A) That was made on the gold standard; and (B) the profit, which includes the increased profit and/or purchasing power, that will be made in the future under a new gold standard; and (C) the net increased profit and/or purchasing power, which will accrue to Great Britain, provided that, as explained hereunder: 1. If and so long as the Government of the United States through the medium of the Reconstruction Finance Corporation, continues to depreciate the value of the dollar by buying gold, at home and abroad, at variable premiums over the fixed gold standard price of $20.67 per ounce of fine gold. All the values contained in subdivision (B) are computed on the basis of gold being "pegged" by the Reconstruction Finance Corporation at $31.80 per ounce of fine gold of 480 grains; 2. If and when the Government of the United States should revalue gold, by an act of Congress and Senate, at the fixed price of $31.80 per ounce of 480 grains of fine gold. All values contained in this tabulation are computed on the basis of the volume and prices that obtained each year from 1923 through 1932 at the average rate of exchange of the pound sterling during each year.

Statement showing assessed gross income of Great Britain on declared overseas investments

[The income arising abroad to British investors for the purposes of the national income is divided into 3 groups]

Years	Group 1	Group 2	Group 3	Total gross income declared
	Dominion and foreign interest and dividends paid through paying agents in Great Britain, or received by the encashment of coupons through bankers, coupon dealers, etc., in Great Britain. This group refers to interest and dividends on Government securities issued by the British dominions and colonies, as well as by all foreign nations. All figures are in United States of America dollars computed at the average rate of exchange of the pound sterling during the year 1923 through 1932.	Income arising from businesses controlled in Great Britain, but mainly carried on abroad, and with assets situate abroad, interest, and dividends payable abroad (not included in group 1) and income from other foreign possessions. This group comprises (1) profits from certain concerns trading abroad and having assets abroad, viz: (a) Railways, tramways, etc., operating abroad; cables, telegraphs, and telephones situate abroad; (b) Mines, oil wells, and nitrate fields situate abroad; (c) Tea, coffee, rubber, sugar, etc., plantations situate abroad; (d) Gas, water, harbor, mortgage, financial, manufacturing, and trading undertakings abroad.	Income arising from trading corporations' operations carried on abroad by British concerns trading mainly at home, but partly abroad. This group embraces those concerns which, though carrying on trade abroad, have their main business at home. The principal concerns belonging to this group are shipping, banking, and insurance companies having branches abroad, and manufacturing and trading concerns with works or branches abroad. In considering the figures given in groups 2 and 3, it must be borne in mind that they are the income as declared for taxes payable in Great Britain and therefore must not be confused with the total receipts from overseas, whether profits or not, which are the figures of direct importance for the purpose of the international balance of payments.	
1922-23	$391, 633, 082	$354, 547, 000	$277, 873, 828	$1, 024, 053, 910
1923-24	398, 960, 617	413, 998, 850	294, 838, 284	1, 107, 797, 751
1924-25	481, 524, 411	465, 988, 850	243, 938, 996	1, 191, 452, 257
1925-26	488, 800, 948	582, 984, 000	381, 218, 829	1, 453, 003, 777
1926-27	510, 767, 042	656, 235, 000	398, 613, 311	1, 565, 615, 353
1927-28	515, 500, 351	632, 606, 000	408, 321, 800	1, 556, 428, 151
1928-29	527, 474, 990	631, 397, 000	439, 640, 861	1, 598, 512, 851
1929-30	556, 814, 393	749, 617, 700	397, 342, 967	1, 703, 775, 060
1930-31	616, 531, 649	739, 363, 960	334, 865, 088	1, 690, 760, 697
1931-32				
1932-33				
1933-34				

NOTE.—These income returns are for the fiscal years ending Mar. 31.

Mr. McFADDEN. Now, we may as well recognize the fact that the action which we are taking here today largely takes the power over money and credit away from the Federal Reserve System. It is true, there are certain functions which will remain undisturbed, and one of the main functions is to act as a reservoir for reserve deposits of member banks which will carry with it the usual resources of rediscount. Just what is to be done with Federal Reserve note issues, whether the Federal Reserve System is to be given the continued right of issuing Federal Reserve notes and holding Government securities instead of gold, together with eligible paper, I do not know. I think, eventually, there must be some declaration on this subject, and I therefore look for additional revelations as to the unfolding of a further plan, and it is my judgment that we are not working on experiments, we are working under a definite plan which the President of the United States initiated when he was inducted into office, and each of these steps is a part of a definite plan to a definite end. Whether or not he succeeds in accomplishing what he has in mind is his responsibility.

I want to emphasize in closing that all the money and credit resources which we now possess come from prior-earned wealth, and all the wealth of the United States belongs to the United States, in the final analysis, as a collective American. Uncle Sam should be the beneficiary of his own wealth and any consequent credit manufactured out of it. If he were made the only banker—and there are some things that indicate this is a part of this program, and I am not in the confidence of the administration to that extent—all borrowers could take their collateral to him and borrow whatever passes for money, be it a token or what not; and when the people of the United States paid interest for the use of this money, credit, or tokens, it would go into the United States Treasury, where it would automatically stop the present Bolshevik threat; it would balance the Budget; it would pay the pensions and would abolish all property taxes. In other words, it would break the stranglehold and free the God that is in us, and would leave a yearly cash balance in the Treasury of the United States.

I am in favor of a return absolutely to the Constitution of the United States and am opposed to the setting up of any new form of government in these United States, because I am opposed to the establishment in this country of a ruling class and a peasant class. [Applause.]

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this is a Franklin D. Roosevelt bill. He asked for it to enable him to continue his plan of recovery. He is going to get it. He asked for this on January 15, 5 days ago. You cannot find practically any opposition to his desire to revalue the gold dollar. There are not five men in this House who will dare to vote against the plan to revalue the gold dollar.

Our Republican friends must have something to say about the bill, and what do they do? They search around and some of them attack section 10. They scream with horror to think that you are going to put into the hands of the Secretary of the Treasury the power to handle this $2,000,000,000 stabilization fund. Why, the gentlemen on the other side have given the Secretary of the Treasury the power to handle fund after fund, buy and sell, and without the cooperation or supervision of any board, commission, or the approval of the President. You will recall he has the power to invest and reinvest the fund secured from the Alien Property Custodian, then there is the insurance fund of the Veterans' Administration and many others. You know that he handles this money, invests it, and reinvests it with no one telling him what to do with it. The Secretary does this under the power that you have granted him. Now you come along and say, "No; we will not give you the power to handle a few hundred million dollars more." What is a few hundred million dollars in these days? [Laughter.] When you talked about a few hundred million dollars years ago everybody would jump, but they pay no attention to it now. So do not get excited over the amount.

There is another thing the Republicans complain about—you are robbing the Federal Reserve banks by not giving them the profits, they say. My good friend from Massachusetts [Mr. LUCE] said this is confiscating their money.

What is the Federal Reserve bank? It was set up by an act of Congress and a Federal Reserve bank is supported by its member banks. Where do the member banks get their money? They get it from the depositors. Where did they get this gold? They got it from the depositors and passed it along and it came into the Federal Reserve banks. If the profits belong to anybody, they belong to the people who put the money in the banks, and how are you going to find out who put the money there. Therefore is it not proper that the Government should take over the profits for the benefit of all the people rather than for a few bankers? This is one time when Mr. Moneybags is going to be on the outside looking in and not on the inside looking out.

I was downstairs a few minutes ago and the teller in the Sergeant at Arms Office was playing with fifteen $20 gold pieces. He said one of the Members had turned them in. I asked him what he was going to do with the gold and he said he was going to take it up to one of the Washington national banks. That gold will then find its way into the Federal Reserve bank for the district and finally into the Treasury. What right has the Federal Reserve bank to get the benefit of any profits that might accrue from this gold turned in downstairs today by a Member of this House.

Now, Mr. Chairman, as I say, the President wants this bill. The Secretary of the Treasury told us why it is necessary. Many reasons were advanced by him why this bill should be passed at once. He gave one crude example of what we are up against. He said we are in a card game where all the players can cover up their cards, but Uncle Sam's cards must be turned face up on the table. What chance has Uncle Sam to deal with the other players when their cards are held up against their breasts and his cards are lying face up on the table? We want Uncle Sam's cards turned down so that they will not find out what we are doing, and this will give us the same opportunity that they have today. We should not want our officials to be handicapped in their dealings with others.

I say to you on the Democratic side that this is a Roosevelt measure. He wants this power. This is his bill. It comes from him; and whether our Republican friends like it or not, pass this bill as it comes from the committee, word for word, without changing any portion of it whatsoever, and you will be doing something to help the President of the United States bring about economic recovery. [Applause.]

Mr. PERKINS. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. ANDREW].

Mr. ANDREW of Massachusetts. Mr. Chairman, ladies and gentlemen, the bill before us today involves, in my judgment, some of the most fundamental decisions with regard to our monetary system that have faced Congress, certainly since the resumption of specie payment in the seventies, and probably since the very foundation of our Government.

Not only are we asked today to place the final seal of approval on the debasement of our gold coin but we are asked to abandon altogether the monetary system which has existed in this country since the beginning of its history, and to substitute for it permanently an irredeemable, inconvertible currency, depending for its amount and value only upon the fallible opinions of changing administrations.

We are asked to take this tremendous step 4 days after the bill was first presented to Congress with only 3 days' hearings, which are not yet available to Members of the House, and after merely 3 hours of explanation and discussion. If anyone thinks that is the way to create respect for Congress and the decisions of Congress and to reestablish faith in our monetary system, he must indeed be an optimist.

Let me enumerate some of the factors of instability which already exist in our monetary system. First of all our basic gold. I would not dwell upon the devaluation of the gold dollar, the power to do which was authorized last spring. I doubt whether at that time many Members of the House anticipated that that power would be used week after week during the following months deliberatively to bid down the value of our historic dollar. But that, as we know, has been done. It is an accomplished fact. And however serious or regrettable it may be, it is not as significant as the present proposition to abandon altogether a fixed though debased gold dollar as a standard.

Second. We also voted authority last spring to increase the Civil War greenbacks, now inconvertible again as they were in the sixties and seventies, from three hundred and forty-six millions to three thousand millions of dollars. That authority is still on the statute books, and there is nothing to prevent the Secretary of the Treasury from making use of it tomorrow if he chooses to do so. That is certainly not a factor which assists in restoring confidence.

Third. There is also still on the statute books power to issue, without any limitation whatever as to amount, Federal Reserve bank notes against Government obligations. I mean Federal Reserve bank notes, not Federal Reserve notes. The Secretary of the Treasury, when he wants to borrow, can sell United States bonds to the Federal Reserve banks and allow them to issue such notes dollar for dollar to pay for them. The law does not require any reserve to be held against them, but under the present proposal, which would make all currency irredeemable, it would mean little if it did. The Secretary of the Treasury, obliged as he is to borrow $10,000,000,000 within the next 5 months, could, under present law, do it through the medium of an issue of a like amount of inconvertible Federal Reserve bank notes.

This was the procedure which the German Government followed after the war. The Government sold its securities to the Reichsbank and allowed the Reichsbank to issue an equivalent sum of its notes.

In the end, as you perhaps remember, the German mark depreciated to less than one trillionth of its original gold value. That experience of 10 years ago is still so fresh in mind as not to permit a repetition of it on the same scale here or anywhere else in the world during the present generation. But the power still exists in this country to do so, and may be resorted to and, in fact, already has been used to some extent in recent months. The Secretary of the Treasury, in borrowing one or ten or more billions of dollars, is able to sell United States bonds to the Federal Reserve banks and arrange for these banks to issue a like amount of inconvertible paper currency. This is far from a reassuring factor in our present monetary system.

In the fourth place, the Executive last spring was given authority to buy any amounts of silver that he saw fit and to coin them at any fictitious value that he might choose. This power seems to me unimportant, however, as compared with the other powers that I have already mentioned, insofar as our currency is concerned, for the possible amounts involved are incomparably less than the Treasury's present power to issue paper money.

When Congress adjourned last June, there had been resigned to the Executive four grants of power with regard to our monetary system. First, he could debase the gold coins of half their value, issue two gold dollars in place of one, and so add four thousand million dollars to our monetary system. That is about to be done. Second, he could multiply the greenbacks eightfold, or up to three thousand millions of dollars. Third, he could force the issue of unlimited thousands of millions of Federal Reserve bank notes. Fourth, he could coin unlimited amounts of silver at the ratio to gold of 16 to 1, when its actual value in gold was less than 60 to 1.

The Executive has already used one of these grants of authority in debasing the gold dollar, thus adding, when the step is finally taken, four thousand millions of dollars to the country's total monetary stock of $10,000,000,000, an increase of 40 percent in the total money supply of the country. If this bill now before us had at the same time withdrawn or curtailed the other tremendous powers of inflation which Congress has authorized, it would have contributed vastly to the restoration of the country's confidence; but these other powers are not mentioned in the bill and still remain potentially disturbing. Instead, it is proposed today to give the Executive still further authority. The bill does not merely propose to remove every dollar of gold from the bank reserves but it proposes also to make all the various kinds of our paper money permanently irredeemable, that is, permanently insofar as one Congress can bind the future. Moreover, it still leaves in the hands of one man, the Secretary of the Treasury, the determination of how much inconvertible money shall be issued, and it gives him additional power to decide what its future value shall be.

Personally, I do not believe this is the road to recovery, or that it is a credit to the Congress of the United States to treat such a tremendously important subject with so little deliberation. [Applause.]

Mr. COCHRAN of Missouri. Mr. Chairman, I yield to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, this bill to deflate the swollen value of the gold dollar to its original value is the first step in the redemption of the pledges of the Roosevelt administration for higher prices and an honest dollar. The manipulations of the money changers since the war have stretched the dollar until it is like a yardstick that has been doubled and tripled. It has been inflated until it is as dishonest as a bushel measure that has been enlarged to three times its honest capacity and as fraudulent as a pound scale weight plugged to weigh 3 pounds. When it buys a dozen eggs, it demands 36 eggs for the price of 12. When it buys a quart of milk, it exacts a gallon for the price of a quart. When it buys a beef, it takes the entire steer for the price of a hindquarter.

When a farmer takes a dollar's worth of corn to market, the dishonest gold dollar gives him 30 cents. When he buys a dollar's worth of farm machinery, it charges him $3. Where he once paid his taxes with a load of hogs, the double-dealing dollar now demands three loads of hogs. And when he goes to redeem his note, on which he borrowed $100, the pirate dollar strikes out the $100 worth of farm produce he borrowed and writes in $300 worth of farm produce to be paid.

This inflation of the dollar by the money powers has bankrupted millions, confiscated thousands of square miles of homes and farms, pauperized entire industries, fostered crime and poverty, marred the physical, mental, and social development of a generation of children, and reduced the standard of living of every farm family in America. The reduction of the dollar to its fair value under this bill will reduce debts and increase farm prices. It will reduce taxes and deficits and increase the farm income and the business and bank balance of every man dependent on farm patronage. It will cancel the advantage which European nations have been enjoying at our expense in international trade and will open to American commerce the markets of the world which England and France have closed to us by deflating the pound sterling and devaluing the franc while our misguided statesmen inflated the dollar and worshiped at the shrine of the gold standard as Israel worshiped the golden calf. When we can match their deflated currency with an equally deflated dollar, we can again export our surplus products to foreign markets, relieve the pressure on the market at home and maintain a fair domestic price. Our economic system will no longer be an autocracy of gold administered by a subservient Treasury Department under direction of metropolitan banks and international financiers but a democracy of stable and orderly values under which the producer will be accorded a fair market for his product and due compensation for his services.

But, Mr. Chairman, as important as this bill is, and as beneficial as the devaluation of the dollar will be to agriculture, it does not solve the problem of the farmer and it will not cure the depression. It is one of the fundamental measures with which President Roosevelt proposes to meet the existing emergency, and is a long step forward on the road to recovery, but it is only one step in the program. By itself it cannot remedy the basic cause of the depression which has pauperized agriculture, closed banks, shut down factories, and thrown millions out of employment. It fails to reach the major problem which must be solved before we can expect to return to normal. It does not remedy the inequitable distribution of the national income; the disparity in the wages paid for labor in the factory as compared with wages paid for the same labor in the field; the variation in the return on money invested in land and farming equipment and the same amount of money invested in industrial enterprises. It does not give agriculture the same price it pays industry and labor for the same amount of time and toil and investment. It does not afford the same compensation for commensurate service to society.

In the period immediately preceding and during the war, and again in 1926, agriculture enjoyed approximate parity with industry and labor, and the Nation prospered. Every man was employed and every tradesman was busy. But organized greed, its taste for blood aroused by unconscionable war profits, entered upon a campaign of legalized piracy. Farm prices were deflated while industrial prices were advanced beyond the peak prices of the war. In no previous age was the production and accumulation of wealth so rapid, and in no period of history since human slavery was abolished was its distribution so unfair to those who produced it.

In that short period more money was filched from agriculture than was exacted from the Central Powers in reparations at Versailles. Hogs sold at an all-time low level; wheat was lower than at any time since the reign of Queen Elizabeth; while farm machinery and fertilizer and practically every item entering into the cost of farm production reached the high-water mark in the quotations on the commodity exchanges of the Nation. For a time the market riggers fattened on the plunder from the farms as the Russian revolutionists gorged themselves with the loot from the stricken Russian nation. They thought they could live at the expense of the farmer indefinitely. But when the farmer could no longer buy, the factory could no longer sell. And when the factory could no longer sell, labor could no longer find employment. It was denying the farmer the return on his investment which industry asked on its investment that closed the factory and lowered its stocks and bonds on the exchange. It was denying the farmer the wage asked by labor for its services that reduced the union scale of wages and finally turned the workman out on the street. And the depression inevitably followed.

There can be no permanent employment until the factories are again running permanently, and the factories cannot operate permanently until the farmer can buy. The remedy is to restore the buying power of the farmer. Farm prices must be increased. There is no alternative. Wheat must again bring $1.50 per bushel; corn 75 cents per bushel; cotton 18 cents per pound; butter fat 35 cents per pound; hogs $12 a hundred; and all other farm products in proportion. These prices are low in comparison with $200 binders and $21.50 acid phosphate and the present price of motor gas.

The devaluation of the dollar will not remedy this discrepancy. The increase in the value of gold affects the price at which the farmer buys as well as the price at which he sells, and raising the price of both simultaneously is like a mechanical dog chasing a mechanical cat on a wheel. The faster the dog moves the faster the cat moves. The faster the farmer's income increases the faster his expenses increase. Raising both does not affect the margin between the two. It does not give the farmer parity in prices, and that is the sole objective to be achieved in ending the depression. Lack of parity of agricultural prices with industrial prices, the reduction of farm prices at a time when factory prices were skyrocketing above war levels, brought on the depression, and no amount of legislative or administrative palliatives will permanently end it. The farmer must again be paid as much as he is charged. Temporary expedients are narcotics; and unless the farm market for manufactured commodities is permanently opened by paying the farmer a price for farm commodities which will restore the buying power of the farm, business conditions will be worse when the effect of the artificial stimulant is dissipated than before the hypodermic was administered.

Devaluation of the dollar is merely a preliminary step. It will increase farm prices. But that is not sufficient. The increase must be to full parity with industry and labor. Legislation and administrative adjustments must be effected which will do for agriculture what the N.R.A. has done for industry. The N.R.A., as now administered, is largely neutralizing any advantage the farmer is receiving from remedial measures adopted for his relief up to this time. More than 300 codes have been adopted, creating monopolies and fixing prices which more than absorb the slight increases accruing from the subsidies being paid on farm products.

These monopolies created under Government supervision are mulcting the farm consumer out of all proportion to the

increase in wages and employment afforded their employees. Cotton in the farmer's shirt went up 2 cents and the price charged the farmer went up 25 cents. Materials in his overalls went up less than 10 cents and the overalls went up from 49 cents to $1, an increase of over 100 percent. Wheat advanced 25 percent and concrete advanced 69 percent. The Government spent vast sums buying pigs, and hogs will today buy less manufactured commodities than ever before in the memory of this generation. The collusive prices adopted by the N.R.A. codes drove the pitiful purchasing power of the farmer from the index number of 71 in July 1933 to 57 in December 1933.

Basically, the N.R.A. is sound. But it should have followed and not preceded farm recovery. Industry has only suffered since 1929, while agriculture, with a brief respite in 1926, has been in deep water since 1921 and is going down for the third time. The remedy is to adopt measures which will advance farm prices to the parity which has been promised by every political platform since the war. Production must be controlled; tariffs must be reduced; negotiations must be entered into with foreign nations to lower trade barriers; foreign markets must be opened to surplus American products; prices must be advanced to parity and other means enlisted to place agriculture on a plane of economic equality with industry and labor.

In other words, the devaluation of the dollar must be supplemented. The economists who drew this bill must collaborate with Secretary Wallace to carry out the remainder of the program. No abler man has served as Secretary of Agriculture since the creation of that great office, and he and President Roosevelt are entitled to the cooperation and support of every official and citizen who looks forward to the coordination of industry, labor, and agriculture in the same mutually prosperous relationship they enjoyed in 1914, 1920, and 1926.

The depression is man made. It cannot be blamed on Providence. It is the product of greed and stupidity. It was brought about by legislative and economic manipulation, and it must be remedied through the same agencies. Legislation should be brought on the floor of the House as soon as the committees can report it to undo the evil which has been done and restore farm prices and national prosperity. The country has always enjoyed good times when the farmer was prosperous and bad times when he was denied a fair return for his labor, and it behooves the powers that be to take cognizance of that fact in the present emergency.

We are in the midst of a revolution. Old landmarks have been swept away and new standards are being established. It is a period of flux in which the status of the farmer is being permanently readjusted, and the justice and equity of that readjustment will affect profoundly not only the farmer but the economic life of the Nation and the world for centuries to come. Agriculture must have its fair share of the national wealth it creates. It is the cornerstone of our economic system, and the superstructure cannot stand on a crumbling foundation.

I am voting for this bill. I heartily endorse every provision in it. But additional legislation in behalf of agriculture must follow, and follow quickly, if recovery from the depression is to be permanent.

Mr. COCHRAN of Missouri. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. FIESINGER].

Mr. FIESINGER. Mr. Chairman, I rise to make an explanation of my vote on this bill, and in the limited time I have to make such explanation as I can. Of course, one cannot do very much in 10 minutes. It was said here this morning by the gentleman from Massachusetts [Mr. LUCE] that there are three major objectives in this bill—first, the devaluing of the gold dollar. This is sometimes called the revaluation of the gold ounce. This is a mistake. The ounce of gold is not changed in value. It is changed in price but not in value. This is an error that for us may prove to be a tragic blunder. England changed the value of the gold ounce by increasing the demand for gold. We can change the value of gold by decreasing the demand. But this bill does not do that, and there is our error. The next objective pertains to the changing of the Federal Reserve System. Such a matter we cannot even begin to consider in the time we have had allotted to us; and, third, the stabilization of the dollar. Without time for deliberate study, I must feel that I know nothing about the Federal Reserve System as its functions and ramifications relate to the proposed changes that are contained in this bill. We have had 72 hours to consider these various features. No one could hope to act as a legislator in that length of time if he is to function as a legislator in fact and not merely in form. In the few minutes allotted to me I shall address myself to the explanation that I have to make of the part of the bill which relates to the revaluation of the gold ounce. For years I have been studying the ramifications of this question. I have somewhat familiarized myself with its fallacies and its mysteries.

I have taken the position at least twice upon this floor that I am against devaluating the dollar. I have taken the floor several times in favor of America's assuming control of the value, not the price, of the gold ounce. About a year ago I made a speech on the floor of this House, and some gentleman asked me the question whether I was in favor of devaluing the dollar. I said that I was not, and on that occasion I gave my reasons. Within this bill is the power of the President to do as he sees fit within the limits fixed in the bill. I predict that these limitations will prove to be restrictions. I predict those who drafted this bill will later see that these restrictions play into the hand of nations who have refused to agree to the 1926 price level. I said on the floor of the House the other day I hope that the President of the United States, who has proposed this bill, has given these things serious consideration. The advisers of the President with whom I have conferred, or whom I have questioned as a member of the committee, have not satisfied me. I made a statement on the floor of the House the other day as to what might possibly happen if the Supreme Court of the United States should finally hold that the contracts that contain the gold clause, so called, should be carried out according to the provisions of the contract. Last evening there appeared in the Washington Star this statement by Dr. Warren M. Persons, whom Professor Fisher himself named as one of his approved 19 monetary experts. Among other things Dr. Persons is quoted to have said:

> The Government itself has issued about $20,000,000 in obligations which promise to pay in gold value then at $20.67 an ounce. If the price of gold is doubled through a 50-percent devaluation of the dollar, the Government would then owe $40,000,000,000 in the devalued dollar. That, of course, is predicated on the constitutionality of the gold clause.

There should, it seems to me, be some proper guaranties or some appropriate protection in the event the Government is caught short of gold either by such an event or some other event. For example, suppose the stabilization fund loses gold. Then the gold dollar is revalued again to adjust for error in this valuation. Suppose the corner on gold is broken and gold drops to the 1926 price level. What will we do. The Government will owe the Federal Reserve all the gold it has lost. Indications to the members of the committee were not to amend the President's bill. Therefore I will not offer an amendment, as I feel relieved from this responsibility; otherwise I would propose an amendment to protect the Government in such a situation by providing that the Government could pay in gold or in its value equivalent. I am going along with this bill, and I am going to vote for this bill. I hope the President has fully considered these things, and has determined what can be done to protect the Nation from such situations if they should arise.

What are we trying to do by devaluation of the gold dollar? Gold has risen in value, so that it has a purchasing power of about 165 percent or 170 percent, and we are supposed to be trying to take that excess purchasing power out of gold and bring gold back again to the normal value of the 1926 price level.

All the arguments that we hear speak of their changing the value of the gold ounce. It is said that we change the

value of gold from $20.67 an ounce to $34 an ounce. These fallacies of expression have lead to fallacies of thought, and I am thoroughly concerned with them. You can change the price of an ounce of gold by dividing it into 34 fractional parts instead of 20 fractional parts, but you cannot change its value. We must make the distinction between value and price. You may pay $5 for a hat or you may pay 20 quarter dollars for a hat. You pay more units but you do not pay greater value, and this is exactly what happens when you change the gold content of the dollar. Let us consider the position of price in England. England has abandoned the gold redemption for the pound, and in that sense has devalued the gold content, but what did England do before that? England exercised control of the value of gold as to its purchasing power. England reduced the gold equivalent of sterling about 30 percent after England had increased the buying power of gold 65 percent. What is the result of this? The result is that although England has devalued the gold equivalent of her currency, England has fully protected her values.

Why is it this matter is overlooked by the American experts? I can get no satisfactory answer from them. The American Nation is considering the devaluation of the gold dollar before they have taken control of the value of the metal—gold—and given it the purchasing power that will suit American interests after the dollar is devalued. On the contrary the value of gold is in such a position as is against the interest of America as a great producing nation. So that we will lose each year by the lower values we will receive for our commodities and for our exports and for our property, a value that will be measured in staggering billions of dollars. This is not a theory. This is not an opinion. This is a fact. We may get more dollars and yet get less value.

The reason this distinction is overlooked is that the interest of America and the interest of Europe are not identical in the matter of values. Europe is interested in low values; America is interested in high values. There is much propaganda to the contrary, but I have spent months of study on this question. This propaganda is a sham and will not stand up. There is a definite conflict. It runs through the records, through parliamentary debates, and especially through the divisions in international conferences.

Mr. Chairman, I am saying that England before devaluing the gold content 30 percent raised the value of gold 60 percent and left the devalued currency of England still 30 percent above the 1926 price level, which meant that the price of commodities were 30 percent below the 1926 price level in terms of English exchange. On the contrary, America is devaluing the gold content of the dollar with gold 60 percent above the 1926 price level, which means that as soon as the corner of gold is broken, which is the object of all these nations, and as soon as gold has adjusted itself to the conditions that will follow, we will have a dollar value of 20 to 30 percent below the value we think we are arriving at in this bill, and we have fixed the limit that the President cannot go above to readjust for this. The result will be that we will be selling our products in the markets of the world at below the cost of production. We will be tied to the limitations of this bill, which is fixed between 50 and 60 percent, and what I am fearful of is that we will be tied by international agreement to stabilize the dollar in relation to the pound, and that will still further complicate our situation adverse to our interest.

I proposed a bill in this House more than a year ago, but it has not yet come up for debate, to do for America what England and France have done in their interest. And I would use the same principles. I recognize that gold has extreme value, and that all commodities and property have a correspondingly low value in relation to gold value. I would take that extreme value out of gold by putting in reserves another metallic money that would operate in competition with gold, and bring down the value of gold just as France and England have brought it up by the reverse process, and to where it normally ought to be. I would work with the law of supply and demand just as England has done, and I would leave gold with its purchasing power in line with the 1926 price level. Economists agree that this is the fair price level and that it protects American interests far better than either the price level of English sterling or the present value of gold. I have said many times that I have no personal interest in either gold or silver money. Why would I do it that way? Because if we did it that way we would be reducing the buying power value of gold money throughout the world. Gold as a world commodity would serve again as money and be then reestablished as a standard under a new system that protects business from this change. I would reduce the value of that gold over all the world and thereby raise the price of commodities over all the world in terms of all gold moneys. This is the real object. This is what we are after. This is a full protection to American economic interest. When we export prime commodities, we come in competition with other commodities throughout the world, and we would get for those commodities a purchasing power equal to the 1926 price level. Then our home market would give not only price but value. We would not only have more dollars but greater value per dollar.

We have been confronted here for 10 or 15 years with the farm problem. Why do we have the farm problem? Because we have to sell our exportable surplus in world markets. We are in competition with the same commodities over all the world, and we must meet their level of prices; and in meeting that level of prices, it reflects back upon the bulk of commodities that we sell in the United States. Hence, it we have to sell wheat in Liverpool at 50 cents a bushel, that price is reflected back in the United States. So what we want to do, if we are ever going to solve this problem, is to see that the price of wheat in Liverpool is raised. Then our price for wheat in this country will be raised, and we can solve the farm problem in this country. This is one procedure. The other is to plow up wheat and cotton and destroy our supply source of our national wealth.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. FIESINGER] has expired.

Mr. PERKINS. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. MAY. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. MAY. When I first came in the gentleman was talking about having heretofore opposed deflation of the dollar upon the idea that it might create fear in the minds of the people. Does not the gentleman feel that the provision in this bill, which provides for a $2,000,000,000 stabilization fund, will take care of the question of fear, as far as the markets are concerned?

Mr. FIESINGER. It might. I said I knew nothing about the stabilization fund. I have not had time to consider it in its various ramifications.

Now, I had in mind to submit an amendment to this House to cover the proposition that I am speaking about, but I knew before I introduced it that it would have no chance to pass here. This House is going to pass this bill, and I am going to vote for it [applause], but I say that cutting the dollar in two is not the cure. I say the cure is to put another substance in the world's metallic base to bring down the value of gold throughout the world, by adding to the gold equivalents of the world's money. However, I want to be on record here so that I am not reversing myself upon a position I have taken in this House. The amendment that I would offer would read as follows:

The Secretary of the Treasury is directed to provide a monetary reserve for the Treasury of the United States of both gold and silver. He shall purchase gold, as otherwise provided in this act, and shall purchase silver until a billion ounces of silver shall be added to the monetary reserves in the United States, at the rate of not less than 50,000,000 ounces per month: *Provided, however,* That as soon as 371¼ grains of fine silver shall equal 23.22 grains of pure gold in purchasing power the purchase of silver shall be suspended. The purchase of silver shall be made from time to time wherever silver shall be procurable at or under this value, and the silver so purchased shall be held in reserve in the Treasury of the United States against bearer certificates of deposit, pay-

able to bearer on demand in silver bullion in an amount equal to the gold value of the face of the certificate.

Such silver certificates shall be issued by the Treasury in amount which, in the aggregate, shall equal the cost of such silver to the Treasury.

The Treasurer of the United States, upon presentation, shall redeem such silver certificates by the delivery of the face value thereof in silver bullion of the gold equivalent value, so that the silver delivered shall be measured by value rather than by weight.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. FIESINGER] has expired.

Mr. COCHRAN of Missouri. Mr. Chairman, I yield to the gentleman from Washington [Mr. SMITH].

CONGRESS MUST RESTORE SILVER

Mr. SMITH of Washington. Mr. Chairman, may I express my personal gratification that this most important measure was referred by the Speaker of this House to the Committee on Coinage, Weights, and Measures, in accord with the precedents and rulings of the distinguished Speakers of past Congresses, a decision which received almost unanimous approbation of the Membership of this body. We realize, of course, that some pretext could very easily have been assigned for referring it to the Committee on Banking and Currency, and such is the esteem and regard in which our present beloved Speaker is held, that if he had made such a ruling it also would undoubtedly have been upheld by the House. However, Speaker RAINEY again gave that evidence of his devotion to duty and right which have ever characterized his 30 years of faithful and valiant service to the cause of progressive government as a Member of the American Congress. The Speakership of this body is the second highest and important office in the Nation, ranking only next to the Presidency itself, and the American people are fortunate, indeed, that in this hour of crisis each of these exalted positions is held by an American statesman of courage, independence, vision, and patriotism.

Mr. Chairman, the action of President Roosevelt in ratifying the London silver pact and more recently to nationalize the gold coin and bullion in the possession of the Federal Reserve banks and to devalue the gold dollar on a basis of 60 percent of its statutory value, as is proposed in the pending bill, has raised the hopes of millions of our citizens throughout the land that before the end of this session the President will recommend to Congress the enactment of constructive silver legislation. Public opinion has crystallized rapidly in favor of the restoration of silver as a medium of exchange until today the vast majority of the American people from ocean to ocean are anxiously and eagerly looking to the President and Congress to bring about the increased employment of silver and a gold and silver standard of money, the monetary base upon which the United States was founded and continued until 1873. There is a pronounced public sentiment in favor of this policy in the State of Washington, particularly within my own district in southwest Washington, and it prevails to a marked degree in every section of the United States.

The American people everywhere have become convinced that the single gold standard is one of the principal causes of our present economic conditions. In their opinion this contraction and deflation of the currency has cheapened the prices of commodities, farm products, and all classes of merchandise, has decreased purchasing power, lowered property values, penalized debtors, enabled the big bankers to control and manipulate the money of the Nation to their own enrichment and the impoverishment of the wage earners, the farmers, the merchants, the professional men, and the population generally, and ruined our export trade with half the world.

GOLD DEVALUATION IS SOUND

Mr. Chairman and members of the Committee, this legislation to devalue the gold dollar will to some extent raise commodity prices, equalize debts, restore property values, and increase purchasing power, but unfortunately it will maintain and prolong the inability of China, India, Australia, South America, Mexico, and other silver-using nations of the world to buy our agricultural, forest, and other products. These nations who use silver money exclusively in their domestic trade, who constitute half of the population of the world, will still be compelled to buy gold exchange in all their foreign-trade transactions, materially reducing—in most cases as much as four times—their buying power, so that they cannot afford to buy from us. We will still be in the position of having one half of the gold of the world in our Treasury and yet require these nations, whose only money is silver, if they desire to purchase our products, to make payment therefor in gold.

RATIFICATION OF SILVER PACT INSUFFICIENT

The terms of the London silver pact stabilizing the domestic price of silver at 64½ cents per ounce, precluding the debasement of silver, limiting its sale and prescribing its purchase in the various nations, is not sufficient to bring about that far-reaching and wide-spread use of silver which is necessary to raise its value to a figure that will restore the purchasing power and prosperity of the silver-using nations and again open their markets to us and the rest of the world. Also, we will directly benefit very slightly the people of the silver-producing States within our own country, for we agree to take from the mines annually only 24,421,410 ounces of silver, during the period from January 1, 1934, to January 1, 1938, while the production in the United States for 1932 was approximately 24,000,000 ounces of silver, substantially the same quantity. On the contrary, by stabilizing the price of gold and silver in their proper relation, the metal-producing States would immediately start to absorb their own available labor and purchase materials and supplies from other States, in addition to increasing the value of the money of 800,000,000 people in the world who now use and always have used silver exclusively as their money and who would like to buy our wheat, our cotton, our lumber, our salmon, and our manufactured goods but cannot do so because their silver money, as now measured by gold, is nearly worthless.

SILVER MUST BE RESTORED

Mr. Chairman and my colleagues, why do we hesitate to do the two things that are absolutely essential?

First. Restore silver as a primary money metal, which it was throughout the world until 1873.

Second. Stabilize the price or value of silver in buying-power terms of an ounce of silver in the proper economic relation to gold.

The devaluation of the gold dollar by our Government, highly desirable as such action is in many respects, will not sufficiently enhance and stabilize the price and value of silver, which is proven by the fact that England, France, Italy, Holland, Norway, Sweden, and almost every country in Europe have long since gone off the gold standard and readjusted the value of their monetary units in terms of gold—their francs, pounds, lire, kroner, and what not—as we are about to do with the dollar, and yet no enhancement and stabilization of silver has resulted, nor will it result, from the devaluation of the gold content of our dollar.

We know that a considerable number of the Members of the United States Senate, probably a majority of the Membership, are in favor of restoring silver to its status as primary money on a parity with gold at a regulated ratio. It is generally considered that this senatorial group would be willing to agree to a 20-to-1 ratio, which is the figure being seriously considered by Great Britain. It is believed that it would be easier to obtain an international agreement at this ratio, as then the European powers would not have to restore all the parity that they clandestinely filched from the American and Asiatic nations through "the crime of '73."

UNITED STATES IN POSITION TO ACT

However, the United States, as the major world power and the leading creditor Nation in the world, is now in a position to settle its own monetary problems without taking dictation from the international bankers or our debtor governments of Europe, and there is every reason to assume that our taking action to establish silver as a primary redemption money on a parity with gold at a regulated ratio would be followed by similar action by every nation in the world with which the United States carries on commercial relations.

OBJECTIONS TO SILVER ARE UNFOUNDED

Mr. Chairman, who are those who object most strenuously to our taking this action? First and foremost, the international bankers and the possessors of great wealth in cash, gold bonds, and securities, who desire the purchasing power of gold to be high, commodity prices low, and the quantity of metallic money small, because the more limited the circulating medium of exchange, the more easily they can control and manipulate it for their own profit. They are those who have the brazen effrontery to compare the use of silver, which with gold has been used as a money metal from the dawn of civilization, and enjoyed a comparatively constant parity with gold up to the attempted demonetization of silver by Great Britain in 1816 and the United States in 1873, with German paper marks, which had back of them no redemption metal whatsoever, neither silver nor gold, and were in truth and in fact flat money, with nothing back of them excepting the mere promise of a bankrupt government.

The cry of "inflation" is another petty ruse to which the international bankers resort in the hope to thereby excite the fears of the people and create, if possible, prejudice against silver. They never tell the people that the Federal Reserve banks have issued billions of paper currency redeemable in silver, as well as gold, but based solely on the notes and commercial paper "promises to pay" of individuals and corporations, which, unlike silver and gold, are unlimited and the currency based thereon unlimited.

PRESENT GOLD SUPPLY INADEQUATE

Mr. Chairman and ladies and gentlemen of the Committee, every student of the subject agrees that the present gold supply is inadequate to serve the needs of the world for monetary purposes. The production of gold has declined 13 percent during the period from 1906 to 1932, according to the annual report of the Director of the Mint for the fiscal year ended June 30, 1932, while the population, business, and commerce of the world has increased at even a higher percentage than the production of gold has decreased, and on June 30, 1932, there was less than $6 of gold per capita for the world's population. The world's current obligations payable in gold exceed the total supply of gold in a ratio of 75 to 1. The total available supply of gold is not sufficient to pay even one half of the annual interest charge upon this debt. The principal of the debt accumulates three times as rapidly every year as the amount of gold mined annually for coinage purposes.

UNITED STATES WOULD NOT BE FLOODED WITH SILVER

Mr. Chairman, it is said that if we stabilize the value and price of silver as a primary money and broaden the metallic base of our monetary standard to include silver in a regulated ratio to gold in its true economic relation, so that the price of silver is thereby enhanced in the world markets, the United States will be flooded with silver; but where is it to come from? There are less than 4,000,000,000 ounces of silver coin and bullion in the whole world. Is it reasonable to suppose that those whose money for the past 5,000 years has been silver are going to get rid of it? Why did they not do so before when we had bimetallism? The records show that they increased their holdings of silver during that period.

We are now a creditor instead of a debtor Nation, the tide of exchange has turned, and these nations owe us approximately $4,000,000,000. If this were not true and all of the available silver did come into the United States Treasury, it was established by the Somers congressional committee, after an exhaustive investigation in 1932–33, that approximately 600,000,000 ounces of silver would be the absolute maximum figure that is available and could be brought in. It is at once apparent that this would have very little influence as against the gold now in the United States, especially when the new price is considered. If this be true, then only two other things could happen: First, they could return the certificates to the United States Treasury and demand their silver back, in which case we would lose nothing but the bookkeeping cost of the transaction; second, they could buy goods in the United States with the certificates, in which case our foreign trade would be increased to that extent with the silver-producing nations, and thereby further raise our commodity prices. In short, the only flood that the United States need fear is a flood of orders for American products. Assuming that every nation is going to dump its money upon us, would that not come through the purchases of our products, and is that not what we want?

HAS THE GOLD STANDARD FAILED?

Mr. Chairman, if the single gold standard, unsupported by silver, is so beneficial and is perfect, why do we have our present economic conditions? If gold, and gold alone, is the one and only proper monetary standard, why are all the nations of the earth abandoning it?

It is too obvious for serious argument that in view of the phenomenal volume of production and the overabundance of food, clothing, and every article and commodity for human sustenance, comfort, and even luxury, the fact that the greater portion of mankind are suffering for lack of those very things which are so plentiful must be due to an inadequate and insufficient medium for their proper and necessary exchange and distribution.

As for the United States, "our forests would build homes for the world to live in. Our coal would run its machinery, warm its firesides, and cook its food. Our lead, iron, copper, and zinc would supply its furnaces. Our granite and marble would build its temples."

DUTY OF CONGRESS TO ACT

The Constitution imposes upon Congress the duty to "coin money and regulate the value thereof." We cannot escape our duty if we would, and we would not do so if we could. Various forms of silver legislation have been proposed and are now pending before Congress. In this body we have the bills of the gentleman from Ohio [Mr. FIESINGER], the gentleman from Texas [Mr. CROSS], and in the Senate the bill sponsored by Senator WHEELER, of Montana. Symmetalism is being earnestly advocated in and out of the Chambers of Congress—a gold-silver dollar to be issued after there has been impounded in the United States Treasury all the silver coin and bullion, the same as the gold, with a view to definitely stabilizing both metals as the monetary base for a symmetallic dollar. Whichever one of these or some other form our silver legislation finally assumed, it will, I repeat, soon gain acceptance throughout Europe, and like recognition will be granted to silver by those nations, in the interest of their own commerce with the Far East and South America. In the United States definite salutary effects would be certain to ensue.

BENEFITS TO THE UNITED STATES

Millions of our workmen would be placed back in the ranks of the employed. It will do for the silver-producing States of Colorado, Wyoming, Montana, New Mexico, Washington, Oregon, California, Arizona, Idaho, Utah, Nevada, Illinois, Michigan, Missouri, North Carolina, Pennsylvania, Tennessee, Texas, and Vermont what the cotton, wheat, corn, and hog programs are intended to accomplish for the States producing those commodities and is an essential part of the whole recovery program.

Business within the United States would be stimulated, particularly in the silver-producing States named, and in other States from which materials and supplies would be purchased, and principally because of the impetus to business which would result from our increased commerce with the silver-using countries of Asia and Latin America, which would also multiply the income of our farming population, laboring men, merchants, and manufacturers.

My colleagues, a rich reward awaits the United States if we will but take the initiative in actually restoring the depreciated value of silver throughout the world, for we will thus immediately capture the trade and good will of the whole eastern world, whose restored enormous buying power would be diverted to our country and revive our industries and commerce. Altruism joins with statesmanship in appealing to us to act. Unrest, turmoil, and chaos are cursing China and India, threatening the peace of the world, the sinister figure of bolshevism lurking in the background, due to the almost worthless trade value of their silver money.

The nation which leads the world in substantially restoring the price and value of silver will render the greatest possible service to these miserable, unhappy teeming millions of the Far East; indeed, to the people of all lands, for if China and India are engulfed by bolshevism, revolution, and anarchy our Caucasian civilization will eventually be threatened, involving the fate and destiny of Europe and ultimately of America. Let us make no mistake about that. The nation that leads the way in restoring the economic equilibrium of the 800,000,000 inhabitants of the Far East will earn the everlasting gratitude of mankind; and I covet that honor and high place in history for the United States. [Applause.]

Mr. COCHRAN of Missouri. Mr. Chairman, I yield to the gentleman from Michigan [Mr. SADOWSKI].

Mr. SADOWSKI. Mr. Chairman, I am very much in favor of this bill, and I shall vote for it. This bill carries out the recommendations of the President of the United States in his message to Congress on January 15, 1934. It provides for permanent metallic reserves under the absolute control and possession of the Federal Government. It gives the United States Treasury possession of all monetary gold stock—transferring to the United States Treasury all gold that is now held by the Federal Reserve bank. It further provides for the establishment of a $2,000,000,000 stabilization fund to protect our currency and to aid in the control of our price level. Due to our appreciated dollar and the depreciated currencies of other nations, we have suffered a tremendous disadvantage in the markets of the world. Our citizens have been driven to bankruptcy and suicide because they have been unable to pay debts that were accumulated when money was cheap. I believe that the restoration of the normal purchasing power of our dollar will lead to the restoration of normal business in commerce, agriculture, and industry. No creditor is entitled to a dollar that will purchase more than the one he loaned. This bill gives back to the people of America the right to control their own currency. We have been slaves and gold was our master. We shall now make gold our servant.

Those who controlled our gold have impoverished our citizens, confiscated their homes, closed our factories, wrecked our banks, and forced God-fearing, honest American citizens into bread lines to beg for a bite to eat. They have used this control over gold to gather unto themselves the real wealth of this Nation and pauperize and make serfs of our citizens. They produce nothing and absorb everything.

Oh, I wish this bill went further, so that not only would we have control of our currency but also complete ownership of our banking system. This bill is a step in the right direction, but I am not misled into the belief that it will cure all of our monetary troubles. This can never be done as long as we have privately owned banks in this Nation. The banking business should be nationalized, or socialized, if you please. They should be owned and operated by the Federal Government!

I should like to see the interest-paying game taken away from private bankers. I cannot understand why bankers, who do not own the money they lend, have a right to charge interest, or toll, on the use of money. It is this interest, or toll, that robs the manufacturer and merchant of their profit and the laborer of his wage.

It is like the rake-off, or the percentage in a crap game. When the game is played long enough the house has it all. There is no reason why the money masters, the private bankers, who produce nothing, are overloaded with wealth and power, while the good American citizen, who produces everything, is reduced to beggary. Take away their banking privilege, take away their right to charge a toll on the producers of this country, exterminate that parasite called interest! Then we will have solved our troubles. Then, and only then, will you have honest distribution of wealth.

We have an annual business of approximately $100,000,000,000 and have had only $5,000,000,000 to do the work. This puts a tremendous premium on money and gives to those who own it control of industries and trade generally, through loans upon which interest must be paid. Before the wheels of industry can be started, before manufacturers can open their factories, before constructors can erect new buildings, before real estate can be improved, money must be borrowed for the purpose and interest must be paid for the use of it. And please remember that this money has no value whatsoever except that granted by the people through acceptance as a trade convenience.

So I do not believe that the passage of this bill, although I am for it 100 percent, will cure our ills.

I believe that we must abolish interest and all other forms of payment for the use of money. Private banking must be prohibited! Control and supervision of money must be by the Government, who will operate all banks and other financial institutions—giving easy and liberal credit to its citizens and not charge a toll or a tribute therefor.

There is approximately $400,000,000,000 of wealth in our country. We all know that there is something radically wrong with our present system of distribution of wealth.

We feel that the more wealth produced, the more wealth there should be for everybody, providing it is honestly distributed. We know that new machinery, new inventions, producing a great deal of wealth with less labor required, are a blessing if the benefits were honestly distributed. We have asked ourselves this question many times: "How can we correct our present system of distribution of wealth so that it would operate on an honest and equitable basis?" My answer is: That because of the fact that modern production is made possible, to a large extent, through a system of credit, which at present is governed by those who control the supply of money and our banking houses, honest distribution of wealth cannot be accomplished, until the Federal Government has complete control of currency and banking. Not until we correct a system which gives credit only to those who will pay interest for it and who have wealth to pledge as security.

This bill does, Mr. Chairman, give the Secretary of the Treasury rights to perform certain banking functions, regarding drafts, checks, bills of exchange, bonds, notes, acceptances, foreign exchange, and so forth. This makes the Treasury a sort of central national bank. But it does not eliminate the Federal Reserve bank, and therefore we can expect continual conflict because these organizations will not be able to function side by side. It is my judgment that the Federal Reserve bank is unnecessary. It is privately owned and privately operated. The Government has permitted the Federal Reserve System to buy interest-bearing bonds with non-interest-bearing currency, made legal because the Government delegated its sovereignty to private bankers, the Federal Reserve System.

