

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	Loneragan	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	Stelwer	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.)

He also laid before the Senate a resolution of the House of Representatives of the State of Kentucky memorializing Congress to recognize the Federal Government's obligation to share equitably the proceeds of liquor taxes with the States and to prevent intergovernmental competition in such taxation, which was ordered to lie on the table.

(See resolution printed in full when presented today by Mr LOGAN.)

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Public Lands and Surveys:

Senate Joint Memorial 7 (Introduced by Duncan and Church)
A memorial memorializing the Congress of the United States for a grant of lands for public buildings at the capitol of the State, in addition to grants heretofore made for that purpose

To the honorable Senate and House of Representatives in the Congress of the United States:

Whereas by Senate Joint Memorial No. 6, passed by the Twenty-second session of the Legislative Assembly of the State of Montana, the Congress of the United States was memorialized as follows:

"Whereas the grants of public lands for public buildings at the capitol of the State heretofore made have been found to be insufficient to meet the present needs and requirements; and

"Whereas the Twenty-first Legislative Assembly authorized the issuance of a bond issue of \$250,000 for the purpose of erecting and furnishing a suitable Montana State Historical Library as an adjunct to the State Capitol Building; and

"Whereas the State board of examiners have been unable to sell or dispose of said bond issue, owing to the insufficiency of the security guaranteeing said issue; and

"Whereas the security guaranteeing the said issue consists of the land heretofore granted for buildings at the capitol, against which there is outstanding bonds aggregating various amounts which exhausts said security; and

"Whereas there is remaining in the State of Montana approximately 7,000,000 acres of vacant, unappropriated, unreserved, public land: Now, therefore, be it

Resolved by the Senate of the State of Montana (and the house of representatives concurring), That the Congress of the United States be memorialized to grant to the State of Montana 250,000 acres of vacant unappropriated, unreserved public lands within the State of Montana for public buildings at the capitol of the State in addition to the grants heretofore made for that purpose; be it further

Resolved, That copies of this memorial be forwarded to the President of the Senate and the Speaker of the House of Representatives and each of the Senators and Members of the House of Representatives from Montana in Congress, and to the Secretary of the Interior"; and

Whereas no action was taken by the Congress of the United States on such memorial: Now, therefore, be it

Resolved by the Senate of the State of Montana (and the house of representatives concurring), That said memorial referred to above, heretofore passed in the year 1931, not having been acted upon, request for such grant of lands be hereby respectfully renewed; be it further

Resolved, That copies of this memorial be forwarded to the President of the Senate and the Speaker of the House of Representatives of the United States Congress and to the Senators and Representatives in Congress from Montana and to the Secretary of the Interior.

The VICE PRESIDENT also laid before the Senate a letter in the nature of a petition of the Army and Navy Journal, of Washington, D.C., praying for the enactment of legislation to restore salaries received by the armed forces of the United States prior to the passage of the so-called "Economy Act" and to provide for pay increases prohibited by said act, which was referred to the Committee on Appropriations.

He also laid before the Senate a memorial of the substitute clerks' committee of the National Federation of Post Office Clerks, of Des Moines, Iowa, remonstrating against the enactment of legislation that will prevent the restoration of salaries and the filling of vacancies of substitute postal clerks, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Associated War Veterans of Birmingham, Ala., favoring the care of veterans by the Government out of Federal taxes and the same benefits to be accorded Spanish-American War veterans as Civil War veterans, their widows, and dependents, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Jack Bernard Camp, United Spanish War Veterans, of

Knoxville, Tenn., favoring the taxation of tax-exempt securities, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Common Council of the city of Wauwatosa, Wis., favoring the continuation of operations under the Civil Works Administration, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the executive board of the Welfare Clients' Association, of Royal Oak Township, Mich., favoring additional relief to families on the welfare rolls of southern Oakland County, Mich., which was referred to the Committee on Finance.

He also laid before the Senate a memorial of the Governor and State Land Department of Arizona remonstrating against the withdrawal order issued by the Secretary of the Interior of certain Papago Indian lands from mineral entry, which was referred to the Committee on Indian Affairs.

He also laid before the Senate a petition of the Pacific Movement of the Eastern World, Inc., of St. Louis, Mo., praying for the passage of antilynching legislation, which was referred to the Committee on the Judiciary.

He also laid before the Senate a letter from S. L. Wharton, of Mansfield, La., endorsing Hon. JOHN H. OVERTON, a Senator from Louisiana, which was referred to the Committee on Privileges and Elections.