The Federal Reserve promised to the people of this Nation an even and proper flow of bank credit and an adequate currency. It has done neither.

The Federal Reserve should be abolished—all private banking should be abolished. The right to issue money and credit should be returned to the Federal Government. We must create a national Federal banking system, owned and operated exclusively by all the people of this Nation, for the benefit of all the people of the Nation.

I have been working on and hope to introduce to this Congress within a short time a measure which will accomplish just this very thing. It will be known as the bill "Establishing the bank of the United States, owned, operated, and controlled by the Government of the United States."

When this bill becomes a law there will be no more bank failures, the depositors will not lose their life's savings, the private bankers will be unable to use the people's money for gambling and wild speculation.

Michigan and other parts of the country will never again go through a banking calamity as we have witnessed recently. We have had a bitter experience. This is not the time to patch up our private banking system and adjourn in the hope that our bankers will have a change of heart, that they will improve, that they will become more honest and

more sensitive of the obligations that they owe to the people. At this time it is our solemn duty to the people that have gone through untold misery to correct the greatest of all mistakes—a mistake that every previous Congress is responsible for because they had permitted and perpetuated a private banking and privately controlled currency system in this Nation.

I sincerely hope that I may have the united support of the Members of this Congress when this bill comes up for a vote.

Before voting on this bill, Mr. Chairman, may I bring to the attention of this House that a great deal of credit for this measure is due to that great crusader, that great friend of the common people, the Reverend Father Charles E. Coughlin, pastor of the Shrine of the Little Flower, from my own State of Michigan. He is a loyal friend of our President, Franklin D. Roosevelt. He has spoken over the radio many times appealing directly to the American people, educating them, giving them information which they would not receive from the press. He has fought the money changers and banksters relentlessly. He gave them no quarter. I believe that today, in the passage of this bill, the banksters and the money changers are on their way out.

Mr. PERKINS. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, I have been waiting for an explanation of this bill, a somewhat comprehensive explanation of it from some one of its supporters. I have not heard it as yet. I hope the House will have the benefit of such an explanation before the debate closes.

It is very difficult for a Member of the House little trained in financial subjects, for a Member who has never had any contact whatsoever with the intricacies of foreign exchange and bills, buying of dollars, selling of sterling, and all these mysterious international financial transactions with which the average man never comes into contact—it is difficult, I say, for him to project his mind toward the future and understand what this bill is actually going to do to the business of the United States, both domestic and foreign. To my mind it is highly unfortunate that the committee has not been permitted to hold anything like adequate hearings. It is a great pity we have not before us a volume of printed testimony containing the suggestions and advice, either for or against the principles involved in this bill, of men who have spent their lives studying these questions. I do not think I am reflecting upon the intelligence of the House when I say that scarcely any of us have ever had an opportunity to study these things, and thus scarcely any of us know much about the subject. I am more than willing to include myself in this category. In what I shall say this afternoon you will note that I am groping, groping in part for information, groping in part for solutions.

I shall not repeat the arguments uttered against the famous section 10. I agree with them thoroughly. May I say in this connection, however, that when we compare the management of the British equalization fund with the management of a similar fund in this country we should not necessarily reach the conclusion that we are in the same position as a people or a government in relation to its management as are the British people and the British Government. True, the British do it through a committee of three persons. Presumably this committee is selected by the British responsible ministry. If the committee handling the British equalization fund mismanages it or is guilty of misfeasance or malfeasance in any degree, the House of Commons can unhorse that ministry in 1 day's time.

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

Mr. WADSWORTH. I yield.

Mr. DIES. How can the House of Commons determine whether or not there is misfeasance when transactions are kept absolutely secret in England? Neither the gentleman nor anyone else can get an idea of what happens to that fund.

Mr. WADSWORTH. Secrecy, of course, can be imposed by law, but secrecy never can be maintained indefinitely, not even by bayonets. The truth is bound to leak out. If not, we would better give up our attempts at self-government.

Mr. DISNEY. Mr. Chairman, will the gentleman yield further?

Mr. WADSWORTH. I yield.

Mr. DISNEY. Is it not a fact that the British deny having a stabilization fund; that the fund is actually handled by Governor Montagu Norman in his private account?

Mr. WADSWORTH. It has been stated upon the floor by gentlemen who I thought were informed upon the subject that the British did have an equalization fund. It is stated in the report of the committee.

Mr. DISNEY. I am speaking of the power to handle it.

Mr. WADSWORTH. It is an equalization fund, I assume.

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

Mr. WADSWORTH. I yield.

Mr. DIES. The equalization fund is handled by the note-issue department of the Bank of England. The Bank of England, it might be said, is divided into two parts, one of which does an ordinary commercial banking business and the other issues notes. This department of the bank is given the right to issue notes and is separate and distinct from that part of the bank which is engaged in banking transactions. So, in effect, this committee of three is directly responsible to the ministry.

Mr. WADSWORTH. Yes; that is what I was pointing out. The board is finally responsible to the ministry, and the ministry is responsible to the majority of the Commons. That is not so in our Government; the Executive is not responsible to the majority of either the House or the Senate, but enjoys a fixed tenure of office and the change cannot be made even though it may seem necessary. I am speaking quite impersonally; I have no thought of Mr. Morgenthau in my mind as I utter these suggestions; but we are too prone to compare our Government and its customs with foreign governments.

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

Mr. WADSWORTH. I yield.

Mr. McFADDEN. The gentleman is aware that the Secretary of the Treasury under the terms of this bill is required to report on his handling of the stabilization fund only once a year to the Government.

Mr. WADSWORTH. Only to the President, is it not?

Mr. McFADDEN. He reports to the President only.

Mr. WADSWORTH. And not to Congress.

Mr. McFADDEN. And not to Congress.

Mr. DISNEY. Mr. Chairman, will the gentleman yield further?

Mr. WADSWORTH. Mr. Chairman, I am sorry, but I must decline to yield. It is a vast question and of great importance. I merely endeavored to make the comparison and to show the utter difference between the two governments in form and function.

Again, groping, there can be no question I believe that a government can select the base for its currency and fix its value. The Government can select gold; if it desires, it can select silver; if it desires, it can select any other commodity—diamonds, a bale of cotton, or a bushel of wheat—as the base of its currency, and by entirely constitutional procedure establish this article or commodity as the base, metallic or vegetable, of the currency the Government proposes to issue or to authorize. There can be no doubt about this. This being the case, I also believe that the Government, having selected the base for its currency, is not acting in an unsound way when it takes possession of all the articles or commodities or metals which it has selected as the base. I do not quarrel with the provisions of the bill on the ground that the Government should not take the gold.

If we had established a bushel of wheat as the unit of the base of our currency, I would not quarrel theoretically with the attempt of the Government to take over all the bushels of wheat in the country and put them in reserve back of the currency. My quarrel with the bill is that while the Government has the right to take possession of the base, no matter what that base may be, and own it completely, it must pay for it if it takes that base from private owners.

It cannot take private property, be it a bushel of wheat, a diamond, or an ounce of gold, without just compensation.

Referring to the assertion of the gentleman from Tennessee that the gentleman from Massachusetts had urged that whatever profit might come as a result of the Government's taking possession and later revaluing should go to the banks, the Federal Reserve in this case. Frankly, I did not hear the gentleman from Massachusetts contend any such thing. I do not recollect that he said the banks were entitled to the profits. I do not think they are. If we are to have a paper profit by the cutting in two of the unit of the base we have selected, whether we cut in two a bushel of wheat or a bale of cotton or an ounce of gold, the profit has been made as a result of a governmental act and has not been earned by the owner of the article which is used as the base. I think the owner, in this case of Federal Reserve banks, is not entitled to the profit. I still contend that the Government cannot take that thing from them physically without just compensation.

Who owns the gold in the Federal Reserve banks? The Federal Reserve banks do not own that gold. It is the member banks of the System that own the gold. They have earned it over a period of years. It has accumulated as their property, not the property of the people of all the United States but is the property of the member banks.

Mr. McKEOWN. Will the gentleman yield?

Mr. WADSWORTH. I cannot yield to the gentleman. If under a normal proceeding liquidation came about and if there were no other interpositions of law, the gold would be distributed along with other assets. I do not object to the Government's taking this gold into the Treasury, but I am wondering if we have the right to take it without paying for it. This bill provides that it shall be paid for by the Secretary of the Treasury with something that is called in the bill "a gold certificate." Once again I am groping. I have not heard that gold certificate described here in the debate.

Mr. KNUTSON. What makes it gold?

Mr. WADSWORTH. I have not found in the committee's report as yet, and we have had only a minute or two to look into this thing, that the committee has anything to say as to what that certificate is. I gather the impression that the certificate is not redeemable in gold or anything else. It is apparently to be a slip of paper handed to the Federal Reserve banks.

Mr. SOMERS of New York. Will the gentleman yield?

Mr. WADSWORTH. I will, if the gentleman can straighten this out for me.

Mr. SOMERS of New York. Will the gentleman accept the definition of this gold certificate as being a sort of warehouse receipt?

Mr. WADSWORTH. A warehouse receipt? No.

Mr. SOMERS of New York. The possibility of redemption rests with the right of the Secretary of the Treasury to make regulations. He can do it if he sees fit. That is in the bill. If it is to the benefit of the country it can be done.

Mr. WADSWORTH. He can pay or not pay, as he sees fit?

Mr. SOMERS of New York. In gold.

Mr. WADSWORTH. We have delegated power in about every conceivable way, but that is a new one to me.

Mr. PERKINS. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from New Jersey.

Mr. PERKINS. Is it not quite apparent that these gold receipts will not be redeemable in gold because then the Government will be paying out the very gold that it decides to keep?

Mr. WADSWORTH. What is it doing then?

Mr. PERKINS. That is the part of the bill you have to take on faith.

Mr. MILLARD. Will the gentleman yield for a short question?

Mr. WADSWORTH. I yield to the gentleman from New York.

Mr. MILLARD. I heard the majority leader say that the Democratic administration was going to save the money for the people of the country, and I heard the gentleman from Mississippi [Mr. RANKIN] intimating that the Federal Reserve System was of Republican origin. Was it not created in the era of Woodrow Wilson, and has not every Democratic nominee since pointed to it as being one of the greatest pieces of constructive legislation that has occurred in America? Now they try to say it is a Republican measure.

Mr. WADSWORTH. Of course, the gentleman is right.

[Here the gavel fell.]

Mr. PERKINS. Mr. Chairman, I yield the gentleman an additional 5 minutes.

Mr. WADSWORTH. The gentleman from New York is correct about that. The establishment of the Federal Reserve System was the finest achievement of the Wilson administration, in my judgment, and was the result of years and years of study and effort to set up a model system of currency regulation in this country. This bill completely revolutionizes the whole thing.

Returning again to the certificate, I cannot find out whether they are to have any value at all.

Mr. BUSBY. Will the gentleman yield?

Mr. WADSWORTH. I cannot yield to the gentleman.

Mr. BUSBY. I can help you on that point.

The CHAIRMAN. The gentleman declines to yield.

Mr. WADSWORTH. Perhaps the gentleman will help out the whole House in his own time.

Mr. BUSBY. I do not get any time.

Mr. WADSWORTH. I am not getting any either at the present rate.

Mr. BUSBY. The gentleman on the Republican side may yield to you.

Mr. WADSWORTH. In all sincerity I am trying to find out what the gold certificates are.

Mr. BUSBY. I will tell you if you will yield. I do not mean maybe, either.

Mr. WADSWORTH. All right. I yield to the gentleman.

Mr. BUSBY. In the discussion at the White House these certificates were properly described. They are printed in yellow and not green. They have no more monetary value than the ordinary greenback Treasury certificates. They are not redeemable in gold. They will serve as a basis for Federal Reserve credit, just as the metal does today. That is all there is to it.

Mr. WADSWORTH. Very well. Referring again to that conference, I think it was suggested that the effect would be largely psychological.

Mr. BUSBY. Yes.

Mr. WADSWORTH. So they have no value, and yet the pretense is made that by this bill they are paying for $3,400,000,000 worth of gold in these certificates.

Mr. BOILEAU. Will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. BOILEAU. At the present time the certificates are outstanding. In other words, there is no change. The same situation exists. This law does not change the situation with regard to the redeemability of the currency.

Mr. WADSWORTH. Except to this extent: When you as a private individual take your gold to the bank, if you are frightened into doing so, you are paid for it in legal tender. It is not taken away from you without so-called "just compensation." If you take a gold certificate to a bank today, if you are ordered to do it, this being a free country, you can be paid for it and will be paid for it in legal tender. They are not taking away your property without just compensation. The thing that I fear about this bill is that it constitutes an open attempt to confiscate property without just compensation.

I believe the Government has the right to condemn and take over; but if it is private property, and I believe this is, I contend it must, under the fifth amendment of the Constitution, pay for it, and it is not the part of the legislative branch of the Government to say how much the Government shall pay or how it shall pay. That is a judicial function.

Mr. DIES. Will the gentleman yield for a reference to the gold certificate?

Mr. WADSWORTH. Yes.

Mr. DIES. The gentleman says he does not see the difference between this gold certificate and ordinary fiat money. This is the effect of the gentleman's statement.

Mr. WADSWORTH. I think I know what fiat money is.

Mr. DIES. The gentleman sees no distinction between the gold certificate and any other sort of United States paper money, such as the greenback money?

Mr. WADSWORTH. I know the basis upon which greenback money is issued. I do not know the basis upon which these certificates are issued.

Mr. DIES. Does not the gentleman see the distinction between a gold certificate that says, in effect, that there is so much gold in the Treasury, although limited as to the right of the Secretary of the Treasury to exercise his discretion as to when he will redeem that gold, and paper that has no gold backing whatever? Does not the gentleman see the distinction even though there is discretionary power given to the Secretary of the Treasury in regard to the time of redemption?

Mr. WADSWORTH. I assume this paper has gold backing, but it is not redeemable, and when it reaches the hands of the Federal Reserve member banks it is of no value to the member banks whose gold has been taken. [Applause.]

[Here the gavel fell.]

Mr. PERKINS. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman——

Mr. McGUGIN. Mr. Chairman, will the gentleman yield about 30 seconds to me to make an announcement?

Mr. FISH. Yes.

Mr. McGUGIN. Mr. Chairman, the amendment which I expect to offer in lieu of section 10, setting up a board to administer this fund instead of the Secretary of the Treasury, may be found in the CONGRESSIONAL RECORD of yesterday at page 948, at the bottom of the second column. It was placed in the RECORD so the Membership of the House would be able to read it in advance of its being offered.

Mr. FISH. Mr. Chairman, it is my belief and conviction that the people back home are in favor of this legislation. I believe that the average man, if he has interested himself at all in this bill, believes that the President of the United States seeks to take away money from the rich to give to the poor, and because of the disastrous consequences of the inflation in 1929 and because of the part played by the international bankers and the resulting hatred of international bankers, public opinion has been aroused and, generally speaking, the public would favor this bill, as they think it will punish the rich. They believe that they are in some way or other redistributing wealth. This has become a popular slogan, due to certain radio speeches emanating from Detroit, but this bill penalizes thrift, saving, and frugality, the very qualities that are most needed in the United States.

Now, what are the facts? The facts are that this bill constitutes repudiation, confiscation, and a capital levy, all combined in one bill to take away from those that have anything left by devaluing the dollar between 40 and 50 percent. It amounts to legalized confiscation of wealth of the masses. The facts are that when you take a dollar away from one rich man by this bill, devaluing the dollar to 60 cents or below, you are also taking a dollar from 99 other men of moderate means, men of small incomes—the butcher, the baker, and the candlestick maker, the wage earners, the consumers, the civil-service employees, the disabled veterans, and widows and orphans living on small incomes, pensions, or inheritances. All American citizens who have any income at all—millions of life-insurance policyholders, depositors in savings banks, small owners of Government and other bonds and securities will by the passage of this bill become the forgotten men. But the desire to soak the ultra-rich is so strong that nobody cares, and they forget that when you hit one of them by this legislation you are hitting ninety-nine others with moderate incomes who cannot afford to have the dollar devalued 40 percent, and this amount of their wealth confiscated by the Government. If you want to soak the rich and redistribute wealth, the way to do that is through graduated income and inheritance taxes and through doing away with tax-exempt securities.

How does it make it any easier by devaluing the dollar to 60 cents for the wage earner to earn a dollar? This has not been explained. It is going to be just as hard for the wage earner to earn the 60-cent dollar as it was to earn the dollar on the old basis. This is not a square deal for labor, but a new deal which will bear bitter fruit through increased cost of living. I am opposed to a great many of the features of this bill, yet the main reason I propose to vote against it, not reluctantly at all but openly and with the firm conviction that this devaluation bill swats the wage earner and the consumer right in the eye, and that it will retard our getting back to normal and prosperous times by making confusion worse confounded through failure to stabilize the dollar. What the country and business need is public confidence, and without stabilization there can be no restoration of business confidence or permanent revival of our industries.

The basis of sound trade is sound money. This legislation will create further uncertainties and doubts as to the soundness of our money and continue to frighten trade from our market places.

The purpose of all the legislation that has been enacted by the administration in the last 10 months, some good and some bad, I take it, is to increase the cost of commodities. Almost since the advent of your party this has been the purpose of your side of the House. Such a program has a great deal of merit, but if you succeed, as you hope to, and the cost of living goes up 50 percent on foodstuffs, clothing, and other commodities, and then you make the maximum dollar a 60-cent dollar, do you not realize the howl that is going to rise 6 months or a year from now from the wage earners who are given a 60-cent dollar to pay the high cost of living which has been brought about by congressional action through the efforts of members of your party and those who vote for this bill. In the past the Democratic Party has been known as the friend of the American consumer, owing to its opposition to the protective tariff. But when you vote for this bill, devaluing the dollar 40 to 50 percent, and spend or rather squander huge sums out of the Federal Treasury to plow under cotton, destroy crops like wheat and corn, and slaughter 4,000,000 pigs for no other purpose except to put up the price to the consumer, you cease to have the right to represent the consuming population, particularly in the East. Among other results emanating from the passage of this bill devaluing the dollar from 40 to 50 percent, the war debts owed us by foreign nations will be automatically reduced an equal amount.

Remembering the adage that "fools rush in where angels fear to tread", I realize how dangerous it is for any politician to predict anything or promise a job.

I stood on the floor of the House last June and opposed cutting the compensation to veterans with war-service-connected disabilities. I predicted at that time that when we came back this session, in addition to the cut of 25 percent the disabled veterans would be receiving, the rubber dollar would be worth approximately 50 cents. However, I want to be fair, and the fact is that the cost of living has not gone up more than 10 percent, so at the present time the 60-cent dollar does not affect to a great extent the salaries and wages of American labor. If the cost of living remains where it is, then no great harm will be done to those who work for wages. But past history teaches us that you cannot debase the value of the dollar or any other money without cheating and robbing the laborer of that which he earns by the sweat of his brow. A 60-cent dollar will, in the course of events and time, reduce the purchasing power of labor and bring increased privations and a lower standard of living.

The pretense that men can be enriched by either swelling the volume of the currency, issuing flat money, or by huge bond issues is a delusion which has affected mankind at recurring intervals since the dawn of civilization, and is always popular in a period of depression. I am convinced that the cost of living will be increased tremendously by

the issuance of $15,000,000,000 in bonds during the next few months and that the cost of living will be increased for millions of consumers and millions of wage earners, and this bill, devaluing the dollar to 60 cents or below, will work additional hardships on labor and consumers in all parts of the Nation. The real creditors are the laborers, the American wage earners; and if the creditor is to be cheated by a reduction in the value of the dollar, it is and must be at the expense of labor. The American Federation of Labor and the American Legion and other great Nation-wide organizations of that character have opposed inflation in the United States of America, as they realize the havoc that inflation has brought to the wage earners in every country that it has been tried, as they never catch up with the increase in the cost of living.

I hope that at least those of us on this side of the House—the party to which I belong and which has always stood for sound money, an honest dollar, and the gold standard and has always opposed soft money and the unsound Democratic financial policies of the past—will remember that although this bill may be popular today and although they may be currying temporary favor with their constituents back home by voting for it, the day of reckoning is coming and you will have to explain your vote to these wage earners, consumers, and men and women of moderate and small incomes, particularly in the East, when they receive a 60-cent dollar and have to pay with it the vastly increased and higher cost of living. [Applause.]

Mr. SOMERS of New York. Mr. Chairman, I yield half a minute to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Chairman, I should like to ask the gentleman from New York, who has just taken his seat, this question: If everybody, as he says, loses by this bill, where does what everybody loses go?

Mr. FISH. It goes to the Government.

Mr. SOMERS of New York. Mr. Chairman, I yield to the gentleman from Idaho [Mr. WHITE] 10 minutes.

Mr. WHITE. Mr. Chairman, this House has before it for consideration the most vital piece of legislation affecting the welfare of the people of the United States that has ever come before Congress. It is proposed by the passage of this bill to abandon the basic principle upon which our money system was established. We are asked to disregard all the safeguards, all the principles that have made our money system stable, upon which the foundation of our business credit structure rests. We are to take the final step in the program that has been followed persistently and ruthlessly by the master minds of banking and finance since the day of Alexander Biddle and his group in control of the Bank of the United States in their scheme to seize control of the finance and credit of the people of the United States by usurping the prerogative of the Government to create and issue money, given Congress under the Constitution, wherein it is said: "Congress shall have the right to coin money and regulate the value thereof." A scheme to deprive the people of this country of a Government-controlled money system and to substitute bank-controlled credit for the safe and sound system secured by the coinage of our precious metals—the only means of attaining a stable measure of value and a standard medium of exchange. These master minds have conspired continually and successfully to secure control of our business, our welfare, and our very life.

BASIC PRINCIPAL UPON WHICH A SOUND-MONEY SYSTEM MUST REST

Mr. Chairman, to have a workable, stable, and adequate money system in this country that will serve the money needs of the people generally, we must have a system devised to prevent the control of the money value by the expansion and contraction of the money volume. The quantity of money in circulation must be kept from control of any group or any organization of men. This can only be attained by basing the money system upon the coinage of the precious metals which automatically limits the creation of money to the production of the metals upon which our money system is based. Since our Government is to supply the money needs of our people—and the creation of money is a governmental prerogative which must be jealously guarded—the creation of primary money must be based upon metals whose production is sufficient but limited to an amount that will supply a continuous stream of new money into the channels of trade and business that will keep even pace with the needs of growing population and expanding business. The use of gold alone in this country as a monetary basic has proven insufficient and the adherence to a policy of limiting our coinage to the one metal—gold—has caused periods of disastrous financial depression.

WE MUST REESTABLISH THE MONEY SYSTEM OF THE CONSTITUTION

If our Government and this Congress will return to the tried and proven monetary system established by the founders of this Government by using metals of limited production, gold and silver, we can again establish a system of creating primary money, money of ultimate redemption in a sufficient quantity; and, most important of all, secure a constant flow of new money automatically controlled to supply an increasing need of growing population and expanding business and at the same time avoid all the uncertainties and fears of a man-regulated system of credit money that will be imposed upon this country under a managed-currency system proposed in this bill.

STEPS TAKEN IN A PLAN TO SECURE BANKING CONTROL OF CREDIT AND FINANCES OF THE COUNTRY

Mr. Chairman, let me refer to the steps that have been taken in enacting past legislation in deference to the plan so persistently pressed by these master minds in control of our financial system in their efforts to secure control of the credit and finance of this country. After the repayment, Government obligations issued as a result of the Civil War and sold for depreciated currency as low as 50 cents on the dollar had been limited to "coin" and finally that "coin" was made gold that these bonds might return fabulous profits to our bondholders, we find silver was demonetized in 1873 and a disastrous fall of prices ensued. In response to the insistence of our people, an attempt was made to restore silver in a full measure to our coinage, but the master minds in banking were opposed, and after this House passed the Bland bill restoring the full status of silver at a ratio of 16 to 1 in our coinage with gold, when the bill went to the Senate the Allison amendment was offered limiting the coinage of silver and directing that the metal be purchased on a gold basis. Thus we have the first substitute for the remonetization of silver, which deprives the American people of silver as a primary money by purchasing the metal in limited quantities.

As another step to secure the abandonment of silver as money and tightening the banking control on the finances of this country, in 1890 the Sherman Act was passed to purchase silver at $1 an ounce, to be paid for in Treasury notes, mind you, not by issuing silver certificates, which would permit the Government to redeem the certificates paid out for the silver thus bought with silver dollars but Treasury notes. We find that Secretary of the Treasury Carlisle was induced to redeem these Treasury notes issued to pay for the silver purchased—in gold, to the embarrassment of our Government and to the discredit of silver.

With the repeal of the Sherman Act a further step was successfully taken in securing control of our finances and credit. The great increase in the volume of new gold that flowed into the channels of world trade during the next generation more than doubled the world's gold stock by raising the quantity of gold in existence from five billions to eleven and one-half billions of dollars, and met the growing need of money and induced an era of world prosperity.

SUBSTITUTES FOR BIMETALLISM THAT HAVE BEEN TRIED AND FAILED

When money shortage again brought another depression a means was sought to supply the deficiency, the scheme of issuing currency—credit money—based upon the assets of business, was set up under the Federal Reserve banking system. We find that again our Government has tried another substitute for the coinage of silver. When this substitute failed to supply our money needs and business depression and disaster again overtook our people, a new device was created. Once more a substitute was tried for the sound and proven system of bimetallism; Congress was induced to

set up the Reconstruction Finance Corporation that put our Government in the wholesale money-lending business. At the same time we created a huge reservoir for the storage of wealth of our money kings, secure in income and out of reach of taxation by the provision to issue tax-exempt securities. What a spectacle we have here, Mr. Chairman. Our Government entering the money-lending business with all its expenses and uncertainties, relieving our financiers of all worry and risk and loss in placing loans, while the grip of the master financiers was thus strengthened upon the property and tax-paying power of every community and individual in this country. Again our substitute has failed; the misery, woe, and despair of our people is beyond the imagination.

Now, when so many of our ablest business men and disinterested bankers and thousands of our trained economists point the way to security, to safety, to financial stability, urging that we broaden the base of the money foundation that must bear our credit structure, urging the remonetization of silver, we are asked to support a policy as presented in this bill that will wreck the small base left supporting our financial structure.

Mr. Chairman, how can men ascertain and discuss intelligently the temperature of the weather if you rub out the zero mark on the thermometer? How can men conduct business and undertake financial obligations if we have no fixed measure of value. It is proposed here, Mr. Chairman, to create a huge fund of $2,000,000,000 and place it in the hands of one man with power to control price levels in this country by the use of this fund. What an engine for financial destruction we are undertaking to create. What power over the affairs of our people we propose to place in the hands of this man. Our welfare, our hopes, our happiness, our very life will be placed in jeopardy by creating this engine which is a design in opposition to the plan upon which our money system and our Government was established.

Mr. Chairman, I see only uncertainty and distress for our people in adopting the program that will be followed in passing this bill.

Mr. Chairman, I see only discredit and disaster and obliteration for the Democratic Party in accepting responsibility in enacting this legislation.

RECONSTRUCTION FINANCE CORPORATION ANOTHER UNSUCCESSFUL SUBSTITUTE FOR BIMETALLISM

Mr. Chairman, let us disregard the pressure, the intrigue, and sinister advice of the self-seeking financiers of this country. Let us have done with money substitutes. Let us return to the safe and sound and tried and proven money system given us when the Nation was established and in use when this very Capitol we stand in was built.

Mr. Chairman, the efforts of this administration, backed by our business leaders, are chiefly directed to raising commodity prices to profitable levels, particularly our basic commodities, cotton and wheat. With the price of these basic commodities in this country below the cost of production, we can have no permanent prosperity.

MUST ABANDON MONEY SUBSTITUTES

Mr. Chairman, the average gold price of wheat is fixed and controlled by the exchange value of silver. Let us go back to the records to verify this statement. Every chart, every record I have seen, reveals the close relationship between the price of silver and the price of wheat. Go back as far as you will, in the records of our Government departments in comparing the silver prices recorded in the report of the Director of the Mint, the price tables on wheat furnished by the Department of Labor will show that in 1874 the price of silver was $1.27 and the price of wheat was $1.15.

The average commodity price was index no. 81.01. In 1876 silver declined to $1.15 and wheat to $1 and commodities 72 cents. In 1882 silver was down to $1.13, wheat to 96 cents, and commodities 66 cents. In 1887 silver was down to 97.9 cents, wheat to 73 cents, and commodities 56.4 cents. In 1890 silver rose to $1.03 cents, wheat up to 97 cents, and commodities holding at 56.2 cents. In 1893 silver declined to 78.2 cents, wheat to 67.7 cents, and commodities to 53.4 cents.

Whatever the cause for this synchronization in prices, the record stands for anyone to read.

REVALUING GOLD ANOTHER SUBSTITUTE FOR REMONETIZATION OF SILVER

In passing this bill we are entering upon just another experiment. In our efforts to bring back good times by restoring commodity prices we propose to disregard silver and devalue gold in an effort to break the relationship that exists between the price of basic commodities and silver.

RETURN OF PROSPERITY DEPENDS ON RESTORATION OF PRICE OF SILVER

Mr. Chairman, this Congress and this Government has not the power to break that relationship permanently. Our efforts are doomed to fail. When the importance of silver is recognized, when we restore silver to its proper place in our monetary system, then and not until then can we restore prosperity.

Mr. PERKINS. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Chairman, I must confess myself at the outset one of those "relics of a slowly dying regime", referred to this morning in picturesque language by one of the gentlemen on my right.

The intimation of the gentleman was that because of the "new deal" fiscal policies which had been sound in the past—sound-money ideas—had necessarily been thrown into the discard and that new policies had come into the ascendancy, resulting in rendering the supporters of the old policies as obsolete as the dodo bird.

There has been considerable injection of partisanship in the discussion of this measure, which I consider most unfortunate. This is not a partisan measure in any sense of the word and should not be considered as such, because we are all honestly trying here to secure the best financial environment possible under which recovery can be expedited. To say that any particular party caused the depression or that any particular party is going to pull us out of the depression is, on the face of things, silly. Parties have little control over such matters. One of our great Americans once said that no statesman, no matter how clever, ever long averted a depression, and that no politician, no matter how stupid, ever long delayed a recovery. You and I know that we are going to recover ultimately from the depths in which we now find ourselves. Nothing can long hold back the forward progress of this country. Our people have too much energy, intelligence, and ability and our land has too many natural resources to make the outcome at all doubtful. The only question is, Shall we do so many foolish things in our effort to expedite our recovery that instead of expediting it we delay it?

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

Mr. HOLLISTER. I cannot now. I wish to quote here an extract from a speech made by Mr. James Warburg, which is in line with what I have been saying:

> A monetary policy can provide an environment in which recovery can take place. A monetary policy can likewise provide an environment in which recovery is either retarded or else becomes altogether impossible, but a monetary policy cannot by itself produce recovery. When we speak of recovery we mean reemployment of those not normally out of work and a general improvement of living conditions for all. That result can only be attained in an environment provided by a monetary and fiscal policy in which the normal man is again willing to enter upon the normal risks of business.

In other words, we must adopt a monetary policy which begets confidence, reestablishes confidence generally in the minds of those engaged in the industry and business of the country, before the wheels can again turn and employment can again become general.

There is held out in this bill the alluring bait of revaluation, which is, in my opinion, to a great extent responsible for the lack of opposition to this measure which would be aroused if its implications were fully understood. Devaluation appeals to the inflationist, who has been crying for something of this kind, and it appeals to a great extent to the sound-money man who perhaps does not want devalua-

tion but wants stability above all and who has been waiting for a definite statement from the administration looking toward ultimate stability.

But the devaluation part of the bill is the least important part of it. If that were all the bill contained, I do not think there would be any great objection to it. True, it is indecisive, it does not yet say where or when ultimate stabilization is going to take place, the value fixed is probably too low, but the fact remains that it is at least a move toward a stabilization policy.

The important parts of this bill, however, are entirely separate and distinct from the devaluation provision. Mr. Chairman, if we pass this bill today, we are witnesses of the first step in the summary execution of the Federal Reserve System. Both sides of this House have claimed credit for fathering the Federal Reserve System. It has been claimed by the Democratic Party on many occasions as one of their great achievements, for it was enacted by a Democratic Congress. Republicans, on the other hand, have said that it was conceived in the minds of their party leaders long beforehand. It has been well administered and has earned the confidence of the people. It is, of course, our central bank. Its authors, in their wisdom, concluded that it was unwise to have a politically controlled central bank, or one owned by the Government, and for this reason decided to set it up under the ownership of the private banking system of the country, with a sufficient amount of Federal influence and supervision to insure cooperation with the Treasury. Notwithstanding this background, we are today threatening to take away from the central banking system of our country, which has stood the test of time so well for so many years, many of its powers and turn them over to the Secretary of the Treasury. Without really appreciating what we are doing we are transferring many of the functions of the Federal Reserve System which has been set up with such great care and turning them over to the Secretary of the Treasury, a politically appointed individual under the control of no one but the President. I do not mean to criticize in any way the present Secretary of the Treasury of the United States.

The fact remains that any Secretary of the Treasury is a political appointee and in the nature of things is subject to pressures and influence which the head of the central bank should not have to suffer.

It may be that the Federal Reserve System needs to be substantially remodeled. I am inclined to think that it does in many aspects. If that is the case, should not that be done in the proper way? Should there not be hearings in the proper committee, and should we not secure the studied opinion of the best experts available? A complete study of the whole Federal Reserve System would, I am sure, be welcomed by all in an honest effort to determine where it may be strengthened or changed, involving, perhaps, the elimination or transfer of many of its functions. But if we are to do this, let us do it in the proper way. Let us study the whole question. Let us not by backstairs methods take away its chief functions and relegate it to a kind of mechanical overseer of the banking system of the country without any real powers.

A great deal has been said on the subject of the taking away of the gold belonging to the Federal Reserve System and turning it over to the Government. The constitutional aspect of taking that gold is of great importance, but it has been covered by others, and I shall not go into it further.

The proponents of the bill justify this action by stating that it is not fair to leave the profit on this gold arising from devaluation, in the hands of the System. But, Mr. Chairman, it is not at all necessary, in order to put the profit in the hands of the Government, to take that gold away from the Federal Reserve System. It is perfectly simple to set up on the books of the Federal Reserve bank a credit in favor of the Government to the extent of the dollar devaluation and leave the gold where it is, so that it may serve the purposes it has always served. Are we to take away from the System the function of settling international balances? Are we to assume the holder of a Federal Reserve note, that when he holds a note in his hand, instead of knowing that there is something behind that note, gold in the hands of the Federal Reserve, there is instead nothing but a so-called "gold certificate", which in turn is redeemable in gold only if the Secretary of the Treasury sees fit to approve? Why take that gold away from the place it belongs and where it serves a particular function and then turn it over to the Secretary of the Treasury to hold for the Government of the United States, when that is not at all necessary?

We also in this bill give rights to the Secretary of the Treasury to perform various banking functions, "to drafts, checks, bills of exchange, acceptances, foreign exchange, bonds, notes, and so forth." The Treasury becomes, in fact, a central bank, leaving two such organizations attempting to function side by side, with the certainty of conflict which such a situation invites.

We are also putting in the hands of the Secretary of the Treasury a huge fund, which he may administer as he sees fit, theoretically for the avowed purposes of the bill, but without any real control except that the President may call for a report from time to time. Here again we have a direct conflict. Conceivably the Federal Reserve System might be attempting open-market operations in one direction, while at the same time the Secretary of the Treasury, operating secretly, might be proceeding at exactly cross-purposes to the operations of the Federal Reserve Board. If we really want to get rid of the Federal Reserve System, let us do it openly and in the proper way. Let us not shake the confidence that the people have in the Federal Reserve System and in the currency issued thereunder. There has been no breath of scandal, there has been no accusation of political influence in connection with the Federal Reserve, and we must not let the people of the country feel that we are trying to emasculate it under the guise of general support of the new deal. No financial policy will succeed unless it commands the confidence of the people, and this must be retained at all costs. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio [Mr. HOLLISTER] has expired.

Mr. SOMERS of New York. Mr. Chairman, I yield one-half minute to the gentleman from Indiana [Mr. SCHULTE].

Mr. SCHULTE. Mr. Chairman, ladies and gentlemen of the Committee, we the Members of Congress are this afternoon called upon to vote on H.R. 6976, a bill to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

There is not any question in my mind but what this is the most vital bill that has come before the Members of the Seventy-third Congress. This bill, in its effect, will revolutionize the entire monetary system of this great Nation. It will bring back wages to the workers which will in turn create a purchasing power and, I believe, restore this country back to normal. Therefore, it is with a great deal of pleasure and, I might add, a great deal of pride that I am going to support this bill. It has been told to us here this afternoon that this bill originated in the White House, and it is the wishes of our great leader that it be passed here this afternoon. I want to assure you that I am not going to stand in the way of our great President. He has asked for this power and I believe that it is the duty of the Members of this august body to go along with him. He has shown himself capable and able to carry on this great work that he has started.

We have enacted other laws that were severe, but I believe that this bill is the most revolutionary in scope that we have been called upon to vote for.

In my district I am certain that the devaluation of the dollar will help not only the rank and file of my people, but also the wealthy, and the men and women who are trying to make a living as merchants.

As I believe the majority of the people of the country are in about the same plight as the people of my district I feel that the effect of this legislation will be of benefit universally in this country.

With the cheaper money, there will be more in circulation; with more in circulation the average man, the wage earner, will have an opportunity to have more dollars and in turn the stream of credit will be wider for him, and he certainly he will have more ability to pay. It is the same old problem that that which is hard to get is scarce. Money has been too scarce the last few years, and obviously, hard to get.

I cannot see where this legislative program as it concerns money will cause any hardship on the workingman.

What I should like to see is the 1926 dollar brought back, so that the American people could pay off the debts they contracted during the last few years with a dollar that had the same value that they agreed to pay off on. During the recess of Congress I made scores of speeches in my district in which I urged the return of the old dollar as the only cure of the depression, and leaders in my district agreed with me that it is utterly impossible to pay off old debts with the 1933 dollar.

The American people demand an adequate amount of currency in circulation to restore prices to their 1926 levels; to restore the American farm to its $15,000 value; to restore wheat to $2 a bushel; to restore cotton to its 30 cents a pound, and prices which will restore, first, raw materials to the old prosperity-day levels.

And I assure you that when that is done the industrialists of my district and your district, the manufacturers of my district and your district, the merchants and wholesalers and retailers will all march along in step, and wages will follow, as is the march of things in economic order, and the sun of prosperity and good times will again shine upon the American people and bread lines will be a thing of the past and relief agencies will be forgotten.

And it will give the workingman of my district, who toiled from morning until night in the mills and factories to make payments on his little home, but who during the depression years has been unable to keep up the payments on his home and has been in danger of losing it, a chance to pay off with the devalued dollar and allow him to take his place in this land of freedom and to breathe a new breath of relief, knowing that he has an opportunity under this Government to free himself from the worry and misery of debts, and to allow him to again put something aside for a rainy day and to rear his children as American children should be raised, and to live again as American people should live, unafraid of the future prosperity of this country and unafraid to look to the coming of winter's sleet and snow, because he knows that bread lines have been forgotten and that with a chance to work again he need not spend sleepless nights wondering if the relief agency down the street would have sufficient funds to pay for his pittance.

It will mean a new day has dawned for the heads of American homes, who, after all, are the backbone of our country, and who should receive the greatest of concern from the Government at Washington.

There is not any question but that we are going to get a great deal of opposition from the international banker and his ilk; but my people have taken their losses, through loss of their homes, and have been in want and hunger; they have suffered. I believe that now is the time for the international banker to do his part. He must be given to understand that this is a new deal—and the "new deal" means the redistribution of wealth. This is the new dawn of a new era. Mr. President, I hope that this bill passes.

Mr. SOMERS of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. BURKE].

Mr. BURKE of Nebraska. Mr. Chairman, the importance of this bill now before the Committee seems to me to exceed the sum total that may be derived from consideration of the specific provisions contained in the bill.

During the hearings held by the Committee on Coinage, Weights, and Measures a number of distinguished witnesses who appeared before that committee, in referring to trade balances, used the term "invisibles." It seems to me that we may properly use some such term here. The gentleman from New York sees in this measure, as a part of the invisibles, an attempt to redistribute wealth. The gentleman sees in this bill an attempt to punish the rich. I think it is very hard to find anything of that nature implied in this measure, and it seems to me the gentleman from Ohio who just spoke, Mr. HOLLISTER, has more nearly ascertained the real spirit of this bill; that is, that there is here an attempt being made, the first beginning, but a long stride toward taking away from the central banking institutions, as the gentleman said—but I will say private banking institutions and individuals of the country—their control over our monetary system. I think that is what is in this bill, although not specifically stated. If you are one of those who favor restoring to the Central Government its control over our monetary system, then you should vote in favor of this measure.

It seems to me important that we should consider the specific provisions of this bill in the light of what I say is the underlying purpose. When we apply that test, and I will not have time to do it, to the various provisions, when we apply it to this proposal, for instance, to take all the gold from the Federal Reserve banks and from elsewhere and place it in the Federal Treasury, we see at once that that is essential, if we are really going to place in the hands of the Central Government full control over the monetary system.

It would not be enough to do simply, as the heads of the Federal Reserve banks now suggest, require that they surrender the profit arising from the deflation. If the Central Government is to have control of its own monetary system, it must have the basic metal under its own control. So, if we consider either of the other major features of this bill in the light of this interpretation that I should like to place upon it, we will find that the bill should be enacted just as it stands, without any amendments except those suggested by the committee. [Applause.]

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

The CHAIRMAN. The gentleman yields back 1 minute.

Mr. SOMERS of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. CARPENTER].

Mr. CARPENTER of Nebraska. Mr. Chairman, a great deal has been said about this important subject that we are now considering, and I should like to make a few personal observations.

We had before our committee the so-called "financial experts", people who are supposed to be the last word in the effects of this bill: men who represent all financial strata in this country. I failed to find one man who would agree with another. In conclusion, I made up my mind that we here, as well as those men, are really talking about something that is purely theoretical in form. None of us knows what the reactions or functions of this bill will be. There has been a great deal of talk and criticism about transferring the duties of administering this bill to the Secretary of the Treasury. I might say in that connection it is my opinion that secrecy in the administration of this fund is paramount to anything else contained in the bill.

I think this is the first step of the administration, through this stabilization fund, to force some sort of plan to stabilize the American dollar with regard to the English pound. I believe, for example, if two people were playing a game of poker, and I, for one, laid down my hand and said, "I am going to bet on this", and the other man had me beaten, of course, he would probably raise me out of my chair. I believe that the President of the United States, in the final analysis, is going to administer this fund himself, through possibly the physical efforts of the Secretary of the Treasury. It is also my personal opinion that there is not another man in this country who has more knowledge and a greater fund of absolute facts, not only pertaining to this country but all other countries, and that he, in my judgment, is the one best able and best qualified to administer this fund.

A great deal has been said about the Federal Reserve System. I think the people of this country are under a misapprehension in believing that the notes issued by the Federal Reserve System are in turn guaranteed by the United States Government. By reason of this uninten-

tional subterfuge the people accept these notes for what they are worth.

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

Mr. CARPENTER of Nebraska. I yield.

Mr. McFADDEN. I may say to the gentleman from Nebraska that the Federal Reserve notes are guaranteed by the United States Government.

Mr. CARPENTER of Nebraska. Contrary to the statement of the gentleman from Pennsylvania, the Governor of the Federal Reserve Bank in Philadelphia said they were not; that as a matter of fact the Federal Reserve System itself guaranteed these notes; and, incidentally, he said he would rather have the guaranty by the Federal Reserve than by the Federal Government. That is his statement.

Mr. McFADDEN. The law provides that the Federal Government is responsible for the redemption of the Federal Reserve notes.

Mr. CARPENTER of Nebraska. All I know is that the Governor of the Federal Reserve Bank of Philadelphia said that is not true and, as a matter of fact, that it is the general impression given to the people of the country.

In the final analysis, I think it is not so much a question of what is back of this currency, whether it be gold, silver, or some other commodity, as it is the confidence of the American people in their Government. I believe there might be a situation where the currency could be redeemable 100 percent by gold, but that the gold coverage would be ineffective because the people had no confidence in their Government. It goes without saying this is a situation we want to avoid.

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

Mr. CARPENTER of Nebraska. I yield.

Mr. SOMERS of New York. Is it not amazing that so many people question the faith of the currency of the American Government while having no hesitancy whatever in accepting the currency of some of our foreign neighbors?

Mr. CARPENTER of Nebraska. It certainly is amazing.

Mr. SOMERS of New York. They never stop to question that there is no gold behind the pound sterling or behind the Japanese yen; but the moment we take any portion of gold from the unit of American currency, they throw up their hands in horror and say everything is going to smash.

Mr. CARPENTER of Nebraska. In my judgment, in the final analysis, the good to be derived from the provisions of this bill will be realized through the confidence and integrity with which this stabilization fund of $2,000,000,000 is administered.

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

Mr. CARPENTER of Nebraska. I yield.

Mr. FITZPATRICK. The gentleman from Massachusetts speaks of these as depreciated dollars. Is it not a fact, if we offer them to the Government in payment of our taxes, the Government will receive them dollar for dollar?

Mr. CARPENTER of Nebraska. Yes.

[Here the gavel fell.]

Mr. PERKINS. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Chairman, although I have served here nearly 14 years, I have never become hardened to the point of being able to face without some pertubation of mind the fact that many times when serious matters are being discussed there are hurled across this aisle political epithets and a great deal of political sophistry. I was disturbed today when at the outset of this discussion the gentleman from New York rose and said, to the apparent delight of the galleries, that the Republican Party had an idea that the Federal Government was far removed, a thing apart, on the one hand, and that over here were the people who ought not to have anything to do with it, but that the Democratic Party believed that the Federal Government belonged to the American people. Of course, good Democratic partisans applauded that statement.

Now, let us be fair. There is not a man in this House who took the oath of office who does not have before him in these tragic hours of the life of this Republic the desire to do his sworn duty, regardless of political lines, in the way that will accrue to the benefit of the whole people of the Nation. I want the RECORD clear that there is on this side of the aisle a small group of men who in the hour of their defeat still accept their responsibility seriously and are anxious today to serve in a way which will be to the interest of the whole people to whom this Government belongs.

We have before us a measure which strikes at the vitals of the monetary system and which affects every dollar in every pocket and till in the Nation. The whole story was told a moment ago when the gentleman from Missouri rose in his place and said:

> This is a legislative proposal of Franklin Roosevelt. Pass it! Who is there here who dares vote against it?

Let us get away from personalities. I am not concerned with the personality of the President or the personalities of those men, who, when the last administration was in power, did, perhaps, some things they ought not to have done. Let us get down to principles.

When the emergency was upon us in the days of the special session of Congress one piece of legislation after another came up from the White House, which were written the day before. With them came the order to pass them, and we passed them. We Republicans followed along like good soldiers all through that session. No one will make the accusation that during that time this minority did other than that which was for the good of the country as those in authority and places of responsibility saw it. We are now approaching that stage in the emergency where the light is beginning to dawn. It is beginning to dawn, not by reason of anything done in this country but as the result of a world-wide upward trend. As a recent issue of Foreign Affairs shows in a series of graphs, the whole trend of trade the world over is upward.

This is the legislative branch of the Government. It is our duty to formulate legislation, to consider it, and to pass or reject it; but here is a piece of legislation sent up by the President, far-reaching in nature. I think I am within the truth when I say there are not 12 men in this House who can explain in detail, or to the satisfaction of their constituents, what this bill authorizes either the President or the Secretary of the Treasury to do, or what its consequences may be.

Is this a representative government or is it not? Has not the hour come when we must ask ourselves whether, in duty to the people of the country, we should exercise our prerogatives or cease drawing our salary, close the doors to these legislative halls, and go home?

There is much in this bill that I voted for at the last session. Much of authority herein sought has already been given to the Executive. There is a great deal in this bill that I am not ashamed to confess I do not understand.

Let me leave this thought with you: You are going to take a function from the Federal Reserve System and transfer it to a man in the Treasury Department on the ground that it is for the good of the country. The Federal Reserve System, for which your party has claimed credit, but which I call the child of the best brains of both parties, set up a series of 12 central banks, scattered throughout this land, each bank independent and autonomous.

The Federal Reserve System is not a private institution in the sense that it is organized for profit; profit is incidental. The surplus in the System was but recently taken over to the tune of $140,000,000 to make possible the guaranty deposit law. The reserves of this System serve as a buttress for the credit and the currency of the Nation. Upon its dissolution its surplus and undivided profits go to the Government. The System is quasi-public and under the direction of a nonpartisan Federal Reserve Board of Governors.

There is a great misconception of the true characteristics of the Federal Reserve System—this Federal Reserve System you are about to disembowel today. As the result of years of study, it was created on a broad base to embrace

a national viewpoint. It was enjoined with the obligation to serve the best interests of agriculture, commerce, and industry. We must not blink our eyes to the fact that there are money interests in this country which do not have the national viewpoint. Such interests are doubtless centered in a certain great city of the East. But the Federal Reserve System, with its 12 central banks of issue, each bank representing a distinct section of the country, and each vested with voting power to offset the moneyed interests of that central city of the East, affords a strong guaranty of credit operations for the good of the country.

Mark you, the system was wisely designed. But humans have perverted it. But by this bill you propose to destroy the System.

You would give to one man the power now vested in the Federal Reserve System. You would authorize him to buy and sell Government securities in the open market. But he, a Secretary of the Treasury, is interested as a heavy borrower for the Government, which is in the control of his political party. May he be relied upon at all times to maintain the broadest national viewpoint.

This step which your President urges upon you will rise up to plague you.

I am not going to vote for the bill. I do not know what is in it. The House has had no benefit of hearings and is without authentic information as to the provisions of the bill. I cannot be a good legislator and proceed in the darkness of an utter lack of information.

Let me call your attention to section 13 of the bill:

All actions, regulations, rules, orders, and proclamations heretofore taken, promulgated, made, or issued by the President of the United States or the Secretary of the Treasury, under the act of March 9, 1933, or under section 43 or section 45 of title III of the act of May 12, 1933, are hereby approved, ratified, and confirmed.

Is there a Member here who knows what this blanket covers? Is there a man here who knows what acts his vote for this bill, containing such a section, covers? Is there a man here who could go to his constituents after voting thus blindly and say, "I knew what I was doing when I voted for the President's monetary bill"?

I venture to say there are not 10 men here who could intelligently explain such a vote.

I am not going to vote for this legislation and swallow this thing. I want the chance to sit in committee and question the proper authorities. I want the benefit of regular hearings upon important legislative proposals. Through such procedure are the liberties of the American people secure. Thus and thus alone may we as legislators hope to contribute to the stability of representative government. [Applause.]

Mr. SOMERS of New York. Mr. Chairman, the time remaining does not permit the detailed analysis of the important measure before you, but the debate has been thorough and has encompassed the main features of the bill, so we may, upon the information at hand, approve or reject this bill according to the light in which we see it.

Before touching, in a broad way, upon the purpose of this measure, let me refer to a statement made by a gentleman on the other side of the House, which, in my opinion, is susceptible to an interpretation that I am sure was not intended. None of us are interested in the religion of the one to whom the funds in this bill are intrusted. It has been my experience that we cannot mark with any degree of accuracy an individual's intelligence or integrity by his religion, so I have never stopped to consider the religion of the Secretary of the Treasury. As a matter of fact, it makes no difference to me whatever. I have not been privileged to know the Secretary more than a very few days, but in this short time I have come to like him. I believe he is an absolutely patriotic American worthy of any responsibility we may ask him to assume. If he be a Jew and if the Jewish race produces this type of man, then I pray God to give us more Jews.

Mr. Chairman, as I sat here this afternoon and listened to the eloquent gentleman from Massachusetts I was so impressed by his charming delivery and gracious manner of argument that for a moment I envied him. I felt I, too, should like to be an orator; yet as the succeeding minutes gradually freed me from the spell of his speech, I awoke to the realization that I did not want to be an orator. I did not want to be anything more than I am this moment—the humble vehicle aglow in the honor of bringing before this great forum the declaration of financial independence of the United States. [Applause.]

It is only lately we have come to realize how dependent we are upon foreign currencies. The rapid systems of world-wide communication, eliminating, as they do, time and distance, tend to equalize world markets with astounding celerity. Because of this, the pound, the yen, the franc, and even the milreis, along with all other currencies, have a definite influence upon the American dollar. For instance, London controls the status of the moneys of more than a billion people. These moneys indirectly control all the others. If sterling falls in terms of gold, the purchasing power of a majority of the world's population is decreased, trade is reduced, and prices fall.

We know the British Isles are interested in low prices of commodities so they may feed and clothe their people and let them trade by reexporting. We are a Nation that must dispose of surpluses at high price or reduce our scale of living. Thus the conflict of interests. We do not want to interfere unnecessarily with our British friends, but we must protect ourselves. In the measure we are considering today, we attempt to divorce our dollar from foreign control and provide for the means of managing the dollar for the mutual benefit of our consumer and our producer, and incidentally protect our debtors from bankruptcy and our creditors from repudiation.

The instrument or bill you have before you has frequently been called a "monetary" measure. I hold it is primarily a political-economy measure. It is not designed simply to cut the gold content of the dollar or to transfer the Federal Reserve gold to the Treasury. Either could be done by a much simpler bill. But it is designed for one definite purpose, and that purpose is to coordinate and make possible the success of every emergency measure that has so far been promoted by this administration. In this respect it, too, is an emergency measure; but should the future demand a managed currency, this practice defined therein may very properly become permanent.

The bill establishes a stabilization fund set up to deal in foreign exchange and other instruments of credit and security. The fund is obtained by transferring the gold of the Federal Reserve System to the Treasury and revaluing it in terms of American dollars. It is planned to keep this revaluation in a range of 50 to 60 percent of the old value. Some there are who claim that this range is not properly placed. I think we must assume, however, that the President, in placing this range, had at his disposal more information than we have. I personally believe that the American dollar, under proper management, will have a tendency to grow stronger. If so, some future adjustment may be necessary. But that is a question of the future and should not deter us in our action today. At any rate, the establishment of a range means that we will not try to stabilize our dollar with a definite gold content for the moment, but will endeavor to stabilize other currencies in terms of ours, thus ending the dislocation between the external and internal values of our dollar.

If this fund is operated successfully, it should relieve the taxpayer of the weight of the terrific tax burden brought about by our war against this depression. To sustain this contention, let me call to your mind the success the British have enjoyed with their equalization fund. Their fund was established about the middle of April 1932. Six months later they were able to fund their war debts, amounting to more than 2,000,000,000 pounds, an amount that approximates our present indebtedness. In the light of its possibilities, this fund becomes exceedingly interesting, to say the least; but in order to succeed, it must be handled efficiently and secretly. Secretly because if its moves are known it can be counteracted by any opposing force. A knowledge of the intentions of the one controlling this fund would open the door to speculation which might very well be

costly to the American public. We must bear in mind that exchange operators, like chess players, can tell you the fifth and sixth moves if you give them the moves that led up to the fourth. Hence, strictest secrecy must be observed. It is also impractical to have too large a board of operation. The more people connected with it, the more difficult it is to move quietly or with efficiency. The manager of this fund must be able to move at a moment's notice. The bird of opportunity is constantly on the wing. A cumbersome board pondering in its deliberations would be at the mercy of all who would oppose it.

I do not believe this bill alone and by itself can lift us out of the depression, for I am not one of those who maintains this is purely a monetary depression. But I do believe that money is very close to the root of our troubles and that monetary systems of the past did not work perfectly. Nearly all authorities seem to agree in this respect. Hence we should be encouraged to try to find a more perfect system, a system which will take into consideration the habits and customs of all the people of the world, for until such a system is devised we must expect currency dislocations to reflect themselves in social disorders.

As said before, the bill transfers from the Federal Reserve Board to the Treasury such gold as is now in the possession of that private institution. In return for this gold they are given a warehouse receipt upon which to base their future currency. The bankers of America claim this is not proper security. It is amusing to some of us to hear them weep over their loss of gold and talk of security. They did not have so much to say about security when, before and during 1929, they dumped millions of worthless foreign paper on the unsuspecting American public. It is just such abuses of our old system as this that prompt the American people to take the action they are now determined upon. Gold, being a prime necessity, should be in the control of the Government, and the Government alone. The proper use of gold is as necessary to the health and happiness of man as is the air he breathes, and hence we cannot tolerate private control.

In our scheme of things there are two governments, the visible and the invisible. You and I are part of the visible. We have a part control over the people of the United States. But the more powerful government is the invisible. That is a government of money and of banks. The thing we are trying to do here today is to take some control from the invisible government and put it into the hands of one who is responsible to the public.

I want to say this for my committee. We do not believe that this is a perfect instrument. Our committee will continue to watch it and study it in the hope of suggesting amendments to perfect it. [Applause.] Oh, no; you must not attempt to laugh at or ridicule that statement. I am just trying to be perfectly honest with you. You know, deep down in your hearts, that no important legislation ever considered by this House has been perfect on its first passage. There may be things in this measure that we will want to change in the future. But I honestly believe that we should pass it now in order to strengthen the hand of our beloved President, the only leader of the last 5 years who has done anything worth while to lead the American people out of the pain, despair, distress, and misery of this depression. In this measure we are saying to him, "We who have given the more can give the less. Take control of this money system if you want it, only lead us away from the control of selfish interests. Lead us to the contentment, to the happiness, and to the security we are entitled to enjoy."

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the short title of this act shall be the "Gold Reserve Act of 1934."

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

Mr. Chairman, the founder of the great Rothschild banking house said, "If you will let me furnish the money of a country, I care not who makes its laws."

I have often talked with Mr. Eugene Meyer, whom you know very well. Our ideas do not agree on many things, but I guess that is my fault. But this is one thing that he always asserts in each conversation: After all, it does not make much difference what kind of laws you pass. The thing that gets results is administration.

We have had monetary laws which would, perhaps, have met almost all of the things that we propose to do in this particular bill; in fact, the President told us that he had all of the authority he is asking for here, and that the Attorney General had vouched for his having such authority, but that Congress, perhaps, being given the constitutional right to deal with this question ought to emphatically say what they think on the subject, and this bill is a result of his request.

Now, I would call your attention to the fact that it is not the currency that is issued from the Treasury or coined from the mints that is going to affect our monetary policy. We are bound to depend on the banking set-up in this country. About 0.1 of our circulating media is coined and issued currency and 0.9 of our circulating media is what we call "bank money" or "check money", which results from deposits in banks. This 0.1 of the currency is always frightened when bank credit is in distress for the simple reason that each banker agrees with the depositor that he will redeem his deposits in currency on request. There are $9 of bank currency to be redeemed by each dollar of coined or issued currency sponsored by the Government. The proposition will not work. Forty billion dollars of bank deposits cannot be redeemed by the small amount of currency the banks can obtain.

Here is our situation. Today the banks have a lot of money or rather credit on their books that they are not lending to business. They have something like $1,000,000,000 of cash in their vaults, and they have with the Federal Reserve System another billion dollars of "excess reserves" which they have placed on cold storage with the Federal Reserve System where it is to remain until the Government sells another issue of bonds. Then they will purchase Government bonds with these excess reserves. These excess reserves might go to business, but the banks say they cannot collect when they make loans and therefore they do not make loans to business.

Mr. Jones, head of the Reconstruction Finance Corporation, was before our committee only a few days ago. He told how the R.F.C. was buying preferred stock and furnishing funds to the banks throughout the country so they could make loans and accommodate business. I asked, "Do they lend to business when you furnish them this money?" He indicated not to a satisfactory degree. I said, "Do you buy preferred stock from any banks and furnish them additional funds that already have excess reserves with the Federal Reserve System?" He said, "Plenty of them."

When the R.F.C. buys these preferred stocks and thereby puts additional money in the hands of the banks, the banks add that money to their already large quantity of excess reserves and it waits until the Government sells more United States bonds. Then these banks buy additional Government bonds. This is additional deflation, putting business at a greater disadvantage than before the bonds were sold.

Now, the situation is this, my friends: The holdings of the Federal Reserve System in Government bonds have increased since 1929 from over $2,000,000,000 in Government bonds to more than $12,000,000,000 at the present time. The process is one of deflation which allows the banks to take the funds received from depositors and invest them in Government bonds. This is an injury to the chance of business to get funds and a deflation by the bond sales. We never can remedy our situation by continuing to sell Government bonds.

Mr. TARVER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the most vital legislation enacted under this administration reaches its culmination in the passage of this bill. The abandonment of the gold standard, the investing the President with vast discretionary powers as to decreasing the gold content of the dollar, authorizing the coinage of silver with such ratio to gold as he might determine, and the issuing of currency to the extent of $3,000,000,000; these were preliminary steps to which the instant legislation is the logical conclusion. No Member of this House who voted for them can in good faith defend a vote against this bill. And no man can defend a vote for or against either that legislation or this upon the ground of party policy or upon the ground of his obligation to follow any particular leadership. We deal here with a question affecting, for good or ill, and for generations to come, the welfare of the American people. In voting on it, I owe no obligation except to the people whose representative I am; and there is no consideration which can relieve me of the obligation to exercise, in casting my vote, the very best judgment of which I am capable.

It must, however, be a matter of profound regret with most of the Members of this House that in the consideration of this intricate problem of national finance we are certainly in no better position than the leading economists and financiers of the day, whom we find arguing on all sides of the pending issue with quite evident sincerity, but with absolute inability to agree. After listening patiently to my learned colleagues, I am entirely convinced, with due respect to them, that they do not know and cannot with any degree of certainty predict just what the final and complete result of this legislation may be. I certainly do not pretend to any greater degree of knowledge than they possess. We must frankly admit that we are entering upon an experiment, justified, we believe, by unusual and distressful conditions. Of one thing, however, I am convinced, and that is that a depreciation of the value of hoarded, and oftentimes unearned and ill-gotten wealth, in comparison with the things which millions produce with their hands in the field and in the factory, and which are essential to the preservation and enjoyment of life, is highly desirable.

If this proposed law decreases the value of the untold billions that are garnered today in a few piles and adds at the same time to the value of the fruits of the labor of the ordinary man, I know of no stronger argument that can be used in its favor. I am not concerned with the crocodile tears of those who feel that we are robbing the Federal Reserve banks or that we are depriving great capitalistic interests of the value of property without due process of law or without proper compensation. The time has come in this country when men must decide whether they will place property rights above human rights. The highest function of government is to insure the well-being and happiness of the governed, and, so far as I am concerned, there is not a dollar in any bank vault or in any man's pocket which is entitled to protection at the expense of human welfare. If that be treason to the Constitution and its guaranties of property rights, make the most of it. The debtor people of this Nation owe $200,000,000,000 and they can never repay it under present conditions. I will not help the Shylocks get their pound of flesh, but if I can, as I am assured is true, help to ease the debt burden of the people by decreasing the value of the thing they owe in terms of what they have to pay it with by voting for this bill, it is my duty—not reluctantly, but joyfully—to do that thing. What other results may eventually follow I believe no human being knows; but I have seen the financial policies of the President lift to some extent the burden of the ordinary American citizen, and I know that as perhaps no other President in history he has at heart the welfare of the common people. I have supported him in every step of his financial policy, and I shall support him in this, without the purpose to place the entire burden on his shoulders if it should go wrong by claiming that we merely follow his leadership, but with a full sense of our responsibility as Members of this House and with the intent in my stay here, be it short or long, to place the life, liberty, and pursuit of happiness of the American citizen far above any considerations relating to dollars, be they gold, silver, currency, or what not. I believe this bill does that; I believe it assays the gold of happiness in the hearts of the people at a higher value than that in the dollar, and believing that, I take pleasure in giving it my support. [Applause.]

Mr. McKEOWN. Mr. Chairman, I move to strike out the last word. Mr. Chairman and members of the Committee, when this legislation came up I was not so much interested in how many grains there would be in the dollar—the only thing I wanted to know was whether there would be 2 half dollars, 4 quarters, and 10 dimes, because that is the money that I am familiar with. [Laughter.] That is the kind of money that most Americans are interested in.

I was somewhat amused at the speech of the splendid gentleman from New York, my good friend Mr. WADSWORTH. He is one of the shrewdest Members in this House, and he feigned that he did not understand the bill at all. I have seen this gentleman in the House before. His purpose was not that he did not understand the bill—he understands it just as well as any other man in the House—but he wanted to see if any of our fellows could explain it. [Laughter.]

He raised the question of taking property without just compensation. We have heard that before, that we were going to take someone's property without just compensation. I want to find out whose property we are taking.

When the order came to turn in your gold I happened to have some gold coins—two or three $20 gold pieces—and some gold certificates. I turned them in to the bank. I do not know who is going to get this profit, but I turned them in.

Now, as to this proposition of taking money without just compensation, the Supreme Court of the United States years ago held that the change made in gold coin does not in any way deprive the people of their property without due process of law under the fifth amendment.

Why? That amendment means direct action, but under the decision of the Court anything that may be the consequence of lawful power cannot be held to be taking property without due process of law.

The decision is so plain that even the layman, although not a lawyer, can understand it. Let me read:

> Closely allied to the objection we have just been considering is the argument pressed upon us that the Legal Tender Acts were prohibited by the spirit of the fifth amendment, which forbids taking private property for public use without just compensation or due process of law. That provision has always been understood as referring only to a direct appropriation and not to consequential injuries resulting from the exercise of lawful power. It has never been supposed to have any bearing upon or to inhibit laws that indirectly work harm and loss to individuals. A new tariff, an embargo, a draft, or a war may inevitably bring upon individuals great losses; may, indeed, render valuable property almost valueless. They may destroy the worth of contracts. But whoever supposed that, because of this, a tariff could not be changed, or a nonintercourse act, or an embargo be enacted, or a war be declared? By the act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted and about 6 percent was taken from the weight of each dollar. The effect of this was that all creditors were subjected to a corresponding loss. The debts then were subjected to a corresponding loss. The debts then due became solvable with 6 percent less gold than was required to pay them before. The result was thus precisely what it is contended the Legal Tender Acts worked. But was it ever imagined this was taking private property without compensation or without due process of law?

Mr. GRAY. Mr. Chairman, the Federal Constitution vests in Congress the power to issue and control the value of money. This power has been surrendered and is now being exercised by the Federal Reserve Board under the Federal Reserve System, a private banking octopus, rivaling and defying the Government itself. This legislation is not a full or complete step, it is the first or preliminary step looking to the recovery of that power from private banking interest and to restore that power back to Congress and the representatives of the people where the Constitution placed it, and where it rightfully belongs. [Applause.]

The special session of Congress called to convene to ascertain the cause of the panic and provide a remedy found the depression had resulted from a fall of values and the price level, destroying earnings and income from industry, and the

buying and consuming power of the people. And Congress further found that relief required a rise of values and the price level to restore earnings and income from industry and the power of the people to buy and consume. And, further concluding, Congress found that onen cause of the panic, the first, immediate, and far greater cause, was the failure of the money supply, the withdrawal of money from circulation, bringing a fall of values and the commodity price level. And to restore the money supply withdrawn Congress provided for four different forms of currency measures—the remonetization of silver, the revaluation of gold, resort to Federal Reserve notes, and for the issue of United States currency notes.

The revaluation-of-gold plan is one of the forms of currency legislation enacted at the special session of Congress to remedy the panic and will restore the volume of money withdrawn from circulation as effectively as the remonetization of silver or resort to Federal Reserve notes or the issue of United States noninterest currency notes, other alternative measures provided for. When the revaluation steps have been taken, the currency operations completed, and the additional money issued on the increased value of gold the relative value of money and the commodity price level will have been restored and the way will be open for prosperity to return, responsive to the enterprise and energies of the people.

The currency legislation enacted by Congress and declared for and entered upon by the President is the most forward step taken to recover public control over the issue and the volume of money maintained in circulation in a hundred years, or since Jackson vetoed the private so-called "United States Bank." When this system is completed and carried into full operation under a good-faith administration the measure will stand out a remarkable legislative achievement for the time and under the conditions which formulated.

The declared object and purpose of this legislation is to bring a rise of commodity prices and values; a return of earnings and income to industry; a restoration of the debt, tax, and interest-paying power; and the buying and consuming power of the people. And the declared goal and object to be reached is the general 1926 commodity price level. It must be first realized and understood that money values and commodity values are always relative and opposite; that there can be no such relation as high money and high commodity values at the same time; that if money values are high, commodity values are relatively low; and the higher money values rise the lower commodity values will fall. And if commodity values are too low, it is because money values are too high.

Our problem, therefore, involves the problem of prices, the problem of the general price level, the relative value of money and commodities, the control of the money supply for a restoration and stabilization of prices measured in money. The one most important function or effect of the money-stabilization facilities provided is to take from manipulating financiers the power to control values and the price level and recover that power back to the people. The power to control the price level now rests with the Federal Reserve Board, representing private banking interests, with no reresponsibility for the public welfare. Under the proposed legislation the power to stabilize money and thereby to control prices would rest with the Secretary of the Treasury and be brought nearer within public control, until full control is recovered back to Congress, where it belongs.

And it must be further realized and understood that, in the consideration of this legislation, we are dealing with a great economic law, the immutable law of supply and demand, and involving not only commodity prices but the relative value of money as well. We are theoretically increasing the supply of gold by increasing its monetary value to neutralize an increased demand and thereby to bring back and restore an equilibrium of the money supply and the general commodity price level.

It is therefore necessary and proper to know, realize, and understand something of the condition we are trying to meet, the cause of the increased demand upon gold, the movements and operations which brought on the demand, the means and facilities used, and the object thereby to be gained. After the close of the great World War, certain international financiers and bankers holding the World War bonds and claims, beginning with the secret bankers' meeting held May 18, 1920, in Washington, D.C., organized a secret, concerted movement to bring all the World War nations to make demands upon gold for money. This movement was organized and promoted, assuming a movement for currency reform and to establish an international money standard. But the real object and purpose of which was to increase and multiply the value of certain bonds and war-debt claims held by a World War bond syndicate by increasing and multiplying the value of the money in which they were paid. Under and through a secret gentleman's agreement, and in pursuance of this purpose, the nations were lead in concerted action to make demand upon gold for money increasing the demand vastly out of proportion to the gold supply in existence or the supply available for money.

But gold was not only increased and multiplied in value without a decrease in the value of the monetary unit by a corresponding increase in the number of dollars, but there was a simultaneous contraction and withdrawal of money from circulation, producing a double harmful force and effect in forcing down commodity values and the price level. The combined effect was multiplied manyfold, not only the international debts upon the nations measured in labor and the products of the labor, in which all debts in the last analysis must be paid, but to double and multiply upon the people of every World War nation in the world all taxes assessed and fixed charges, as well as private debts and money obligations. But this harmful and baneful effect did not only multiply the debts upon the people, but the fall of values and the price level, forced by the increased demand upon gold, made taxes and debts absorb all income and earnings, leaving the people with little or no surplus over, and destroying their buying and consuming power. This increased demand upon gold without an increase of the monetary units multiplied the burdens of debt in crushing weight upon the people, driving nations to default their obligations and individuals to insolvency and bankrupty, and brought on this world panic or depression.

Under the laws of supply and demand the increased and multiplied demand for gold, without an increase in the supply of gold, the value of gold was made to rise until the value of gold was doubled and tripled over the general commodity values and the price level. And with money tied to gold, money values doubled. And under monetary and economic laws, as fixed and certain as life and death, the price level was forced down to a ruinously low level. With the increased and multiplied value of gold without reduction of the gold contents of the dollar and a corresponding increase in the amount of money in the number of dollars issued upon gold, the value and purchasing power of the dollar was made to rise and increase in value with gold, changing the relative value of money and commodities until money was doubled and multiplied in value and commodity values were reduced to the vanishing point.

The practical effect of the revaluation of gold upon money and the commodity price level, when the operations contemplated are completed, as provided for in this bill, will be the same as if new gold mines had been discovered and the gold supply had been doubled which would double the money supply and which in turn would double relative values of commodities and the general price level. Money issued upon gold is not issued upon the quantity or corpus of the metal, but upon the value, real or assumed. If the same supply of gold is revalued and its value doubled, the supply of gold is doubled for the purpose of issuing money.

The only part which is intricate or complex in the revaluation gold plan is the operations and medium of money through which the increased value of gold is carried from gold to other commodities. This increased value is carried from gold by increasing the number of monetary units and increasing the number of dollars issued and based upon the

same gold, which increases the number of dollars relative to commodities being exchanged. The revaluation, increasing the price of gold, is to raise the price of gold measured in money units or dollars, and to require the same gold to support and maintain a greater number of dollars in circulation. The revaluation, increasing the price of gold in money, is to and will produce the opposite effect measured in labor and the products of labor. Such revaluation will lower the relative price of gold measured by commodities and labor products. Gold will be cheaper and commodities higher because gold will buy less commodities and commodities will buy more gold.

There is a difference in operations and effect in the revaluation of gold to devaluate the value of the dollar externally; that is, in foreign exchange and abroad, and to devaluate the dollar to raise prices here within our own country. The dollar will be taken or accepted abroad for the gold it represents under the international gold standard and for which it can be exchanged. If the gold contents of the dollar is reduced it will exchange for less gold and be devalued. As the dollar is not money of the foreign realm it can and will be taken for no other use.

But merely reducing the gold contents of the dollar will not of itself revaluate the dollar here, or, in other words, raise values and the price level. Without an increased supply of currency issued upon the increased value of gold there will be no devaluation and rise of prices. If the volume of money in circulation is increased or augmented by bank credit here in domestic commerce and trade, which regulates and controls prices, the dollar will still pay and satisfy 100 cents on debts, taxes, and contract obligations regardless of its theoretical gold contents, and it will be taken for such use and purpose. Until such increase of currency is issued upon the increased value of gold or until such bank credit is expanded there will be no rise of the commodity price level and the goal of a higher price level will not be reached or realized. We are off the gold standard, but it will be necessary to increase the currency corresponding to the increased value of gold to make devaluation of the dollar effective and to bring a rise of values and the price level to reach and realize the goal of this legislation.

The ownership and possession of gold is a necessary incident to the recovery of the power to issue and control money to be exercised by the Government itself. And the right is upheld and sustained not only under the principles of eminent domain but under the necessary and incidental power of the more specific authority to issue and control the value of money.

With money based upon gold and controlled and stabilized by and through gold, the seizure and possession of gold becomes vital, indispensable, and inherent and, without which revaluation and stabilization, would be a mere gesture or maneuver and without tangible force and effect. Gold would be left to be manipulated and monopolized, exported abroad to bring a scarcity or imported to cause an oversupply, and the dollar would follow gold fluctuation as it follows gold demand today and the managed dollar would soon depart like a bird escaping from its confinement.

Mr. WIGGLESWORTH. Mr. Chairman, I move to strike out the figures "1934."

Mr. Chairman, I realize that little can be said at this time which will change the action of the House in respect to the bill now under consideration. I realize that the request of the President, the decision of the majority leadership to consider the bill today, and the temper of the majority assure passage by the House before adjournment this evening.

Nevertheless, I desire to state, insofar as I am concerned, that it is impossible to support the pending measure in its present form.

When this Congress was created by our forefathers, it was created in large measure as a check against ill-considered or overhasty action by the executive branch of the Government. In respect to a measure of such tremendous importance as that now under consideration, it seems to me that the Members of this House and the people of the Nation as a whole are entitled at least to a clear-cut exposition of the purposes and, more particularly, of the implications in the bill under consideration. It seems to me, further, in the light of that exposition they are entitled to the benefit of the most authoritative testimony that can be obtained in this country. We have had no such exposition. We have had no such testimony. We have had nothing that can be fairly characterized as adequate hearings. To consider this bill under these conditions seems to me a failure in the obligation of this House to the country as a whole.

The far-reaching character of this legislation cannot, in my judgment, be exaggerated. It contemplates a departure from a currency system in effect in this country from time immemorial.

It provides for a severe blow to the Federal Reserve System. Instead of merely taking, through franchise tax or otherwise, the equivalent of the enhanced value of gold in the hands of the Federal Reserve System, as a result of devaluation, as other nations have done under similar circumstances, it would take over the entire gold supply in the hands of the System in exchange for so-called "gold certificates", which are, in fact, little more than warehouse receipts for a varying quantity of gold, and would place in the hands of the Secretary of the Treasury such powers as to make it possible to negative in large measure the regulatory functions of the System, leaving little more than machinery to carry out the wishes of the Secretary.

Almost every nation in the world provides machinery for the control of its currency which, in theory at least, is entirely distinct from the government and political pressure. This bill would place the control of our currency, in large measure, in the hands of the Secretary of the Treasury in the most difficult times. The dangers involved in subjecting the currency to Executive control must be considered today in connection with provisions of the Thomas amendment, specifically continued in force by this bill and the tremendous deficits by which the National Government is at this time confronted.

The bill contemplates an extraordinary delegation of power to the Secretary of the Treasury—$4,000,000,000 in gold, 40 percent of the world's supply, with the possibility of the issue of Treasury notes in respect to a substantial portion of it; a $2,000,000,000 fund for the alleged purpose of stabilizing the exchange value of the dollar, carrying with it powers far in excess of those essential for the purpose specified; authority to engage in open-market operations, both at home and abroad, with the possibility of artificial support for the market in connection with the issue of further Government obligations; control in detail of all gold within the country; exemption from review by any other officer of the Government; other power contributing to an enormous influence in respect to the life and well-being of every American citizen.

The bill also contemplates a blind, blanket approval, ratification and confirmation of all actions, regulations, rules, orders, and proclamations heretofore made or issued by the President of the United States or the Secretary of the Treasury under the Emergency Banking Act or the Thomas amendment.

I shall not dwell again upon the matter of devaluation. The importance of this matter to every wage earner, to everyone receiving a pension, to every holder of a life-insurance policy, to every savings-bank depositor has been emphasized again and again.

We are urged to support this bill as a step in the direction of stabilization. I sincerely hope that this may prove to be a fact. I submit, however, that there is no evidence in the bill itself or in the message accompanying the bill which justifies any such conclusion. The bill gives the President no authority in respect to stabilization which he does not already enjoy. No specific figure for stabilization is provided. The right to a variation of 16⅔ percent is specifically reserved. No evidence is offered to justify the suggested maximum figure of 60 percent. If too low, it may prove extremely costly to the Government. No assurance is given

that requests may not subsequently be made to reduce the minimum figure specified. No provision is made for the elimination of the power to issue greenbacks under the Thomas amendment.

Mr. Chairman, there is no measure that I would rather vote for at this time than for a measure contemplating prompt stabilization. I have stated repeatedly and publicly that in my judgment the President of the United States could make no greater contribution to the national welfare than through a currency upon which the people of the Nation can with certainty rely.

This is not the kind of stabilization which I had hoped for. This is not the kind of stabilization in my judgment essential at this time to permit business to go forward with confidence under the forces of recuperation which have been striving to assert themselves upon this continent for a period of at least 12 months. I regret that I cannot conscientiously support the bill.

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

Mr. SOMERS of New York. Mr. Chairman, I do not want to unnecessarily cut off anybody from debating the merits of this measure, but I think we should get along. There are other sections to be read which will give gentlemen opportunity to be heard, and I ask unanimous consent that debate upon this section close in 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FORD. Mr. Chairman, I move to strike out the last two words. Needless to say, I am personally in full accord with this measure. It accomplishes the very desirable end of placing our gold, where it always belonged, in the Treasury of the United States. I am not in accord with the statement of a member of the opposition that probably not 10 men on this side of the House know what this is all about. It happens to be a subject with which I am more or less familiar and which I have carefully studied, a subject with which I find many Members familiar. I am going to support the bill.

I call attention now to two or three things that occurred here today that I think should be emphasized. First, several gentlemen on the opposition have stressed the idea that in reducing the gold content of the dollar a 60-cent dollar would be the result. The measure of value of a dollar in this country is how much taxes it will pay. Who of you has the hardihood to say that we cannot take these dollars to the Treasury of the United States and pay our income taxes, or to the treasury of any political subdivision of the United States and pay other taxes? That being true, our American dollar remains a full 100-percent dollar.

Secondly, the gentleman from New York made the astounding statement that the people of the United States were bringing pressure upon this Congress to repudiate all obligations and to take from the rich and give to the poor. If that represents the attitude of mind preserved on the Republican side and if the gentleman is an exponent of it, I am sure the people of the United States are not going to appreciate that compliment.

Third, we have heard a great deal of weeping over the burial of our gold now in the privately owned Federal Reserve bank and putting it into the Treasury of the United States, where it has always belonged and where it should always be held. I, for one, can weep no salt tears. The Federal Reserve banks have enjoyed this monopoly long enough. It is high time our gold was made the servant, not the master of all the people.

Let me reiterate, I am going to vote for the bill, and I hope every man in the House who has the interest of all the people at heart will do likewise. This is the time to uphold our great President's hands to the end that his program for recovery and reconstruction be allowed to work out in an orderly, step-by-step manner.

The Clerk read as follows:

SEC. 2. (a) Upon the approval of this act all right, title, and interest, and every claim of the Federal Reserve Board, of every Federal Reserve bank, and of every Federal Reserve agent, in and to any and all gold coin and gold bullion shall pass to and are hereby vested in the United States; and in payment therefor credits in equivalent amounts in dollars are hereby established in the Treasury in the accounts authorized under the sixteenth paragraph of section 16 of the Federal Reserve Act, as heretofore and by this act amended (U.S.C., title 12, sec. 467). Balances in such accounts shall be payable in gold certificates, which shall be in such form and in such denominations as the Secretary of the Treasury may determine. All gold so transferred, not in the possession of the United States, shall be held in custody for the United States and delivered upon the order of the Secretary of the Treasury; and the Federal Reserve Board, the Federal Reserve banks, and the Federal Reserve agents shall give such instructions and shall take such action as may be necessary to assure that such gold shall be so held and delivered.

(b) Section 16 of the Federal Reserve Act, as amended, is further amended by striking out the word "gold" where it first appears in the last sentence of the first paragraph (U.S.C., title 12, sec. 411) of said section 16, and inserting in lieu thereof the words "lawful money"; and by striking out the phrase "in gold or lawful money", where it appears in said sentence; by striking out the word "gold" and the ensuing comma, and the words "gold or" wherever in section 16 they are immediately followed by the words "gold certificates"; by striking out the word "gold" in the first sentence of the third paragraph (U.S.C., title 12, sec. 413) of said section 16 where it follows the words "shall be counted as part of the", by inserting after the word "gold" the word "certificates" wherever it now appears in said section 16, not immediately followed by the word "certificates", except in the sixteenth paragraph (U.S.C., title 12, sec. 467) of said section 16 and except where the same is stricken out by this section; by striking out the word "coin" where it appears after the phrase "deposits of gold" in the first sentence of the sixteenth paragraph; by striking out the words "gold coin or" where they appear after the words "shall be payable in" in the third sentence of the sixteenth paragraph, and by striking out all of the third sentence of the sixteenth paragraph after the words "such Federal Reserve agent" and inserting in lieu thereof a period; and by striking out the words "gold deposits" in the eighteenth paragraph and inserting in lieu thereof the words "deposits made under this section."

Mr. LAMNECK. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LAMNECK: On page 2, line 5, after the word "certificates", insert "which shall upon the face of said certificates provide the Treasurer of the United States will pay to bearer on demand $——— in gold or its equivalent in value."

On page 2, line 6, after the word "in", strike out "such form and in."

Mr. PATMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PATMAN. As I understand it, section 2 ends on page 8.

The CHAIRMAN. Section 2, on the Union Calendar bill, ends at the end of line 17, on page 3 of the bill.

Mr. O'CONNOR. Mr. Chairman, I reserve a point of order against the amendment.

Mr. SNELL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SNELL. I should like to ask if there are two prints of this bill?

The CHAIRMAN. There may have been some confusion on the part of Members with reference to that matter. There was a committee print of the bill, which for some reason was circulated, but the official bill we are considering is Union Calendar 83.

Mr. SNELL. Now, that is what got everybody mixed up.

The CHAIRMAN. The gentleman from Ohio [Mr. LAMNECK] is recognized.

Mr. LAMNECK. Mr. Chairman, this is a simple amendment. In the first place, the provisions of the bill are not specific. It reads, "Shall be payable in gold certificates." I think we should adopt my amendment, because, when the time comes to redeem them we may not have the gold with which to redeem them, and I think when England gets through with this stabilization fund in a year or so we will not have any. Therefore my proposition is to redeem these certificates in gold or in value equivalent to gold. We could use many things. We could use silver to redeem the certificates, if we wanted to do so.

I also think the Secretary of the Treasury should not have the right to write the form of the certificate. I think we

should be specific, and have Congress write the form in which these certificates should be printed.

That is all I have to say. The amendment is very simple and has a very important bearing on this bill.

Mr. BUSBY. Will the gentleman yield?

Mr. LAMNECK. I yield.

Mr. BUSBY. Does not the gentleman understand that the President has in mind these certificates shall not be redeemable in gold and that they shall not be redeemable in anything except lawful money?

Mr. LAMNECK. No; I do not have that understanding.

Mr. BUSBY. I may explain that that is his specific statement in regard to the matter.

Mr. LAMNECK. I yield back the balance of my time, Mr. Chairman.

Mr. SOMERS of New York. Mr. Chairman, I rise in opposition to the amendment.

I ask the House to vote down this amendment principally because we have not had time to see its real effect. Secondly, I suspect at first blush it would defeat the purposes and intent of this act. I do not say that the amendment has no merit. I do think, however, that our committee, having held hearings during the last 3 or 4 days, would have been glad to have that matter presented to them at that time. Since it was not presented, I can do nothing but request the House at this time, in order to support this bill completely, to vote it down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. LAMNECK].

The amendment was rejected.

The Clerk read as follows:

SEC. 3. The Secretary of the Treasury shall, by regulations issued hereunder, with the approval of the President, prescribe the conditions under which gold may be acquired and held, transported, melted or treated, imported, exported, or earmarked (a) for industrial, professional, and artistic use; (b) by the Federal Reserve banks for the purpose of settling international balances; and (c) for such other purposes as in his judgment are not inconsistent with the purposes of this act. Gold in any form may be acquired, transported, melted or treated, imported, exported, or earmarked or held in custody for foreign or domestic account (except on behalf of the United States) only to the extent permitted by, and subject to the conditions prescribed in, or pursuant to such regulations. Such regulations may exempt from the provisions of this section, in whole or in part, gold situated in the Philippine Islands or other places beyond the limits of the continental United States.

Mr. PATMAN. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: On page 4, line 1, after the word "act" and the period which follows it, insert "*Provided*, That no part of said gold shall be exported to the Bank for International Settlements to be used as a reserve or for the purpose of aiding or assisting such bank or any similar banking institution in any way."

AGAINST INTERNATIONAL BANK

Mr. PATMAN. Mr. Chairman, no one objects that this gold be used for the purpose intended. I can see no reason why the committee should object to the amendment I have proposed. It will merely prevent exportation of the people's gold to the Bank for International Settlements, where it could be used as a basis for credit for all nations. I am not yet ready for the United States to join an international bank. I am not ready for our country to use our gold and our resources and the credit of all the people of this country to help all the countries of the world. This amendment is intended for the purpose of preventing the Secretary of the Treasury from exporting this gold to the Bank for International Settlements, to be used as a reserve, or for the purpose of assisting the Bank for International Settlements in any way with this gold, or any similar banking institution. I am for the bill and expect to vote for it, with or without this amendment, but I do believe the adoption of this amendment will improve the bill.

We have just about taken the power away from the few large bankers of this country who have been controlling the issuance and distribution of our money. We have, at least, taken long steps in that direction. If we now place in their hands and in their control any vehicle to get back the same grip upon the throats of the American people that they had in the recent past, we shall not have accomplished a great deal by the enactment of this measure.

I sincerely trust the committee will accept this amendment. I do not think the chairman of the committee will contend that it is the purpose of this act ever to permit this gold to be exported to be used by nations all over the world or to allow our credit to be used by nations all over the world. Therefore, if this object is not in view, why not adopt this amendment, which will prohibit this gold reserve from being used for the purpose of assisting, or engaging in the operation of, any international bank? I sincerely trust the committee will accept the amendment.

Mr. SOMERS of New York and Mr. McFADDEN rose.

The CHAIRMAN. The Chair recognizes the gentleman from New York, the chairman of the committee.

Mr. SOMERS of New York. Mr. Chairman, I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. Mr. Chairman, in connection with the amendment offered by the gentleman from Texas [Mr. PATMAN], I am quite in accord with it and would call the attention of the leadership on the other side to that part of the President's message in which he refers to the very subject. I am quoting from the President's message to Congress on this very measure. I quote:

That the title of all gold be in the Government. The total stock will serve as a permanent and fixed metallic reserve which will change in amount only as far as necessary for the settlement of international balances or as may be required by future agreement among nations of the world for a redistribution of the world stock of monetary gold.

I ask the chairman of the committee whether or not a redistribution of our gold is immediately in contemplation, or whether that is a part of the plan of his administration?

Mr. SOMERS of New York. I will definitely answer the inquiry of the gentleman from Pennsylvania that according to my understanding there is not. Some day there may be. The gentleman's guess is as good as mine; but at the present moment I do not believe the contemplation exists.

Mr. McFADDEN. What does the gentleman mean by what method, by this method?

Mr. SOMERS of New York. The gentleman did not refer to a method, did he? He referred to an agreement.

Mr. McFADDEN. No. I referred to the President's statement to the Congress covering this particular subject. I asked if such a plan was contemplated.

Mr. SOMERS of New York. I confess the gentleman has me confused now. I do not know how he is applying his question. Would the gentleman mind repeating it?

Mr. McFADDEN. As I understood the argument of the gentleman from Texas it was in opposition to the redistribution of the gold of this country through a central agency abroad similar to the Bank for International Settlements. I have quoted from the President's message indicating that this is a possibility, and I am asking the gentleman from New York, chairman of this committee, whether there is any plan for the redistribution of the gold of this country.

Mr. SOMERS of New York. I do not think the President could say definitely that this will never take place. It may take place in the distant future; but I am most positive that he did not anticipate that it would take place in the near future. In fact, there are provisions in the bill to take care of the situation.

Mr. McFADDEN. I say again what I have repeatedly said, that there is a definite plan for the redistribution of the gold of this country and of the world's gold. The plan has been known ever since the establishment of the Bank for International Settlements that through that medium, or one similar to it, eventually the redistribution of gold would take place.

In my remarks this morning, had I been given the opportunity, I would have discussed this plan.

I quote from a speech I delivered in this House on February 10, 1930, when this Bank for International Settlements

was organized by the international financial group, J. P. Morgan & Co., the Federal Reserve Bank of New York, Gates W. McGarry, and others of this group.

I quote:

It is also clear that this international bank will be given the right to deal in gold exchanges and it will have other important international governmental transactions. It is also indicated that there will be a mobilization of the international gold reserves either through the actual deposit of gold reserves in vaults of the international bank or by the process of earmarking and that eventually an international circulating medium will follow.

If the gentleman from New York and the other Members of the House have watched the events that have happened since, they would have observed that there is a definite plan on foot to redistribute the gold of the United States. The Bank for International Settlements has passed upon the plan, and those who intend to do this are only awaiting an opportune time.

I want to know from those who are responsible for this legislation whether or not in this bill such authority is being given to the President or to the Secretary of the Treasury. Unless the bill is changed, it does give the definite authority to the Secretary of the Treasury to redistribute our gold in a central fund mingled with the gold funds of the other countries of the world.

I say to the Membership of this House that when such a step is taken we shall have destroyed one of the most fundamental rights under our form of government; and, so far as I am able to state it, I am absolutely opposed that any such authority be granted. I hope some Member on the Democratic side, who must have the information, will give it to the Committee.

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

Mr. McFADDEN. I yield.

Mr. WEIDEMAN. If we want to protect our gold and make sure that it will stay in this country, we should vote for this amendment, should we not?

Mr. McFADDEN. We certainly should. Unless an amendment of this nature is included in the bill, it will grant authority to do this very thing.

[Here the gavel fell.]

Mr. SOMERS of New York. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the question brought up by the gentleman from Pennsylvania can be very simply answered. I confess that I think under this bill there is granted the authority he suggests. The question, however, is, Are we likely to use it? Let me call attention to the fact that there is no world condition at present requiring its use; and it does not appear likely that it would be used within the next 15 years. Consequently, Mr. Chairman, I must insist on opposing the amendment.

It might be that a year from now we would change our opinion or our outlook on this matter and want an international settlement. If we incorporate in the bill the amendment of the gentleman from Texas, it might be a little difficult to exercise the power if we had to.

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

Mr. SOMERS of New York. I yield.

Mr. CHRISTIANSON. If this power is not to be used for another year, why not prohibit its use for the present and let the President come back a year hence for the authority?

Mr. SOMERS of New York. In my best judgment, it is not in keeping to do a thing like that; and before the debate is closed, I think the gentleman will see the reason why.

Mr. CHRISTIANSON. If it is desired to engage with any other nation, or group of nations, in the establishment of an international bank, is not this in itself a question of sufficient importance to engage the attention of Congress?

Mr. SOMERS of New York. I may say to the gentleman from Minnesota that before there was any actual attempt to do that, Congress would discuss it for a very long period.

Mr. CHRISTIANSON. But the power is conveyed by the terms of this bill.

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

Mr. SOMERS of New York. I yield.

Mr. PATMAN. Does the gentleman realize this amendment will merely prevent this gold from being exported to an international bank to be used as a reserve?

Mr. SOMERS of New York. Mr. Chairman, I still insist in my opposition to the amendment.

Mr. Chairman, we cannot tie the hands of the President with such strings at this particular time; it is not wise from a sound business viewpoint.

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

Mr. SOMERS of New York. I yield.

Mr. SHOEMAKER. The chairman of the committee still insists that the amendment of the gentleman from Texas should not be adopted.

Mr. SOMERS of New York. I do.

Mr. SHOEMAKER. Can the gentleman give us any constructive argument in favor of his stand?

Mr. SOMERS of New York. I beg the gentleman's pardon. I think this is an inopportune time.

[Here the gavel fell.]

The question was taken, and the Chairman announced that the Chair was in doubt.

The Committee divided; and there were—ayes 123, noes 120.

Mr. COCHRAN of Missouri. I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. SOMERS of New York and Mr. PATMAN.

The Committee again divided; and the tellers reported there were—ayes 133, noes 170.

So the amendment was rejected.

Mr. MARTIN of Colorado. Mr. Chairman, I move to strike out the last word.

Mr. SOMERS of New York. Will the gentleman yield?

Mr. MARTIN of Colorado. Yes.

Mr. SOMERS of New York. I want to announce that I will make no attempt whatsoever to limit debate at this time, but upon completion of the remarks of the gentleman from Colorado will make the unanimous request that debate on this section be limited.

Mr. MARTIN of Colorado. Mr. Chairman, the other day we listened to our beloved colleague the gentleman from Nebraska [Mr. HOWARD] invoke the shades of the idol of his life, William Jennings Bryan, wondering whether the spirit of the great commoner might not now be looking down upon the scene of his earthly labors and witnessing the materializing of his dreams of righteousness in government and in the affairs of men. I could go along with the venerable Nebraskan in much of his journeyings with the man who kept the Democratic Party a militant organization of genuine democracy for 16 years, and until his hands passed the torch of democracy into the hands of another great Democrat.

I could go along with him because I cast my first Presidential vote for Bryan, and my second and fourth Presidential votes.

But when it comes to the realization of dreams I might go back even beyond the daring young crusader from the West, back to a movement which reflected its political and economic philosophy in the thought and molded the opinions of Bryan, the much ridiculed Populist movement of the early nineties.

Three days ago I sat in a committee room and heard one of the great financiers and bankers of America, Mr. Frank A. Vanderlip, advocate a government bank of money issue; the taking over of the money-making function of the Federal Reserve and national banks and the issue by the Government of all money. Forty years ago—yes, less—that man would have been denounced as a wild-eyed fanatic; for what he advocated was the first article of faith in the creed of Populism, the issue and control of all money by the National Government.

This banker went beyond that. He went to lengths never dreamed of by Populists or Greenbackers, because the con-

ditions did not then exist—conditions which have brought this Nation to a parting of the ways as great as that which brought about the Civil War. He advocated the seizure by the Government of all gold, the devaluation of the gold dollar, the appropriation of the profits of the process by the Government, and that no more gold ever be coined; and that no more gold ever be paid out, except in settlement of international trade balances, which means not at all, since these balances are invariably in our favor, and should be always and ever in our favor.

This banker advocated this bill now before the House, this measure without precedent in our history, but not in that of other countries; beyond the imagining of any former platform writers; and yet many people do not know what is happening in this country and are still looking for a sign.

My head is white, but my vision of the future of America is young and bright; a future which will look back upon the era between the close of the Civil War and the day of reckoning in 1929 with the same horror that we look back upon Rome under the Neros and Europe under the feudal barons—an era of financial brigandage, of industrial barbarism, of national exploitation, and of political corruption which will make it the criminal romance of American history.

The Government is going—must go—into the issuance of all money and the control of all banking. Its acquisition of stock ownership in the banks of the country and necessary compliance with the plan for the guarantee of bank deposits will insure its control of the banks of the country. That control will pass from Wall Street to Washington; and when that change is completed, and commercial banking is divorced from investment banking, the speculative orgies which have wrecked the prosperity of this Nation time and again will be matters of history.

This bill deals with another feature of the money question, which is the question exceeding the sum of all other questions, the very root and source of the economic ills of America. Ever since the passage of the National Bank Act in 1862 this banking system, wholly in private control, has been the dominant influence in the life of this Nation. Nearly every act of government touching money has been calculated to build up and strengthen this institution and its private control: the exception clause on the greenback, the credit strengthening act, the demonetization of silver, the resumption of specie payment, the establishment of the gold standard, the creation and maintenance of a huge national debt. Even the Federal Reserve System, designed to stabilize and make available the monetary resources of the Nation and prevent panic and depression, has but tended to strengthen the hand of private ownership over the financial life of the Nation. Its calling in of loans and the reduction of its circulating medium by more than a billion dollars in the space of a year brought on the terrible deflation of 1920 and 1921, and the use of its circulating medium and credit furnished much of the gas for the balloon which exploded in October 1929 and littered the Nation with the debris of its so-called "prosperity."

Now, today this institution, privately owned, in the hands of the leading bankers of the country, whose private interests are naturally their primary concern, holds in its vaults the major portion of the gold reserves of the country and practically one third of the gold supply of the world. On this deposit it can, but does not, issue and maintain money in circulation. Recent figures have shown that there is less money in circulation in the country today than there was on March 4.

Every effort to expand that circulation has failed. Here are two notable instances. When Congress passed the first Home Loan Act in 1932 it incorporated therein an amendment empowering the banks of the country to issue up to a billion dollars of currency based on their holdings of Government bonds. President Hoover in his solicitude for the integrity of the currency declared that such an amendment would weaken and discredit it and imperil the gold standard, and that if the act was passed with the amendment in it he would veto it. But the act came to him with the amendment in the last days of the session when the veto meant the loss of an act very close to his heart in the face of a national election and he swallowed it, amendment and all.

I thought the weakness of that amendment was its permissive character. I felt that the issuance of the billion dollars in currency should be mandatory. And I watched. I failed to perceive any inflation of the currency. I failed to see the foundations of the Nation's credit crumble. I failed to notice people refusing to give up things for money because the money was worthless. Not then being a Member of Congress, I wrote a Member of this House, the gentleman from Mississippi [Mr. RANKIN], several months after the passage of the act, and asked him for information as to what quantity of currency had been issued under the billion-dollar amendment. He replied about $39,000,000. In other words, the amendment was practically a total failure.

We come now to the permissive powers granted the Federal Reserve System by this Congress in the inflation amendment to the farm bill, whereby the system was authorized to go into the open markets and purchase Government securities to the extent of $3,000,000,000 and issue its money therefor, so that the circulating medium of the country might be expanded and business stimulated. Has the failure of this amendment to expand the currency, to inflate to the extent of one dollar, been due to the fact that there is no demand for money, no need for money? Ask the home owners of the country, mortgaged for $12,000,000,000; ask the farmers of the country, mortgaged for $20,000,000,000; ask business and industry languishing and dying for the want of the life-giving fluid, not to be had for any security; ask the moneyless millions who have almost forgotten what money is.

It is said that some seven or eight hundred million dollars has been issued under this authority, but the hand that puts it out today may take it back tomorrow, and usually does. What is done is determined not by the needs of business or the dire wants and necessities of the people but by the interests of the owners of an institution which pays 6 percent dividends on its stocks, rain or shine, and which at the time of the special session of this Congress had accumulated an enormous surplus of $250,000,000 during a money famine, locked up in its vaults.

The governor of a Federal Reserve bank, testifying only yesterday before the House Committee on Coinage, said that the reserves in the Federal Reserve banks had been increased by some $900,000,000 as the result of their purchase of Government securities under the Thomas inflation amendment to the farm bill; the reserves, mind you, where apparently all of the money of the country is, except when lured out by the bait of another issue of interest-bearing, tax-exempt, Government bonds. Gold and bonds, bonds and gold, the only kinds of property in the country apparently worth anything.

The same authority stated that there are $3,000,000,000 in Federal Reserve bank notes now outstanding—he meant instanding—and that the gold reserve behind outstanding Reserve bank notes was frequently 80 or 90 percent and even over 100 percent; whereas a reserve of 40 percent is all that the law requires, and that reserve not 40 percent in gold, but 40 percent in lawful money of the United States, and all of its money is lawful.

There is something radically wrong with a monetary system under which with a gold reserve of 100 percent there is no money in circulation in the country; and mind you, this was not 100 percent under a 50-cent gold dollar, but under a gold dollar that was worth $2. Even at the old price of gold, $20.67 an ounce, the Government could have placed the four and one quarter billion dollars in gold in the Federal Treasury and have issued nearly $11,000,000,000 in currency against it and still have a 40-percent gold reserve. Still money is too scarce and too dear to be available for any form of legitimate investment except investment in interest-bearing tax-free Government bonds, and even for these the banks are requiring higher and higher rates of interest and the Government must resort to administrative and legislative tricks to insure against failure to float a bond issue. There have been times when I could not help wishing that the day

might come when the Government could not float a bond issue. There have been times when I could not help wishing that I might get up and read in the papers some morning that the Treasury had failed to float a bond issue. I know that would be a blue morning, but I have felt that I could whistle down the street that morning assured that at least if we had not turned that mythical corner, we had hit solid bottom.

The country would survive the ordeal. It survived it just 40 years ago, when the Federal Treasury could not publicly float a popular bond issue among the people of only $100,000,000. Now it must be ten billions, just 100 times more than it failed to float 40 years ago. And if you will go back to the files of the Philadelphia Saturday Evening Post of 1904 or 1905 in the Library of Congress you will find the shameful story of how the Government of this great Nation was rescued from its plight. You will find that the founder of the House of Morgan, the father of the present emperor of finance, came from Wall Street to Washington and in the office of the President of the United States showed the President how, under the authority of a long-forgotten and obscure statute, those bonds might be disposed of at private sale, and they were so sold for several dollars less than par and underwritten by a syndicate of Wall Street bankers and resold for several dollars more than par, and with a private profit of several million dollars. What a spectacle! The credit of a handful of Wall Street bankers worth more than the credit of this great Nation, the financial resources of a handful of Wall Street bankers greater than the financial resources of this great Nation. That story is authentic, because it was written and published by Grover Cleveland, who was President of the United States when the deal was made. And back in those days a voice in the West declaimed against the domination of this great Nation by a handful of bankers in one small street. But it declaimed in vain; and now, after 40 years of alleged progress, we find the Government of the United States today at its wits end, resorting to the creation of mathematical money to secure the means to pay its bills and preserve its credit. I can recall when the question of perpetuating or of wiping out a national debt of three or four hundred million dollars was a national issue in a campaign for the Presidency; now it is $30,000,000,000; now it is 75 times greater than that debt, and the end is not yet.

The debt structure of this country is characterized as staggering. It is more than that. It is fantastic. It is as far beyond human comprehension as the magnitude of the universe. We can no more grasp it than we can grasp the Einstein theory. It will not be paid by cutting the gold dollar in two, or by cutting it in four. It can never be paid. I listened to the president of a Federal land bank not long since tell the farmers of my State that they could never pay their debts, not even with good crops and high prices. He said Congress, by a recent amendment to the bankruptcy laws, has shown you the way to pay your debts and it is the only way you can ever pay them. He could have made the same statement to every other class of debtors in this country; and yet men will haggle over nonessentials involved in the question whether we will split this handful of gold in two and make two handfuls, mathematically speaking, so that a debt structure of $235,000,000,000 will rest on a base of $8,000,000,000 instead of $4,000,000,000. It is said that modern engineering is not able even to conceive, let alone execute, the methods by which the ancients built the Pyramids of Egypt, but, in my judgment, the moderns have more than duplicated the miracle of the ancients; they have constructed a pyramid which rests upon its apex instead of its base.

So after 70 years of the experiment of the issuance, control, and circulation of money by private organisms we have the spectacle of a sovereign Government on its knees to the money masters for the means whereby to carry on, offering them now exorbitant interest rates to buy its bonds, until soon the major item in the Budget will not be $1,000,000,000 for the Veterans' Administration, as formerly, but $1,000,000 for interest to bondholders. I like to think that the day will come in America when we will have a citizenship so enlightened and so in control of the vital functions of their national life that they will look back on this system with a pitying smile.

This bill is at least another step toward bringing about a new deal in banking and finance. The first step was the Bank Moratorium Act. The second the repeal of the gold-payment clause, going off the gold standard. The third the inflation amendment to the farm bill. The fourth the insurance of bank deposits. This is the fifth but by no means the last step.

The golden treasure which belongs to all the people will be taken from the strong boxes of private banking and placed in the National Treasury. The gold dollar will be devalued 40 percent, and I apprehend shortly 50 percent, and the profit placed on the public ledger, where it belongs. If there is any kind of property in this country that ought to be nationalized, it is the money of the country. Next to the power to maintain law and order, to maintain orderly government, the most important power affecting the lives and happiness of the people is the power to issue, to regulate, and to control money. If there is any form of property which is, and of right ought to be, the property of all the people—and I mean that in the collective sense, in the sense of government—it is money.

I am equally in favor of the stabilization fund of $2,000,000,000, to be set up under this law, to buy and sell gold and securities and to protect our money and commerce in foreign exchange. On this feature I was much impressed by the statement of Mr. Vanderlip that a telephone call from London to New York could do much more damage to the value and stability of our foreign exchange and our foreign commerce than a whole fleet of ships. I cannot talk the language of such men, but I can understand it. I am like a judge who may not know what the law is but knows it when he hears it expounded. I have not heard what I consider a single valid objection to the gold policy of the President or to the stabilization fund. The principal objection to the fund is that this power will be vested in one man, the Secretary of the Treasury, which means in the final analysis in the President.

An opponent of this control, one of the able leaders on the Republican side, held up to the Democratic majority the awful example of Mr. Mellon. He said to them, "Mr. Mellon is responsible for many of you being here." He asked, in substance, how we would like to wake up some fine day and find all this power lodged in the hands of another Mellon. First, let us thank him for his repudiation of Mellonism. And next, let us reply that when we have another Mellon at the head of the Treasury, we will also have another Mellon in the White House and another Mellon party in control of the Government. And if and when that catastrophe happens again in this country, it will be just as it was before, when all of the agencies set up under the administration of President Wilson to protect the people—the Federal Reserve System, the Federal Tariff Commission, the Federal Trade Commission, and all the other commissions—were prostituted to the service of what Grover Cleveland well called the predatory interests. The price of liberty is still eternal vigilance. If the people want a government responsive to their needs and interests; if they want to preserve government of, for, and by the people, they must keep eternally awake. No system will work in the hands of its enemies except for its enemies. I am for the bill as is. [Applause.]

Mr. SOMERS of New York. Mr. Chairman, I ask that debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there any objection to the request of the gentleman from New York?

There was no objection.

Mr. HOEPPEL. Mr. Chairman, I move to strike out the last two words.

Mr. HOEPPEL. Mr. Chairman, I am going to vote for this bill. [Applause.]

To me, and I believe to my constituents, this will be a happy day.

First, I wish to call your attention to the very liberal order which was published by our President in which he recognized the injustice which the Economy Act did to our veterans. I want to stand on this floor and express my public thanks to our President for that just effort and that just ruling which he enunciated. I know most of the Members of this House would like their constituents to know the effective work they are doing in assisting our President in this victory. I am in favor of this bill because it is along the lines of legislation I have so earnestly and energetically advocated.

I am more than pleased to support the administration in this measure which withdraws all gold from the control and domination of the international-banking ring of Wall Street. From this angle this bill is a Babe Ruth home run. Heretofore, in our legislative efforts, we Democrats, under the new deal, have been making an occasional hit which has contributed in great measure to our present forward movement. We have been, however, making a myriad of foul plays through applications of the gag rule. The Congress is rapidly getting into disrepute with the people because of such gag rules. I hope that we will make no more foul tips of this kind but that under the leadership of our President we will make at least two more home runs to win the world's series for the American people. Babe Ruth made as many as three home runs in a single game in the world's series. Our President will surely make two more. Let us cheer and encourage him to drive a home run to the remonetization of silver. This kind of a home run is most essential in building up our foreign trade. Another home run, however, on the part of the President, to control credit and extend loans directly to the people at a low rate of interest is very essential and will positively sew up the game. This ball of Government credit should be so effectively lost in the bleachers that the international bankers of Wall Street, who have stolen billions of deposits of the American people and their investments, may never again get their iniquitous fingers on it. We need at least these two additional home runs to win the game for the people and to make the new deal actually real.

There are other objectives which we should not overlook—the elimination of the Federal Reserve System and withdrawal of all tax-exempt provisions on all bonds. We are winning with Roosevelt. Since the administration has the compass set on the course of monetary stabilization and credit control, I will be more than an enthusiastic supporter. Heretofore we Democrats have been aiming in the direction of the target. With our majority we should fire at the bullseye and save our people from increased taxation by common sense methods. We should refrain absolutely from borrowing from entrenched wealth to carry on Government and to bring relief to our people. Why borrow from entrenched wealth when we have the power to tax wealth, which we should do rather than tax the common people and thus add to our present burdens?

I am now going to give you a picture of what you are doing by this gold devaluation. I have here a bunch of nuggets and a cross of gold. I obtained this bunch of nuggets 30 years ago in Alaska, and by good providence I have kept them away from Pierpont Morgan and the banking group, and they are still mine. [Laughter and applause.]

The devaluation features of this bill do not exactly meet with my approval, but as I have confidence in the President on this subject I am gladly voting "yes" for this entire measure.

If it is legal and just to devalue gold to 60 percent of its present value, why not devalue it to 10 percent of its present value in order to wipe out debts which are the crux of our entire economic burden?

Under this bill the value of these nuggets I have here has almost doubled. Now, when we consider that Great Britain produces seven times more gold than America, it is readily understood by even the illiterate that gold devaluation adds to the potential British wealth 7 to 1 over the United States. By gold devaluation we are reducing the war debt owed America and at the same time reducing the seventeen billions of private debts owed our citizens by Europe. As the most of this private debt is owed to such individuals as Morgan, Mellon, Baruch, and others, I have no sympathy for them in their loss. They had absolutely no sympathy for the American people in their crooked manipulations in the stock market, and in the myriad of bank failures. Perhaps, if the truth were known, these same individuals would be found to own the controlling stock in the British gold mines, and under this gold devaluation will be doubling their natural income anyway.

Objection has been made to this bill because it gives the Secretary of the Treasury exclusive control of gold and the handling of the $2,000,000,000 stabilization fund. Is there any individual who would not prefer to have such control in an officer who is subject to impeachment by the Congress rather than to have the control of gold and credit vested in the hands of false stewards, such as are typified in men of the Morgan, Wiggins, and Insull type? Paraphrasing the words of Patrick Henry, give me financial control under the domination of my own Government rather than under the domination of the despicable international thieves whose only flag is the American dollar, the British pound, or the French franc.

The Clerk read as follows:

SEC. 4. Any gold withheld, acquired, transported, melted or treated, imported, exported, or earmarked or held in custody, in violation of this act or of any regulations issued hereunder, or licenses issued pursuant thereto, shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure, and condemnation of property imported into the United States contrary to law; and in addition any person failing to comply with the provisions of this act or of any such regulations or licenses shall be subject to a penalty equal to twice the value of the gold in respect of which such failure occurred.

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

Mr. Chairman, at some time during the consideration of the first nine sections of this bill I feel it is highly proper that at least on behalf of myself and my colleague from California [Mr. ELTSE], minority members of this committee, I should make a statement pertaining to the nine sections and their effect upon the Federal Reserve System.

We have firmly believed that the Federal Reserve should not be permitted to take one penny of profit out of devaluation. We have believed that a certain part of this gold held by the Federal Reserve System is a trust fund, not as property of the Reserve System but as security for Federal Reserve currency which is outstanding and in the pockets of the American people. We have believed if there were devaluation of 40 percent, then 40 percent of that stock of gold should be returned to the Treasury. We are not trying to reach this by any process of amendment, because we realize the impossibility of accomplishing this purpose in the House.

Here is the situation: Maybe the Federal Reserve System has not met its responsibilities; in fact, I do not believe it has. The governor of the Philadelphia bank told us yesterday that the Federal Reserve banks held some three and a half billion dollars of gold, with less than $3,000,000,000 of outstanding currency. Under the Federal Reserve Act it was perfectly proper for the Federal Reserve banks to have outstanding currency with 40 percent of gold back of such currency. In other words, if the Federal Reserve banks were extending the credit which they could extend under the Federal Reserve Act, with this amount of gold they could now have outstanding some seven or eight billion dollars instead of less than $3,000,000,000 in currency outstanding. But if the Federal Reserve banks have failed to meet their responsibility, the manly thing to do is to either abolish the System or change the System. It is a cowardly thing to take the gold away from them which is security for currency which is held by the people of the United States under the faith of the United States and under the faith of the Federal Reserve Act itself. Reaching it in this way we believe is wrong.

The Federal Reserve Act was enacted by a Democratic administration, and the truth is that when a Democratic

administration placed the control of money in the hands of the Federal Reserve banks and took that power away from Congress, they deviated from the Constitution, and today you are trying to correct that wrong by forcing the Federal Reserve banks to break faith with those who today hold their currency. You are trying to correct a wrong by going one step further, namely, taking the control of money entirely out of the hands of Congress and placing it in the hands of one man—the Secretary of the Treasury.

If the Federal Reserve Act was a mistake, in the first instance, this is a greater one. I say to you that the manly way to have met the Federal Reserve errors or mistakes which have been made, if any, would be to change the act in an open, courageous manner and not reach out by arbitrary force and take gold—not so much the property of the Federal Reserve but gold which it holds as a sacred trust to secure its own outstanding currency—which is now owned by the people of this country.

In taking away this currency the wrong is not so much against the banks as it is against the people of this country who own the Federal Reserve currency. [Applause.]

Mr. CLAIBORNE. Mr. Chairman and members of the Committee, it has been said today that the President wishes this bill passed. It has also been said today that many of the voters of the country wish this bill passed. In such an emergency what is the duty of a Representative?

You will recall that in 1774 Edmund Burke, speaking to the voters of Bristol, had this to say:

> Certainly, gentlemen, it ought to be the happiness and glory of a Representative to live in the strictest union, the closest correspondence, and the most unreserved communication with his constituents. Their wishes ought to have great weight with him; their opinion, high respect; their business, unremitted attention. It is his duty to sacrifice his repose, his pleasure, his satisfaction, to theirs; and above all, ever, and in all cases, to prefer their interest to his own.
>
> But his unbiased opinion, his mature judgment, his enlightened conscience, he ought not to sacrifice to you, to any man, or to any set of men living. These he does not derive from your pleasure; no, nor from the law and the Constitution. They are a trust from Providence, for the abuse of which he is deeply answerable. Your Representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion.

Mr. Chairman and Members of the committee, it is my solemn judgment, not matured by years of study of money, not tested in the crucible of high finance, but nevertheless my solemn judgment that this is the first step toward inflation.

I do not know where this policy will lead us, but coming from Missouri you must show me. I am against the bill. [Applause.]

They say that the present dollar is not a fit measure today by which to value services and goods; they would cut it 40 percent and thereby try to cure our financial troubles.

Why, gentlemen, in times of famine or in plenty you might as well change the bushel measure and attempt thereby to get rid of shortages or surpluses. You cannot by changing the measure thereby cure the trouble.

There are many reasons that prompt me to vote against this bill. Time does not permit me to go into them. I asked for time on this side and on that side of the aisle, but got none. I am against the bill because I believe it robs the living of 40 percent of their wealth. [Applause.]

This is the first time you placed a penalty on frugality. We have always been taught to save to acquire property, and now the Government is going to take 40 percent of it from us. [Applause.]

I am against this bill because it breaks faith with our honored dead. Every widow sustains a 40-percent cut in the return from her dead husband's life insurance.

I am against this bill because it crushes the activities of small colleges and like institutions operating on fixed investments.

I am against this bill because it is a pay cut of 40 percent to labor.

This is the first step in inflation. What will be the next?

Mr. McFADDEN. Mr. Chairman, I move to strike out the last two words. I rise to supplement what the gentleman from Kansas [Mr. McGugin] has so ably stated on behalf of himself and other members of the Coinage, Weights, and Measures Committee. I call the attention of the House again, because I have done this frequently in the past, to the fact that Federal Reserve notes are held outside of this country. They are contracts payable in gold. I also call the attention of this House again to the fact that gold certificates are held ouside of this country, and under the recent decision in Great Britain of the highest court they are contracts, and they involve the United States in a situation which is going to be troublesome to handle. In connection with that, referring to line 23, on page 8, in regard to letting gold out of this country, the bill provides that it can be done by the Federal Reserve banks for the purpose of settling international balances. I call attention to the fact that this does not say international trade balances. This refers to contracts which our bankers have made with foreign countries and foreigners who owe the United States and its people money.

It is a serious matter to give the authority to the Federal Reserve that you are giving them in this bill, because there are fraudulent contracts involved here which may seriously involve the people of the United States. Need I go further than to say in that respect that I am referring to German acceptance credits, which are well known to be held by member Federal Reserve banks and by Federal Reserve banks themselves? Are you going to permit a settlement in this manner with these credits which never should be recognized?

I also call attention to another thing that you are doing here today. You are by this act absolutely relieving the Federal Reserve System from its obligation to retire its own notes. The United States is taking upon itself today by this act the full obligation of retiring the Federal Reserve notes to the amount, January 17, 1934, of $3,211,089,970. Federal Reserve notes have been issued illegally. You are making good the gambling debts of the Federal Reserve banks. I cannot let this bill pass without again calling your attention to it, because I have repeatedly brought this to the attention of the House. I have introduced resolutions calling upon this House to find out about the dishonest transactions of the Federal Reserve. No attention has been paid to it. Are you going to permit, by this action, the covering up of these fraudulent transactions? That is the question that I want the majority, who have the responsibility, to answer. What are you going to do about my charges in the form of impeachment of the Federal Reserve and its officers?

The Clerk read as follows:

> Sec. 5. No gold shall hereafter be coined, and no gold coin shall hereafter be paid out or delivered by the United States: *Provided, however,* That coinage may continue to be executed by the mints of the United States for foreign countries in accordance with the act of January 29, 1874 (U.S.C., title 31, sec. 367). All gold coin of the United States shall be withdrawn from circulation, and, together with all other gold owned by the United States, shall be formed into bars of such weights and degrees of fineness as the Secretary of the Treasury may direct.

Mr. TRUAX. Mr. Chairman, I move to strike out the last word. When I used to raise about 100 litters of pigs a year I found that the longer I let the pigs nurse the sow the harder it was to wean them away from her, and I say to you that the longer you allow the Wall Street pirates to drain the lifeblood of the American people that much harder it is to take them away from that teat. Mention was made by the distinguished orator from Massachusetts about the American flag, which we honor, respect, and revere. I say to you that the money kings of Wall Street hauled that flag down and substituted the black flag of John Pirate Morgan and his buccaneers for it. We were told by a gentleman on the other side of the House, the minority floor leader, that this majority group is the most spineless and of the least ability that had ever sat in the House. As one of those spineless majority, I say that I have the courage to trample down and destroy your god of gold once and for all time.

I appeal to you gentlemen on my side of the House. When the Economy Act came up you told us to support the President of the United States. You say that you are apprehen-

sive of turning over power and authority to one man. The people of this country last November turned over all the power and authority to the only man in the history of the country who has had the courage to tell Wall Street to go to hell and stay there, and he is the man that you have to support today, Franklin D. Roosevelt, President of the United States.

SEVERAL MEMBERS ON THE REPUBLICAN SIDE. Hooray!

Mr. TRUAX. My friends, you may "hooray" if you please. That is what they did in the French House of Deputies when Louis XVI told the people to eat grass, and that is what our people have been eating under your administration for the past 12 years. I say to you gentlemen on the minority side that the people of this country are never going back to your form of government. It will be Roosevelt or revolution. I say call it dictatorship if you will. You will take that or a worse one in this country. You ask the question, Where are we going? I cannot answer that, but I can tell you where we have gone under your rule. Your full dinner pail has been transformed into a back-alley garbage can. Able-bodied pauperism had become a hideous fact in this country of ours. On March 3 one half of the banks of this country were closed down, and the President closed the rest of them to keep the bankers from stealing all the depositors' money.

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

Mr. DARROW. Mr. Chairman, I move to strike out the last two words. I rise for the purpose of bringing to the attention of the House what seems to be a rather important phase of this legislation, in a telegram just received. I would like the privilege of reading to the House this telegram:

To Congressman's Secretary:

Please deliver to Member on floor. While strongly favoring gold nationalization and general objectives President's monetary policy, we believe pending bill harbors grave dangers, stripping Congress of its power to regulate value of money—a duty imposed upon it by the Constitution. Unlike legislation passed during emergency last spring, which was temporary, this bill seeks permanent transfer of the power of Congress over money to Treasury. We urge sufficient delay for full but prompt discussion.

COMMITTEE FOR THE NATION.

The Clerk read as follows:

SEC. 6. Except to the extent permitted in regulations which may be issued hereunder by the Secretary of the Treasury with the approval of the President, no currency of the United States shall be redeemed in gold: *Provided, however,* That gold certificates owned by the Federal Reserve banks shall be redeemed at such times and in such amounts as, in the judgment of the Secretary of the Treasury, are necessary to maintain the equal purchasing power of every kind of currency of the United States: *And provided further,* That the reserve for United States notes and for Treasury notes of 1890, and the security for gold certificates (including the gold certificates held in the Treasury for credits payable therein) shall be maintained in gold bullion equal to the dollar amounts required by law, and the reserve for Federal Reserve notes shall be maintained in gold certificates, or in credits payable in gold certificates maintained with the Treasurer of the United States under section 16 of the Federal Reserve Act, as heretofore and by this act amended.

No redemptions in gold shall be made except in gold bullion bearing the stamp of a United States mint or assay office in an amount equivalent at the time of redemption to the currency surrendered for such purpose.

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

The Clerk read as follows:

Amendment offered by Mr. CHASE: On page 5, line 17, after the word "notes", insert the following: "now outstanding or authorized, or which may be issued hereafter under the provisions of title III of Public, No. 10, Seventy-third Congress."

Mr. SOMERS of New York. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do close in 10 minutes.

Mr. CHASE. Mr. Chairman, reserving the right to object, I have another amendment to offer.

Mr. SOMERS of New York. Can the gentleman not take them both up in 5 minutes?

Mr. CHASE. I can do that.

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

There was no objection.

Mr. CHASE. Mr. Chairman, this amendment is not unfriendly to the bill. It is not antagonistic to the philosophy of the bill. It is submitted in good faith, with the hope that the chairman of the committee will accept it.

Last spring we adopted the Thomas amendment, found now in title III of the Agricultural Adjustment Act.

I quote a few words only:

* * * The President is authorized—

To direct the Secretary of the Treasury to cause to be issued in such amount or amounts as he may from time to time order, United States notes, * * *

* * * but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States.

Right here is the point of the Thomas amendment, to permit the saving of money by retiring tax-exempt, interest-bearing United States bonds, with taxable, non-interest-bearing United States notes. October 15 and since there were and are callable $8,201,000,000 of first and fourth Liberty Loan bonds, bearing on the average 4¼-percent interest. If the administration will exercise the power granted by the Thomas amendment it will save more than $120,000,000 a year in interest on three billion of these bonds alone, and the only objection heard is that this is printing-press money, greenbacks, fiat money. A piece of currency with green ink on the back is called "fiat money." It costs the paper, the ink, the plates, and the cost of the engraving. Back of it is the faith and credit of the United States. You take the same "promise to pay", put yellow ink on the back, and it is a bond. It costs the paper, the ink, the plates, and the cost of the engraving. Back of it also is the faith and credit of the United States.

It is high time that we in this country think a little more about the forgotten man, the taxpayer of America. I urge no dangerous inflation, but bonds can be as fiat as notes. And it is time we stop piling up this mass of interest-bearing debt through unending issuance of tax-exempt bonds.

You gentlemen on that side and we on this side are united in our wish to right the terrible wrong done the service men of America on the 11th day of last March through the misnomer Federal Economy Act.

The President, in today's paper, is said to wish to liberalize the provisions of the orders existing as a result of that act, in order that greater justice may be done disabled soldiers and the widows and orphaned children of soldier dead. His proposal will cost some $21,000,000, according to the press.

The American Legion asks yet further liberalization, at a cost of from sixty to eighty million dollars more. With this $120,000,000 saved through retirement of these tax-exempt, interest-bearing bonds, the administration can liberalize the bill to provide this help for the veterans and also can take care of the most underpaid of the Federal employees without additional cost to the taxpayers.

I submit the amendment in the hope that the chairman of the committee will accept it.

Mr. SOMERS of New York. Mr. Chairman, I cannot accept that amendment at this time without having studied it a little more closely.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. CHASE].

The amendment was rejected.

Mr. CHASE. I offer a further amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. CHASE: On page 6, between lines 4 and 5, insert the following new paragraph:

"Effective as of January 1, 1934:

"(1) Section 22 (a) of the Revenue Act of 1932 is amended by inserting before the period at the end of the first sentence thereof a comma and the following: 'including obligations of the United

States or its possessions, and of any State, Territory, or any political subdivision thereof, or the District of Columbia.'

"(2) Paragraph (4) of section 22 (b) of the Revenue Act of 1932 is amended to read as follows:

"'(4) Tax-free interest: Interest upon securities issued under the provisions of any act of Congress, or under the provisions of any amendment to any act of Congress, or under or by the authority of the United States, any State or States, and/or any political subdivision of a State. Every person owning any of such securities shall in the return required by this title submit a statement showing the number and amount of such securities owned by him and the income received therefrom, in such form and with such information as the Commissioner may require.'"

Mr. SOMERS of New York. Mr. Chairman, I make a point of order against the amendment. I believe it is not germane. It is a tax measure and this is a currency measure.

The amendment relates to taxation, whereas this is a currency bill.

The CHAIRMAN. Does the gentleman from Minnesota wish to be heard on the point of order?

Mr. CHASE. Mr. Chairman, in half a moment I can state my position on this point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. CHASE. This, with the change of one word, is the Clark amendment adopted in the Senate last spring when the Thomas amendment was under debate.

It merely provides through legislation the elimination of the tax-exempt feature of interest-bearing Government bonds.

Every man in this Chamber is opposed to this tax-exempt feature of Government securities. Two or three nights ago the distinguished gentleman from Kentucky declared that at every opportunity he would attack the tax-exempt feature of Government bonds. Here is his chance to attack it.

We are stabilizing the currency; we are stabilizing Government bonds; suppose we stabilize the poor old American taxpayer.

By next year we will have put on his shoulders the burden of $31,000,000,000 of debt; on that the further burden of paying every year $1,125,000,000 in interest.

And on top of that we place the third burden of paying the share of the costs of Government avoided by those very wealthy gentlemen who have their funds invested in tax-exempt Government securities.

Let us take part of this burden from the shoulders of the American taxpayers.

The CHAIRMAN. The gentleman will confine himself to the point of order. The Chair is ready to rule.

Mr. CHASE. I realize that under the conditions prevailing the Chair will hold that the amendment is not germane.

The CHAIRMAN. Replying to the gentleman from Minnesota, the Chair will hold, under parliamentary law and precedents, that the amendment is not germane. The Chair sustains the point of order.

The Clerk read as follows:

SEC. 7. In the event that the weight of the gold dollar shall at any time be reduced, the resulting increase in value of the gold held by the United States (including the gold held as security for gold certificates and as a reserve for any United States notes and for Treasury notes of 1890) shall be covered into the Treasury as a miscellaneous receipt; and, in the event that the weight of the gold dollar shall at any time be increased, the resulting decrease in value of the gold held as a reserve for any United States notes and for Treasury notes of 1890, and as security for gold certificates shall be compensated by transfers of gold bullion from the general fund, and there is hereby appropriated an amount sufficient to provide for such transfers and to cover the decrease in value of the gold in the general fund.

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

Mr. Chairman, I voted for William Jennings Bryan in 1900, and I am proud of that fact. I believe that within the next year or two his great dream will come true. I believed in him then because his heart was with the common people. I believe today we have as the leader of the Democratic Party a man whose head as well as whose heart is with the common people. I believe he in wisdom and sincerity is submitting these laws to us for enactment. His vision, his courage, his frankness is refreshing.

Several objections have been raised to the bill under consideration. Let me say here and now I am for the bill and shall vote for it. I want to meet two or three of these objections.

One objection that has been urged against the bill is that it will devalue the gold dollar. I submit that for the past 10 years or more the gold dollar has been overvalued. Need I tell you that the farmers have been paying three times as much in payment of their debts and interest as the debts cost when contracted? Let me read to you from page 3 of the committee report. They say:

The purpose of this bill is not to depreciate the dollar below the normal purchasing power that prevailed when these debts were contracted, but to merely restore the dollar from its enhanced and appreciated purchasing power to normalcy.

I do not think that anything more than justice would be done were it depreciated temporarily even below that point, because it has been overvalued for the last 10 years.

The second objection raised against this bill is that it provides a one-man rule. Let me say it is my belief that it is far more safe to have a benevolent dictatorship under a man like President Roosevelt than to submit, as we have in the past, to an unscrupulous oligarchy in the shape of the Federal Reserve System. [Applause.]

The Constitution of the United States states that "Congress shall have the power to coin money and regulate the value thereof." We have delegated this power for decades into the hands of the big bankers of this country. I am willing to trust this one man who by his every action has shown his friendship for the American people. I am more willing to trust him than to trust these men who by their acts have shown their friendliness toward the international bankers and to the countries of Europe.

Let us look at the record, as the late-lamented—politically speaking—Alfred Smith would say. What does the record show? The record shows that in 1921 the Federal Reserve System sent word throughout the United States to its member banks that they should call in the farmers' notes they held; and they called in these notes and refused to give the farmers further credit. The farmers have been deflated for the past 13 years.

It was said by the gentleman from New York that we are trying to soak the rich. My good friends, do you know what Will Rogers said when this slogan went abroad a year ago? He said, "Soak the rich! You have soaked the poor until they are drowned." The farmers have lost their farms and the laborers their homes. Is it not time to give them some relief?

The third objection is that it takes the profits from the bankers and gives it to the United States Government, an estimated amount of from three to four million dollars. Who is the Government? The American people compose the Government, and if profit is to accrue it should be theirs rather than the few private bankers. Bonds or certificates are to be issued to them in return for their gold. This will not in anywise be an injustice to them and will place control of the metallic base in the hands of the Federal Government, where it belongs.

It has been said here today that by this bill we would sterilize, chloroform, and bury this gold in the United States Treasury. Has it not been buried lo these many years in the vaults of the Federal Reserve System? And have not its officials issued 10 times its value in credit paper, on which the American people have been paying rent profits to these Shylocks? When the people brought this credit paper to the banks for redemption, of course they could not meet it, and hence the crash of March 1933.

Now the corpse of the true and stable financial system of our early days must be resurrected to serve and bless the American people.

It is said we cannot trust the Secretary of the Treasury, Mr. Morgenthau. I would rather trust him, who has shown himself in sympathy with the President and the common people, than to trust the "greatest Secretary since Hamilton", Mr. Mellon, the friend of international bankers, who

held his office in violation of law and who for 12 long years was the virtual President for that time, Harding, Coolidge, and Hoover being mere puppets in his hands.

The Thomas amendment was enacted by a large majority in both the Senate and the House. We who supported that amendment hoped and expected the President would use that power. We are whole-heartedly back of him in his program of inflation to raise commodity prices. We joyfully welcome the dawn of the new day which shall place control of money and credit, the vital stream in our economic and politic body, in the hands of our Federal Government instead of the private bankers of this country.

We may be using an extraconstitutional method to bring back this constitutional intent, but the present emergency demands emergency measures and the overwhelming majority of the American people urge it.

Mr. SOMERS of New York. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do now close.

Mr. SHOEMAKER. Mr. Chairman, I reserve the right to object.

Mr. SOMERS of New York. Then, Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 9. Section 3699 of the Revised Statutes (U.S.C., title 31, sec. 733) is amended to read as follows:

"The Secretary of the Treasury may anticipate the payment of interest on the public debt, by a period not exceeding 1 year, from time to time, either with or without a rebate of interest upon the coupons, as to him may seem expedient; and he may sell gold in any amounts, at home or abroad, in such manner and at such rates and upon such terms and conditions as he may deem most advantageous to the public interest, and the proceeds of any gold so sold shall be covered into the general fund of the Treasury: *Provided, however*, That the Secretary of the Treasury may sell the gold which is required to be maintained as a reserve or as security for currency issued by the United States, only to the extent necessary to maintain such currency at a parity with the gold dollar."

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

Mr. Chairman, I came here in the hope I might do something to help put this bill over.

I am in favor of setting the price on gold where it rightfully belongs and taking that gold and the profit from the vicious Federal Reserve System. However, I am opposed to a one-man rule. While it was not legal, we had practically a one-man rule under Andrew Mellon, and we all know the results thereof. It was not legalized by Congress; it was a usurpation of power, if you please.

I have every confidence in President Roosevelt. I think he is one of the greatest men that ever sat in the White House and directed the destinies of this Nation; but may I ask, What is going to happen following President Roosevelt? This is the question. He may not be in the White House forever.

Through the provisions of this bill we are delegating a great power into one hand, the hand of the Secretary of the Treasury, a power which should be invested in a nonpartisan committee of five men.

Another thing we are doing is to put into the hands of one man the power to deal internationally with our Federal gold reserve, a power that never should be delegated by Congress to any one man.

We speak of the Federal Reserve System; we speak of devaluation. It was in 1920 that the Federal Reserve Board, appointed by Woodrow Wilson, then President of the United States, caused the deflation from which we have suffered ever since. That was the beginning of the depression through which we now are passing. The depression may continue unless we take the right action today.

I am for the devaluation of gold. I am for bringing gold into the hands of the United States Government. I believe the gold should be public property; but I also believe in democracy and in the Constitution; and the Constitution gives to Congress the sole right to coin money and regulate the value thereof.

I shall vote to recommit this bill with the hope that the committee will eliminate this feature spoken against by the gentleman from Texas [Mr. PATMAN], and adopt his amendment; and I express the further hope that the committee will see fit to incorporate a provision putting this power into the hands of a committee of five men, giving it the semblance of democracy to which it is entitled.

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

Mr. SHOEMAKER. I yield.

Mr. FOCHT. The gentleman referred to Andrew Mellon, a citizen of Pennsylvania. Is it not a fact that Andrew Mellon as Secretary of the Treasury reduced the Federal debt from $23,000,000,000 to $16,000,000,000, the figure at which it stood just before he retired?

Mr. SHOEMAKER. No; it is true the taxpayers of the United States reduced that debt; and if Andrew Mellon had paid the debts with taxes collected instead of paying them back to himself and others, the debts would have been still further reduced by the sum of several billion dollars that he stole with immunity. [Applause.]

The pro forma amendment was withdrawn.

Mr. WHITE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WHITE: On page 7, line 10, after the word "Treasury", insert the following——

Mr. SOMERS of New York (interrupting the reading of the amendment). Mr. Chairman, a point of order. This section has been passed.

Mr. WHITE. Mr. Chairman, I ask unanimous consent that the amendment may be read.

The CHAIRMAN. A point of order has been made that the amendment is not in order because the section has been read and passed. The gentleman from Idaho asks unanimous consent that the amendment be read. Is there objection?

Mr. KENNEDY of New York. Mr. Chairman, I object.

Mr. SEGER. Mr. Chairman, I move to strike out the last word. I realize that the sentiment existing in the House at the present time will not permit of any amendment to the bill. The more I hear of the debate the more I am confused, and I do not think I am alone in that. If I vote for this bill, I am going to vote for it because it appears to be part of an administration monetary program in which they have gone so far that there is no turning back.

At the same time the revelations developed on the floor of this House this afternoon by my colleague from Kansas, a member of the committee reporting this measure, cannot be emphasized too much. Our people should know that the majority leadership have not been fair in their rush to pass the bill, and they may come to rue the day they decided to bar certain monetary experts from giving testimony at the hearings. The President, the Secretary of the Treasury, and the House leadership may know just what the bill is going to do, but so far they have not given this interesting story to us and the millions of Americans milling around in this fog of monetary debate. After all, are we not establishing bad precedents which may endure for all time?

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 10. (a) For the purpose of stabilizing the exchange value of the dollar, the Secretary of the Treasury is authorized, directly or through any agency or agencies that he may designate, to purchase, sell, discount, or negotiate, or to contract to purchase, sell, discount, or negotiate, at home or abroad, with or without endorsement or guaranty, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, coin, bullion, cable transfers, foreign exchange, bonds, notes, evidences of indebtedness, including the obligations of the United States or of any foreign government, and any obligations or securities in whatever currency payable, to establish credits therefor and generally to exercise such powers as are incidental to the powers conferred by this section.

(b) To enable the Secretary of the Treasury to carry out the provisions of this section there is hereby appropriated, out of the receipts which are directed to be covered into the Treasury under section 7 hereof, the sum of $2,000,000,000, which sum when available shall be deposited with the Treasurer of the United States in a stabilization fund (hereinafter called the "fund") under the exclusive control of the Secretary of the Treasury, whose

decisions shall be final and not be subject to review by any other officer of the United States. The fund shall be available for expenditure, under the direction of the Secretary of the Treasury and in his discretion, for any purpose in connection with carrying out the provisions of this section, including the investment and reinvestment in direct obligations of the United States of any portions of the fund which the Secretary of the Treasury, with the approval of the President, may from time to time determine are not currently required for stabilizing the exchange value of the dollar. The proceeds of all sales and investments and all earnings and interest accruing under the operations of this section shall be paid into the fund and shall be available for the purposes of the fund.

(c) At such times as the President may determine, the President shall cause an audit to be made of the fund and a full report thereof shall be included in the next succeeding annual report of the Secretary of the Treasury.

Mr. SOMERS of New York. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment, on page 8, beginning with line 3: Strike out all down to and including line 16 and insert in lieu thereof the following:

"SEC. 10–A. For the purpose of stabilizing the exchange value of the dollar the Secretary of the Treasury, directly or through such agencies as he may designate, is authorized, for the account of the fund established in this section, to deal in gold and foreign exchange and such other instruments of credit and securities as he may deem necessary to carry out the purposes of this section. An annual audit of such fund shall be made and a report thereof submitted to the President and a general report of the operation of the fund shall be made by the President to the Congress within the period beginning 90 days before and ending 90 days after the expirational 3 years from the date of the enactment of this act."

Mr. SOMERS of New York. Mr. Chairman, this committee amendment simply explains a little more definitely the stabilization fund. This requires the Secretary of the Treasury to report once a year to the President and the President to report 3 years from the passage of the act to the Congress of the United States.

Mr. McFADDEN and Mr. McGUGIN rose.

The CHAIRMAN. For what purpose does the gentleman from Kansas rise?

Mr. McGUGIN. For the purpose of stating that this amendment offered by the chairman met the unanimous approval of the committee.

Mr. McFADDEN. Will the gentleman yield?

Mr. SOMERS of New York. Yes.

Mr. McFADDEN. I should like to ask the gentleman whether this section does not give to the Secretary of the Treasury the right to accept foreign securities for war debts? Certainly the language of the bill permits it. Are you granting authority to reduce or cancel foreign debts?

Mr. SOMERS of New York. I do not believe it does.

Mr. McFADDEN. Will the gentleman state positively that it does or does not?

Mr. SOMERS of New York. I did not study that particular feature of the bill. I do not want to, at this moment, and in this confused state, give the gentleman any assurances one way or the other.

Mr. McFADDEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, here is another authority to the Secretary of the Treasury which gives the Secretary rights which this Congress has refused in prior enactment of legislation. Are you going to now nullify that provision in the moratorium resolution which said that there should be no reduction of the foreign debts?

Is this the reason the administration has been accepting tokens in small partial payments of the debts owing this country by Great Britain and thus granting extension on the terms of the debt settlements, contrary to the law passed by Congress on the Hoover moratorium bill in 1931?

I warn you the action you are taking today is a step toward reduction and cancelation of war debts due the United States and a step to aid the international banking group to settle in their favor the German acceptance credit under the Albert H. Wiggin stand-still agreement with German creditors.

Let me say to you that by this enactment you are cutting the foreign debt to the extent you devalue the dollar. If you devalue the dollar 40 cents, you have canceled 40 percent of the foreign debt owed the United States.

May I say further, supplementing what I have said previously, the authority for the Secretary of the Treasury and the Federal Reserve Board to deal with Federal Reserve debts is involved. I am referring to the short-term debts, acceptance credits in Germany, and so forth, with which Albert H. Wiggin and Gates W. McGarrah are dealing. You are dealing with something of vital importance because these gentlemen, representing the international financial group that stands to lose one billion and a half dollars are anxious to cancel 40 percent of this debt to protect themselves against losses.

Is this Congress going to blindly pass such legislation? Have we lost all sense of proportion? Are we going to sacrifice the rights which the people of this country have intrusted to this body, and pass this bill without proper consideration? I beg the leadership of the House to consider the question of returning this bill to the committee. There have been enough questions raised here this afternoon which justify the sending of this bill back to committee. I beg you to do this before you sacrifice on the altar the interests of the people of the United States.

Mr. McGUGIN. Mr. Chairman, I rise in support of the committee amendment.

I am in accord with much that has been said by my colleague, the gentleman from Pennsylvania [Mr. McFADDEN], but the issue before the House at this particular time is whether or not we shall accept the amendment offered by the gentleman from New York [Mr. SOMERS]. If the House should refuse to accept the amendment, this would leave the bill in its present form giving the Secretary of the Treasury power to deal in drafts, checks, bills of exchange, including acceptances, coin, bullion, cable transfers, and almost everything one can think of.

The question is whether you are going to accept (a) as it is in the bill, or (a) as presented by the gentleman from New York. On this question the amendment offered by the gentleman from New York is infinitely better than (a) in the bill.

You cannot reach the question presented by my colleague from Pennsylvania by defeating this amendment. There is only one way you can reach that and that is for the Congress to have the courage and the patriotism to rise to its duty and retain its constitutional power over money instead of giving it to one man, the Secretary of the Treasury.

The committee amendment was agreed to.

Mr. SOMERS of New York. Mr. Chairman, I offer a further committee amendment, which is more or less of a technical one.

The Clerk read as follows:

Committee amendment: Page 9, line 14, strike out, commencing with line 14, all down to and including line 17.

The committee amendment was agreed to.

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

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 9, line 4, that the comma after the word "section" in line 4 be stricken out and a period inserted in lieu thereof, and that the remainder of the sentence, beginning with the word "including" in line 5 and ending with the word "dollar" in line 10, be stricken out.

Mr. McGUGIN. Mr. Chairman, this amendment would strike out all of lines 5, 6, 7, 8, 9, and down to the word "dollar" in line 10.

Here is what these lines do as now in the bill: They give to the Secretary of the Treasury authority to take any part of this $2,000,000,000 fund, agreeable to the President, and use it to sustain the bond market for United States bonds.

Now, what is the situation? True, we are about to float $10,000,000,000 worth of bonds, but we should issue those bonds on the honest, true value of the credit of the United States. We should not take a smaller sum and use it to peg the market price of outstanding Government bonds, while the Government is going out and selling to the people of this country $10,000,000,000 worth of new bonds. If this country does that, then the Government is practicing the

same tactics that Morgan practiced when he floated an issue of German bonds in this country and sustained the market until he had sold a great block of these bonds to innocent purchasers. I want my Government to retain its credit, but I want it to retain its credit honestly.

We passed a securities act demanding that stock and bond sellers be honest when they sell their securities, and I want the Government to be honest when it sells its securities.

I will tell you the manly and honorable way to maintain the credit of this country so our bonds will always be worth par. Let Congress have the courage to meet its constitutional duty of providing enough revenue to meet what it spends and not permit an unbalanced Budget for 4 years.

If these lines remain in this bill and Congress furnishes $2,000,000,000 to be used in regulating the United States bond market, then, in truth, Congress should be haled before the Pecora committee over in the Senate, because we shall be doing exactly the dishonest thing, the reprehensible thing, for which we have criticized Morgan, the Insulls, and the rest who have floated bond issues by using money to peg the market while they were selling their bonds to the people.

Whatever we do let us be honest with ourselves and honest with the country; and if we do that, we will retain the credit of this country. [Applause.]

Mr. SOMERS of New York. The committee declines to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The question was taken, and the amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

SEC. 10. (a) For the purpose of stabilizing the exchange value of the dollar, a board named the "Currency Equalization Board" is hereby established. Such board shall consist of the President, the Secretary of the Treasury, the Governor of the Federal Reserve Board, and two other members to be appointed by the President and confirmed by the Senate. The salary of each of the two members appointed by the President shall be $10,000 per annum. Hereafter in this act the Currency Equalization Board shall be designated as the "board." The board shall act for the fund established in this section, to deal in gold and foreign exchange and such other instruments of credit or security as the board may deem necessary to carry out the purposes of this section. An annual audit of such fund shall be made and a report thereof submitted to the President.

(b) To enable the board to carry out the provisions of this section, there is hereby appropriated, out of the receipts which are directed to be covered into the Treasury under section 7 hereof, the sum of $2,000,000,000, which sum when available shall be deposited with the Treasurer of the United States in a stabilization fund (hereinafter called the "fund") under the exclusive control of the board, whose decisions shall be final and not subject to review by any other officer of the United States. The fund shall be available for expenditure, under the direction of the board and in its discretion, for any purpose in connection with carrying out the provisions of this section, including the investment and reinvestment in direct obligations of the United States of any portions of the fund which the board may from time to time determine are not currently required for stabilizing the exchange value of the dollar. The proceeds of all sales and investments and all earnings and interest accruing under the operations of this section shall be paid into the fund and shall be available for the purposes of the fund.

(c) The board provided for in this act shall terminate on February 15, 1936, unless by law hereinafter enacted the life of such board shall be extended. Upon the termination of this board, a board shall continue to exist consisting of the President, the Secretary of the Treasury, and the Governor of the Federal Reserve Board for the purpose of continuing as a liquidating agency for the orderly liquidation of such assets as are in the hands of the board on the date of the legal termination of the board created by this act. As such assets are liquidated, the proceeds from such assets shall be deposited in the Treasury of the United States to the credit of the general fund.

(d) At such times as the President may determine, the President shall cause an audit to be made of the fund and a full report thereof shall be included in the next succeeding annual report of the Secretary of the Treasury.

Mr. McGUGIN. Mr. Chairman, this amendment follows verbatim section 10 of the bill insofar as the authority is concerned. There are only two changes involved in the amendment. The first change is that instead of this power being conferred on the Secretary of the Treasury it is conferred upon a board consisting of 5 members, 3 of whom by law are the President, the Secretary of the Treasury, and the Governor of the Federal Reserve Board. The other two members are to be appointed by the President.

These two members are to receive $10,000 a year each. Of course, there is no additional salary for the three members of the board who are regular officials of the Government.

Whether or not it is wise to set up this $2,000,000,000 fund for this board I am not able to say, but the executive department insists that this emergency exists, and so there must be such a fund. I am willing to go along on that basis, but I cannot subscribe to the proposition of placing the power and responsibility upon the shoulders of any one man.

Now, whatever may be said, my amendment is not a partisan amendment. I have tried to be more than fair and wipe out all partisanship. I have not so much as asked that any of the members of the board be of the Republican Party. Under this amendment, the responsibility will rest upon the shoulders of five men, instead of upon the shoulders of one. The power under this act is so far-reaching, with two billions that can be used to run up and down the currency of other countries, that I say it is a dangerous policy.

It could well lead to war with other countries. What would you think if France had an equalization fund bearing down on our money? We might dislike it very much. England has a fund, but at least England has the excuse that she established her fund to uphold the value of her money, while we are setting up this fund not to uphold the value of our money but to drive the value of our money down. With such responsibility, surely it should not be upon 1 man but should be upon five men, as I suggest. Whatever may be said of my amendment, this much is true. It is good Jeffersonian Democracy, it is good Jacksonian Democracy, it is good Woodrow Wilson Democracy, and it is good Lincoln Republicanism. In fact, it is good ordinary traditional American constitutionalism. This country is dedicated to the proposition that it fears one-man rule, and I beg of you not to pass any legislation today which would leave in the power, not of Mr. Morgenthau but of any Secretary of the Treasury that may follow, full control over the money of this country. Garfield once said "He who has the control over the supply of money has control over all industry and commerce."

Such great power should not be placed in the hands of one man.

In addition, there is one other provision, and that is that this be temporary legislation. The date of expiration of this emergency power is February 15, 1936, and that gives 2 full years.

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

Mr. DIES. Mr. Chairman, I rise in opposition to the amendment. I dislike very much to take up any time at this time, but this amendment is so important that I think we are justified in discussing it for a few moments.

I can appreciate the reason why the gentleman from Kansas [Mr. McGUGIN] wishes to create this board. He has fears that the Secretary of the Treasury having the administration of this tremendous fund might at some subsequent period or that some subsequent Secretary of the Treasury might in some way mishandle or misappropriate this fund. In answer to the gentleman, the Secretary of the Treasury at the present time has ample opportunity to misappropriate public funds, if he sees fit. The creation of this board is merely the creation of another commission, another bureau, another board that will not only take money to pay the salaries of the members of the board, but will involve delay in that before the board can be established and before this fund can go into operation the Senate will have to confirm the appointments of the President. The administration does not want this amendment. The administration, Mr. Chairman, is charged with the responsibility of administering this fund in the interest of all the people.

The Secretary of the Treasury is responsible to the President. The President is responsible to the people of the United States and to the Congress of the United States. If the Secretary of the Treasury should be guilty of any misappropriation, or if at any time in the future we should have a Secretary who did not properly handle these funds, the President can remove him, or, if the President cooperates with him or is guilty along with him, the President can be impeached or can be defeated by the American people.

Permit me to make this observation. It is absolutely necessary that this fund go into operation at the earliest possible moment. It is absolutely necessary that these transactions be veiled in secrecy. When the equalization fund was established in the House of Parliament, the members resisted the efforts to clothe its activities in secrecy. Finally Parliament, realizing it would be to the best interests of England to do so, gave to an unknown committee, responsible to the Ministry, this tremendous power to depreciate their own currency and appreciate foreign currency. At this point permit me to read briefly from some statements made. One of the prominent members of Parliament said on May 9, 1933, that "it was a lot of cant and hypocrisy to suggest that this money, a mere billion dollars additional to the fund, was wanted for any other purpose than to carry on this exchange work."

The gentleman said that what we want the funds for is simply to depreciate the American dollar. Mr. Chairman, that is not true. The purpose of this fund is to prevent foreign nations from appreciating our currency and depreciating their own, and giving to themselves and their own nationals superior trade advantages in the markets of the world.

Again, in conclusion, Mr. Chairman, the President is responsible to the people. I have abiding confidence in President Roosevelt. If the Congress wants to abolish this fund at any time, we have the power to do so, but at this serious juncture of affairs it does seem to me we would be justified in giving to the President and to the Secretary of the Treasury this power, and eliminate bureaus and boards.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. McGugin].

The question was taken; and on a division (demanded by Mr. McGugin) there were ayes 73 and noes 168.

So the amendment was rejected.

The Clerk read as follows:

Sec. 12. Paragraph (b) (2) of section 43, title III, of the act approved May 12, 1933 (Public, No. 10, 73d Cong.), is amended by adding two new sentences at the end thereof, reading as follows: "Nor shall the weight of the gold dollar be fixed in any event at more than 60 percent of its present weight. The powers of the President specified in this paragraph shall be deemed to be separate and distinct powers, and may be exercised by him, from time to time, severally or together, whenever and as the expressed objects of this section in his judgment may require."

Mr. SOMERS of New York. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment: Page 10, line 4, strike out the words "separate and distinct" and insert in lieu thereof "separate, distinct, and continuing."

The amendment was agreed to.

Mr. McGUGIN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McGugin: Page 10, line 1, strike out the sentence "nor shall the weight of the gold dollar be fixed in any event at more than 60 percent of its present weight" and insert in lieu thereof "the weight of the gold dollar is hereby fixed at 66⅔ percent of its present weight."

Mr. McGUGIN. Mr. Chairman, today we are considering a bill which the people of the United States believe is going to stabilize the dollar. They want something stable. The people of this country are done with fear and apprehension as to what is going to be the value of the dollar. They think stabilization is in this bill. Stabilization is not in this bill. This section is before you. You can read plain English. All this section does is to provide that if the dollar is revalued, it shall be between 50 and 60 percent of its present gold weight. I am in favor of devaluing the gold dollar. I want the Congress to perform that function, which is its constitutional duty, and it is not the constitutional privilege of any other Government agency to perform that function.

This amendment stabilizes the dollar, reduces the gold content, and fixes it at 66⅔ percent of its present weight in gold.

All the witnesses who appeared before our committee said 60 was too low, with the exception of Mr. Vanderlip and Father Coughlin, who did not place any specific gold content for the dollar. Professor Kemmerer, in a most recent article, says 66⅔ percent is low enough. Mr. Warburg, a man who is close to the ear of this administration, told the committee night before last that 60 was too low. This figure is in line with the best advice we have been able to receive. If it turns out that 66⅔ percent is too high, it shall then be the obligation of Congress to reduce it. If it turns out that it is too low, it shall then be the obligation of Congress to increase it. Above all, let us here today send out to the American people that which is the truth. Let us not lead them to believe that by the passage of this bill the dollar has been stabilized, because it has not. If you will accept this amendment, you will say to the people of the United States, "Your dollar is worth two thirds of its normal value. It has been reduced one third, and there it has been fixed by Congress, the tribunal which, under the Constitution, should perform that duty." Not only is it our opportunity to do our constitutional duty when we accept this amendment but it is our opportunity to be fair with the people of this country and, when we pass this bill, let them know honestly that their money has been stabilized at some figure.

I thank you.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Kansas [Mr. McGugin].

The amendment was rejected.

Mr. McGUGIN. I offer a further amendment, which is at the desk, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. McGugin: Page 10, line 1, strike out the sentence "nor shall the weight of the gold dollar be fixed in any event at more than 60 percent of its present weight" and insert in lieu thereof the following: "the weight of the gold dollar is hereby fixed at 60 percent of its present weight."

Mr. SOMERS of New York. Mr. Chairman, I move that all debate on this section and all amendments thereto do close in 5 minutes.

The motion was agreed to.

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

The CHAIRMAN. The gentleman will state his point of order.

Mr. McFADDEN. My point of order is, How can a Member of this House get an opportunity to offer an amendment or talk against an amendment when any such gag rule as this is being pursued?

Mr. COCHRAN of Missouri. O Mr. Chairman, the gentleman is out of order.

The CHAIRMAN. The matter stated by the gentleman from Pennsylvania does not constitute a point of order.

The gentleman from Kansas [Mr. McGugin] is recognized.

Mr. McGUGIN. Mr. Chairman, the amendment I have now offered fixes the value at 60 instead of 66⅔. Let me say to you Democratic gentlemen who are now very anxious to get away and want to rush this bill through, you are passing legislation which will control the American people for years, and you should not be so hasty in your conduct. You have ramrodded this bill through this House without having fair deliberation before the committee. Now you might, at least, while we are considering this important section, not be too speedy in your effort to stop debate and stop any reasonable consideration of it.

I have no further argument to make in particular with reference to this amendment except that it merely reduces

the gold content of the dollar to 60 percent of present weight. Then after this I will offer another amendment, on which debate will be shut off, of course, which provides that when it is fixed the President shall have a range of between 50 and 66⅔.

I now yield the balance of my time to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. I am quite in accord with what the gentleman is proposing, but I fear that it will not reach the point even though it is accepted. I want to call the attention of the gentleman and of the House to the fact that you do not get stabilization by lowering the gold content of the dollar. That has to be done by subsequent agreements, and what I want to suggest to those here who have the responsibility is that when stabilization does take place, or they get ready for it, the policy of actual devaluation and international stabilization must be deferred until such date as the Government of the United States will have had time to enter into bilateral agreements with, first, all the Republics of America; second, the self-governing dominions of the British Empire; third, the continental nations of Europe; and, fourth, Great Britain. All these debtor nations should be dealt with in the order I have indicated, else the United States will be placed in a very embarrassing position on the question of arranging the parity of the dollar with the pound and with the franc. I hope there will be an honest parity between the dollar and the pound sterling. Great Britain should no longer have the advantage she has had in the past. We should have no advantage. No country or its people should be permitted to make money out of the medium of settlement of trade balances between countries

The CHAIRMAN. The question is on the amendment of the gentleman from Kansas.

The amendment was rejected.

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

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: On page 10, line 1, strike out the figure "60" and insert in lieu thereof the figure "66⅔."

The CHAIRMAN. The question is on the amendment of the gentleman from Kansas.

The amendment was rejected.

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

The Clerk read as follows:

Amendment offered by Mr. MOTT: Page 9, line 22, after the words "Sec. 12", strike out the whole of section 12 and insert in lieu thereof the following: "For the purpose of further stabilizing the currency, it is hereby declared to be the policy of the Congress to reduce the weight of the gold dollar by an amount approximately equal to the present depreciation of the value of the currency in relation to gold. The extent of said depreciation having been ascertained to be approximately 40 percent, the President is hereby authorized and directed by proclamation to fix the weight of the gold dollar in grains 0.9 fine at an amount not exceeding 60 percent nor less than 50 percent of the present weight of the gold dollar."

The CHAIRMAN. The question is on the amendment of the gentleman from Oregon.

Mr. MOTT. Mr. Chairman, my amendment——

The CHAIRMAN. By order of the House, all debate on the section and amendments thereto has been closed.

Mr. MOTT. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. Does the gentleman withdraw his amendment?

Mr. MOTT. I do not withdraw my amendment.

The CHAIRMAN. The question is on the amendment of the gentleman from Oregon.

The amendment was rejected.

Mr. MOTT. Mr. Chairman, I now move to strike out the enacting clause.

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

The CHAIRMAN. The gentleman will state it.

Mr. BULWINKLE. According to the rules of the House, a motion to strike out the enacting clause must be in writing, stating certain specific facts.

The CHAIRMAN. The point of order is sustained.

The Clerk read as follows:

SEC. 13. All actions, regulations, rules, orders, and proclamations heretofore taken, promulgated, made, or issued by the President of the United States or the Secretary of the Treasury, under the act of March 9, 1933, or under section 43 or section 45 of title III of the Act of May 12, 1933, are hereby approved, ratified, and confirmed.

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

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: After line 7, page 10, strike out all of section 13.

Mr. McGUGIN. Mr. Chairman, section 13 provides:

That all actions, regulations, rules, orders, and proclamations heretofore taken, promulgated, made, or issued by the President of the United States or the Secretary of the Treasury, under the act of March 9, 1933, or under section 43 or section 45 of title III of the act of May 12, 1933, are hereby approved, ratified, and confirmed.

This section simply means that every action, rule, regulation, or order promulgated or made by the President or the Secretary of the Treasury under authority given to them in the general banking act or under the Thomas amendment are hereby ratified and confirmed.

So far as the committee is concerned, the truth is that not a member of the Committee on Coinage, Weights, and Measures knows all the acts and regulations which we are about to confirm.

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

Mr. McGUGIN. I yield.

Mr. COCHRAN of Missouri. An official of the Treasury Department appeared before the committee last night and gave us a list of the actions and orders. They are right here.

Mr. McGUGIN. Let me have them.

Mr. COCHRAN of Missouri. Now, if there is any objection to voting for the amendment, I wish to hear it. I do not think the gentleman will have any objection.

Mr. McGUGIN. The statement from the Treasury Department which the gentleman presents shows on its face that they held out on us and did not give us all of these orders. The first paragraph states—and I read it for the benefit of the House:

The principal proclamations, Executive orders, and orders referred to in section 13 of the bill H.R. 6976 are as follows.

That is what they are, the principal ones only; that is the ones which some Treasury Department official regards as the principal ones. We are not being called upon only to ratify orders which someone might regard as the principal regulations and orders, but, rather, we are called upon to ratify all of them, whatever they may be.

Mr. COCHRAN of Missouri. What additional orders does the gentleman want? Does he want every order given to a stenographer to write a letter, or things of that character?

Mr. McGUGIN. This is not complete. It says, "The principal orders." The Treasury has given the committee what it may think are the principal ones. The gentleman does not know what he is asked to ratify and confirm, nor does any other Member of this House. It is not right to pass legislation in this haphazard manner.

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

Mr. McGUGIN. In a minute.

Mr. SOMERS of New York. In fairness to the Treasury Department, I think it should be said that the chairman of the committee asked him for only the principal ones.

Mr. McGUGIN. Does the chairman of the committee say that he knows all the proclamations that have been issued?

Mr. SOMERS of New York. I think I know the principal ones; yes.

Mr. McGUGIN. Will the chairman of the committee expressly say that he knows what he is voting for when he votes for this section?

Mr. SOMERS of New York. Yes, that I do; yes.

Mr. McGUGIN. You, my Democratic friends, who now are so anxious to rush this bill through, will sit here and

vote blindly to ratify something you know nothing about. You may do so if you wish; but if you do, it is a confession on the part of Congress of its own inability to legislate intelligently. In the next place, ratifying all these orders is an utterly useless thing to do. The last one of these orders was issued pursuant to legislation in which we gave the President or Secretary of the Treasury wide authority in these matters.

If they exceeded their authority, full ratification at this time would not better the situation any. If they issued orders contrary to the Constitution, such ratification as we might make at this time would serve no purpose. All in the world there is to this section is that it is an effort to force Congress to pass a resolution, so to speak, blindly approving whatever the President and Secretary of the Treasury have done.

I voted last spring to give power to the Executive to meet the then emergency, but now, when Congress is called upon to ratify regulations when Congress does not know what regulations have been made, I refuse to go along. I insist that such procedure is not in keeping with parliamentary government.

[Here the gavel fell.]

Mr. SOMERS of New York. Mr. Chairman, I move that all debate on this section and amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

On page 10, line 13, insert the following:

"SEC. 14. (a) The Second Liberty Bond Act, as amended, is further amended as follows:

"(1) By adding at the end of section 1 (U.S.C., title 31, sec. 752; Supp. VII, title 31, sec. 752), a new paragraph as follows:

"'Notwithstanding the provisions of the foregoing paragraph, the Secretary of the Treasury may from time to time, when he deems it to be in the public interest, offer such bonds otherwise than as a popular loan and he may make allotments in full, or reject or reduce allotments upon any applications whether or not the offering was made as a popular loan.'

"(2) By inserting in section 8 (U.S.C., title 31, sec. 771), after the words 'certificates of indebtedness', a comma and the words 'Treasury bills.'

"(3) By striking out the figures '$7,500,000,000' where they appear in section 18 (U.S.C., title 31, sec. 753) and inserting in lieu thereof the figures '$10,000,000,000.'

"(4) By adding thereto two new sections, as follows:

"'SEC. 19. Notwithstanding any other provisions of law, any obligations authorized by this act may be issued for the purchase, redemption, or refunding, at or before maturity, of any outstanding bonds, notes, certificates of indebtedness, or Treasury bills, of the United States, or to obtain funds for such purchase, redemption, or refunding, under such rules, regulations, terms, and conditions as the Secretary of the Treasury may prescribe.

"'SEC. 20. The Secretary of the Treasury may issue any obligations authorized by this act and maturing not more than 1 year from the date of their issue on a discount basis and payable at maturity without interest. Any such obligations may also be offered for sale on a competitive basis under such regulations and upon such terms and conditions as the Secretary of the Treasury may prescribe, and the decisions of the Secretary in respect of any issue shall be final.'

"(b) Section 6 of the Victory Liberty Loan Act (U.S.C., title 31, sec. 767; Supp. VII, title 31, secs. 767–767a) is amended by striking out the words 'for refunding purposes', together with the preceding comma, at the end of the first sentence of subsection (a).

"(c) The Secretary of the Treasury is authorized to issue gold certificates in such form and in such denominations as he may determine, against any gold held by the Treasurer of the United States, except the gold fund held as a reserve for any United States notes and Treasury notes of 1890. The amount of gold certificates issued and outstanding shall at no time exceed the value, at the legal standard, of the gold so held against gold certificates."

Mr. McFADDEN. Mr. Chairman, I rise for the purpose of asking a question of the chairman of the committee. Will the gentleman explain to us what this provision is?

Mr. SOMERS of New York. This provision contains a number of authorizations that give the Secretary of the Treasury a more flexible control over the currency and financial condition of the country. I will say to the gentleman that I examined these provisions rather carefully with some suspicion myself, and I came to the conclusion that they could not do definite harm. It would take too long to explain them all at this time, but I shall be glad to do so to the gentleman in private.

Mr. McFADDEN. Does the gentleman say that he cannot explain what this section means?

Mr. SOMERS of New York. Yes; I say it gives the Secretary of the Treasury a more flexible control of the financial situation.

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

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. BROWN of Kentucky: Page 11, line 15, after the word "prescribe", insert "and no obligation hereafter issued of the United States Government or the interest thereon shall be exempt from taxation."

Mr. SOMERS of New York. Mr. Chairman, I make the point of order against the amendment that it is not germane.

The CHAIRMAN. The Chair sustains the point of order.

Mr. TERRELL of Texas. Mr. Chairman, I move to strike out the last word.

Will the gentleman from New York [Mr. SOMERS] state whether or not this section on page 11 authorizes the Secretary of the Treasury to issue $10,000,000,000 in bonds?

Mr. SOMERS of New York. It does.

Mr. SHOEMAKER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SHOEMAKER. I should like to find out from the chairman of the committee how in the world we shall know what we are voting on when the committee itself has offered a half dozen amendments here and the chairman himself has stated that he is confused and cannot answer questions? How can we vote intelligently on a bill of that kind?

The CHAIRMAN. The gentleman does not state a parliamentary inquiry.

Mr. SOMERS of New York. Mr. Chairman, I move that all debate on this section and all amendments thereto close.

The motion was agreed to.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 14. As used in this act, the term "United States" means the Government of the United States; the term "the continental United States" means the States of the United States, the District of Columbia, and the Territory of Alaska; the term "currency of the United States" means currency which is legal tender in the United States, and includes United States notes, Treasury notes of 1890, gold certificates, silver certificates, Federal Reserve notes, and circulating notes of Federal Reserve banks and national banking associations; and the term "person" means any individual, partnership, association, or corporation, including the Federal Reserve Board, Federal Reserve banks, and Federal Reserve agents. Wherever reference is made in this act to equivalents of dollars, currency of the United States, and gold, $1 or $1 face amount of any currency of the United States equals such a number of grains of gold, 0.9 fine, as at the time referred to are contained in the standard unit of value, that is, so long as the President shall not have altered by proclamation the weight of the gold dollar under the authority of section 43, title III, of the act approved May 12, 1933, as heretofore and by this act amended, 25.3 grains of gold, 0.9 fine, and thereafter such a number of grains of gold, 0.9 fine, as the President shall have fixed under such authority.

The Clerk reported the following committee amendment:

Line 15, page 12, strike out "14" and insert in lieu thereof "15."

The committee amendment was agreed to.

The Clerk reported a further committee amendment, as follows:

Page 13, line 3, strike out, beginning with the word "equivalents", through the word "and", in line 4, and insert in lieu thereof the following: "equivalents as between dollars or currency of the United States and."

Mr. McFADDEN. Mr. Chairman, as a matter of information, I should like to ask the chairman why the islands of Hawaii are left out.

Mr. SOMERS of New York. Why is that necessary? I did not think it was necessary.

Mr. McFADDEN. It is a part of the territory of the United States, and I do not see why it should be left out of this bill.

Mr. SOMERS of New York. I think it is understood to be included as territory of the United States.

Mr. McFADDEN. You put in the Territory of Alaska but leave out the Hawaiian Islands.

Mr. SOMERS of New York. Does the gentleman want to submit such an amendment?

Mr. McFADDEN. Yes; I would submit such an amendment.

Mr. SOMERS of New York. I think it would be better to take care of that in conference.

Mr. McFADDEN. Then there is one more question I should like to ask as a mattter of information.

In line 20 on page 12, the language "which is legal tender in the United States." I should like to have the gentleman inform us what is legal tender in the United States now or when this bill becomes law.

Mr. SOMERS of New York. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. McFADDEN. Mr. Chairman, my question was not a flippant one. It is a matter on which we should have knowledge—what is meant by the term "legal tender"?

The CHAIRMAN. The question is on the motion of the gentleman from New York.

The motion was agreed to.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 15. The right to alter, amend, or repeal this act is hereby expressly reserved. If any provisions 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.

With the following committee amendment:

Page 13, line 15, strike out "15" and insert in lieu thereof "16."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 16. All acts and parts of acts inconsistent with any of the provisions of this act are hereby repealed.

With the following committee amendment:

In line 21, page 13, strike out "16" and insert in lieu thereof "17."

The committee amendment was agreed to.

Mr. SOMERS of New York. Mr. Chairman, I ask unanimous consent that the committee amendment, which I have sent to the desk, which is largely a matter of punctuation, may be considered and agreed to.

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

There was no objection.

The Clerk read as follows:

Committee amendments: Page 3, line 22, after the word "earmarked" insert a colon; on page 4, line 6, after the word "to", insert a comma; page 6, line 22, after the quotation marks, insert "Sec. 3700"; on page 7, line 13, after the quotation marks, insert "Sec. 3699."

The committee amendments were agreed to.

Mr. WHITE. Mr. Chairman, I ask unanimous consent that the amendment previously offered by myself at page 7, line 10, may be printed in the RECORD at this point.

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

There was no objection.

The matter referred to follows:

Amendment offered by Mr. WHITE: Page 7, line 10, after the word "Treasury", insert the following: "That the Secretary of the Treasury is authorized and directed to receive deposits of all silver bullion offered in quantities of not less than 100 ounces and to issue therefor silver certificates in denominations of $1,000, $100, $10, $5, and $1, at the market price of the silver deposited at noon on the day of deposit: *Provided*, That such market price of silver at the date offered is not in excess of 10 cents an ounce above the average market price of silver for the 3 preceding calendar months; nor at any time shall silver bullion be received or silver certificates issued at a value of more than $1.29 per ounce. The Director of the Mint shall continue to obtain and keep the necessary statistics to determine the price of silver for the purposes of this act, and shall publish the same at least every 30 days, and shall deliver such statement of prices to any person, firm, or corporation tendering silver for purchase by the United States Government under this act.

"SEC. 2. The silver bullion deposited under the provisions of this act shall be coined into standard silver dollars and subsidiary silver coins sufficient, in the opinion of the Secretary of the Treasury, to meet any demands for redemption of silver certificates issued under the provisions of this act, and such coin shall be retained in the Treasury for the payment of such certificates on demand. Silver certificates or reissued silver certifiates issued under this act, when presented at the Treasury, shall be redeemed in standard silver dollars, or in subsidiary silver coin, at the option of the holder of the certificates.

"SEC. 3. Silver certificates issued under this act are hereby made legal tender and shall be accepted at their full face value for all debts and dues, public and private, within the United States, except where otherwise stipulated in the contract and shall be receivable for customs, taxes, and all public dues, and when accepted by the Government shall be reissued and in all respects become a part of the lawful money of the United States. Said silver certificates when held by any national banking association or Federal Reserve bank may be counted as part of its lawful reserve.

"SEC. 4. There shall be engraved on one side of each silver certificate so issued, 'This certifies that there is on deposit in the Treasury of the United States one silver dollar payable on demand' and, on the reverse side, 'This certificate is legal tender for all debts, both public and private.'

"SEC. 5. Whenever the amount of silver bullion so acquired and on deposit in the Treasury as aforesaid exceeds by 25 percent in value when valued in gold, the face value of all certificates issued against same, the Secretary of the Treasury is further authorized and directed to issue additional certificates against said silver bullion so acquired and deposited in the Treasury under this act in an amount equal to the excess value of the said silver bullion. The additional certificates so issued shall be put in circulation by discharging current obligations of the Government.

"SEC. 6. Silver bullion deposited under the provisions of this act shall be subject to the requirements of existing laws and the regulations of the mint service governing the method of determining the amounts of pure silver contained and the amount of the charge, if any, to be made, but such silver bullion shall not be counted as part of the silver bullion authorized or required to be purchased and coined under provisions of existing law."

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

Mr. Chairman, I took the floor for a few moments when general debate on the bill was in progress and said that I should not vote for the bill because I had not had an opportunity, as one Member of this House, to be properly informed as to its provisions.

I made some protest against the fact that there had been no hearings, and that there were not available for the Members of the House printed hearings on this bill. I referred, as have many other Members, to the vast importance of this bill and its far-reaching provisions. I stated then, and I now repeat, that I do not think there are 10 Members in this House who can go back to their constituents and intelligently explain the provisions of the bill. Whereupon the gentleman from California took some exception and said he did not appreciate that kind of a compliment.

I now submit that in the face of what has transpired in this Committee this afternoon what I said was fully justified. Clearly there is no comprehensive understanding of the bill as frequently evidenced this afternoon. Inability to explain the bill by those having it in charge is a sufficient justification, I submit, for a refusal to support it.

I have some pride in the proceedings of this House. But this afternoon's performance is not calculated to swell that pride. A casual observer of these proceedings, involving as they do the consideration of an important legislative proposal, must have experienced conflicting emotions. If he can return to his home and say that he has confidence in representative government, he certainly must have an elastic conscience. [Laughter and applause.]

The CHAIRMAN. Under the rule, the Committee will rise.

The Committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 6976) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes, under House Resolution 227, directed him to report the same back to the House with amendments adopted by the Committee.

The SPEAKER. Under the rule, the previous question is ordered. Is there a demand for a separate vote on any amendment?

There was no demand for a separate vote, and the amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

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

Mr. McGUGIN. Mr. Speaker, I offer the following motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McGUGIN. I am.

The Clerk read as follows:

Motion to recommit by Mr. McGUGIN: Mr. Speaker, I move that the bill under consideration be recommitted to the Committee on Coinage, Weights, and Measures with instructions that it be amended as hereinafter set forth, and, after being so amended, that the committee report the bill back to the House forthwith. The amendment is that section 10 as amended be amended and changed to read as follows:

"SEC. 10. (a) For the purpose of stabilizing the exchange value of the dollar a board named the Currency Equalization Board is hereby established. Such board shall consist of the President, the Secretary of the Treasury, the Governor of the Federal Reserve Board, and two other members, to be appointed by the President and confirmed by the Senate. The salary of each of the two members appointed by the President shall be $10,000 per annum. Hereafter in this act the currency equalization board shall be designated as the 'board.' The board shall act for the fund established in this section, to deal in gold and foreign exchange and such other instruments of credit or security as the board may deem necessary to carry out the purposes of this section. An annual audit of such fund shall be made and a report thereof submitted to the President.

"(b) To enable the board to carry out the provisions of this section, there is hereby appropriated, out of the receipts which are directed to be covered into the Treasury under section 7 hereof, the sum of $2,000,000,000, which sum when available shall be deposited with the Treasurer of the United States in a 'stabilization fund' (hereinafter called the 'fund') under the exclusive control of the board, whose decisions shall be final and not subject to review by any other officer of the United States. The fund shall be available for expenditure, under the direction of the board and in its discretion, for any purpose in connection with carrying out the provisions of this section, including the investment and reinvestment in direct obligations of the United States of any portions of the fund which the board may from time to time determine are not currently required for stabilizing the exchange value of the dollar. The proceeds of all sales and investments and all earnings and interest accruing under the operations of this section shall be paid into the fund and shall be available for the purposes of the fund.

"(c) The board provided for in this act shall terminate on February 15, 1936, unless by law hereinafter enacted the life of such board shall be extended. Upon the termination of this board a board shall continue to exist consisting of the President, the Secretary of the Treasury, and the Governor of the Federal Reserve Board for the purpose of continuing as a liquidating agency for the orderly liquidation of such assets as are in the hands of the board on the date of the legal termination of the board created by this act. As such assets are liquidated, the proceeds from such assets shall be deposited in the Treasury of the United States to the credit of the general fund."

The SPEAKER. The question is on the motion to recommit.

Mr. McGUGIN. On that, Mr. Speaker, I ask for the yeas and nays.

The question of ordering the yeas and nays was taken.

The SPEAKER. Forty-nine Members have arisen—not a sufficient number. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Several Members demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 360, nays 40, not voting 32, as follows:

[Roll No. 82]

YEAS—360

Adair	Ayres, Kans.	Black	Boylan
Adams	Bacharach	Blanchard	Brennan
Allen	Bailey	Bland	Brown, Ga.
Allgood	Bankhead	Blanton	Brown, Ky.
Arens	Beam	Bloom	Brown, Mich.
Arnold	Beiter	Boehne	Browning
Auf der Heide	Berlin	Boileau	Brunner
Ayers, Mont.	Biermann	Boland	Buchanan
Buck	Englebright	Lanham	Romjue
Buckbee	Faddis	Lanzetta	Rudd
Bulwinkle	Farley	Larrabee	Ruffin
Burch	Fiesinger	Lea, Calif.	Sadowski
Burke, Calif.	Fitzgibbons	Lehlbach	Sanders
Burke, Nebr.	Fitzpatrick	Lehr	Sandlin
Busby	Flannagan	Lemke	Schaefer
Byrns	Fletcher	Lesinski	Schuetz
Cady	Focht	Lewis, Colo.	Schulte
Caldwell	Ford	Lewis, Md.	Scrugham
Cannon, Mo.	Foss	Lindsay	Sears
Carden, Ky.	Foulkes	Lloyd	Secrest
Carmichael	Frear	Lozier	Seger
Carpeter, Kans.	Fuller	Ludlow	Shallenberger
Carpenter, Nebr.	Fulmer	Lundeen	Shannon
Carter, Calif.	Gasque	McCarthy	Shoemaker
Carter, Wyo.	Gavagan	McClintic	Simpson
Cartwright	Gifford	McCormack	Sinclair
Cary	Gilchrist	McFarlane	Sirovich
Castellow	Gillespie	McGrath	Sisson
Celler	Gillette	McKeown	Smith, Va.
Chapman	Glover	McLean	Smith, Wash.
Chase	Goldsborough	McMillan	Somers, N.Y.
Chavez	Goss	McReynolds	Spence
Christianson	Granfield	Maloney, Conn.	Steagall
Church	Gray	Mapes	Strong, Pa.
Clark, N.C.	Greenway	Marland	Strong, Tex.
Cochran, Mo.	Greenwood	Martin, Colo.	Stubbs
Coffin	Gregory	Martin, Mass.	Studley
Colden	Griffin	Martin, Oreg.	Sullivan
Cole	Griswold	May	Sumners, Tex.
Collins, Calif.	Hamilton	Mead	Sutphin
Collins, Miss.	Hancock, N.C.	Meeks	Swank
Colmer	Harlan	Miller	Sweeney
Condon	Hart	Milligan	Tarver
Connery	Harter	Mitchell	Taylor, Colo.
Connolly	Hartley	Monaghan, Mont.	Taylor, S.C.
Cooper, Ohio	Hastings	Montet	Taylor, Tenn.
Cooper, Tenn.	Healey	Moran	Terry, Ark.
Corning	Henney	Morehead	Thom
Cox	Higgins	Mott	Thomason
Cravens	Hildebrandt	Moynihan, Ill.	Thompson, Ill.
Crosby	Hill, Ala.	Muldowney	Thompson, Tex.
Cross, Tex.	Hill, Knute	Murdock	Thurston
Crosser, Ohio	Hill, Samuel B.	Musselwhite	Tobey
Crowe	Hoeppel	Nesbit	Traeger
Crump	Hoidale	Norton	Truax
Culkin	Holmes	O'Brien	Turner
Cullen	Hooper	O'Connell	Turpin
Cummings	Hope	O'Connor	Umstead
Darden	Huddleston	O'Malley	Underwood
Dear	Hughes	Oliver, Ala.	Utterback
Deen	Imhoff	Oliver, N.Y.	Vinson, Ga.
Delaney	Jacobsen	Owen	Vinson, Ky.
De Priest	James	Palmisano	Waldron
DeRouen	Jeffers	Parker	Wallgren
Dickinson	Jenckes, Ind.	Parks	Walter
Dickstein	Johnson, Minn.	Parsons	Warren
Dies	Johnson, Tex.	Patman	Wearin
Dingell	Johnson, W.Va.	Peavey	Weaver
Dirksen	Jones	Perkins	Weideman
Disney	Kee	Peterson	Weich
Dobbins	Keller	Pettengill	Werner
Dockweiler	Kelly, Ill.	Peyser	West, Ohio
Dondero	Kelly, Pa.	Pierce	West, Tex.
Doughton, N.C.	Kennedy, Md.	Polk	White
Doutrich, Pa.	Kennedy, N.Y.	Powers	Whitley
Dowell	Kenney	Prall	Whittington
Doxey	Kerr	Ramsay	Wilcox
Drewry	Kinzer	Ramspeck	Willford
Driver	Kleberg	Randolph	Williams
Duffey	Kloeb	Rankin	Wilson
Duncan, Mo.	Kniffin	Ransley	Withrow
Dunn	Knutson	Rayburn	Wolcott
Durgan, Ind.	Kocialkowski	Reece	Wolfenden
Eagle	Kopplemann	Reilly	Wolverton
Eaton	Kramer	Richards	Wood, Ga.
Edmiston	Kurtz	Richardson	Wood, Mo.
Edmonds	Kvale	Robertson	Woodruff
Eicher	Lambertson	Robinson	Woodrum
Ellenbogen	Lambeth	Rogers, N.H.	Young
Ellzey, Miss.	Lamneck	Rogers, Okla.	The Speaker

NAYS—40

Andrew, Mass.	Cochran, Pa.	Kahn	Rogers, Mass.
Andrews, N.Y.	Crowther	Luce	Snell
Bacon	Darrow	McFadden	Stalker
Bakewell	Ditter	McGugin	Swick
Beedy	Fish	Marshall	Taber
Bolton	Goodwin	Merritt	Terrell, Tex.
Brumm	Guyer	Millard	Tinkham
Burnham	Hancock, N.Y.	Plumley	Treadway
Claiborne	Hollister	Reed, N.Y.	Wadsworth
Clarke, N.Y.	Jenkins, Ohio	Rich	Wigglesworth

NOT VOTING—32

Abernethy	Eltse, Calif.	Howard	Montague
Beck	Evans	Johnson, Okla.	Pou
Britten	Fernandez	Lee, Mo.	Reid, Ill.
Brooks	Frey	McDuffie	Sabath
Cannon, Wis.	Gambrill	McLeod	Smith, W.Va.
Carley, N.Y.	Green	McSwain	Snyder
Cavicchia	Haines	Maloney, La.	Stokes
Douglass	Hess	Mansfield	Zioncheck

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Pou (for) with Mr. Stokes (against).

General pairs:

Mr. Mansfield with Mr. Hess.
Mr. Johnson of Oklahoma with Mr. Beck.
Mr. McDuffie with Mr. McLeod.
Mr. McSwain with Mr. Britten.
Mr. Fernandez with Mr. Reid of Illinois.
Mr. Maloney of Louisiana with Mr. Cavicchia.
Mr. Sabath with Mr. Cannon of Wisconsin.
Mr. Abernethy with Mr. Zioncheck.
Mr. Gambrill with Mr. Green.
Mr. Howard with Mr. Carley.

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he answered "yea."

Mr. ALLEN. Mr. Speaker, I have been advised that my colleague, Mr. BRITTEN, who is sick in the hospital, would have voted "yea" had he been present.

Mr. ELLENBOGEN. Mr. Speaker, my colleagues from Pennsylvania, Mr. BROOKS, Mr. SNYDER, Mr. FREY, and Mr. HAINES, unavoidably absent, had they been present would have voted "yea."

Mr. CULLEN. Mr. Speaker, my colleague from New York, Mr. CARLEY, is absent on account of illness. If present, he would have voted "yea."

Mr. CARTWRIGHT. Mr. Speaker, my colleague from Oklahoma, Mr. JOHNSON, is absent because of the death of his mother. If he had been present, he would have voted "yea."

Mr. BLAND. Mr. Speaker, my colleague, Mr. MONTAGUE, is unavoidably absent. He has authorized me to say that if he were present he would have voted "yea."

Mr. BYRNS. Mr. Speaker, I have two telegrams here, addressed to me, dated today, which I desire to read. One is from Selfridge Field, Mich., and says:

Here official inspection. If present, would vote for rule and bill to control gold and stabilize prices.

J. J. MCSWAIN.

The other is from Connellsville, Pa., and is as follows:

In my district attending educational meeting. If vote is cast on money bill today, vote me "yes" with committee.

J. BUELL SNYDER.

Mr. SEGER. Mr. Speaker, my colleague, Mr. CAVICCHIA, is absent. If he were here, he would have voted "yea."

Mr. McCORMACK. Mr. Speaker, the gentleman from Massachusetts, Mr. DOUGLASS, is absent on account of serious illness. If present, he would have voted "yea."

Mr. CANNON of Wisconsin. Mr. Speaker, I was here all afternoon, but was called to the long-distance telephone just a few moments ago. If I had been present in the Chamber, I would have voted "yea."

The result of the vote was announced as above recorded.

GENERAL LEAVE TO PRINT

Mr. SOMERS of New York. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their own remarks upon the bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. BOLTON. Mr. Speaker, we are considering this bill today in much the same manner as we have other important legislation that has been presented to this body at this session, under a rule allowing a limited period for debate and permitting all too short an opportunity for changes on a subject of such momentous proportions to the Nation. We are acting without the benefit of proper consideration by the committee in charge of the measure, even though additional time for this purpose was requested by the chairman of that committee and denied.

The question of the stabilization of our dollar on a gold basis is not only most important but timely, as without some definite decision industry and recovery in general are greatly handicapped. The subject should be seriously considered and weighed. The thoughts of various individuals and groups should be studied, and the suggestion of the author of the bill and his associates should not be accepted as correct without proper analysis. Thorough study and consideration have been denied, and in the brief time allowed we are asked to accept or reject a measure on which full study and discussion have been impossible.

In other words, the Members of the House are forced under pressure to pass upon a measure which was placed before them within the past few days without opportunity for hearing the views of those most familiar and expert on this subject, without a report of the short hearings held on the bill by the committee and without sufficient time to study thoroughly the measure.

Whether the stabilization under the suggested ranges or at a definite figure is correct or whether the powers granted the President on this subject at the last session of Congress make the proposed legislation unnecessary cannot be decided in the short time we have. Action in this manner is largely a matter of course and is not worthy of any great legislative body.

The fact that the President has already declared that he has the authority to take over the gold held by the Federal Reserve banks and the fact that Congress at the last session delegated the power to devaluate the dollar to 50 percent if believed necessary cause many to wonder why legislation is asked granting these powers at this time. If, as has been stated, the President is anxious to have the approval of Congress, then proper consideration and study should be given and the reason for such haste made known.

Aside from the important question of adopting stabilizing features as outlined in the bill, the authority given the Secretary of the Treasury under section 10 (b) of the proposed act, namely, the placing of the huge stabilization fund of $2,000,000,000 under his exclusive control with power which makes his decision final and not subject to review by any other officer of the United States, is entirely unwarranted and contrary to our concepts of government. The fact that the Secretary of the Treasury is the representative in the Treasury Department of the head of our Government and receives his appointment on a strictly partisan basis offers possibility of political influence and partisanship, a feature so much to be avoided in a matter of this character. Far better would it be to call for the creation of a board, similar to the example of Great Britain, a nonpartisan board appointed by the President and confirmed by the Senate, whose powers and action would then be the result of combined thought—not what may prove to be an arbitrary decision on the part of one individual, and would prevent the tremendous and far-reaching authority in the hands of one man.

Unfortunately this measure is permanent and not temporary, which only emphasizes the need for care and ample consideration before action is taken by the House. We are binding not only ourselves but future generations to a policy which no one can be sure will bring the results desired.

One who endeavors to discharge his duty as prescribed by his constitutional oath of office as Representative of a large congressional district cannot do so when forced to take action in this hasty manner on legislation of such importance and so far-reaching in its effects.

Mr. WILLIAMS. Mr. Speaker, through the years there has been more or less mystery about the money question. The great majority of the people say bluntly and frankly that they know nothing about it. The financial and money experts claim to know all about it, and yet there are almost as many different theories as there are experts. Many of those who have given the problem long and serious consideration arrive at opposite conclusions. Each asserts with definite finality that he is right and that his analysis cannot be questioned.

In the midst of all these conflicting contentions and surrounded by the intricate network of our modern financial and business activities, it is little wonder that the average, everyday man on the street is confused and bewildered. There are some things about the money problem that may be regarded as plain and simple. But when it comes to considering it in its various ramifications as affecting credit, controlling the general commodity price level, its use as a standard measure of value, and in its use in the carrying on

and settlement of international trade transactions, it becomes an involved and a difficult matter. There are just two kinds of real money, metallic and paper; coin and currency. Then there is what has been called credit money. Bank checks, bills of exchange, acceptances, and other kinds of trade paper belong to this class. It may be fairly said that 90 percent of the Nation's business is carried on by means of credit money. For that reason a legitimate demand for, and a liberal and reasonable extension of, credit to meet the demand must ever play a most important part in the trade operations of the country.

Money is the unit by which value is measured, just as the foot or the yard is the measure of size or distance, and just as the pound is the unit by which weight is determined. A building is so many feet long, wide, and high, and has a value of so many dollars. A bale of cotton weighs so many pounds and is worth so many dollars. The difference is the yardstick and the pound as units of measure are constant. They do not change. They are the same today that they were 50 years ago and will be the same 50 years hence. The dollar is variable; it has been constantly changing. It will purchase twice as much of the necessities of life at one time as it will another. It was over one and one half times more valuable in 1932 than it was in 1926. What would we think of a yardstick that 1 year was 36 inches and the next year was 54 inches in length? The main purpose of this bill is to make the value of the dollar constant, so that its purchasing power will not change from time to time.

In addition to being a measure of value, money is the medium of exchange. It is the vehicle upon and through which property is transferred from one individual to another. The nations of the world have adopted gold or silver or both as basic money. These metals have been used not only as coin to circulate as money but as a basis upon which paper money of varying amounts and kind has been issued. It has been thought necessary, in order to have sound money, that there be a metallic reserve, gold or silver or both, back of it. A sound currency is the basis for safe, reasonable, and legitimate credit. By legitimate credit, I mean the credit necessary to meet the trade activity of the community and for investment in self-liquidating projects and not credit to be wasted and squandered in speculative and gambling activities. It therefore seems necessary to have a valuable metallic reserve upon which to issue sound currency and upon which to establish legitimate credit. It is not in the mind of anyone in authority in this country to have anything but a sound dollar. There has been a great deal of meaningless talk about uncontrolled inflation, fiat, and printing-press money; talk calculated to increase uncertainty and incite additional fear and apprehension. The integrity of our dollar and the soundness of our monetary system will be maintained.

The Gold Reserve Act of 1934, which seeks to protect our currency system and provide for the better use of the monetary gold stock of the United States is now before Congress and I am glad to give it my unqualified and enthusiastic support. This bill has three main objectives:

First. To transfer the title to all gold now in the Federal Reserve banks to the United States Treasury.

Second. To authorize the reduction of the gold content of the dollar to from 50 to 60 percent of its present weight.

Third. To establish a stabilization fund of $2,000,000,000.

If gold is to be the basis for the issue of currency by the Government, then the Treasury of the United States should have the gold reserve. I am not one of those who thinks the basis must be gold alone. If necessary to broaden the base in order to have a stable foundation for an increased issue of currency, I see no reason why silver may not be added under certain limitations and restrictions. As long as gold alone is the basis, then the gold should be in the Treasury.

There has been a very determined effort by this administration to bring all the hoarded gold from hiding and place it in the Treasury. Every individual holder of gold is required to surrender it under severe penalty of law. Some are being prosecuted for trying to retain possession of their gold. If the individual must give up what gold he has, why should the Federal Reserve banks, that hold most of the gold stock of the country, be permitted to keep it? The cry of unconstitutionality is raised. It is "any port in a storm" for those who have enjoyed special privileges and now see those privileges slipping away from them. The Attorney General of the United States has confidently expressed the opinion that the act is constitutional and that conviction is shared by the legal fraternity generally. The wail of confiscation is heard. The plea of the old reactionary group, the representatives of the favored few, is that the gold belongs to the banks and that it is confiscation to take it away from them. Every dollar in gold that is taken from the banks will be paid for by the Government with lawful money of the United States, just as the gold is paid for that is taken from the individuals of the country, and just as any private property that is taken for public use is paid for.

The big banks of the country seem to think they have inherent rights and privileges not enjoyed by others. If they have enjoyed these special favors in the past, the time has come when this practice should end. It is unthinkable for anyone to advocate that the Federal Reserve banks should be allowed to retain the gold which they now have, and, when the weight of the gold in the dollar is reduced, permit the banks to enjoy a profit of some $3,000,000,000 on account of that reduction. If the amount of gold to make a dollar is reduced to 50 percent of its present weight, then the amount of the gold held in the Federal Reserve banks would be doubled in value and they would receive this enormous profit. There is now 23.22 grains of gold in each dollar. If this is reduced to 11.61 grains, or 50 percent of the present amount, then 23.22 grains of gold would represent $2 instead of $1, as at the present time. It is inconceivable that the banks should have the profits resulting from the devaluation of the gold dollar rather than the people themselves. The objection to the transfer of this gold from the banks to the Treasury is the last echo from the call of a bygone day. It is the last stand of the shock troops of the old decadent and discarded financial regime. This act takes the gold from the banks and gives it to the people themselves, where it belongs.

Public and private debts have increased at an enormous rate during the last 15 years. These debts were contracted at a time when wages were remunerative, when incomes were large, when commodity prices were high, when the dollar was cheap, measured by the purchasing power of the public and commodity prices. These debts reached the point in 1932 when they were almost if not quite equal to our entire national wealth. The farmer who contracted debts on the basis of $2 wheat and 10-cent hogs could not pay those debts with 25-cent wheat and 3-cent hogs. The laborer who contracted debts when he had regular employment at $4 or $5 a day could not pay those debts when he found himself without employment or only employed on part time at reduced pay.

In this situation there is only one of two ways out. The debtor cannot pay his obligations with a dollar that has doubled in value. The farmer cannot give 4 bushels of wheat in payment of a debt that 1 bushel paid at the time the debt was contracted. The laborer cannot give 2 or 3 days of work even if he had them, to pay a debt that 1 day's work paid for at the time it was contracted. So the debtor classes must either go into bankruptcy and lose all they have been able to save, or there must be an increase in the purchasing power of commodities and service, measured in terms of the dollar, and thereby give the debtor a chance to pay out. Bankruptcy means the foreclosure of all the mortgages and the transfer of property from the present owner to others. It means the loss of home, of farm, of shop, of store, and factory. It means destitution and want and, above all, it means despondency and despair; no chance, no hope for the future. To avoid this utter ruin, the purpose of this bill is to give authority to devalue the gold content of the dollar and thereby raise the purchasing power of labor and increase commodity prices. It is the

hope that by reducing the weight of gold in the dollar that the price of commodities will increase. As gold becomes more valuable, the more it will purchase and the lower prices go. The value of the gold in the dollar is decreased by reducing the weight, and the amount it will purchase is decreased to that extent, and prices will therefore rise. When a normal price level is reached then it is proposed to stabilize the dollar at that level. It cannot be expected that the passage of this measure will result in the immediate restoration of normal conditions, but it is my belief that it is a step in the right direction and that it will finally lead to the restoration of commodity prices to a fair and reasonable level.

There is no cause for alarm at the introduction of this policy. This Government is only doing what almost every other nation has done. Other nations have devalued their standard unit of value in order to meet their urgent economic needs. They have done this to protect their debtor class and to save them from disaster and ruin, and it has been a success. Why should we not do the same?

The greatest defect in our economic and financial policy has been the uncertainty of commodity prices and the varying purchasing power of the dollar. The purpose of this bill is to raise the commodity price level and then stabilize the purchasing power of the dollar. As far as possible, make the purchasing power of the dollar the same from generation to generation. If this can be done, and I think it can, there will be accomplished one of the greatest economic and financial reforms in history and a long step will be taken to prevent the too oft-recurring vicious cycles of depression with their attendant destitution, suffering, and want.

A stabilization fund of $2,000,000,000 is established by this measure. This fund is obtained by reason of the resulting increase in value of the gold when the weight of the gold dollar is reduced. It is estimated that much more than $2,000,000,000 in gold will be brought into the Treasury under the provisions of this bill. Then when the weight of the gold dollar is reduced to 50 or 60 percent of its present weight, the profits accruing to the Government will be far in excess of the $2,000,000,000 provided for this stabilization fund.

The profits accruing from the transaction to the extent of $2,000,000,000 will make up the fund. While this is a new policy with us, it is not new among other nations. For some time England has been using a large stabilization fund to depreciate her pound sterling in order to gain trade advantages. The administration of this fund is placed in the hands of the Treasury Department. The manner in which the fund will be used is entirely in the discretion of the Secretary of the Treasury, and the policy necessarily cannot be announced to the world. It is the intention that the fund shall be so used as to stabilize the American dollar in international exchange and protect our commerce from the assaults of like funds in the hands of other nations.

This is the most important piece of financial legislation submitted for consideration in recent times. It is only one of a series of proposals to bring relief to a distressed people. We have made rapid strides since March 4 of last year. The prompt enactment of this measure into legislation will add another achievement to the already long list of accomplishments to the credit of this administration and will mark another milestone on the road to recovery and prosperity.

Mr. GLOVER. Mr. Speaker, we have before us now H.R. 6976, which is a bill to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

This is possibly the most important subject that has ever come before the Congress of the United States. There is nothing so vital as to have a currency properly balanced. The United States Government has been suffering for a number of years on account of the single gold standard. I have said in a number of addresses in my district for the last 3 or 4 years that we are being crucified on the cross of gold at the altar of shame. No truer statement could be made.

The single gold standard has proven a failure in practically every nation, only one prominent nation now being on the single standard, and that is France, and yet France is using today more silver money than they ever used before in the history of their country, claiming all the time to be on a single standard of money.

I am a believer in and advocate of that which is provided for in the Constitution for a double standard of money, and the standard to be owned and controlled exclusively by the United States Government. Gold has always been a coward, and could easily hide away and was easily cornered. This giving an opportunity for the panic to be brought on, as it was, and that could not be checked under a single standard of money. If we had had a double standard of money, it could not have been continued and could have easily been corrected. The trouble has been that gold has been so high that it took three or four times as much in agricultural products to get a dollar as should have been required. A well-balanced currency is a currency where commodities on the one side is an equal balance with the currency on the other side. If money goes high, then the scale of prices goes down and they should be held in equal balance.

By reducing the gold content in the dollar as provided for in this bill will be materially helpful to the improvement of our conditions in this country. The profit to the United States Government in this one act alone will be $4,200,000,000.

This bill provides that all the gold bullion now owned by the Federal Reserve or by any individual shall be melted into bars and placed in the Treasury and owned by the United States Government in order that it may have control at all times over the money of the country. At the time this bill is now being considered, about three and a half billions of the gold of the United States is in the hands of the Federal Reserve banks and not in the hands of the United States Treasury.

There is no reason why any contract that has ever been made by the United States Government should be required to be paid in gold. The requirements should be in the legal tender of the United States Government, and will from now on.

Those now holding gold did not pay gold for it but acquired it in the usual way of handling money. Gold coined money has not circulated for a number of years. The changes of the money basis which is provided for by the Constitution of the United States which says that Congress has the power to coin money and regulate the value thereof will allow the United States Government even under its existing law to more than double its circulation. Not only that, but it will also give us a trade relation with other nations that we have not had heretofore.

Just within the last few months 32 nations of the world have gone off the gold standard. There are only about eleven billion dollars of gold in the world, the United States owning around five billion of that, and France four billion, leaving two billion for the balance of the world. Everyone knows that France and the United States have very little trade relations with each other now, and the two nations owning nine elevenths of the gold of the world leaves practically nothing as a basis for the balance of the currency of the world.

The Congress of the United States authorized the President to use a double standard of money, both gold and silver, based on the principle in this bill. The President has now determined to have the coinage of silver recently mined in this country. That is only a step in the right direction, but should be followed up with a bill providing for the use of silver and on the same plan outlined in this bill for gold.

It is my opinion that if we ever have a world trade, we must have this legislation, then we can trade with any nation on the face of the earth, using either gold or silver. If we would buy the silver bullion of other nations and let them have our money issued on the silver stored in our Treasury as the gold is to be stored, and leaving that in this country

as a trade balance for them, we could then have a world trade.

Gold and silver are not in large enough quantities in the earth to ever produce at any one time more money than will be needed for the countries of the world. An increasing business increases demand for money. The trouble with the United States in the last year or two is that we have had less money per capita in circulation than we ever had in the history of our lives. The truth is, we have not had enough in circulation to make change much less carry on business.

The policy of the Hoover administration of pouring in wealth at the top instead of giving some aid at the bottom and lifting up the men who really needed help, has been a ruinous policy in this country. I am glad we now have a President and an administration who are truly sympathetic to agriculture and are seeking to give every man an equal chance in life to earn a livelihood of his own. Conditions are fast improving, as everyone knows, and it is to be hoped with the remedies being used by the President and by Congress that we shall have a restored prosperity which will be permanent.

We hope the time will soon come when we may have our trade relations with India, China, and the other silver-using countries that are now being forced, on account of the cheapness of their money in this country under the gold standard, to raise a short-lint cotton that has been the cause of creating a surplus of cotton in our country. It is my opinion that the settling of the money question will largely settle that question. They will buy our cotton and quit raising the short lint.

The growing of short-lint cotton is not profitable to them and they are growing it only because they are being forced to on account of our standard of money. India also is growing four million and a half bales of short-lint cotton now, and if they should quit raising it for 2 years it would take up our entire surplus in this country. I hope the time will soon come when we shall not be crying to decrease acreage but that we have a world market for what we produce that is exportable and that we can use every acre of ground which is suitable for cultivation and produce food and clothing for the world. They need it and should have it. It has been my contention for years that it is not so much the question of overproduction as it is the question of underconsumption. If those who are hungry were properly fed, and those in need of clothing were properly clothed, we would not have a surplus of either.

There is one evil growing up in our country that we must soon meet or else we are doomed to land on the rocks. That is the question of issuing nontaxable interest-bearing bonds to the extent that we are now doing.

The United States Government now is paying $740,000,000 a year for interest on the bonded indebtedness of this country, and that is increasing rapidly. The interest alone that we are paying takes near a fourth of the revenue that is to be derived by the United States under its present law. Why should a condition of this kind exist? I do not believe that anyone can intelligently answer. It is my opinion that we should begin at a very early date to formulate a plan of retiring our interest-bearing bonds that have been issued by the Government and settle this issue once and for all.

Mr. FORD. Mr. Speaker, put in the plainest terms, the question before us today is this: Are we going to continue to ask the farmer to sell a dollar's worth of wheat or corn or hogs or cotton for 50 or 60 cents, or are we going to have the courage and good sense to put a stop to this? We can stop it, I believe, by reducing the gold content of the dollar and that is what devaluation means and what this bill provides.

We hope to make a dollar's worth of wheat bring a dollar, and not 50 or 60 cents. Yes; a dollar in currency—a Federal Reserve note, a national-bank note, or any other dollar. The farmer does not care, so long as it is a dollar.

What is a dollar's worth of wheat? One answer is the amount of wheat which a good farmer can produce and sell for a dollar at a profit. Another answer is that a dollar's worth of wheat is about the same quantity as sold for a dollar in normal years, such as 1926.

I think the 1926 dollar was an honest dollar. It enabled the farmer and the business man to carry on; it provided employment at decent wages for our workers; it enabled the debtor to pay his debts; and it provided reasonable income from such honest securities as were afloat. And I think the 1933 dollar was a dishonest dollar; because it was a dollar that cheated the farmer, slowed down business, threw millions out of work, bankrupted the home owner, and made it impossible for the debtor to pay his debts and for creditors to collect what was due them. It cut what in normal times were sound assets in two or utterly destroyed them; it impoverished honest and frugal people who saw their investments depreciate or become worthless. In fact, it all but ruined this wealthy Nation. And our friends the enemy call this an honest dollar and want it kept just as it is.

The opponents of this bill talk about repudiation of debts. What this bill is going to do is to prevent repudiation. All economists agree that debts contracted under a high price level cannot be paid under one drastically lower. There are two ways of avoiding universal bankruptcy. One is to scale down all debts, which to me is genuine repudiation, and the other way is to restore the prices to the level under which the debts were contracted.

The second is the honest method, and it is the one we are going to follow. To call restoration of the 1926 price level dishonest is absurd. Much of the opposition is due to an outworn and unfounded reverence for gold. Gold does not possess any inherent rights as money. Its importance is due to its price being fixed by law. Why we should consider it an economic sin to change its value in dollars by changing the gold content of the dollar is inexplicable.

The prejudice is perhaps due to a confusion between the price and the purchasing power of gold. The price has for years been fixed in the United States at $20.67; the gold content of the dollar has for years been fixed at 23.22 grains. But the purchasing power of gold has fluctuated with the years and under the influence of various forces. This fluctuation has brought hardship and suffering and ruin to millions of people. It is about time we decided to control gold in the interest of honesty and in the public welfare.

Instead of permitting gold to continue to be the one stable commodity in regard to price, because fixed by law, and the most unstable in relation to purchasing power, let us stabilize its purchasing power by reducing the gold content of the dollar and giving the President the power to change that content within a limited range, with the purpose of restoring economic opportunity to our people.

This talk against giving control to the Secretary of the Treasury, as I see it, indicates mere partisan opposition or a conservatism that fails to realize that the present crisis demands concentration of power in order to achieve quick action before the people perish.

In returning to the 1926 price and wage level, which is what we hope to bring about, it is argued that people with fixed incomes are going to suffer. The answer is, I think, that in the first place most of the so-called "fixed" incomes have been reduced or wiped out and that the only hope of restoring them is through this and other constructive measures now being put through. Moreover, most of the "fixed" incomes were established under the 1926 price level, which is about the average prevailing between 1921 and 1929. Is it unjust to restore the price level under which those incomes were established? No.

In closing, let me remind you that the price level of our staple commodities that enter foreign trade have been left to the control of France and England, while we have supinely stood aside unwilling to make necessary changes. Thank God for a President who understands the new currents and the new conditions in the world and who has the courage and energy to take drastic action in a crisis.

Mr. ANDREWS of New York. Mr. Speaker, the bill in which the President's monetary policy is embodied has, it seems to me, radical defects which ought to be cured before it is passed by the Congress. The people, like a majority of

the Congress, have not understood the exact situation. This bill does not devalue the gold ounce. It confers upon the President no more power to devaluate than that which he already has by virtue of the Thomas amendment passed last spring, better known as "the inflation amendment." I supported that amendment and believe today in a fixed devaluation of the gold ounce. What we need is stabilization. The sooner the President is able to stabilize, the better off we will be.

This bill inaugurates a new and permanent system of currency management.

The task of setting up a new financial system is comparable with the setting up of the judicial system. To see that justice is done, that the decisions are as impartial as possible, that policies are made by disinterested men who are independent is a task which requires the same kind of high statesmanship in constructing that system as went into the making of the Constitution. The management of money—of gold, silver, credit—is a public function in a modern state. I have not felt that it is desirable to entrust the management of a $2,000,000,000 stabilization fund to any Secretary of the Treasury alone. The bill should be amended in such a way as to let President Roosevelt, the new Secretary of the Treasury, and some others appointed by the President with the consent of the Senate exercise this power for a limited period of time. At the end of that time the power of currency management should be transferred to a public agency. Mr. Roosevelt is exercising brilliant leadership and has the confidence of the country, but he might die. In building permanently we must rely not on a personality but on a principle.

The bill as submitted to Congress violates a principle which is fundamental in American life. It is the principle that powers should be subject to checks and balances. The question is fully as important as any amendment to the Constitution which has been submitted, and in spite of the popular sentiment for it I have felt free to oppose it in the hurried form in which it was brought before the House. Let us hope that the defects of the measure will be removed by the Senate with more consideration.

Mr. DUNCAN of Missouri. Mr. Speaker, I think this is the most important piece of legislation that has been before Congress for many years. I do not think there is any question before the American people today that has held their attention and brought about quite so much thought as the system of money. It is a question that I have long been interested in. I have made many speeches in my congressional district during the past year on the question of money.

I find the people are tremendously interested in it, particularly the great masses of the people who find themselves out of employment, who find the businesses about them unable to obtain credit, who find themselves burdened with debts contracted at a time when we unquestionably had inflation, whether inflation of credit or inflation of money. So far as the prices of commodities are concerned, it does not make any difference whether those prices are brought about by inflation of money or by the extension of credit almost without limit. We are aware that during and following the war for a considerable period of time, the credit of this country and the credit of the individual was almost unlimited. As a result of easy credit obligations were incurred, obligations based upon the price of commodities; the price upon property, the price of everything we bought during that period of easy credit. And when we found ourselves in that situation, those who had controlled credit gradually took it away from us; and as they took it away from us, we found the price of all commodities for which we had gone in debt, the things which we had acquired, going down in price; but we still owed the obligations, still owed the interest upon those obligations, but the securities we had with which to meet them, and our earning power as well, was decreased and depreciated in accordance with the withdrawal of credit by those in whose hands it had been placed.

They are today the ones who are complaining about revaluing the dollar. They are not willing to be paid in the same kind of money they loaned. They want to be paid with a dollar that has twice as much purchasing power as the dollar they loaned during the time of inflation or inflated credit. We are all tremendously interested in an honest dollar, but above all, we are interested in an adequate dollar. We do not want reckless inflation, but we want enough money to carry on and conduct the business of this Nation and to pay the obligations that we created in the past. If a woman goes across her back yard and borrows a cup of sugar from her neighbor and returns that sugar in the same cup in which she got it, and the same kind of sugar, she most certainly has paid her obligation to her neighbor. Her neighbor has no right to expect her to take two cups of sugar in return for the one she borrowed. There is not enough gold in the world at its present value to furnish an adequate base for sufficient currency to meet the demands of our Nation at this time. The probabilities are there will never be enough gold to meet this demand, particularly if we base the issuance of circulating notes upon the present gold content of the gold dollar. We must either have more gold, or we must reduce the gold content of our medium of exchange.

I am not concerned with the mechanics of the bill; that is, the method of enforcing it or putting it in operation. That has been taken care of and will be taken care of by the experts and by those in the departments of government who are charged with carrying out its provision, but what we are concerned with is the effect it will have upon the prices of commodities of this country and the good that will come from its enactment. In considering any legislative act we must consider it in the light of returning the greatest good to the greatest number of people. Criticism has been offered by the opposition to the measure that it takes gold from the owners and places it in the possession of the Government. If we are to use gold as the base for the issuing of circulating notes, then we must preserve the redemption base. Gold is for the redemption of our circulating notes, yet in the past we have divided that redemption base into small parts and in turn circulated it among the people along with the other circulating medium. It seems elementary to me that this very act destroys the very foundation or the security which it is intended to create. We may compare it with the individual who lays in a supply of food to carry him over the winter, and upon acquiring it immediately begins to loan it and distribute it among his neighbors with the understanding that when he wants it for his own use they will return it to him upon request. Of course it is soon consumed and is soon spread about and is not available when desired.

This condition, which has been in existence in the past, enables those who have the means to acquire great amounts of gold to concentrate it in particular places and if they desire, to take it entirely out of circulation, they may take it even to foreign lands and deposit it in foreign banks or place it in a depository in their own country outside the reach of their Government. When this condition exists those people who have other circulating mediums of exchange, particularly during times of distress, become suspicious of the value of their money and make every effort to gather unto themselves the thing upon which it is based, the metallic base of their money. If the Government is to control the issuance of money, then it ought to control the metallic base upon which it is issued; and in no other way, it seems to me, can the confidence of the people, in the financial structure of this Nation, be maintained.

It seems to me that even after we reduce the gold content of our dollar and do all the things provided in this bill, the metallic base for an adequate circulating currency for the needs of the country not yet have been attained; and that it will be necessary to go further and to provide for the coinage of silver upon some adequate basis that will give us a further circulating medium to carry on the business and the commerce of our great and expanding country. It seems to me that only through the coinage of silver can we reclaim our foreign markets that we have lost because of its depreciation.

There are approximately 800,000,000 people in the world outside of the United States who use silver as the redemp-

tion base for their money. They have not been able to trade with us because their silver has depreciated. They must go into the markets of the world and buy gold with which to pay us, thus resulting in the loss of their markets to our people. The United States produces approximately 70 percent of the silver of the world and we ought to give it a more prominent place in our monetary system. Every republic to the south of us is on the silver standard. The oriental nations likewise use silver as a basis for their money. Their trade is lost to us, and will be lost to us until some system is worked out by which they can use their money at its fair value.

I have every confidence that under the leadership of the President of the United States, Congress will make provision for the remonetization of silver. I think that the sentiment of this Congress is overwhelmingly in favor of it. I think they realize the necessity of it, and that it will soon be an accomplished fact.

The people are beginning to realize that the financial system of this country has too long been in the hands of a few people who were using it for their own selfish interests; that whenever there was a conflict between the masses and the interests who were controlling money, the interests benefited.

Mr. Speaker, I repeat that this law we are passing today is the greatest thing that has been done in carrying out the new deal; that it will result in wider-spread good to the country generally than anything else this Congress has done. It will provide us with a sound and honest system of money, and in bringing it about it does not give to banks that have acquired seven eighths of our gold supply the right to enjoy the profits that will come from the action we are taking today. It will come into the possession of the Government, where it belongs; it will give the profit to the Government, where it belongs.

Mr. TERRELL of Texas. Mr. Speaker and Members of the House of Representatives, "Times change and men change with them, but sound principles endure forever."

We are confronted with a condition and not a theory. This condition has produced more loose thinking approaching hysteria than anything ever confronting a distracted people. There seems to be no time or inclination for sober, sound thinking. This superficial thinking is not confined to any particular class or section, but is Nation-wide and seems to be the result of present depressed conditions. Our great President has been doing some sound thinking, even though all his thinking may not be sound. You remember that he said that he did not expect to make a hit every time he goes to bat, but hoped for a 75 percent batting average—and I believe he has made that grade.

As far back as March 4, 1933, the President declared that our financial system had broken down and the money changers should be driven irom the temple of government.

This devaluation of the gold dollar to cheapen money and enhance commodity prices and increase purchasing and debt-paying power and restore prosperity has received the most serious thought by the President and his advisors, and it is the President's plan to restore to the Government the constitutional authority to issue money and regulate its value.

There is much being said about the panic and its causes and cures by emergency legislation, which is constitutional in times of distress and great public calamity and unconstitutional in prosperous times. It is my opinion that all necessary relief could be accomplished by constitutional measures. This doctrine that the Constitution can be changed by declaring that a great public emergency exists is not supported by the proper interpretation of the plain language in which it is written. Whatever it meant at the time of its adoption, it still means. It cannot mean one thing yesterday, another today, and still another tomorrow. It has no elastic or hidden powers to be brought forth in times of distress. The tenth amendment limits it to the expressed powers and this amendment is still a part of the Constitution.

I am not attempting to apply the Constitution to the bill under consideration—this will be done by the Supreme Court in the course of time, and Congress will have to conform its laws to that decision. It has decided that the President can make tariff laws and that the States can impair the obligations of contracts, and Congress need not worry about the constitutionality of laws.

As the President has plainly indicated, the panic was caused by the failure of our financial system to function; he has now submitted his remedy to cure the cause of this breakdown, and he is fortified in his plans by an opinion from the Attorney General (which is at least persuasive) that his plan is legal and it is our duty to give careful consideration to this plan or present something better; and we have presented nothing better.

A panic such as we have endured (and which I hope is passing) in the midst of plenty, is nothing less than a crime against our Government and people who have produced in abundance.

There is but one major cause for this panic, and that is the concentration of idle capital in the hands of a few people, and taking it out of legitimate business channels; and this should be forever prohibited by any lawful legislation that can be enacted.

Remember, that it is not working capital that has caused this devastating depression, but idle capital. "An idle brain is the devil's workshop," and idle capital paralyzes every workshop.

Something must now be done to prevent the concentration of this idle capital in a few hands. This can only be done by taking the issuance, control, and regulation of the value of money away from the financial interests that have prostituted that control for private purposes and wrecked a prosperous people, and place that control in Congress, where the Constitution places it.

Whether the bill under consideration is the best plan that could be devised, is debatable, but the best minds in the country on both sides of this question have presented their views to the President; and after careful consideration the President has presented this plan which we have before us, and the overwhelming majority of the House seems to favor the bill, notwithstanding some seemingly sound objections to it. Every amendment has been voted down except those offered by the committee, which indicates that the bill will pass in its present form.

I had intended to waive my objections to parts of the bill and vote for it, because I felt that it is absolutely necessary for the Government to issue, regulate, and control the value of the money in order to maintain a proper parity between the value of the dollar and the prices of labor and products for which the dollar is exchanged; and I still believe that this is necessary to reestablish and maintain business on a sound basis.

But after studying the three bills, all introduced by the same man, and two of them reported by the same committee, of which the author is chairman, I discovered that the bills were all different and I could not tell which one was the bill approved by the President and sent to the committee for its O.K. So I am compelled to vote against the bill because of one very objectionable and dangerous feature not in the original bill approved by the President and introduced by the Chairman of the Committee on Coinage, Weights, and Measures, and that is the $10,000,000,000 bond issue.

I will denominate these bills nos. 1, 2, and 3. No. 1, H.R. 6979, introduced January 16.

A bill to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

This bill has 11 pages and 16 sections. It was not reported out of the committee, though it is supposed to be the original bill sent to the committee by the President. It contained no mention of Government bond issues. Bill no. 2, H.R. 6976, introduced in the House January 16.

A bill to prpotect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

This bill was reported to the House with amendments January 18. This bill has 18 pages and 17 sections and contains

authority for the issuance by the Secretary of the Treasury of $7,500,000,000 in bonds. It differs in many respects from the first bill. Bill no. 3, H.R. 6976, in the House January 16.

A bill to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

These other purposes cover a multitude of sins against the people, one of which is the $10,000,000,000 bond issue. This bill was reported to the House with amendments January 18. It contains 11 pages and 20 sections, and differs from the other two bills. It contains a provision for the issuance of $10,000,000,000 in Government bonds. Many Members did not have this bill during the discussion, but I got a copy of it a short time before the discussion closed.

The first bill did not contain a provision for the issuance of Government bonds, and I expected to vote for it, notwithstanding my objection to the unlimited authority granted the Secretary of the Treasury in handling the $2,000,000,000 stabilization fund. This authority is very great, and Congress should not surrender its constitutional right to hold to strict accountability every Government official who handles public funds. In this bill Congress surrenders its right to demand an accounting of all public funds for 3 years, which is time enough to involve us in war and wreck the Government.

This tremendous authority in the hands of one man, coupled with the authority to issue $10,000,000,000 in interest-bearing tax-free bonds, is the last straw that broke the camel's back and is a load greater than I can carry and be honest with the people I represent. I regret that I cannot follow our leaders all the way, but I would rather be right than regular.

Just why this bond issue was slipped into this bill at the eleventh hour and not discussed by the newspapers and by Members of the House is a mystery that may never be solved, but I usually form conclusions from circumstances surrounding the situation.

The devaluation of the gold dollar so as to bring three and a half billion dollars into the Treasury and take the gold away from the Federal Reserve banks and cheapen the buying power of the dollar and increase commodity prices and debt-paying power had been freely discussed in the papers and by Members of Congress and had struck a popular chord.

It was easy to see that such an act would be passed by an overwhelming majority, and by tacking the $10,000,000,000 bond issue onto this popular measure it could be passed without the serious opposition it would encounter as a separate bill. This is good strategy but not fair to the public. Every bill should stand upon its own merits and not force Members to vote for bad measures because they are coupled with popular measures.

This procedure could not be followed in my State, because our constitution forbids it. Bills must contain but one main subject, and that must be embraced in the caption of the bill, and nothing can be slipped into the body of the bill that is not in the caption. No bill can be amended by reference to its title or section, but the language in such section must be brought forward in the new amendment, leaving out only the words to be eliminated and inserting the words to be added, thus making a complete paragraph or section. This is a safe provision, as it enables all members to know what the proposed change does to the original act. I wish such a constitutional provision applied to amendments to bills in Congress. We could then understand the change, which is impossible now. No Member can hunt up all the acts by Congress for the last decade and see what "paragraph C, section D," is, and no member of the committees in charge can give the information, for it is only known by the men who write the bills, administer the laws, and spend the money dished out to them.

GOVERNMENT BONDS

The Government has for many years depended upon borrowing money by bond issues, when its revenues were less than its expenditures, or in cases of war or other unforseen conditions that cause extraordinary expenditures.

Every war in which we have engaged has caused large bond issues by the Government but none to compare with the amounts issued during the World War and during this depression. Not only the Federal Government but many State governments and municipal governments are loaded down with bond issues, which they cannot pay, and some of them have defaulted and others are asking the Federal Government to come to their relief.

The Federal Government has outstanding interest-bearing bonds to the amount of about $21,000,000,000 and the bill under consideration authorizes the issuance of 10 billion more, making a total of outstanding bond issue of $31,000,000,000, when they are issued. This debt is greater than the peak of the World War debt by several billions, and no one knows how we can get the money to pay the debt and the tremendous interest which at 4 percent would amount to more than $1,000,000,000 annually.

The Government cannot borrow itself out of debt or bring prosperity to an impoverished people by taking all their property and earnings to pay this tremendous tax burden, any more than one can lift himself up by his bootstraps. No Member of this House will live long enough to see this Government out of debt unless a wholesale repudiation or revolution takes place during his lifetime.

The policy of issuing interest-bearing bonds to run the Government is a relic of banker control of the money of the country and should be terminated as the Government takes charge of issuing money and regulating and controlling its value in the interest of the public and not in the interest of the banker.

It will require one more step to free the people from the iron hand of banker control of the money, and that is to stop issuing interest-bearing tax-free bonds based on the credit and taxpaying power of the people and issue new non-interest-bearing Treasury notes based upon the ability of the people to redeem them with their taxes, whenever redemption becomes necessary to maintain them at par with all other lawful money in the country and save the interest. This was done by Abraham Lincoln during the Civil War and it helped to save the Union and it has always been good money, in spite of the effort to impair its debt-paying power by legislation.

These notes should be good for all debts, public and private, and should be redeemable in other lawful money at the option of the Government. This money could be paid out for labor and material on all public works, and to pay the soldiers' bonus and go directly into circulation and greatly relieve the present money stringency. Some of the greatest economists in the country approve this as a sound governmental policy.

I am for sound money and the Government is going to keep her money sound, but not so darned sound that it requires twice as much labor or products to buy a dollar as it required when it was not so sound.

The dollar for the past 4 years has been the most unsound and most dishonest dollar ever stamped by the Government, and this dishonest dollar is now on the road to the junk heap, I hope never to return to curse a long-suffering, peaceful people.

We have heard a great deal about fiat money and printing-press money. All our money is fiat money because it requires the fiat or stamp of the Government to make it money. Even gold and silver are not money without the fiat of the Government. All the paper money is printing-press money containing the fiat of the Government, and it is just as good as the Government's ability to pay is good. It never can and never will be redeemed in gold.

If we continue to issue bonds and the Government begins to default on the interest, does anyone think our bonds will remain at par? They will not; and if the Government issues too many noninterest-bearing dollars and they get too plentiful and prices become too high, they will not have the purchasing power they should have; then the Government

will stop issuing them and may redeem them until they increase in purchasing power to a proper parity with the price of commodities.

Nothing is behind the Government bonds except the Government's taxing power to redeem them, and the same taxing power would be behind the treasury notes to redeem them, and the Government could float as many dollars in these notes as it floats in bonds without impairing the credit of the country.

There is no difference except that notes draw no interest and circulate as money and can pay labor, buy goods, and pay debts, while the bonds do not circulate as money and can be used only as a basis for the issuance of bank notes, and the most of them are locked up in a vault and are worthless to the country and serve as a refuge for idle capital that ought to be invested in business industries to employ labor and produce useful products for the people, and would be so invested if there were no interest-bearing, tax-free bonds in which to invest.

These tremendous bond issues cause an orgy of spending public money; and every State, county, and municipality, and business concern in the country are trying to get their hands in the Public Treasury.

I have on my desk a list of 370 applications from Texas to the P.W.A. and R.F.C. for Government money, ranging in amounts from $1,000 up to $8,900,000; the total running into hundreds of millions of dollars. This list embraces applications up to January 1, 1934, and many more have been filed since that date; and these applications come from every State, asking similar or even greater amounts.

The Washington hotels are crowded with lawyer lobbyists trying to get appointments for political friends or trying to get their hands into the Public Treasury.

The pressure has become so great upon the Government officials that the President has felt compelled to call public attention to it and try to stop such political influence. These requests for loans and donations come from State governments, colleges, universities, and public schools; from counties, municipalities, school districts, drainage districts, reclamation districts, and every conceivable division of the Government. They are for water works, light plants, sewerage systems; and then come requests for loans to build and equip cotton gins, mills, elevators, stores, and manufacturing plants, and for many purposes that cannot be enumerated here. The most of these requests, totaling billions of dollars, would have never been heard of or even thought of, if Congress had never adopted the plan of acting Santa Claus to all the States and people.

When and where shall we stop this Government Santa Claus business and return to constitutional, economical, and efficient government? I fear we have gone too far already and cannot stop without causing more trouble than we are now trying to cure. We may have crossed the Rubicon before we know it and sowed the seed for the destruction of our republican government—thus following the history of other republics.

Mr. BERLIN. Mr. Speaker, the bill now before this body is perhaps the most important economic measure to be introduced here for many years. Indeed, it is said by more than a few authorities and in the press, that it is the most important monetary legislation since the Civil War.

Mr. Speaker, I am for this bill. I am for it because it is an administration measure, and I am pledged to my constituents to support all administration legislation and thus give force and meaning to the new deal insofar as that is within my power.

But there is another reason. This measure is one which goes to the very fundamentals of monetary theory. It is not a subject which can be, or indeed should be, debated indefinitely within this Chamber. The technicalities involved make it impossible for those of us, who have not spent a lifetime in the study of money and its allied problems, to pass final judgment upon its provisions. That, Mr. Speaker, is work for experts. It is their duty and not the prerogative of the layman.

This bill, which so deeply affects the economic life of our Nation, has been submitted to Congress for its approval by the President, or upon his recommendation. It has behind it the studied judgment of experts, men who have for years given their close attention to the problems involved. Out of that experience, have come the conclusions which are embodied in this measure. Upon the experience of these men the President has drawn, adding, I am sure, recommendations and advice of his own. He has, no doubt, tempered their academic suggestions with less rigid opinions in the interests of the whole people, and so the bill has come to us from the administration as its best judgment on the disease which it seeks to cure.

Far-reaching beneficial results are predicted for this bill. This is the opinion of the President and his advisors, and I am sure that the same opinion of it is held by many of my colleagues on this floor on both sides of the aisle. It is difficult, Mr. Speaker, for me to understand how any Member of this body can attempt, with any degree of certainty, as, I regret to say, some have, to flatly contradict the predictions and expectations set forth by the President and his advisors. True, men may differ, but in the end there can be no one who can, I feel, conscientiously say that this measure attempts anything but the greatest good for the greatest number of people.

This measure is a very definite and very courageous attempt, as I see it, to break away from the cold and insensible control of the money changers. It appears, and appears with some clarity, that the principal opposition to this measure arises from that quarter. This measure upsets the dogmas, the inflexible beliefs and precepts of that very nearly discredited section of our population. In their anger at what they consider an unwarranted intrusion upon their preserves, they condemn this measure as direct inflation, wild inflation, burglarizing the vaults of the Federal Reserve banks, and as a long step toward the printing of greenbacks, all of which they point out must be accompanied by financial chaos.

Mr. Speaker, the only prediction, assertion, or allegation they make in connection with this bill that I consider bears any semblance of accuracy is their prediction of the dire results that would follow wild inflation, by which is meant starting the printing presses. When they point out the disaster that follows the indiscriminate printing of money they are right, but that is the only point they make that seems to me worthy of recognition.

They confuse the issue. They seem to be attempting to obscure the merits, and mislead the public with their assertions of impending disaster if this bill is passed. They have, it would appear, neither read the bill nor turned an intelligent ear to editorial and expert opinion which has appeared in print since this bill was made public by its introduction here. Nor, I might add, have they interpreted with any intention of understanding, the President's message to this Congress when he requested that such legislation be passed.

Had they read the bill, or the adequate explanations of it that have been available for days, they would not make the regrettable mistake of talking about wild inflation in connection with this legislation.

Mr. Speaker, if there is any man in or out of this Chamber, who, after conscientiously studying this measure, can point to any section of it which can be construed as authority for starting the printing presses on an orgy of paper and ink, I should like to hear him speak.

As to the dangerous inflationary tendencies of this bill, I should like to call the attention of this House to the remarks of the man who is perhaps closer to the President in matters of monetary policy than all others. This man is Prof. George F. Warren, of Cornell University. Professor Warren is admittedly one of the President's principal advisors on money matters.

Perhaps you have noticed that Professor Warren has, in the opposition press, been referred to consistently as "a dairy expert from Cornell." That characterization of Professor Warren is meant to belittle him as a monetary adviser to the administration. It is an attempt, gentlemen, to make it appear that Professor Warren is not qualified to advise the President and the Treasury of the United States

on the highly technical and difficult problems involved in money and the management of the national currency.

The attempt to discredit Professor Warren by implication and innuendo, by leaving unmentioned those marks in his career which would indicate his qualification to advise the President and the Treasury in this matter, has, I am sure, created an unfortunate impression in the minds of many persons who must depend upon the opposition press for their knowledge of current affairs.

Mr. Speaker, I do not wish to digress, but I feel that I should set forth at this time a clearer picture of Professor Warren for the benefit of those Members of this body who may have been misled by repeated reference to this man as "a dairy expert, who is advising the President on monetary affairs."

Professor Warren has made a study of commodity prices and gold, their effect upon each other, and consequently upon the living and working conditions of every man, woman, and child in the country. This is not to say that Professor Warren is an infallible authority on the subjects upon which he has spent years of study. No man can point a definite, an absolute path out of the economic forest into which the money changers have led us. But I assert, Mr. Speaker, that a man who has devoted 15 or 17 years of intensive study, research, and thought to certain problems, is surely qualified to speak, to advise with authority, upon the opinions which he has derived from his labors. That as I see it, is the position of Professor Warren, and if the press generally had been more conscientious and less indifferent to the background from which Professor Warren speaks, there would not be any feeling of uncertainty or doubt as to the qualifications of this, perhaps chief of the President's monetary advisers.

There is nothing secretive or mysterious about Professor Warren's theories. I shall not take the time of the House to discuss them now, but I would suggest that any man who wishes to inform himself as to the basis for Professor Warren's thought on monetary subjects, purchase a copy of Prices, written by Professor Warren. There he will find the whole thing explained.

Now then, Mr. Speaker, I return to the money changers and their opposition to this bill and their talk of wild inflation.

Professor Warren appeared before the Senate Banking and Currency Committee to testify as to his opinion of the Roosevelt monetary policy as outlined by the President in his message to Congress last January 15 and as given concrete form in the measure now before this body.

To anyone who had any doubts as to Professor Warren's attitude toward direct or wild inflation, his testimony before the Senators must have erased any questions they had in mind, as well as comforted them no end. Professor Warren is, upon his own word, an opponent of wild inflation.

To the Senators he presented a scholarly and factual account of his theory and its effects to date, as reflected in its adoption by the administration. But, first, let me quote Professor Warren's reply to inferences that certain monetary policies would lead to wild inflation. He had gone far back in history to trace monetary conditions, practices, and results. Professor Warren said:

> Occasions of extreme inflation have been preceded by government bankruptcy and revolution or war. If we drifted into wild inflation it would be an unusual historical event unless we had a revolution—I mean, a violent revolution.

Those, gentlemen, are the words of the President's monetary expert. They are plain words, plainly spoken. It would indeed be difficult, I am sure, for any Member of this body to believe that Professor Warren is a champion of wild inflation after reading this testimony.

And now, Mr. Speaker, I turn to the so-called "60-cent dollar" which is to become an actuality under this measure when it is finally passed by the Congress. I say "60-cent dollar." More accurately, I should say a "50- to 60-cent dollar." I might also say, and not be indulging my fancy, an honest dollar. The attempt has been made by opponents of this plan to frighten the citizens into believing that cutting the dollar in half will double prices and so increase 100 percent their cost of living.

Mr. Speaker, it is almost ludicrous to consider such propaganda. It seems to me that a man, any man, facing the issue honestly and intelligently, would see at first glance that it is impossible that this administration, or any other, for that matter, could possibly recommend legislation that would bankrupt every wage and salary earner in the land. That is what would happen if prices doubled, if the expenses of home, of farm, and of factory doubled over night with the revaluation of the dollar downward by 50 percent.

The money changers, gentlemen, were never smart. They were never intelligent. They were merely traders upon the credulity of the American people. Their currency was deceit. They raised themselves to a position which by its very height seemed to necessitate our looking up to them. Their fine phrases and graceful gestures (financial) did, I regret to say, deceive us tragically. We believed that these men, who stood upon an economic and financial eminence deserved our respect and admiration. Then, gentlemen, we discovered to our sorrow, and to their disgrace, that their feet were in the mire, and the eminence upon which they seemed to stand was no more than a flimsy frame disguised with gilt and cheaper trappings.

There is no man, Mr. Speaker, who rises to eminence in his chosen field by honor and the common virtues but for whom I have the highest respect. There are many bankers, no doubt, many business men and financiers who have at least tried to abide by a code of common decency. But, gentlemen, the greatest of them have been found, unfortunately, to be no better in their business relations than the most brazen thug. These men are now seeking to regain their former illusory reputations. They are seeking once more a hold upon us such as they enjoyed with immunity before. Therefore, it behooves us, and it is the duty of every Member of this Congress, regardless of the side of the aisle upon which he finds himself, to examine closely, scrupulously, and patiently the statements that these men are now making in an attempt to discredit the efforts of the President and his administration in the present issue.

As I see it, Mr. Speaker, this bill seeks to wrest from Wall Street and the practitioners therein the rights of the citizens of this country that Wall Street preempted in the days of our questionable prosperity—the right of the people to control, through the President, his advisors and, the Congress, the money which is the blood of their economic existence.

The 50- to 60-cent dollar is, I believe, designed to return to the people a currency which is within their reach. It is an attempt to give them a currency with which to pay their bills and buy their bread; that is, the currency in which they contracted their debts. Is their any justice, Mr. Speaker, in the position of a debtor who contracted a debt, perhaps for a home, by pledging dollars worth 100 cents and finding when the debt becomes due that he must pay in a dollar worth 150 cents? I dare say, Mr. Speaker, that none here will support such injustice, such inequality.

I referred a moment ago to the fact that it appears to be the desire of the opponents of this measure, particularly those who have found 150-cent dollars so profitable, to convey the impression that prices will double under this bill.

Mr. Speaker, here again a very superficial examination of the facts existing today effectively answers these purveyors of misconception. The day upon which the President sent his monetary message to Congress the dollar was quoted at approximately 60 cents in the foreign-exchange markets. Sixty cents, gentlemen, is the upper limit at which the President would set the value of the dollar. The recent months of application of the Warren theories may be said generally to have brought the dollar to the 60-cent level.

What does that mean to the objectors who talk about doubled prices? It means simply this: That the dollar already is within easy walking distance, you might say, of the point at which the President will devalue it. In other

words, Mr. Speaker, it is not now a 100-cent, or 150-cent dollar that is to be devalued. It is a 60-cent, a 61- or 62-cent dollar that is to get the President's attention under this measure.

That in turn means, Mr. Speaker, that devaluation cannot proceed more than another 10 cents, and that, I contend, will not, cannot by any stretch of the imagination, double prices to the consumer, or even approach such a condition. The dollar has been devalued already to nearly the limit asked in this bill, and I think that that point should be emphasized.

Prices have risen since the Warren theories were put to the test. That was necessary. It is necessary that they increase further, for it is upon an increase in prices, prices to the farmer in particular, that the success of the new deal depends.

Make no mistake, gentlemen, about this price business. Prices must go up, but they must go up honestly. It is the profiteer's price, the price exacted of us by the greedy merchant, financier, and business man, that we must guard against, and it is the intention, indeed, it is in many instances the accomplished fact, of this administration that the greedy have been abruptly checked in pursuing their greedy ends by unjustly raising prices.

From June to December of last year, under the Roosevelt administration's gold and money policy, the cost of living index rose 5 percent. However, all you have to do is look about you to see that the improvement in unemployment conditions, in business, and our economic condition generally, has greatly exceeded 5 percent. In other words, gentlemen, if you were earning $20 per week, would you not be willing to spend an additional dollar on your living expenses to help restore to this country the conditions which President Roosevelt and his administration seek to give us? I think you would. I think you could make no better investment, nor one about which you should complain less.

In connection with this point I quote the words of Professor Warren in the matter of current prices and their reflection in wages and salaries. He says, for instance:

> Any person working on a salary and not given extreme cuts would be faring better (under revaluation) than before the depression. Any person who is getting his 1929 salary has much more now than then, but not so much as last February.

Now then, I come to the business of seizing the gold in the vaults of the Federal Reserve banks. On this point we hear the opponents shouting about "stealing somebody's gold." When the Treasury takes over this gold, the United States Government is not going to run away with it, and in that it will be somewhat different than some of our money changers. The gold will be placed in safekeeping in the vaults of the United States Treasury, where it is to remain as the solid, sound backing of the paper money that passes through our hands. This gold will not, by some mysterious trick of the hand, or some strange chemical reaction, be changed into dust, or worthless substance. It will still be gold. It will still exist in fact. And it will be in the honest hands of your Government. The word seizure in connection with the process of transferring title of this gold from the Federal Reserve banks to the United States Treasury, is perhaps misleading. By seizure we are prone to believe that the property is being summarily taken without payment or compensation of any kind. This is not what is proposed under this measure. What the Treasury takes it will pay for. It will pay the Federal Reserve banks with gold certificates, "yellow backs", as we knew them when we used to see them in circulation, or when those fortunate enough to earn them, possessed a few. These gold certificates will be used by the Federal Reserve banks as backing for their currency issues, providing the Treasury authorizes such issuance.

By transferring title to this gold—and I can think of no place it will be safer or more judiciously employed than by the Federal Government—by transferring title, a certain profit will accrue to the Federal Government, a profit of several billions of dollars. This is due to the fact that the Treasury will pay the Federal Reserve banks the statutory price of $20.67 per ounce for the banks' gold and will value it for its own purposes at the current market price set by the Treasury, which is considerably higher than the statutory figure. This proceeding is attacked as unfair, the opponents contending that the holder of the gold should be paid the higher price.

It seems to me that the value of a commodity is largely determined by what it will bring in the market place. There can hardly be any other adequate measure. The only person who may purchase this vast gold reserve is the Federal Treasury. The Treasury offers $20.67 per ounce, which is the price set by the law. It is a price long established. It is the price upon which the holders of that gold based their purchases, though they may have paid more for it. But they have used this gold many years now. They have, that is, the money changers have, played with the Nation's gold too long. They have taken profits, vast profits, with their gold policies. The Government proposes to pay the base price for this commodity. Perhaps the Government would like to pay more. The Government is not out to hurt people's feelings or crush their pocketbooks. But there is not an unlimited choice here, gentlemen, and the Government is doing what it thinks best for all the people and not what the golden few would like.

The President proposes to set up, out of the profits of this title transfer, what will be known as an equalization fund. This fund is to be used in the support of our position in the hard mart of international exchange. But that is not all. It is apparent, and it is also the opinion of the President, that the money changers have sought by crude and obstructionist tactics to force down the price of Government securities such as Government bonds. They have done this by dumping them on the market and so depressing the price. They have not done this through any honest conviction that the value of these bonds is endangered, or that they have actually lost value. They have done it, gentlemen, in a direct and brazen attempt to frustrate the administration's monetary policies because those policies did not suit their selfish purposes.

These traders realize that the safest obligation in the country is an obligation of the United States Treasury. They know that this is the general belief. All right, they say, then we will drive down the prices of these bonds and people will become frightened and think there is really cause to be alarmed at the credit or security of the Government. By this means these financial buzzards seek to bring pressure indirectly upon the administration, pressure that they cannot exert openly or directly. And they cannot assert it openly or directly, gentlemen, because the administration has no sympathy or confidence in such discredited traders.

So, part of this equalization fund, the strength of which will be the strength of $2,000,000,000, will be used for the purchase of our own Government obligations at any time that these men see fit to play their dumping game. Two billion dollars is pressure that they cannot meet. The Treasury will take any and all the pressure these men can apply—and gentlemen, the Treasury can take it. The purchase of these securities, when and if offered in this Wall Street manner, will keep their price up where that price belongs as a true measure of the Treasury's credit; and so the administration plans once more to defeat the tactics of the Street.

In its international application, the equalization fund will be used to control the price of our dollar in foreign markets. England has an equalization fund for this purpose; that is, for the purpose of controlling the price of the pound sterling. France is generally believed to work through the Bank of France for the same control of the franc. Up to now, we have not had adequate instruments to meet the challenges of France and England in the international exchange market. Under this bill we have. Our fund is larger than Britain's. I hope that it will not be necessary to use it ruthlessly, and it is the President's hope, and I see no reason why it should not be realized, that armed with this fund, he will be able to exert such a powerful influence in the exchange market that world stabilization of currencies will become a fact. That is the goal. Endless fighting

back and forth in the money market will do no country good and will engender much hard feeling. The President proposes to put an end to this bickering, this fencing with money, but he has not been in a position to do so, but this bill is intended to equip this country to step into the market and bring order out of chaos.

By stabilizing the currencies of the world, world trade will be promoted, world economy strengthened, and world peace promoted.

The President has repeatedly asserted that it is his ambition that we may be brought to a position where we may enjoy a "more abundant life." Mr. Speaker, it is my belief that this bill will further that ambition. It is my earnest desire that this legislation be supported by every Member of this House.

Mr. SHALLENBERGER. Mr. Speaker, the debate on the measure discloses that even the committee in charge of the bill are divided as to its purposes and the effect of its provisions. It is admittedly experimental. It makes vital changes in our entire financial system. It is the most momentous in its possibilities of any money bill in half a century.

The bill is a long step in the right direction, but it only goes half way. It disposes of gold, but leaves silver on the doorstep. Placing the Nation's entire gold stock in the Federal Treasury and under absolute control of the Government is a distinct advance toward the goal of divorcing money from private and corporate control. I have no fear that the power granted to the President and the Secretary of the Treasury will be abused or used against the best interests of the people. President Roosevelt has the confidence of the people as few Presidents have had. By the provisions of this act, he has determined the part that gold shall play in our monetary system. I sincerely hope he will save silver as money in his next move for currency reform.

The power of administration must be placed where the light of public opinion is most powerful and the President is the proper person to control and administer this great trust. The power to control the gold of the Nation will be of great value in stabilizing the value of the American dollar in relation to currencies and commodities of other nations.

The authority to devaluate the dollar to at least 60 percent of its present value is also a valuable advance in the direction of a lower-priced dollar and a consequent increase in commodity prices measured by that dollar. But the devaluation proposed must actually take place before any substantial benefit from rising prices will result. Under the bill, when once determined, devaluation of the gold dollar must be between values of 50 and 60 percent of the present dollar. The bill completely eliminates gold as a part of our circulating medium as money. All gold will be held by the Federal Treasury, either as bullion or gold certificates, as reserves for Federal currency and Reserve bank notes. This change in the basic monetary law makes more essential and necessary the addition of silver and silver certificates to increase the volume of actual money in circulation and to supply the money needed to sustain the commerce of the Nation at a prosperous level.

We are told that Professor Warren, once a Nebraska farmer in the district I have the honor to represent and a teacher of agricultural economics at Cornell University, has had much to do with preparing the plan proposed in this bill. He has heretofore often pointed out that high-priced gold is always accompanied by low-priced commodities. High-priced gold results from increased demand. Improved commodity prices, if Professor Warren is correct, are, therefore, dependent upon falling gold values. With the principal nations struggling for gold, no wonder prices fall.

The N.R.A. has helped prices of manufactured products to higher levels, but agricultural prices which are not controlled by the price fixing of the N.R.A. have not risen in comparison. Prices of basic farm products are below cost of production and still falling. For instance in December, last, hog prices declined 19 percent; butter and cheese, 14 percent; eggs, 16 percent; lard, 13 percent; and meats, 4 percent. Prices for these products were the lowest in a generation before the declines noted.

These conditions are primarily the result of the disastrous deflation following the Great War and ending in the bursting of the 1929 boom resulting from an unparalleled credit inflation by bank credits and bank checks. During the boom period there was a tremendous inflation of debt and bank credits, not measured by millions but by billions. Since 1929, there has been a deflation of bank credits and bank checks of many more billions than the amount of the national debt with the 10-billion proposed increase added.

The only way to put prices back to where payment of our national and private debts is possible is to inflate either with paper credit, represented by notes and bonds, or with money based upon both gold and silver. To raise prices by credit inflation is always dangerous. Every increase of actual money in circulation stimulates trade and commerce, increases commodity prices, and makes more easy the liquidation of all debts, both public and private.

Debts that cannot be paid are at the bottom of the economic troubles of the world. Nations and people must have a readjustment of money values and prices or liquidate by bankruptcy. We cannot borrow ourselves out of debt nor tax ourselves into prosperity with the present high-priced dollar. The sure road to recovery is to authorize payment with a cheaper dollar. Cut the gold dollar in half and lift silver to her ancient place, and we can pay ourselves out without repudiation.

The farmer suffers most of all under present economic conditions. Some would attempt to save him by giving him greater credit facilities. Further agricultural credit without a rise in prices is only putting off the day of disaster. What the farmer needs is not the chance to borrow more money, but a price for his products that will enable him to pay what he has already borrowed. The restoration of silver to its former position as basic money will increase the volume of money in circulation and thereby advance the price of all our commodities measured in money. It will increase prices and double the debtor's ability to pay his debts and discharge his bond.

It is difficult to lower the price of gold with the world competing for it. Advance in prices of commodities measured by bimetallic money employing both gold and silver is sure and certain. With the passage of H.R. 6976, the pending bill, we will abandon a coined-metal reserve for our money. Treasury reserves will consist of gold-bullion bars measured in value by the declared content of the gold dollar. Gold sold to the Treasury will be paid for by gold certificates or any lawful money. Gold or silver bullion presented for coinage or sale to the Treasury, under my bill H.R. 6191, would be paid for by silver or gold certificates or lawful money. The price of silver would soon rise to its value as money and lift enormously the buying power of all countries where silver is the measure of commodity values.

Before the collapse of credit and bank inflation in 1929 we were selling 5 billions in goods to foreign nations. Two billions of this export was agricultural. Prices of all farm products were profitable to the farmer and every branch of industry felt the favor of the farmers' sustained buying power. The restoration of silver as money will be the most powerful factor in recovering our lost export trade. With the restoration of our former world markets the surplus problem will disappear.

Mr. STRONG of Texas. Mr. Speaker, I am sure every person who has given the matter earnest consideration, is convinced the reason for the business depression is the need of sufficient money in circulation.

The Constitution plainly empowers Congress to issue money and regulate its value, and when Congress obeys that plain and simple demand of the Constitution the awful depression, which is causing such intense suffering of millions of people throughout the Nation, will pass away; and if Congress continues to do its duty in regard to expanding the circulation of money and properly regulating its value,

it will be impossible for panics to occur further in the United States at any time.

Those who have observed the trend of financial affairs know that Congress has not obeyed the plain mandates of the Constitution in regard to the circulation of money and regulating its value, but has allowed this important function of government to be controlled by a few malicious manipulators, who have wrecked the farming interests, the banking interests, the mercantile interests, the manufacturing interests, and all other legitimate business of the Nation.

When President Roosevelt was inaugurated, millions of people were suffering intensely from want of food, clothing, and shelter. It was absolutely necessary that relief should be furnished these suffering people at the earliest time possible; so the President at once inaugurated measures of temporary relief which have been vigorously administered throughout the Nation and much suffering has been relieved, and the temporary relief measures are still in rapid execution. While the temporary relief is being administered, the President and Congress are putting forth efforts to correct the financial system of our country in order to make it impossible for panics in business ever again to occur in this country. Indications point to a complete overthrow of the malicious manipulators of the finances of our country, and permanent relief will be brought to the people by the present session of Congress.

When those who favor permanent relief to the people urge the expansion of the circulation of money, these malicious money manipulators who have caused all the suffering of millions of people begin to yell "flat money" and "printing-press money" and assert such money will be worthless because it is based on nothing, and many other false sayings. But that is all they can do. They know Congress is empowered by the Constitution of the United States to control the circulation of money and regulate its value. They also know that money legally issued and its value regulated according to law and common sense is the best money in the world. Therefore, in order to continue their malicious manipulation of the money of the country, in order that it may be scarce and the rate of interest high, and in order to deceive the people and keep the people in bondage where all kinds of suffering exist, they yell all kinds of false propaganda.

There should be no speculation in money; it should at all times be plentiful and the interest rate low. This would cause prices of real estate, livestock, farm products, and all other property to advance and such prices to be governed, as they should, by supply and demand. Wages and salaries would also be raised and would maintain a steady schedule, and the millions of people now idle would be reemployed.

In discussing the money question with a good friend, whose every impulse is for the benefit of all the people, and who is a very able man and has for many years made a special study of finances, he said that the average citizen views the money question as a very intricate and puzzling proposition which only a few experts understand. He illustrates by saying that the proper and rightful circulation of money is as plain and simple as the circulation of water through a water system when a man is sitting on the water main near a cut-off with a wrench in his hands. This man can cause the water to circulate throughout the entire system in the exact quantity needed. My good friend claims the lawful and proper circulation of money is just as easily understood.

It has been stated in the discussion of the money question by eminent patriotic statesmen that if they could control the circulation of money in any country, they could absolutely control the entire government. We know this is true, and the great battle now on is to liberate our Government from the malicious dictatorship of the manipulators of our money system. This can be done, but it is a hard fight and will require the efforts of all who desire to see our Government administered in favor of all the people.

All will remember that Henry Ford offered to take over Muscle Shoals and operate it, paying the Government a large profit. It required an expenditure of $30,000,000 by the Government to complete the Muscle Shoals plant for operation. Congress refused to expend this amount, claiming it did not want to increase the Government indebtedness, as the money would have to be borrowed for the completion of the plant. Mr. Edison, the wonderful inventor and economist, was asked to inspect Muscle Shoals, and while there the following statement was made by him:

If the currency is issued, $30,000,000, for financing the finishing construction of Muscle Shoals work, it will be the proper thing to do. Once the currency method is tried in raising money for public improvements, the country will never go back to the bond method.

Make it perfectly clear that I'm not advocating any changes in the banks and banking. Banks are a mighty good thing. They are essential to the commerce of the country. It is the money broker, the money profiteer, the private banker that I oppose. They gain their power through a fictitious and false value given to gold. Gold is a relic of Julius Caesar, and interest is an invention of Satan.

There is a complete set of misleading slogans kept on hand for outbreaks of common sense among the people. There would be new shrieks of "fiat money", "paper money", and "greenbackism", and the rest of it—the same old cries with which the people have been shouted down from the beginning.

I think we are getting a sound idea on the money question. The people have an instinct which tells them that something is wrong and that the wrong somehow centers in money. Now, as to paper money, so called; everyone knows that paper money is the money of civilized people. Don't allow them to confuse you with the cry of "paper money."

Now, here is Ford proposing to finance Muscle Shoals by an issue of currency. Very well; let us suppose for a moment that Congress follows his proposal. The required sum is authorized—say, $30,000,000. The bills are issued directly by the Government, as all money ought to be. When the workmen are paid off, they receive these United States bills. When the material is bought, it is paid in these United States bills. They will be the same as any other currency put out by the Government; that is, they will be money. They will be based on the public wealth already in Muscle Shoals; they will be retired by the earnings of the power dam. That is, the people of the United States will have all that they put into Muscle Shoals and all that they can take out for centuries—the endless wealth-making water power of that great Tennessee River—with no tax and no increase of the national debt.

Under the old way, any time we wish to add to the national wealth we are compelled to add to the national debt. Now, that is what Henry Ford wants to prevent. He thinks it is stupid, and so do I, that for the loan of $30,000,000 of their own money the people of the United States should be compelled to pay $66,000,000—that is what it amounts to with interest. People who will not turn a shovelful of dirt nor contribute a pound of material will collect more money from the United States than will the people who supply the material and do the work. That is the terrible thing about interest. In all our great bond issues the interest is always greater than the principal. All of the great public works cost more than twice the actual cost on that account. Under the present system of doing business we simply add 120 to 150 percent to the stated cost.

But here is the point: If our Nation can issue a dollar bond, it can issue a dollar bill. The element that makes the bond good makes the bill good also. The difference between the bond and the bill is that the bond lets the money brokers collect twice the amount of the bond and an additional 20 percent, whereas the currency pays nobody but those who directly contribute to Muscle Shoals in some useful way.

If the Government issues bonds, it simply induces the money brokers to draw $30,000,000 out of the other channels of trade and turn it into Muscle Shoals; if the Government issues currency, it provides itself with enough money to increase the national wealth at Muscle Shoals without disturbing the business of the country. And in doing this it increases its income without adding a penny to its debt.

It is absurd to say that our country can issue $30,000,000 in bonds and not $30,000,000 in currency. Both are promises to pay; but one promise fattens the usurer, and the other helps the people. If the currency issued by the Government were no good, then the bonds issued would be no good either. It is a terrible situation when the Government, to increase the national wealth, must go into debt and submit to ruinous interest charges at the hands of men who control the fictitious values of gold.

Look at it another way. If the Government issue bonds, the brokers will sell them. The bonds will be negotiable; they will be considered as gilt-edged paper. Why? Because the Government is behind them. But who is behind the Government? The people. Therefore it is the people who constitute the basis of Government credit. Why, then, cannot the people have the benefit of their own gilt-edged credit by receiving non-interest-bearing currency on Muscle Shoals instead of the bankers receiving the benefit of the people's credit in interest-bearing bonds?

The people must pay anyway; why should they be compelled to pay twice, as the bond system compels them to pay? The people of the United States always accept their Government's currency. If the United States Government will adopt this policy of increasing its national wealth without contributing to the interest col-

lector—for the whole national debt is made up on interest charges—then you will see an era of progress and prosperity in this country, such as could never have come otherwise.

I have not copied Mr. Edison's statement in full, but the words here given set forth very clearly the powers of government in regard to issuing money instead of issuing interest-bearing bonds.

No one will be injured by taking control of the money policy away from the few malicious manipulators; but all classes of business, including the farmers, merchants, banks, manufacturies, and others, will be greatly aided.

Mr. RICHARDSON. Mr. Speaker, American citizens are not particularly interested in academic discussions of money and its metallic base. They are interested in finding a way leading to economic recovery. During the past year they have heard many professional and amateur authorities, by radio and otherwise, tell them that economic recovery can be effected by tinkering with money. Devaluation, silver, commodity dollars, paper dollars, managed currency—all the old schools of thought on money have been brought out of hiding, polished up, and presented to the people by their earnest and sometimes emotional adherents.

Our people are therefore tremendously interested in the significance of the administration's new money bill, which is now under consideration and which is about to become a law. This bill means one thing definitely: That Professor Warren has the ear of the White House and that the President has decided to give at least a partial trial to the professor's theories of money and commodity prices. True, he has not closed the door entirely, but can in the future either adopt Warren's theory of a managed currency or definitely stabilize the dollar.

The President has long ago accepted the theory that higher commodity prices are necessary to restore prosperity. Now he has definitely decided to seek those higher prices through devaluing the gold dollar. This is directly in line with Warren's theory that commodity prices vary in direct proportion to the price of gold; that if you cut the gold content of the dollar in two—thereby doubling the dollar price of gold—commodity prices must rise in proportion.

The President has decided to follow the professor's theories and cut the gold content of the dollar somewhere between 40 and 50 percent. He already has authority to do this, but asks that his authority be confirmed by Congress. If he cuts the dollar 50 percent, then it will hereafter contain 11.61 grains of gold, instead of 23.22 grains as at present.

He takes this step with what is apparently the consent and mandate of the great majority of our people. Millions of people, from bootblacks to financiers, have suddenly become moneywise, and claim to see in devaluing the gold dollar a certain way out of the depression. I, myself, have received hundreds upon hundreds of letters and telegrams expressing the belief that this action will prove a certain remedy for our economic ills.

Will the plan succeed? Professor Warren claims two results will be accomplished:

First. Devaluation will raise commodity prices.

Second. Higher commodity prices will bring economic recovery.

Unless lowering of the gold content of the dollar accomplishes these two purposes, then the professor's theory fails.

I. WILL DEVALUATION RAISE COMMODITY PRICES?

In the long run it cannot help but do so. If the value of a dollar—in gold—is reduced from 100 cents to 50 cents; in other words, if your dollars become half dollars, naturally, their buying power will be lowered. You will need more dollars to buy the same commodity units than you did before devaluation. Prices will go up. But if we devalue 50 percent, will commodity prices double? If the money value of gold is doubled—$2 for $1—will commodity prices also double? Many authorities on money doubt it. Assuming that these authorities are wrong, I doubt very much if the professor's theories will work out exactly in practice. I believe the effect will be slow; prices will rise slowly over a period of years, not over a period of months.

Then, again, when we once stabilize, we shall have trouble keeping the dollar down. The mere lowering of the gold content of the dollar from 22 plus to 11 plus grains of gold—one half—will not maintain the exchange value of the dollar at 50 cents. The credit, wealth, and resources of the United States are so great that the dollar will advance in exchange value in spite of the fact that it contains only one half as much gold as previously. This was demonstrated during the past week when, according to Warren's theory and the Government price of gold, the dollar should have been worth 60 cents, but its exchange value rose to more than 62 cents. A few days ago the Government spent $5,000,000 in the buying of British gold, but could not hammer down the dollar below 62 cents.

If the President definitely stabilizes, say at 50 cents, I believe the dollar will start bouncing back, and if not supported, go to 65 cents, 70 cents, and even higher. Confidence in the dollar will overcome, in part, the theoretical devaluation of 50 percent.

But prices will go up. Perhaps not as fast nor as far as Professor Warren contends, but that they will go up is certain.

II. WE NOW COME TO THE SECOND QUESTION: WILL HIGHER COMMODITY PRICES TEND TO LESSEN THE DEPRESSION AND BE A BASIS FOR ECONOMIC PROSPERITY?

Again there is a strong difference of opinion. Warren says, yes. Others say, no, and that we can build prosperity on a low-price level as well as or better than on a high-price level. These critics say that economic activity cannot be brought about by controlling the metallic base of currency alone, and that many other factors enter into the determination of economic conditions; that credit depends not as much on the metallic base as on the velocity of currency, turn-over, and above all, confidence. That confidence is necessary, all will agree. Without it, no theory will work and we will face certain disaster.

Certainly a higher price level should have one result. It should ease the debt burden. How greatly, depends on how closely higher wages and higher purchasing power keep pace with higher prices. If wages do not rise, the whole scheme fails.

There are other factors of this money bill which are of very great importance. But that they will remain in the bill, or what form they will take after the Senate has finished its consideration, is not certain. What is certain, however, is at least a 60-cent and possibly a 50-cent dollar.

This money experiment will be watched with interest over all the world. For the sake of the American people, let us hope that Professor Warren is right. If he is mistaken, then the President will have to look for a new professor. If he is right, then he will go down in history as a money genius.

Mr. REILLY. Mr. Speaker, the pending bill provides for a fundamental and radical change in the monetary policy of our country and is the most far-reaching and momentous financial measure that has come before this House in half a century.

This bill is intended to carry out the President's monetary program, which is another of the administration's remedies designed to cure our industry ills and is in a way experimental. I say this legislation is experimental, for authorities do not all agree as to the necessity for and the result that may follow this legislation.

Of course, if Congress was to wait for the experts to agree before it would dare to legislate on a financial or monetary problem, there never would be any legislation.

However, it is a fair statement to make that the weight of authority both in this country and of the world is in favor of the principal thing to be accomplished by this legislation—that is, the cutting down of the gold content of the dollar—although there may not be such unanimity as to just how far to go in the cutting-down process.

The pending bill has three vital provisions affecting our monetary program.

First. When this bill becomes a law, if it is passed in its present form, the President will have the power to devalue

the gold dollar to a point from 40 percent to 50 percent of its present gold content.

The special session of Congress gave the President power to devalue the gold dollar to 50 percent of its present gold content. The President claims, however, that under such authority he could not devalue the dollar at all unless he made a 50-percent devaluation, and he further contends that his investigation and study of the dollar-devaluation problem has led him to believe that at the present time the devaluation should not exceed 40 percent.

The President is in favor of a world agreement on money standards, but the world, particularly England, is not yet ready to agree upon any international monetary standard, and there is no assurance as to what time England and the rest of the world will be ready to enter into any international agreement on monetary problems. Apparently if we are to have any devaluation of the gold dollar at this time, we must go it alone. The President believes that the safe place to start is to take out of the gold dollar 40 percent of its present gold content. Now, when the gold dollar is devalued as provided for in this bill, there will be just as many pennies, nickels, dimes, quarters, and half dollars in the dollar as there are at the present time. The only expected change to occur is that the purchasing power of these various coins will probably be less than it is at the present time.

The whole excuse for this legislation is the belief on the part of its advocates that there is a scarcity of gold in the world; that that scarcity has resulted in increasing the purchasing power contained in our dollar, and the consequent falling of commodity prices, because the more valuable the gold in the dollar is, the more the dollar will buy of commodities, and that the way to bring about a higher price for commodities is to reduce the amount of gold in the dollar, thereby requiring more dollars to buy a given article.

Under the President's monetary program there will be no future coinage of money. The metallic money of the country will be retained in bullion in the United States Treasury and gold certificates will circulate as money, as representatives of the gold.

The Constitution gives to Congress the power to coin money and fix the value thereof. Heretofore Congress has exercised this right, but it has never paid much attention to the problem of controlling prices, or attempting to control prices, by changing the metallic content of its money units.

Most people have an idea that the dollar has a set purchasing power and that it is a fixed standard of measure, like the yard and the foot, but such is not the case.

Our gold dollar has had a variable purchasing power. From 1902 to 1920 the purchasing power of the gold dollar fell off two thirds, while from 1929 to last March it rose about 100 percent as to farm products and about 75 percent as regards other commodities. Now, the purpose of the President's program is to control this fluctuation in the purchasing power of the dollar, by decreasing the gold content of the dollar when prices are too low and increasing the gold content of the dollar when prices get too high. In other words, to give the country a kind of a managed currency.

What prices will the Government follow in making these changes? Not prices of individual commodities as wheat or cotton but the average price level of seven-hundred-odd commodities, as tabulated by the Labor Bureau at Washington. While certain commodities are liable to vary in price because of overproduction or underproduction of these articles, it is contended that the average price of seven-hundred-odd commodities is a safe and sound test of the increasing or decreasing purchasing power of our units of value.

Second. This bill provides that all our monetary gold shall be impounded in the United States Treasury and become the property of the United States Government, with the result that all the profits from devaluing the dollar will go to the Government and not to individuals.

Practically all the gold in this country, outside of the gold held by the Federal Reserve banks, has already been turned into the United States Treasury under an Executive order issued by the President several months ago. Under that order about $700,000,000 were turned into the United States Treasury, and it is stated that the Federal Reserve banks have about $3,500,000,000 at the present time.

The complaint is made that neither in equity nor in law has Congress or the President any right to compel the Federal Reserve banks to turn over their gold to the United States Treasury. The Federal Reserve Board agrees with the President that the profit on the gold holdings of the Federal Reserve banks should go to the United States Government, but they want to retain the gold as backing for their note issues.

If this bill should provide that the Federal Reserve banks should keep their gold and have the profits resulting from the devaluation of the gold dollar, then there would be nothing left for Congress and the President to do but to restore to the citizens of our country the $700,000,000 taken from them under an Executive order issued several months ago.

If all the gold in the country is restored to the United States Treasury and the devaluation plan of the President goes through, it will mean a profit to the United States Treasury of about $3,000,000,000, and the Treasury would then have a gold reserve of about $7,000,000,000.

Third. This bill further provides that a stabilization fund of $2,000,000,000, part of the profits of the devaluing process, be set apart in the Treasury as a stabilization fund, to be used by the Secretary of the Treasury for stabilizing international exchange and United States securities through the purchase by the Treasury of gold, foreign currencies, and securities of the United States Government.

This provision of the pending bill follows a stabilization plan set up by England after that country left the gold standard about 3 years ago. The plan has worked very satisfactorily in England and it has been deemed necessary that the United States follow a similar program in protecting its exporters from undue fluctuations in foreign exchange and also for protecting United States securities.

Whether or not this provision of the pending bill lodges too much authority with the Secretary of Treasury I am not prepared to affirm or deny; but, in view of the fact of the divided judgment of the Federal Reserve Board as to policies in the past, it would appear that it might not be a bad idea to make a trial of a one-man board in the handling of our stabilization program. If the plan does not work out satisfactorily, future Congresses can create a board made up of the Secretary of Treasury, a representative of the Federal Reserve bank, a representative of the manufacturing interests of the country and of agriculture to handle the problems confided to the Secretary of Treasury alone in this bill.

Mr. Speaker, I am for this bill; I think it is a step in the right direction along the road to the stabilization of the purchasing power of our dollar. Our country and the world are in the most serious industrial crisis known in all history; and if we are ever to get out of this depression and save our industrial democracy, we must have the courage and statesmanship to launch a new monetary program, even though it may be deemed extraordinary and radical.

Our country is crushed under a debt burden of $200,000,000,000 today—private, corporate, and governmental—and we also have a crushing tax burden of about $13,000,000,000 a year for all our agencies of government. These debts and taxes cannot be paid unless the purchasing power of the dollar is brought down and made more in accord with the purchasing power of the dollar when these huge debts were contracted; and the main object and purpose of this legislation is to bring about such a situation.

The recovery program of the present administration has helped to bring prices of manufactured products to higher levels, but agriculture in particular has not reaped any like benefits.

The prices of many basic farm products are below the cost of production. In fact, the prices received by the farmers

for certain of their products, such as butter, eggs, lard, cheese, and meats, are the lowest in generations.

Agriculture is our basic industry, and there can be no return of prosperity in this country until that industry is put on a paying basis.

It is believed that the cutting down of the dollar to 60 percent of its present content will have a tendency to increase our money gold base, to cheapen its purchasing power, and thereby bring to agriculture higher prices and a prosperity that is essential in the successful working out of any plan for industrial recovery.

Mr. LEMKE. Mr. Speaker, history repeats itself. Croesus of old, fable tells us, hoarded all the gold and finally ended by having molten gold poured down his throat, and in spite of his agony the people rejoiced. The Federal Reserve banks, in their greed, grabbed and stole virtually all the gold in this Nation, and now the people in their might and in their desperation, through their Government, reach out and take it away from them for the good of the Nation. The people hope for the best. No objection is heard except here and there the wailing of a lonely wolf—the dying echoes of the shadow of a past civilization—the international banker. Time and time alone will take care of him. Alas, his power of frightening the people into hysteria with the shout of fiat money confiscation, debasing the currency, and soft money is gone forever. No one listens to his wailing.

The Members of Congress and the people of this Nation who favor an intelligent expansion of the currency, enthusiastically accept this first step in the President's new monetary policy, but they realize that the mere seizing of the monetary gold of this Nation by the Government, and increasing its value by lowering the gold content in the dollar, while it will make several billion profit for the Government, will not in itself help agriculture or industry unless the medium of exchange, the money in circulation, is also increased. Lowering the gold content in a dollar, making gold dearer, will bring about further deflation and further hardships unless it is followed by a corresponding increase in the medium of exchange—of money in the hands of the people.

The mere revaluing of gold—making gold dearer and thereby making money that is in our possession—silver and paper—cheaper by 40 percent, will not expand the currency, but on the contrary, contract it. More than the revaluing of gold must be done before this Nation can or will prosper. The underlying idea of the revaluation of gold is that when gold is made dearer, commodity prices will go up in comparison with the cheapened money—silver and paper—which, of course, is the only money we have, the Federal Reserve banks and the United States Treasury having heretofore practically cornered the monetary gold. We must not permit ourselves to be misled and fooled by superficial thinkers—book-educated, over-scholastic economists—that increasing or doubling the value of gold can in any way help the great mass of people when the gold is all in the hands of the Federal Reserve banks and the Treasury. It is at best simply the first step in the right direction. The final step must be an expansion of the currency—an increase of the purchasing power—in the hands of the people.

It must be clear to all that when the Government seizes all the gold and then lowers the gold content in a dollar by 40 percent that it will have 40 percent more gold with which to make dollars, and, therefore, the Government will have more dollars by 40 percent. It must also be equally clear to us that since we have no gold that by the mere revaluing of gold, if nothing further is done, our purchasing power is not increased but decreased. In other words, no extra dollars are put into the people's pockets. Therefore, in order to make the President's monetary policy a success, he must take a second step and expand the currency in the hands of the people. He must by some method increase the money in our possession by 40 percent. Unless that is done there will be a colossal failure; there must be a controlled and intelligent expansion of the currency in the hands of the people if we are to put an end to this depression and a disguised dole system.

I believe that a large majority of the Members of Congress, if allowed a free expression, free from party politics and party leadership and seniority rights, favor an honest and intelligent expansion of the currency and are in favor of the Frazier-Lemke bill, the refinancing of the farmers by issuing Federal Reserve notes, thereby expanding the money in the people's hands by something over $2,000,000,000. I am confident that in addition they would favor the Patman bill, paying the soldiers' bonus by issuing Treasury notes and thereby expanding the currency another $2,000,000,000. If this were done the buying power of the people would be increased by $4,000,000,000 and it would be in accordance with the President's first step in his monetary policy. What we must have is more purchasing power, not less; more money, not less.

If Congress had the foresight and the courage to use this gold that the Government is about to seize, use the revalued gold dollar as a basis for increasing the money in actual circulation by $4,000,000,000 by passing the Frazier-Lemke bill and the Patman bill, then there will be no further need of issuing further tax-exempt interest-bearing bonds, and this Nation will rejoice because there will then again be plenty of money in actual circulation with which to do the Nation's business. It will be an intelligent expansion of the currency and not inflation.

We have heard a great deal about honest debts, but very little about the dishonest dollars with which we are expected to pay these debts. I mean the dishonest gold dollar—the rubber dollar, the value of which, the purchasing power of which, the Wall Street bankers had the power to expand or contract at will. In the spring of 1917, No. 1 Dark Northern wheat sold as high as $3.89 a bushel in Minneapolis. One thousand bushels of wheat at that time bought $3,890—gold dollars—it paid an indebtedness at that time of $3,890. By October 1932 these bankers had stretched the value of that gold dollar so that it took 19,000 bushels to buy the same $3,890 that 1,000 bushels bought in 1917. They had expanded, stretched the value of the dollar to 19 times its purchasing power in comparison with the purchasing power of wheat, and what was true of wheat was true of other farm commodities.

Such a dollar is not an honest dollar. Such a monetary system is corroded and corrupt. It has outlived its usefulness. It has grown senile with age. What this Nation needs and wants is a monetary system based on the average price level of the principal commercial commodities and not on one or two commodities, least of all upon the gold commodity. When we get that system, then the debtor will be able to pay his debts with an honest dollar of approximately the same value when pay day comes as it was when the obligation was contracted.

Let Congress give to this Nation the Frazier-Lemke bill and the Patman bill as emergency measures. As a permanent remedy, let Congress pass H.R. 3834, a bill creating the Bank of the United States, owned by the Government of the United States, operated and controlled by a board of directors consisting of one director from each State. That would give us a national currency, and not a currency manipulated by Wall Street. Give to that bank the control of the money and the credit of the Nation; let it take up all of the tax-exempt interest-bearing outstanding bonds; let it supply us with ample units of exchange with which to measure the muscular and brain energy of our people; and then we will never again find a condition where millions are hungry in the midst of plenty, where everything is to be done and nothing being done, because we have not a sufficient medium of exchange, not sufficient money to do the Nation's business.

I am sorry that the Committee on Coinage, Weights, and Measures attached a provision to the bill to revaluate the gold content of the dollar appropriating $2,000,000,000 to the Secretary of the Treasury with which to deal in gold and foreign exchange and such other instruments and securities as he deems necessary to stabilize the exchange value of the dollar. With that provision I am not in accord. I had thought that we had gotten enough of this class of securities during the Hoover administration, when, under the theory to increase the buying power of foreign exchange, Krueger

and the international bankers were encouraged to unload on our unsuspecting public billions of questionable foreign bonds and securities.

I am confident that if the Secretary of the Treasury attempts to gamble in foreign exchange and securities that the result will be that the Government of the United States will have on its hands several billion more of worthless foreign bonds and securities. I do not believe that the Secretary of the Treasury can enter that game with the European gamblers and manipulators and come out victorious. Anyway, it is not an honorable or legitimate game—in our courts gaming contracts are held void.

Even if in these market manipulations the Secretary of the Tresaury should be successful, how would he collect from our European friends who already have refused to pay us what they legitimately owe? My advice to the Secretary of the Treasury is to stay at home. If our Government must gamble, let it gamble with its own people. I am afraid we are getting altogether too internationally minded. Let us get an honest monetary system—an honest dollar with which we can correctly measure the things produced by the energy of our people, and then we need not worry about its exchange value in foreign countries—that will take care of itself.

Mr. KRAMER. Mr. Speaker, I am fully in accord with the President's monetary program and his proposed cure for the depression, and I believe he should have the fullest cooperation of each and every Member of the House. While we are still passing through the most perilous depression in history—and at this very moment it is more serious than most of us realize—we are definitely on the upward trend, but it will take the combined cooperation of all of us to make our President's program the success we all want it to be.

The monetary problem is undoubtedly the most important piece of legislation we have before us today, and in all probability the most important we will have to contend with during the present session of Congress. Our Government has been suffering for many years on account of the single gold standard; and I am firmly of the opinion that by reducing the content of gold in the dollar, we will be helping in a material way to improve conditions in this country.

The present monetary program provides that all the gold bullion now owned by the Federal Reserve banks, or by any individual, shall be melted into bars and placed in our Treasury in order that our Government may have control over it at all times. Thirty-two nations of the world have already gone off the gold standard, and I am sure that we can work out some way which will be satisfactory to all concerned in the matter of our gold standard. The Gold Reserve Act of 1934 is intended to protect our currency system and to provide for the better use of the gold stock. I am in favor of this act and will give it my unqualified support.

It is most important that the stabilization of our dollar be decided upon as quickly as possible, as recovery of industry depends largely upon this stabilization. We must weigh this subject seriously; arguments on all sides must be considered with greatest interest, as the future of our Nation depends upon our action at this time.

The message received by Congress on January 15 was one of the most important messages received, as it dealt with a law which will invest in the Government of the United States the title to and possession of all monetary gold within the United States. This measure is a very courageous attempt to break away from the so-called "money changers." It upsets the inflexible beliefs and precepts of that nearly discredited section of our population. These "money changers" were merely traders upon the credulity of the American people. We were led to believe that these men who stood upon financial eminence deserved our respect, but in reality their eminence was a mere sham.

NAZI PROPAGANDA

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting three radio addresses by the gentleman from New York [Mr. DICKSTEIN].

The SPEAKER. Is there objection?

There was no objection.

The addresses are as follows:

RADIO ADDRESS OF HON. SAMUEL DICKSTEIN, OCTOBER 17, 1933

My proposed investigation of the ramifications of Nazi propaganda in the United States will concern itself primarily with one feature of the propaganda.

I am not interested in the manner in which the present-day German Government seeks to conduct its own affairs in its country. If the German people have no objection to being enslaved and made into an unthinking mass following Hitler, and blindly obeying his goose-stepping leadership, it is their own privilege. We are not in a position to, nor do we intend, to tell the German people what to do with their own affairs and how to conduct their own government.

Nor do we intend at this time to protest against any brutality and inhumanity which that government has been guilty of toward its own subjects much as our hearts may bleed for these victims of tyranny and oppression. We cannot help them except by joining with other nations in alleviating the distress of these victims and in helping them to reestablish their lives on a humane basis.

But our resolve not to concern ourselves with the internal affairs of Germany cannot blind us to the fact that here in America an insidious, well-planned, and well-financed Hitler propaganda is rapidly taking root. They have already established an official newspaper—they are importing and flooding sections of the country with booklets, pamphlets, and leaflets—they are holding public meetings in public halls—they are actually drilling their storm troops on American soil. So that we, as Americans, are compelled as a matter of self-defense to put a definite end to this intolerable propaganda. By getting hold of the movement before it becomes uncontrollable, we might be able to nip in the bud all these attempts which eventually tend to only one goal—and that is the overthrow of our cherished form of democracy and the establishment on our soil of a Nazi dictatorship.

I do not want our people to be deceived as to the scope of the Hitler movement. Do not be deluded by utterances coming from official German sources which seek to make it appear as though this movement were confined to Germany. I understand that 40,000,000 marks have been laid aside by Hitler for foreign propaganda purposes, and there is Hitler internationale, which operates in many countries of the world, and which seeks to convert all people of German blood or descent to the philosophy of Hitler.

A few days ago I had occasion to brand in the public press as incorrect the statement made by the German Ambassador in the United States, who said in effect that the German Government is not interested in the philosophy of the governments of other countries. I pointed out then, and I am repeating it now, that the Government of Germany is seeking to spread its tentacles into each highway and byway where people of German blood may live. In fact, at a recent meeting of the League of Nations the British delegate, Mr. Ormsby-Gore, criticized very severely this Nazi policy of interference, pointing out that if the British Empire were to follow out this policy, every descendant of the *Mayflower* living in the United States would be subject to British supervision, which Mr. Ormsby-Gore said was "preposterous to contemplate."

But the German Government has no hesitancy in sending its emissaries and agents to Austria, Czechoslovakia, Hungary, Rumania, Holland, Denmark, Poland, and even Southwest Africa; in fact, every country where people of German blood or descent may live.

I have before me an official pamphlet of the Nazi organization in the United States which shows they are seeking to take into this fighting organization every German in the United States, whether alien or naturalized citizen—even native-born Americans of German extraction are not beyond the scope of their desires.

In short, the Nazis seek to create a government within a government. There is an alien group in this country acting as such and thinking as such, whose objective can be nothing else than the overthrow of our own Government and the substitution in its place of a dictatorship.

It is against this insidious and wicked propaganda so subversive to our Government that the investigation conducted by my committee will be directed.

The initial part of this investigation will concern itself with that phase of the situation which may be properly said to come within the jurisdiction of the Committee on Immigration and Naturalization of the House of Representatives. That being a study of the unnaturalized aliens from Germany who are unlawfully in the United States, also a study of the aliens from Germany who are temporarily in the United States as visitors, for business or pleasure, or as students, but who have shown evidence of violation of our immigration law by abusing the courtesy they enjoy as visitors by spreading insidious propaganda of German origin directed against our form of government.

I can assure the public that the investigation to be conducted by the committee will be fair and impartial. The committee will endeavor to obtain proper information as to the manner in which aliens have been entering this country illegally for the purpose of conducting this propaganda. The committee will endeavor to deal fairly with aliens from Germany who have been admitted to this country for the purpose of study, as tourists, or as visitors generally, but will endeavor to secure information as

to how these German aliens have been conducting themselves since their admission.

The American Government and the American people will never tolerate any condition whereby aliens enter this country under the guise of visitors or tourists or students, or in any other status under our immigration laws, and then violate the hospitality of our country by engaging in nefarious propaganda. The sooner they leave the country so much healthier will it be here even if we have to deport them.

Would the German Government permit our nationals to trespass on internal affairs in Germany? Would they permit there the same things their nationals have been doing under our noses in the United States since the Hitler form of government has been imposed? By all means, no! Any American engaging in similar propaganda in Germany would find himself in jail, and then more than likely deported. Germany cannot expect our country to permit its nationals to do here what Germany would not tolerate by our citizens there.

It is significant that this organized propaganda is not an amateurish attempt at a peaceful conversion of our American public to the Hitler manner of thinking; on the contrary, the movement is directed by paid German professional Nazi propagandists, well financed and well organized, and is in operation in 14 States in the Union, in the Dominion of Canada, and the Lord knows how many other places adjacent to American land. This fact has already been established and is not guesswork. Does that look like a friendly act of aliens?

Americans have resented and will resent this intolerable attempt to disrupt our political unity and life. Riots have taken place, notably in New York City, and last night in Newark, and the time has come to clear the atmosphere through the cooperation of the American public with this committee. In the conduct of this impartial investigation I appeal to the American people for the fullest cooperation and assistance to the end that Nazi propaganda in the United States will be destroyed.

RADIO ADDRESS OF HON. SAMUEL DICKSTEIN, OCTOBER 28, 1933

On October 15, 1933, there appeared in the American Deutsche Post, which concededly is the official organ of the Nazi government published in the United States, a so-called "open letter" to me in which I was requested, among other things, in the spirit of fair play, to permit persons who believe in the philosophy of Nazi-ism, to appear before the congressional committee, of which I am the chairman, and present their side of the controversy to the American public.

Since this letter is an open one and addressed to me I shall likewise make my answer to that openly, and so that the American public may know both sides of the controversy I am now giving you the official position which the congressional committee will take in this matter.

I wish to assure all and sundry that the congressional committee will be fair to everybody concerned, and if one had access to some of my personal files one would immediately discover that in the many instances where offers of testimony were made to me by adherents of the Nazi Party I promptly assured the individuals in question that every facility would be accorded them to express their views before the congressional committee.

Fair play has forever been an American characteristic, and we shall not forbid or prevent any person who has ideas of his own, whether or not they are in accord with the public opinion of this country, to express their views to my committee. In connection therewith permit me to quote to you that famous statement made by Voltaire, in which he said:

"I disagree with everything you have to say, but I will fight anyone who will prevent you from expressing your views."

In this spirit the congressional committee which will investigate the activities of Nazi-ism in the United States will undertake its task, and no one will be prevented from expressing their views, even though these facts are clearly contrary to American philosophy and statesmanship.

But in permitting prospective witnesses before the committee to express their views, that right is subject to two very important limitations. In the first place, we will permit a citizen of the United States, whether born here or naturalized, to have such opinions on matters of government as he sees fit, but this privilege which we accord to our citizens we do not accord to aliens, and any alien coming to the United States as a guest of the Nation must accept our philosophy of government and must comply with our laws and our scheme of government if he wishes to continue in this country.

Now let me address myself for a moment to Mr. Frederick Heiss, the editor of the paper and the person who signed this open letter to me: You have a great deal to say in your letter about the menace of communism, but the menace of communism is no less than the menace of fascism, particularly of the type permitted by the gentleman you admire so much, Adolf Hitler, of Germany. As an American I can see but little difference in the manner in which communism or facism or any other ism is sending its fangs into the rights of this country. All of these isms are based on the theory that people are not capable of self-government, and that a dictatorship is necessary to set the people right. Personally, I can see no distinction between communism and fascism when it comes to their practical philosophy of curtailing the rights of the people. It seems to me that a distinction between them, although the two might fight each other strenuously, is merely that as between tweedle-dum and tweedle-dee. Both movements are essentially undemocratic and in clear contradiction to that part of the Constitution of the United States which guarantees to every State a republican form of government and guarantees to the Nation freedom of speech, freedom of the press, freedom of assembly, and freedom of elections. Both communism, Hitlerism, fascism, and other isms have made it a definite plank in their programs to prevent the free exercise of the right to vote. They have suppressed freedom of speech, freedom of press, and freedom of assembly. So that no matter how liberal we may be and how much right we will accord to those not in sympathy with the American institutions to speak before the committee, we will not permit any alien to express any views contrary to our national policy, and any person who is here as a guest and who shall violate the hospitality this Nation affords him by advocating an overthrow of those cherished institutions for which this country has stood for 150 years and longer, will find himself promptly and efficiently removed from the country.

As for the expression contained in the paper and in which you state that you see in the philosophy of fascism the highest human ideals, leading toward a better future for all humanity, rest assured that the congressional committee will be apprised of that fact, and permitted to draw such conclusions therefrom as are proper.

It is obvious that the writer of this open letter believes in fascism. Anyone acquainted with the philosophy of fascism knows that it essentially denies that democratic institutions have a right to survive. This is so clearly in contrast with the teachings of the Constitution of the United States that the mere belief in fascism is a negation of all our own Constitution stands for; and yet the author of this letter bluntly states that he sees in that philosophy the highest human ideals leading toward a better state for all humanity. Does this not show that American ideals are not the highest human ideals, in the opinion of the writer of this letter?

The writer speaks a great deal about communistic propaganda, and I agree with him that this propaganda has no place in our Government. Unquestionably communistic propaganda is vicious, and my committee has so investigated it, and there is a 5-volume report ready for Mr. Heiss, if he just wishes to peruse it.

So far as the proposed investigation is concerned, it will deal with the propaganda which we found so obnoxious in the case of communism. Not only is communism a menace, but so is fascism, particularly of the type preached by the national socialists with the addition of racial hatred and bigotry.

If there was any doubt up to the present time of the fact that the Nazi movement was indulging in vicious propaganda in this country, any such doubts must have been dispelled by what transpired in this city a few days ago.

The Germans of New York were seeking to hold their annual celebration known as "German Day", and for that purpose hired the hall of the Sixty-ninth Regiment Armory. Among the speakers scheduled to appear on the occasion was the head of the German propagandists in the United States, Heinz Spanknoebel. The mayor of the city of New York ordered this celebration stopped, but before doing so he held a preliminary hearing in the city hall on Tuesday last, at which preliminary hearing Spanknoebel was present. The mayor asked him if he was an alien, and particularly told him that he would have no objection to this celebration, provided no propaganda was indulged in. Spanknoebel had nothing to say, and when the mayor asked him to return the next day with all his alien friends to state their side of the case, Spanknoebel apparently was afraid that he would be deported from the country and failed to appear. Nor did any of his other alien friends appear, and the mayor was obliged to hold the hearings without any of the alien agitators being present.

You undoubtedly remember that Ciceronian phrase, "By keeping silent they confess their guilt." The alien agitators were vociferous enough in the German societies when they succeeded in driving out of their memberships all Jews and opponents of Hitler's regime in Germany.

Magistrate Brandt resigned as President of the societies in disgust. Nor did any of the other directors who were fair-minded enough to conduct the societies on the basis of Americanism and fair play continue in office. Spanknoebel became the voice of the organization and this entire celebration was scheduled not to show the achievements of Germans in the United States, but to make propaganda for the Hitler cause in this country. Apparently the activities of Spanknoebel were objectionable even to his own masters, and it is said that he was recalled, and for all we know he may now be on the high seas fleeing to Germany in fear of deportation proceedings.

I wish it distinctly understood that it is perfectly proper for the Germans in this city or elsewhere to celebrate the arrival of their first immigrants in the United States, and I for one have always sympathized with the efforts of the Germans in this country to celebrate in proper form the achievements of Germans in the field of art, literature, and science, but this year it was not to be a celebration of any achievements, but it was to be a propaganda meeting for the purpose of assailing a branch of our people on the score of bigotry and anti-Semitism. Hitler and his cohorts have by this time learned that New York is not a healthy place for the propaganda of anti-Semitism and bigotry, and if his lieutenants will remember to keep their hands off our American organizations which have been going along peacefully in conducting their own work, it will bring happiness to our people and put an end to mischievous propaganda.

If communism is a thorn in the flesh to hurt our institution and Government, so is Hitlerism—and there is no room in this

country for any foreign propaganda. We do not need Mr. Hitler's help to stamp out communism nor the Communists' help to stamp out Hitlerism. This Nation will rid itself by its own efforts from all attempts to undermine its foundations.

RADIO ADDRESS OF HON. SAMUEL DICKSTEIN, DECEMBER 15, 1933

Ladies and gentlemen, during the past 15 years, and particularly during these last 4 years of dark depression, the world has been groping for light. We have been striving to restore a lost social order and to apply the marvels of a recently mechanized universe to the welfare of humanity; to supplant the suffering and utter chaos of that great convulsion of civilization, the World War, with new schemes for the coordination of our resources to our needs.

To do this the various peoples of the earth have experimented with sundry types of government, all of which, it must be said, have been designed with the honest intention of benefiting their own particular groups of subjects to be affected. Russia has chosen communism, Italy fascism; and no government in the world has been left unaffected by the tempest for change which has swept across the entire face of the earth.

One phase of this world revolution in particular has been worthy of our attention—that is, the overthrow of democratic principles and personal liberties; the freedom of the press, liberty of speech; rights of franchise without discrimination as to race, creed, or color; in short, the personal authorities endowed upon us by our Creator have been destroyed or distorted under the iron fists of new rulers in various countries.

Over the tombs of the decadent and almost forgotten Romanoffs, Stalin, the dictator of all the Russian states, has assumed power. His word is law, religion, creed, and absolute fiat to the millions of citizens who constitute the largest state in Europe.

Italy, now a monarchy in name only, genuflects before the sacred image of Benito Mussolini: a man who can create heroes and relegate them immediately to the limbo of forgotten men despite popular sentiment; a man who can control all phases of governmental operations without inviting the opinions of his subjects or, indeed, the approval of his king; a man who can dissipate his cabinet and assume almighty powers over all the Italians and Italy's foreign relations without consulting a single soul.

Pilsudski, the grizzled soldier of Poland, has little less control over that country. Turkey, Rumania, Czechoslovakia, Bulgaria, Yugoslavia, and even Austria with its diminutive Dictator Dollfus—who is small in stature only—have turned into the hands of their rulers power such as even only the sultans of past centuries enjoyed.

Liberal governments, such as the Republic of France and the monarchy of Great Britain, are confronted with the necessity of concentrating their functions in the hands of a few all-powerful leaders. The liberal governments of these two countries find it difficult to defeat their democratic principles against the wave for dictatorial power that has swept from the East to dash the foundations of liberty to bits. These strongholds of popular government, the lone survivors of Europe's upheaval, are being severely tried. Who knows but that in time England and France, hemmed in by neighboring dictatorships, may be forced to resort to some similar form of centralized control of all personal and public functions of their peoples.

The time has come when the United States of America, too, must think seriously of protecting its democracy. Thank God for the 3,000 miles which separate our people from the political problems of bickering European states. But is our geographical position alone enough to keep us from being dragged into the cauldron of European upheavals?

Fully appreciative of the importance of support from this great Nation, appreciative of the strength of our young men, appreciative of our financial and industrial resources, and, above all, appreciative of the tremendous sympathy and gullibility of the American heart, European powers at this moment are using every device known to parliamentarians to inveigle us in their difficulties. Fortunately, bounded by two friendly countries, Canada and Mexico, we know little of the tension that exists in Europe, where a score of nations, penned up in an inadequate continent, are glaring at each other and awaiting the first international incident that may provide tinder for a new conflagration of armed conflicts.

Aliens who come into the United States, men who have had military experience in their own countries, men who have directed armies and navies are particularly dangerous to the welfare of our country. It is these aliens who have been taking advantage of every loophole of our immigration laws to enter these shores and to engage in pernicious propaganda destructive of the fundamentals of our Government and the principles of our Constitution.

Foremost among those who are at present seeking to influence American opinions are the agents of Adolf Hitler, the dictator of Germany. For the last 8 weeks the House of Representatives Committee on Immigration and Naturalization, of which I am chairman, has been investigating the operations of certain German organizations and German individuals in the United States. Although considerably hampered in our investigation by the lack of funds necessary to expose the intricate and deftly covered machinations of the Nazi government, we have succeeded in unearthing evidence to define the Nazi government here as the most dangerous threat to our democracy that has ever existed. Through the good offices of friends of the committee, who have worked with us for none other than patriotic reasons, we are at last getting to the bottom of a foreign political machine whose activities will prove of startling interest to all Americans when the time comes for exposure.

We hope to present sufficient evidence before Congress, when that body reconvenes in January, to make feasible the creation of a special committee, properly financed by the Government, for the uncloaking of all subversive elements connected with the Nazi movement in the United States.

At present our findings indicate beyond a doubt in the minds of those most closely connected with the investigation that Nazi activities are not confined to the mere distribution of literature which might clarify our understanding of the situation in Germany. The German propaganda that has come into our hands is of a pernicious sort, ostensibly designed to gain the sympathy of Americans for Hitler's domestic policies and to influence Americans toward Hitler's claims against foreign nations. German propaganda contains such elements as to bring to a head in this country hatred for one's fellow citizens.

Hitler has enlisted the aid of certain institutions in the United States whose help could be secured by monthly payments. He has transformed into mediums of his propaganda German-American institutions many of which have earned the respect of our citizens through years of splendid service to our needs. Germany's industrial representatives in this country have been coordinated with the diabolical plans of the Hitler government, and I can point to a number of them as direct executors of Hitler's base aims against civilization.

At this moment in New York City, wherein we have the largest concentration of Germans in the country, the social ranks of German-Americans have been divided in two distinct groups. On the one side are the liberal Germans and Jews, who cannot conscientiously subscribe to Herr Hitler's policies of prostituting ideals to the requirements of an ambitious and unscrupulous state. On the other side are thousands of Germans who have been intimidated into bowing to Hitler's dictation. Should they refuse to bend their knees to their fanatical Chancellor, the safety of their friends and relatives residing in Germany would be jeopardized, and they themselves would never dare set foot on the fatherland again. Others of this latter category are influenced by the personal profit offered them for their support of the Hitler government.

From the meager budgets of the third Reich a surprising amount of money is being spent on propaganda in the United States, and at the same time these funds are being swelled by thousands of dollars extorted from German citizens in New York. We know the sources that finance this Nazi movement. We have evidence of the amounts being expended by the Berlin Government and we know the measures being employed to coerce Germans to contribute to this fund for the propagation of hate and unrest. Poor Germans in this country are literally being blackmailed into lending their moral and financial support to the issues of their chancellor.

One of the most surprising features of my fan mail is the support my investigation is receiving from Germans in this country. I have on file scores of letters commending the inquiry and wishing it Godspeed. In every case, however, there is the caution, "Please do not allow this letter to leave your hands; my congratulations here might cost me my livelihood or my health."

Secret agents and spies, a secret police, a smuggling of arms for military drill—in short, activities which were unknown in this country at any time and not indulged in except by enemies of our people have become the order of the day. I know of instances where a secret Nazi police did threaten Americans who happened to have relatives on the other side with dire reprisals if they would not join the movement. I know of instances where, because of the resistance of American citizens to dictation by foreign spies, their relatives in Germany were secretly removed to places unknown. I know of instances where men and women thoroughly American in spirit were obliged to yield to persuasion of foreign spies because of their fear as to what would happen to their relatives in Germany if they did not become active members of the Hitler band in the United States.

Perhaps most important of all is the connection of German agents with a number of revolutionary movements that are expanding in the United States with astounding rapidity. Through the United States mails today, thousands of newspapers, magazines, pamphlets, and letters are being circulated by leaders of various rebellious cliques of this country. They appeal to the jobless and disgruntled elements for support that will put them into power at Washington; they appeal to the bigoted for their help in persecutions of various races and religious sects, and they appeal to the righteous for support in a campaign against imaginary abuses of a thousand and one descriptions.

Our investigation has revealed this much: That a definite connection exists between these organizations and Nazi bodies, who appear to be financing and organizing them; that the leaders of the new movement are cranks of various sorts, whose mentalities, when exposed to investigation, are undoubtedly pathological; that a movement is under way to having these various movements into a united front; and that, in consideration of the response they have received from hundreds of thousands of uninformed Americans and other persons with an unhealthy twist, they present a formidable threat to our democracy.

We are not prepared to join the chorus of "Heil Hitler!" led by a group of militant Hitlerite agents who have succeeded in finding supporters among certain perverted Americans. We shall not barter our democracy for the dictation of groups of fanatics clad in white, silver, khaki, or other colored shirts. We shall not

scrap our Constitution and Declaration of Independence and accept as gospel the mysterious dispatches from on high received by one American Fascist leader. Our legislature will never be abandoned for the ouija board.

We do not propose to make the United States a battlefield upon which European nations can settle their disputes. We have purposely moved away from Europe. If we cannot agree on friendly intercourse between America and Europe, entered into with a view toward reciprocal benefit in all dealings, we shall have nothing to do with Europe. We do not attempt to meddle in European affairs; we do not try to disseminate ideas of liberalism and freedom among their fettered subjects; we won't have Europe obstructing our progress.

May I at this time reassert that our investigation is not directed against any groups of Americans who in this country seek to foster the ideals of their ancestors. Such organizations perform a useful function in our social and political life, but I am opposed to aliens with a philosophy of their own dictating to our citizens the form of government which we are to adopt for ourselves.

I am calling upon all Americans whom this message will reach to respect our traditions of democracy, to be on the alert for those dark forces who are operating against us, and to lend us your support in overcoming the most flagrant attack on our civilization that has ever been perpetrated. I refer specifically to German Nazi organizations operating secretly but effectively among us, and to the groups being fostered by the Nazis.

If we do not awaken to the menace of undemocratic enemies, if we do not act at once and in a body, we shall have the utmost difficulty in wiping out our foreign assailants and their secret, disloyal American allies when the time comes for a show-down.

RECLAMATION AS A FEDERAL POLICY

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a letter from the President of the United States to the National Reclamation Association.

The SPEAKER. Is there objection?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include a letter from President Franklin D. Roosevelt to Mr. Marshall N. Dana, president of the National Reclamation Association, which was read to that association at the time of its annual meeting in Boise, Idaho, a few days ago. The President's statement is exceedingly interesting and important to the population of one third of the territory of the United States. The National Reclamation Association stands for the N.R.A., and I feel confident that the President's message will be immensely helpful and encouraging throughout the West.

The letter is as follows:

WARM SPRINGS, GA., *November 28, 1933.*

Mr. MARSHALL N. DANA,
President National Reclamation Association,
Boise, Idaho.

MY DEAR MR. DANA: I do not want to let the occasion of the Second Annual Meeting of the National Reclamation Association go by without sending you my greetings and best wishes. May your deliberations result in mutual benefit to Federal water users and the public generally.

Reclamation as a Federal policy has proven its worth and has a very definite place in our economic existence. Spread over one third of the territory of the United States, and creating taxable values and purchasing power affecting municipal, State, and Federal Governments and private industry, it is only reasonable that we should all take pride in its achievements and success.

The National Industrial Recovery Administration, more popularly known as N.R.A., is designed to pull us out of the depression, and that it is accomplishing its purpose is acclaimed everywhere. I hope the fact that your association has the same initials is significant, and that the two may gradually but surely help the farmer to economic independence, with the active cooperation of the administration.

Very sincerely yours, FRANKLIN D. ROOSEVELT.

EXECUTIVE ORDERS LIBERALIZING VETERANS' REGULATIONS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert the regulations issued by the President yesterday with reference to veterans.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, under the permission granted me to extend my remarks in the RECORD, I desire to insert the Executive orders of the President of the United States issued January 19, 1934, liberalizing certain provisions of the former veterans' regulations.

The general effects of these new regulations are as follows:

First. Increase in rates of pension for war veterans suffering with service-connected disabilities from $90 to $100 per month for total disability and proportionate increases for such veterans suffering with less than total disabilities.

Second. Liberalization of eligibility rules for hospital treatment in non-service-connected cases so as to provide such treatment to veterans suffering with nonservice diseases requiring emergency or extensive medical and surgical care, who are unable to pay for same.

Third. The granting of a pension of $15 per month to Spanish-American War veterans who served 90 days or more and were honorably discharged, or who, having served less than 90 days, were discharged for disability incurred in line of duty in the service and who are 50-percent or more disabled without regard to the service origin of the condition or the age of the veteran.

Fourth. Increase in burial and funeral allowance for deceased war veterans from $75 to $100.

Fifth. War veterans suffering with permanent and total disabilities not the result of their misconduct, which are not shown to have been incurred in any period of military or naval service, are no longer required to prove a minimum of 90 days' service, providing they were discharged on account of disability incurred in line of duty, in order to draw pension of $30 per month.

Sixth. Restoration of previous rates of pension payable to certain widows of deceased Regular Army officers and enlisted men who died of disabilities incurred in line of duty, the maximum payable in such cases to be the $30 rate payable to widows of war veterans who died of service-connected disabilities.

Seventh. Prohibition against payment of pension to Federal employees receiving salaries in excess of $50 per month was modified to permit the payment of pensions to such employees, if single, whose salary does not exceed $1,000 per annum, or, if married or supporting minor children, does not exceed $2,500 per annum.

Eighth. Provision authorizing renouncement of pension which will permit trained employees of the Veterans' Administration, who, otherwise, under the provisions of the Economy Act would be barred from participating in the making of decisions on veterans' claims, to retain their positions.

The estimated annual cost of these amendments is $21,092,205.

The President's orders are as follows:

EXECUTIVE ORDER—VETERANS' REGULATION NO. 1 (C) ENTITLEMENT TO PENSIONS

By virtue of the authority vested in me under section 1 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933 (Public, No. 2, 73d Cong.), the following regulation amending Veterans' Regulation No. 1 (a) and Veterans' Regulation No. 1 (b) is hereby prescribed:

1. Paragraph II, subparagraphs (a) to (j) of part I of veterans' regulations no. 1 (a) is amended to read as follows:

"(a) If and while the disability is rated 10 percent the monthly pension shall be $10.

"(b) If and while the disability is rated 20 percent the monthly pension shall be $20.

"(c) If and while the disability is rated 30 percent the monthly pension shall be $30.

"(d) If and while the disability is rated 40 percent the monthly pension shall be $40.

"(e) If and while the disability is rated 50 percent the monthly pension shall be $50.

"(f) If and while the disability is rated 60 percent the monthly pension shall be $60.

"(g) If and while the disability is rated 70 percent the monthly pension shall be $70.

"(h) If and while the disability is rated 80 percent the monthly pension shall be $80.

"(i) If and while the disability is rated 90 percent the monthly pension shall be $90.

"(j) If and while the disability is rated as total the monthly pension shall be $100."

2. Part II of Veterans' Regulation No. 1(a) is hereby amended by adding a new paragraph to read as follows:

"IV. The surviving widow of any deceased person who died as a result of injury or disease incurred in or aggravated by active Coast Guard, military, or naval service, in line of duty, who was on March 20, 1933, being paid, except by fraud, mistake, or misrepresentation, a pension under general or service pension laws at a rate in excess of the rate authorized under Veterans' Regulation No. 1(a), part II, paragraph III, shall hereafter until death or remarriage be entitled to be paid a pension at the rate authorized under the prior general law but not more than $30 per month."

3. Paragraph I, subparagraph (a) of part III of Veterans' Regulation No. 1(a) is amended to read as follows:

"(a) Any person who served in the active military or naval service, for a period of 90 days or more, during either the Spanish-Amemrican War, the Boxer rebellion, the Philippine insurrection, or the World War, and who has been honorably discharged therefrom, or who, having served less than 90 days, was discharged for disability incurred in the service in line of duty, who is shown to have been in active service therein before the cessation of hostilities shall be entitled to receive a pension for permanent total disability not the result of his misconduct and which is not shown to have been incurred in any period of military or naval service: *Provided*, That."

4. Paragraph I, subparagraph (h) of part III of Veterans' Regulation No. 1(a), as amended by Veterans' Regulation No. 1 (b), is amended to read as follows:

"(h) Any veteran of the Spanish-American War, Boxer rebellion, or Philippine insurrection who is 50 percent disabled and who meets the other requirements of part III shall be paid a pension of not less than $15 per month."

5. The amendments contained in this regulation shall be effective as of the date of promulgation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 19, 1934.*

EXECUTIVE ORDER—VETERANS' REGULATION NO. 6 (B)—ELIGIBILITY FOR DOMICILIARY OR HOSPITAL CARE, INCLUDING MEDICAL TREATMENT

By virtue of the authority vested in me under section 6 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933 (Public, No. 2, 73d Cong.), as amended by section 1 of the act entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes", approved June 16, 1933 (Public, No. 78, 73d Cong.), the following regulation amending Veterans' Regulation No. 6 (a) is hereby prescribed:

1. Paragraph I of Veterans' Regulation No. 6 (a) is amended to read as follows:

"1. The Administrator of Veterans' Affairs, within the limits of Veterans' Administration facilities, is authorized to furnish domiciliary or hospital care, including medical treatment, to the following persons and in the specified order of preference:

"(a) To honorably discharged veterans of any war, including the Boxer rebellion and the Philippine insurrection, who are suffering with injuries or diseases which were incurred or aggravated in line of duty in the active military or naval service when in need of hospital treatment for such injuries or diseases; and

"To those persons included in paragraph III of part I of Veterans' Regulation No. 1 (a) who are suffering with injuries or diseases which were incurred in line of duty when in need of hospital treatment for such injuries or diseases;

"(b) To persons honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty who are suffering with injuries or diseases which were incurred or aggravated in line of duty in the active service when in need of hospital treatment for such injuries or diseases;

"(c) To veterans of any war, including the Boxer rebellion and the Philippine insurrection, who served in the active military or naval service for a period of 90 days or more, and who have been honorably discharged therefrom, or who, having served less than 90 days, were discharged for disability incurred in the service in line of duty, who have no adequate means of support, and who are suffering with permanent disabilities or tuberculous or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living;

"(d) To persons honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty in the active service, who have no adequate means of support, and who are suffering with permanent disabilities or tuberculous or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living."

2. Paragraph III of Veterans' Regulations No. 6 (a) is amended to read as follows:

"III. Reasonable traveling and other expenses of the person to a Veterans' Administration facility may be paid in the discretion of the Administrator of Veterans' Affairs only when the person is granted prior authority to report to a Veterans' Administration facility for medical treatment or when, in the discretion of the Administrator of Veterans' Affairs, transfer from one Veterans' Administration facility to another is deemed advisable. Upon completion of such treatment as may be prescribed and regular discharge by the Veterans' Administration, reasonable traveling and other expenses of the person from the Veterans' Administration facility to the place from which hospitalized may be paid in the discretion of the Administrator of Veterans' Affairs. In the event of the death of any person prior to discharge, transportation expenses (including preparation of the body) for the return of the body to the place of residence or the nearest national cemetery may be paid in the discretion of the Administrator of Veterans' Affairs when deemed necessary and as an administrative necessity."

3. Paragraph VI of Veterans' Regulation No. 6 (a) is amended to read as follows:

"VI. Pension for disability the result of injury or disease incurred or aggravated in the line of duty in the active Coast Guard or military or naval service and emergency officers' retirement pay of any person who is being furnished hospital treatment, institutional or domiciliary care by the United States, or any political subdivision thereof, shall not exceed $15 per month, provided that where such person has a wife, child, or dependent mother or father, so much of the difference by which the amount to which such disabled person would otherwise be entitled exceeds $15 may be paid, in the discretion of the Administrator, to the wife, child, or dependent mother or father in such amounts as he may prescribe. Where any disabled person having neither wife, child, nor dependent mother or father is being maintained by the Government of the United States, or any political subdivision thereof, in an institution and shall be deemed by the Administrator of Veterans' Affairs to be insane, the pension or emergency officers' retirement pay for such person shall thereafter not exceed $15 per month so long as he shall be maintained by the Government of the United States, or any political subdivision thereof, in an institution: *Provided, however*, That in any case where the estate of such person derived from funds paid under the War Risk Insurance Act, as amended; the World War Veterans' Act, 1924, as amended; the Emergency Officers' Retirement Act of May 24, 1928; the several pension acts, Public, No. 2, Seventy-third Congress, or Public, No. 78, Seventy-third Congress, equals or exceeds $1,500, any payments of pension being made will be discontinued until the estate derived from such funds is reduced to $500. The provisions of this paragraph shall also be applicable to pensions for disability the result of injury or disease incurred after active military or naval service, except that the amount payable while the veteran is in the institution shall be $6 per month instead of $15 per month. As to pension payable on account of service prior to the Spanish-American War, the amount payable while the veteran is in the institution shall be $15 per month in all cases."

4. Paragraph VII of Veterans Regulations No. 6 (a) is amended to read as follows:

"VII. Where a disabled person entitled to pension under Public, No. 2, Seventy-third Congress, or Public, No. 78, Seventy-third Congress, or emergency officers' retirement pay is a patient in a Veterans' Administration facility, or where for any other reason the disabled person and his wife are not living together, or where the child or children are not in the custody of the disabled person, or in the custody of the widow, the amount of the pension or emergency officers' retirement pay may be apportioned as may be prescribed by the Administrator of Veterans' Affairs."

5. The amendments contained in this regulation shall be effective as of the date of promulgation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 19, 1934.*

EXECUTIVE ORDER—VETERANS' REGULATION NO. 9 (B)—PAYMENT OF BURIAL EXPENSES OF DECEASED WAR VETERANS

By virtue of the authority vested in me under section 17 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933 (Public, No. 2, 73d Cong.), the following regulation amending Veterans' Regulation No. 9 (a) is hereby prescribed:

1. Paragraphs II and III of Veterans' Regulation No. 9 (a) are amended to read as follows:

"II. Where an honorably discharged veteran of any war dies after discharge, the Administrator, in his discretion, and with due regard to the circumstances in each case, shall pay, for burial and funeral expenses and transportation of the body (including preparation of the body) to the place of burial, a sum not exceeding $100 to cover such items and to be paid to such person or persons as may be prescribed by the Administrator. Burial allowance, or any part thereof, authorized under this regulation shall not be payable if the veteran's net assets at the time of death, exclusive of debts and accrued pension, compensation, or insurance due at time of death, equal or exceed the sum of $1,000. The Administrator may, in his discretion, make contracts for burial and funeral services within the limits of the amount herein allowed without regard to the laws prescribing advertisement for proposals for supplies and services for the Veterans' Administration. No deduction shall be made from the sum allowed because of any contribution toward the burial and funeral (including transportation) which shall be made by a State, county, or other political subdivision, lodge, union, fraternal organization, society or beneficial organization, insurance company, workmen's compensation commission, State industrial accident board, or employer, but the aggregate of the sums allowed from all sources shall not exceed the actual cost of the burial and funeral (including transportation).

"III. Where death occurs in a Veterans' Administration facility the Veterans' Administration will (a) assume the actual cost (not to exceed $100) of burial and funeral and (b) transport the body to the place of residence or to the nearest national cemetery, or such other place as the next of kin may direct, where the expense is not greater than the ascertained cost of transportation to place of residence. Where the ascertained cost of transportation to a place directed by the next of kin exceeds the amount allowed in accordance with (b) hereof, such allowable amount shall be available for reimbursement purposes or partial payment in such manner as the Administrator may determine."

2. The change in rate herein provided shall not be applicable in those cases where death occurred prior to date of promulgation of this regulation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 19, 1934.*

EXECUTIVE ORDER—VETERANS' REGULATION NO. 10 (C), MISCELLANEOUS PROVISIONS

By virtue of the authority vested in me under section 4 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933 (Public, No. 2, 73d Cong.), the following regulation amending Veterans' Regulation No. 10 and Veterans' Regulation No. 10 (b) is hereby prescribed:

1. Paragraph X of Veterans' Regulation No. 10, as amended by Veterans' Regulation No. 10 (b), is amended to read as follows:

"X. No person holding an office or position, appointive or elective, under the United States Government, or the municipal government of the District of Columbia, or under any corporation, the majority of the stock of which is owned by the United States, shall be paid a pension, or emergency officers' retirement pay, so long as he continues to draw a salary from such employment, except (1) those receiving pension or emergency officers' retirement pay for disabilities incurred in combat with an enemy of the United States or for disabilities resulting from an explosion of an instrumentality of war in line of duty during an enlistment or employment as provided in Veterans' Regulation No. 1 (a), part I, paragraph 1; (2) those persons so employed whose pension is protected by the provisions of the act; however, the rate of pension as to this class shall not exceed $6 per month; (3) those unmarried persons whose salary or compensation for service as such employee is in an amount not in excess of $1,000 per annum, computed monthly, or any married person or any person with minor children whose salary or compensation for service as such employee is in an amount not in excess of $2,500 per annum, computed monthly; and (4) widows of veterans."

2. Veterans' Regulation No. 10 is amended by adding a new paragraph to read as follows:

"XXI. Any person entitled to monetary benefits under the provisions of title I, Public, No. 2, Seventy-third Congress, or section 20, Public, No. 78, Seventy-third Congress, may renounce his right thereto. The application renouncing the right shall be in writing over the person's signature, and upon filing of such application payment of monetary benefits and the right thereto shall be terminated and he shall be denied any and all rights thereto from date of receipt of such application by the Veterans' Administration. The renouncement provided for herein shall not preclude the person from filing a new application for pension at a future date, but such application shall have the attributes of an original application and no payment will be made for any period prior to the date thereof."

3. The amendments contained in this regulation shall be effective as of the date of promulgation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 19, 1934.*

A PROGRAM FOR RELIEF OF VETERANS

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter I have received from the American Legion.

The SPEAKER. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, on January 10, 1934, at the request of the national legislative committee of the American Legion, I introduced a bill (H.R. 6671) which embodied the "four-point legislative program" of the American Legion.

On January 18, 1934, I received a letter from the national legislative committee of the American Legion asking me to introduce a redraft of my previous bill so as to clarify the measure. Thereafter I introduced a bill known as H.R. 7083.

The letter which I received from the American Legion is as follows:

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMITTEE,
ROOM 625, BOND BUILDING,
Washington, D.C., January 18, 1934.

Hon. HENRY ELLENBOGEN,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN ELLENBOGEN: Your interest in the Legion's legislative program has been demonstrated by your introduction on January 10 of H.R. 6671, the Legion's four-point bill to fulfill the four-point program for disabled veterans, which was adopted at our Chicago convention in October and which was subsequently placed at the head of our major legislative program by the national executive committee.

Since your introduction of this bill certain misunderstandings have arisen as to whether it actually fulfilled the spirit of our four-point program. And in order to obviate any question in this regard, we have redrafted the bill, and the text of the clarified measure, together with an explanation of its effect and purpose, is hereto attached. I feel confident that the American Legion, Department of Pennsylvania, will appreciate your introducing this redrafted measure as a substitute for the one which you have already introduced.

Please be assured of our appreciation of your interest and cooperation in this matter.

Sincerely yours,

JOHN THOMAS TAYLOR,
Vice Chairman National Legislative Committee.

It is estimated by the American Legion that the bill as redrafted and as introduced by me on January 19 will increase the expenditure of the Government by between sixty-five millions and eighty millions per year. It provides for the enactment by Congress of the four-point program of the Legion, as follows:

First. Restores eligibility for service-connected disability, together with the actual monetary payments received therefor prior to March 20, 1933, with the following exceptions:

(a) Veterans enlisting after the armistice;

(b) Where the Government can prove that disability occurred before or after service; and

(c) Where service connection has been established by fraud, error, or misrepresentation.

The American Legion estimates that the cost for this section would be between $45,000,000 and $60,000,000 per year.

Second. Restores hospitalization privileges, restricted to Veterans' Administration facilities, where a veteran requires hospitalization for a disability and is unable to pay for it.

At the present time many hospital beds in veterans' hospitals are empty. They should be put to use and should be placed at the disposal of the needy veterans. This can be done without request for additional appropriation.

Third. Pensions for widows and orphans in need, at the rate of $15 a month for a widow, $5 a month for the first child, and $3 a month for additional children, on the same conditions and rates provided for the Spanish-American War veterans under the Economy Act.

It is estimated that this will cost about $9,000,000 for the first year and the average cost for 5 years will be $19,250,000.

CONTESTED ELECTION CASE—SANDERS *v.* KEMP

Mr. KERR, from the Committee on Elections No. 3, reported a resolution in the contested-election case of *Sanders* v. *Kemp* in the Sixth Congressional District of Louisiana.

RESIGNATION FROM A COMMITTEE

The SPEAKER laid before the House the following communication, which was read:

JANUARY 20, 1934.

Hon. HENRY T. RAINEY,
Speaker of House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I hereby respectfully tender my resignation as a member of the standing committee of the House on Merchant Marine, Radio, and Fisheries.

Respectfully yours,

WILLIAM B. UMSTEAD.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ELTSE of California, for 5 days, on account of serious illness in his family.

To Mr. CAVICCHIA, on account of illness.

To Mr. GREENWOOD, for 6 days, on account of important official business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 6181. An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 6181. An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock p.m.) the House adjourned until Monday, January 22, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, Jan. 23, 10 a.m.)

Continuation of the hearing on H.R. 6836, to regulate motor carriers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. JONES: Committee on Agriculture. H.R. 7057. A bill relating to contracts and agreements under the Agricultural Adjustment Act; without amendment (Rept. No. 298). Referred to the House Calendar.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H.R. 3522. A bill to extend the benefits of a record of registry under the act of March 2, 1929 (45 Stat. 1512), to aliens who arrived prior to July 1, 1924, and for other purposes; without amendment (Rept. No. 333). Referred to the House Calendar.

Mr. KERR: Committee on Elections No. 3. House Resolution 231. Resolution declaring null and void the election of Mrs. Bolivar E. Kemp and J. Y. Sanders, Jr.; without amendment (Rept. No. 334). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLACK: Committee on Claims. H.R. 822. A bill for the relief of Charles C. Bennett; without amendment (Rept. No. 299). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 1298. A bill for the relief of the city of Perth Amboy, N.J.; without amendment (Rept. No. 300). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 3456. A bill for the relief of Ellis Duke, also known as Elias Duke; without amendment (Rept. No. 301). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 3780. A bill for the relief of William Herod; with amendment (Rept. No. 302). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4245. A bill for the relief of Laurence R. Lennon; with amendment (Rept. No. 303). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4147. A bill for the relief of William Sulem; without amendment (Rept. No. 304). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4249. A bill for the relief of the Great American Indemnity Co. of New York; with amendment (Rept. No. 305). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4973. A bill for the relief of G. C. Vandover; without amendment (Rept. No. 306). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5096. A bill for the relief of Anna Volker; with amendment (Rept. No. 307). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5097. A bill authorizing adjustment of the claim of Frank Spector; without amendment (Rept. No. 308). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5228. A bill to authorize the payment of hospital and other expenses arising from an injury to Florence Glass; without amendment (Rept. No. 309). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5241. A bill to authorize the settlement, allowance, and payment of certain claims, and for other purposes; with amendment (Rept. No. 310). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5242. For the relief of William C. Campbell; without amendment (Rept. No. 311). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5243. A bill to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama; without amendment (Rept. No. 312). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5247. A bill authorizing adjustment of the claim of the Adelphia Bank & Trust Co. of Philadelphia; without amendment (Rept. No. 313). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5275. A bill authorizing adjustment of the claim of the Pennsylvania Railroad Co.; with amendment (Rept. No. 314). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5277. A bill to provide for the reimbursement of certain enlisted men and former enlisted men of the Marine Corps for the value of personal effects lost, damaged, or destroyed by fire at the Marine Barracks, Quantico, Va.; without amendment (Rept. No. 315). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5278. A bill to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; with amendment (Rept. No. 316). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5279. A bill for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; without amendment (Rept. No. 317). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5280. A bill for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; with amendment (Rept. No. 318). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5281. A bill to provide for the reimbursement of certain civilian employees of the naval operating base, Hampton Roads, Va., for the value of tools lost in a fire at Pier No. 7, at the naval operating base, on May 4, 1930; without amendment (Rept. No. 319). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5283. A bill for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes; without amendment (Rept. No. 320). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5284. A bill for the relief of the Playa de Flor Land & Improvement Co.; without amendment (Rept. No. 321). Referred to the Committee of the Whole House.

Mr. BLACK: Committe on Claims. H.R. 5285. A bill for the relief of Weymouth Kirkland and Robert N. Golding; with amendment (Rept. No. 322). Referred to the Committe of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5286. A bill for the relief of the heirs of Burton S. Adams, deceased; without amendment (Rept. No. 323). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5287. A bill for the relief of Don C. Fees; without amendment (Rept. No. 324). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5290. A bill for the relief of Jasper Daleo; without amendment (Rept. No. 325). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5291. A bill for the relief of Robert D. Baldwin; without amendment (Rept. No. 326). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5412. A bill for the relief of certain disbursing officers of the Army of the United States and for the settlement of an individual claim approved by the War Department; without amendment (Rept. No. 327). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5413. A bill to authorize settlement, allowance, and payment of certain claims; with amendment (Rept. No. 328). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6300. A bill to restore to the Neill Grocery Co., of Wheeling, W.Va., a fine paid for violations of the Lever Act which was afterward by the Supreme Court of the United States held to be invalid; without amendment (Rept. No. 329). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6585. A bill for the relief of Robert R. Prann; with amendment (Rept. No. 330). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. House Joint Resolution 61. Joint resolution granting compensation to George Charles Walther; without amendment (Rept. No. 331). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1724. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.; without amendment (Rept. No. 332). Referred to the Committee 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. CELLER: A bill (H.R. 7129) to repeal titles I and II of the National Prohibition Act (the Volstead Act), and to amend and/or repeal various liquor laws, and for other purposes; to the Committee on the Judiciary.

By Mr. LOZIER: A bill (H.R. 7130) to repeal the tax on bank checks; to the Committee on Ways and Means.

By Mr. CROWTHER: A bill (H.R. 7131) to amend section 5 of the Reconstruction Finance Corporation Act; to the Committee on Banking and Currency.

By Mr. LOZIER: A bill (H.R. 7132) to reduce to $500 the maximum amount which may stand to the credit of any one person in a Postal Savings account, and to reduce the rate of interest on such accounts; to the Committee on the Post Office and Post Roads.

By Mr. EDMONDS: A bill (H.R. 7133) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. DOUTRICH of Pennsylvania: A bill (H.R. 7134) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. JAMES: A bill (H.R. 7135) granting pensions and increases of pensions to certain soldiers, sailors, and nurses of the War with Spain, the Philippine insurrection, or the China relief expedition, and their widows and dependents, and for other purposes; to the Committee on Pensions.

By Mr. JENKINS of Ohio: A bill (H.R. 7136) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. SWICK: A bill (H.R. 7137) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. CONNERY: A bill (H.R. 7138) to authorize the investigation of remedies for the social and economic consequences of unemployment caused by the mechanization of industry; to the Committee on Labor.

By Mr. SADOWSKI: A bill (H.R. 7139) to provide for guaranteeing the principal of bonds issued by the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. McFARLANE: A bill (H.R. 7140) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. CARTWRIGHT: A bill (H.R. 7141) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. JEFFERS: A bill (H.R. 7142) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. McKEOWN: A bill (H.R. 7143) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. MONAGHAN of Montana: A bill (H.R. 7144) for the relief of the aged; to the Committee on Labor.

By Mr. VINSON of Georgia: A bill (H.R. 7145) to provide for the payment of allowances and gratuities to naval prisoners; to the Committee on Naval Affairs.

By Mr. AYERS of Montana: A bill (H.R. 7146) to provide funds for cooperation with the school board at Brockton, Mont., in the extension of the public-school building at that place to be available to Indian children of the Fort Peck Indian Reservation; to the Committee on Indian Affairs.

By Mr. BLAND: A bill (H.R. 7147) to extend to the seafood industry all benefits, privileges, aids, loans, or other advantages provided in laws enacted by Congress for the relief of persons engaged in the agricultural industry; to the Committee on Merchant Marine, Radio, and Fisheries.

Also, a bill (H.R. 7148) for the restoration of depleted oyster bottoms in the oyster-producing States of the United States, and for other purposes; to the Committee on Merchant Marine, Radio, and Fisheries.

Also, a bill (H.R. 7149) for the relief of persons engaged in the seafood industry; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. SMITH of Virginia: A bill (H.R. 7150) to increase the motor-vehicle tax in the District of Columbia, and to provide for the better administration thereof; to the Committee on the District of Columbia.

By Mr. CARTER of Wyoming: A bill (H.R. 7151) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. COCHRAN of Pennsylvania: A bill (H.R. 7152) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. JONES: A bill (H.R. 7153) to amend the Agricultural Adjustment Act so as to include cattle as a basic agriculture commodity, to provide for supplementing available funds for benefit and other payments, and for other purposes; to the Committee on Agriculture.

By Mr. RANSLEY: A bill (H.R. 7154) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. HOEPPEL: A bill (H.R. 7155) to humanize the Economy Act (Public, No. 2, 73d Cong.) as it pertains to widows of veterans who served in two wars; to the Committee on Expenditures in the Executive Departments.

By Mr. MORAN: A bill (H.R. 7156) to establish the Federal monetary authority, and to control the currency of the United States; to the Committee on Banking and Currency.

By Mr. GOLDSBOROUGH: A bill (H.R. 7157) to establish the Federal monetary authority, and to control the currency of the United States; to the Committee on Banking and Currency.

By Mr. SISSON: A bill (H.R. 7158) to guarantee the principal of bonds issued by the Home Owners' Loan Corporation, and for other purposes; to the Committee on Banking and Currency.

By Mr. KERR: Resolution (H.Res. 231) declaring null and void the election of Mrs. Bolivar E. Kemp and J. Y. Sanders, Jr.; to the Committee on Elections No. 3.

By Mr. RANKIN: Joint resolution (H.J.Res. 236) authorizing necessary funds to conduct investigation regarding rates charged for electrical energy, and to prepare report thereon; to the Committee on Interstate and Foreign Commerce.

By Mr. HOWARD: Joint resolution (H.J.Res. 237) to create a commission to correct the membership rolls of the Five Civilized Tribes of Oklahoma (including the Mississippi Choctaw Indians), and for other purposes; to the Committee on Indian Affairs.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ABERNETHY: A bill (H.R. 7159) granting a pension to Frederick H. Shipp; to the Committee on Pensions.

By Mr. COOPER of Ohio: A bill (H.R. 7160) for the relief of Harry H. Viall; to the Committee on the Civil Service.

By Mr. CRUMP: A bill (H.R. 7161) to provide for the refund or abatement of the customs duty on altar candlesticks and cross imported for the Church of the Good Shepherd, Memphis, Tenn.; to the Committee on Claims.

By Mr. DARDEN: A bill (H.R. 7162) for the relief of the James River Bridge Corporation; to the Committee on the Judiciary.

Also, a bill (H.R. 7163) for the relief of the D. F. Tyler Corporation and the Norfolk Dredging Co.; to the Committee on Claims.

Also, a bill (H.R. 7164) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Mrs. F. Lee Bartlette; to the Committee on Claims.

Also, a bill (H.R. 7165) for the relief of Jesse S. Post; to the Committee on Military Affairs.

Also, a bill (H.R. 7166) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Emma A. Quillin; to the Committee on Claims.

Also, a bill (H.R. 7167) for the relief of Howard Lewter; to the Committee on Claims.

By Mr. DIMOND: A bill (H.R. 7168) for making compensation to the estate of Nellie Lamson; to the Committee on Claims.

By Mr. DISNEY: A bill (H.R. 7169) to provide a right-of-way; to the Committee on Military Affairs.

By Mr. DOUGHTON of North Carolina: A bill (H.R. 7170) for the relief of the Grier-Lowrance Construction Co.; to the Committee on Claims.

By Mr. DREWRY: A bill (H.R. 7171) for the relief of the Farmers Bank of Dinwiddie, Dinwiddie, Va.; to the Committee on Claims.

Also, a bill (H.R. 7172) for the relief of George R. Slate; to the Committee on Military Affairs.

By Mr. DUNCAN of Missouri: A bill (H.R. 7173) granting a pension to Elizabeth Hindman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 7174) granting a pension to John H. Kunkel; to the Committee on Invalid Pensions.

By Mr. FISH: A bill (H.R. 7175) for the relief of John J. Fransan; to the Committee on Military Affairs.

By Mr. HENNEY: A bill (H.R. 7176) granting a pension to Lorania M. Blackman; to the Committee on Invalid Pensions.

By Mr. HOWARD: A bill (H.R. 7177) for the relief of S. E. Marty; to the Committee on Claims.

By Mrs. KAHN: A bill (H.R. 7178) for the relief of Patrick Reilly; to the Committee on Military Affairs.

Also, a bill (H.R. 7179) for the relief of John W. Donegan; to the Committee on Military Affairs.

Also, a bill (H.R. 7180) for the relief of Walter S. Dickinson; to the Committee on Naval Affairs.

Also, a bill (H.R. 7181) for the relief of Addie I. Tryon and Lorin H. Tryon; to the Committee on Claims.

Also, a bill (H.R. 7182) granting an increase of pension to Ruby J. Fulton; to the Committee on Pensions.

By Mr. LOZIER: A bill (H.R. 7183) for the relief of A. H. Marshall; to the Committee on Claims.

By Mr. MONAGHAN of Montana: A bill (H.R. 7184) for the relief of Daisy Saunders; to the Committee on Pensions.

By Mr. MOTT: A bill (H.R. 7185) to authorize the purchase by the city of Forest Grove, Oreg., of certain tracts of public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218); to the Committee on the Public Lands.

By Mr. O'CONNOR: A bill (H.R. 7186) for the relief of Joseph N. King; to the Committee on Naval Affairs.

By Mr. POLK: A bill (H.R. 7187) granting a pension to Keziah Wood; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H.R. 7188) granting a pension to Nancy J. Clapp; to the Committee on Pensions.

Also, a bill (H.R. 7189) granting a pension to Russell N. Jones; to the Committee on Pensions.

Also, a bill (H.R. 7190) granting an increase of pension to Arthur Thornton; to the Committee on Pensions.

Also, a bill (H.R. 7191) granting a pension to Lizzie May; to the Committee on Invalid Pensions.

Also, a bill (H.R. 7192) granting a pension to Martha M. Greer; to the Committee on Invalid Pensions.

By Mr. SHOEMAKER: A bill (H.R. 7193) for the relief of W. F. Zimmerman; to the Committee on Claims.

Also, a bill (H.R. 7194) for the relief of the Schuster Brewing Co., of Rochester, Minn.; to the Committee on Claims.

By Mr. TAYLOR of Tennessee: A bill (H.R. 7195) granting a pension to William D. Kerr, helpless and dependent child of Daniel Best, deceased; to the Committee on Invalid Pensions.

By Mr. VINSON of Georgia: A bill (H.R. 7196) for the relief of the Richmond, Fredericksburg & Potomac Railroad Co.; to the Committee on Naval Affairs.

Also, a bill (H.R. 7197) granting a pension to Coile Lynch; to the Committee on Pensions.

Also, a bill (H.R. 7198) granting a pension to Mrs. Carl Rainey; to the Committee on Pensions.

PETITIONS, ETC.

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

1681. By Mr. BAKEWELL: Petition of the council of the city of New London, Conn., praying for the continuance of the Civil Works Administration program; to the Committee on Appropriations.

1682. By Mr. BURNHAM: Petition signed by 50 residents of San Diego, Calif., urging the restoration of pensions, hospitalization, and care of veterans of Spanish-American War as same existed prior to the enactment of Public, No. 2, Seventy-third Congress; to the Committee on Pensions.

1683. By Mr. CARTER of California: Petition of Feather River Lodge, No. 248, of San Francisco, Calif., urging the repeal of the fourth section of the Interstate Commerce Act at once; to the Committee on Interstate and Foreign Commerce.

1684. By Mr. CULLEN: Petition of the board of directors of Associated Industries of New York State, Inc., requesting the Congress to work for the authorization of a qualified congressional committee to report upon the facts as to the nature of employment relations in industry and commerce, the viewpoint of employers and employees, the number of employees dealing individually or through various forms of collective bargaining with employers, and the prevailing characteristics of such forms; also the nature and extent of Federal authority to deal with employment relations in industry and commerce; to the Committee on Labor.

1685. By Mr. CUMMINGS: Petition of the house of representatives of the twenty-ninth general assembly (the senate concurring therein), expressing its hearty approval of the said Carey bill, and respectfully requesting and urging its passage, in order that the existing unsatisfactory conditions with respect to the interests of Colorado may be overcome; to the Committee on Banking and Currency.

1686. By Mr. DARROW: Petition of members of the Woman's Christian Temperance Union of Germantown, Philadelphia, Pa., expressing opposition to war and preparations for war; to the Committee on Appropriations.

1687. By Mr. DONDERO: Petition of the National Association of Letter Carriers, Detroit Branch, No. 1, Detroit, Mich., protesting to any further involuntary retirement of letter carriers until all other postal employees who would come under the 30-year clause of the act have been retired; to the Committee on the Post Office and Post Roads.

1688. Also, petition of Legislative Council of the State of Michigan, urging that the President of the United States and Congress refrain from imposing any retail sales tax for the support of the Federal Government, which is so essential for the proper support of State and local government; to the Committee on Ways and Means.

1689. Also, petition of the Legislative Council of the State of Michigan, urging that the President of the United States be requested to submit to Congress a message requesting the enactment of a law providing that the sales tax of each and every State in the United States shall apply to and be collectible upon the sales of tangible personal property within the borders of such States uniformly upon both interstate and intrastate transactions in the State in which delivery has been made for consumption; to the Committee on Ways and Means.

1690. By Mr. FITZPATRICK: Petition of Mount Vernon Achievement Association, Inc., of the city of Mount Vernon, N.Y., urging the continuation of the Civil Works Administration projects in that city after February 1, 1934; to the Committee on Appropriations.

1691. By Mr. HOWARD: Resolution of members of the Thurston County (Nebr.) Holiday Association, urging the passage of the Frazier bill; to the Committee on Agriculture.

1692. By Mr. JOHNSON of Texas: Letter of W. E. Pugh, Corsicana, Tex., urging that the Civil Works program be continued until spring; to the Committee on Appropriations.

1693. Also, petition of Miriam A. Ferguson, Governor of Texas, Austin, Tex., urging that the Civil Works program be continued until spring; to the Committee on Appropriations.

1694. Also, telegram of S. W. Robinson, mayor, city of Teague, Tex., urging that the Civil Works program be continued until spring; to the Committee on Appropriations.

1695. Also, telegram of N. A. Stewart, mayor, Bryan, Tex., urging that the Civil Works program be continued until spring; to the Committee on Appropriations.

1696. Also, telegram from F. G. Blake, of Hearne, Tex., opposing the inclusion of sugar as a commodity subject to processing tax; to the Committee on Agriculture.

1697. Also, petition of John C. Thompson, secretary, Texas Cotton Ginners' Association, of Dallas, Tex., urging the need of an amendment authorizing Reconstruction Finance Corporation to make loans to cotton ginners; to the Committee on Banking and Currency.

1698. Also, petition of A. H. Menefee, mayor, Madisonville, Tex., urging that the Civil Works program be continued until spring; to the Committee on Appropriations.

1699. By Mr. LAMBERTSON: Petition of the West Side Woman's Christian Temperance Union, of Topeka, Kans., urging the passage of House bill 6097 providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

1700. By Mr. LINDSAY: Petition of Carl Gardner, editor Our Navy Magazine, Brooklyn, N.Y., urging return of the 15-percent pay cut and longevity increases; to the Committee on Appropriations.

1701. Also, petition of Pure Carbonic, Inc., Newark, N.J., protesting against the tax on carbonic gas used for carbonating beverages; to the Committee on Ways and Means.

1702. Also, petition of Weil, McKey & Co., New York City, concerning House bill 5884 and Senate bill 1828; to the Committee on the Judiciary.

1703. By Mr. POLK: Petition of Ladies' Society of the Brotherhood of Locomotive Firemen and Enginemen, Lodge No. 271, Portsmouth, Ohio, protesting against the consolidation of railroads, particularly the "Prince plan", in fairness and justice to the well-being of the communities in which they live and many other communities which would be affected by adding thousands to the already large number of unemployed railroad men, etc.; to the Committee on Interstate and Foreign Commerce.

1704. By Mr. RUDD: Petition of Columbia Typographical Union, No. 101, Washington, D.C., opposing the continuation of the Government pay cut, as provided in the independent offices appropriation bill; to the Committee on Appropriations.

1705. Also, petition of Weil, McKay & Co., New York City, opposing an amendment to section 63 of the Bankruptcy Act entitled "Debts which may be proved"; to the Committee on Banking and Currency.

1706. By Mr. SEGER: Petition from the legislative committee of the Newark Diocesan Federation of Holy Name

Societies, representing upward of 100,000 men, against House bill 5978 relating to birth control; to the Committee on the Judiciary.

1707. Also, petition of Philip and Felicia Kornreich and 46 other residents of Paterson, N.J., against the passage of the Tugwell bill; to the Committee on Interstate and Foreign Commerce.

1708. By Mr. SNELL: Petition of citizens of Canton, N.Y., protesting against war preparations of the United States; to the Committee on Appropriations.

1709. By Mr. SUTPHIN: Petition of West End Parent-Teachers Association, endorsing the principles enunciated in the proposed revision of the present Federal Food and Drug Act; to the Committee on Agriculture.

SENATE

MONDAY, JANUARY 22, 1934

(Legislative day of Thursday, Jan. 11, 1934)

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 6976) to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes, in which it requested the concurrence of the Senate.

REFERENCE AND SIGNING OF BILLS

The VICE PRESIDENT. The Chair desires to state that, under authority of the order of the Senate on January 11 (calendar day, January 19), 1934, he signed, on January 20, 1934, the enrolled bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, which had previously been signed by the Speaker of the House of Representatives and reported by the Committee on Enrolled Bills as being truly enrolled.

The Chair also desires to state that, under further authority of said order, the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, was received by the Secretary on January 20, 1934, from the House of Representatives, and referred on said day by the Chair to the Committee on Appropriations.

GOVERNMENT SALARIES AND VETERANS' LEGISLATION

Mr. COPELAND. Mr. President, I desire to say for the RECORD that I have received in my office so many letters and petitions relating to employees' salaries and veterans' legislation that I find it utterly impossible to make proper reply to them. I wish to make this statement so my constituents may know I am not disregarding their desires.

If it were physically possible every letter would have a personal reply, but we are so flooded with mail that we are simply unable at present to reply by letter. To do so is my sincere desire.

Needless to say I favor the most generous treatment for Government employees and the veterans. I am sure my votes have shown this, and I shall do my best for them.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. FESS. I desire to announce that the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], the Senator from South Dakota [Mr. NORBECK], and the Senator from Pennsylvania [Mr. REED] are necessarily absent from the Senate.

Mr. LEWIS. I desire to announce that the Senator from Louisiana [Mr. LONG] is necessarily detained from the Senate.

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

IMPORTATION OF ALCOHOLIC BEVERAGES (S.DOC. NO. 117)

The VICE PRESIDENT laid before the Senate a letter from the Director of the Federal Alcohol Control Administration transmitting, in compliance with Senate Resolution No. 127 of the present Congress, information regarding permits to import alcoholic beverages under the marketing agreement and license for the alcoholic beverages importing industry, which, with the accompanying report, was ordered to lie on the table and to be printed.

REGULATION OF RAILROADS (H.DOC. NO. 223)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Interstate Commerce Commission transmitting, pursuant to law, a report of the Federal Coordinator of Transportation on the question, "Is there need for a radical or major change in the organization, conduct, and regulation of the railroad industry which can be accomplished by Federal legislation?", together with four appendixes referred to therein.

Mr. DILL. I move that the report be printed, without the illustrations, and referred to the Committee on Interstate Commerce.

The motion was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of Wisconsin memorializing Congress to adopt certain proposed measures for agricultural relief, which was referred to the Committee on Agriculture and Forestry.

(See resolution printed in full when presented by Mr. LA FOLLETTE on Jan. 19, 1934, p. 916, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of Wisconsin memorializing Congress to establish uniform rules and regulations for the movement of all commodities in interstate commerce to prevent embargoes, which was referred to the Committee on Interstate Commerce.

(See resolution printed in full when presented today by Mr. DUFFY.)

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of Wisconsin memorializing Congress to enact legislation to provide funds for distribution through the banks of the country to enable industry, particularly the small business man, to make character loans at local banks for a period of 2 years at a rate of interest not to exceed 4 percent, which was referred to the Committee on Banking and Currency.

(See resolution printed in full when presented today by Mr. DUFFY.)

He also laid before the Senate a concurrent resolution of the Legislature of the State of Kentucky, favoring the immediate ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty with Canada, which was ordered to lie on the table.

(See resolution printed in full when presented today by Mr. LOGAN.)