Mr. SMITH presented a concurrent resolution of the Legislature of the State of South Carolina, favoring the passage of legislation to make available to farmers the benefits of credit extended through the crop and seed loan agency, which was referred to the Committee on Agriculture and Forestry.

(See resolution printed in full when laid before the Senate by the Vice President on the 19th instant, p. 908, CONGRESSIONAL RECORD.)

Mr. LOGAN presented the following concurrent resolution of the Legislature of the State of Kentucky, which was ordered to lie on the table:

IN THE HOUSE OF REPRESENTATIVES,
COMMONWEALTH OF KENTUCKY,
January 16, 1934.

Dr. Hill, of the county of Floyd, offered the following resolution, viz:

A concurrent resolution requesting prompt ratification of the Great Lakes-St. Lawrence Seaway Treaty

Whereas there is now before the Senate of the United States a treaty between the United States and the Dominion of Canada which provides the plans, allocation of tasks, estimates of costs, and commits the two Nations to increasing the usefulness of our inland seas by replacing obsolete equipment, standardizing of depths, and increasing capacity of channels, locks, and canals in the St. Lawrence River to meet present-day needs, so that the Great Lakes ports may be opened to the uninterrupted movement of ocean-borne commerce; and

Whereas an oceanway to the midcontinent, besides contributing importantly to national efficiency, is absolutely essential to place the interior of the United States on a world competitive basis: Therefore be it

Resolved by the House of Representatives of the State of Kentucky (the senate concurring therein), That the 1934 session of the general assembly hereby memorializes the Senate of the United States for the speedy commencement of construction of the Great Lakes-St. Lawrence seaway project, and urgently requests the Members of the United States Senate, and the Senators from Kentucky in particular, that they not only support immediate ratification of the said seaway treaty but that they use every legitimate effort to impress upon midwestern agriculture and industries in world trade and as a major part in the President's public-works program for the relief of unemployment.

SEC. 2. The clerk of the house of representatives is hereby instructed to send copies of this resolution to each Member of the Senate of the Congress of the United States.

Attest:

J. ERWIN SANDERS,
Chief Clerk of House of Representatives.

Mr. LOGAN also presented the following resolution of the House of Representatives of the State of Kentucky, which was ordered to lie on the table:

IN THE HOUSE OF REPRESENTATIVES,
COMMONWEALTH OF KENTUCKY,
January 16, 1934.

Mr. Belknap, of the county of Oldham, offered the following resolution, viz:

A resolution memorializing the Congress of the United States to recognize the Federal Government's obligation to share equitably the proceeds of liquor taxes with the States, counties, and cities, and to prevent intergovernmental competition in the field of liquor taxation through the adoption of the recommendations presented by the Interstate Commission on Conflicting Taxation with the authority of the Interstate Assembly

Whereas there is grave danger that the anticipated benefits of repeal will be destroyed by unrestrained and competitive taxation of alcoholic beverages by the Federal Government and by the governments of the States, counties, and cities; and

Whereas the imposition by the Federal Government of taxes or other imposts on alcoholic beverages without regard to similar burdens imposed by the States, counties, and cities may result in a combined load of taxation so heavy as to encourage illicit traffic in these beverages; and

Whereas before Federal prohibition the States, counties, and cities depended on liquor taxes and license fees for a substantial proportion of their tax revenues, thus lightening the load of taxation on real property; and

Whereas if liquor taxes are again to carry a reasonable share of the State and local tax burden, it is essential that the taxation of alcoholic beverages by the Federal Government be not excessive; and

Whereas there is grave danger that unless immediate action is taken by the States, counties, and cities in establishing a line of communication with the Federal Government through such bodies as the Interstate Assembly and the Interstate Commission on Conflicting Taxation, the opportunity to secure a fair division of liquor tax revenues will be lost: Now, therefore, be it

Resolved, That Congress be urged to adopt the recommendations formulated by the Interstate Commission on Conflicting Taxation at a meeting in Washington, D.C., November 10-11, 1933, and ratified by the Interstate Assembly, which provide that, of the combined gross revenues from the liquor traffic derived by the Federal and State Governments from all sources, one half should inure to the benefit of the States and their localities and the remaining half should be retained by the Federal Government; be it further

Resolved, That the President of the United States be respectfully urged and requested to approve any bill embodying the principles of the above recommendations in order that the provisions thereof may become effective at an early date; and be it further

Resolved, That a certified copy of this joint resolution be sent to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and to each of the Members of the congressional delegation of this State.

Said resolution was adopted by the house of representatives.
Attest:

J. ERWIN SANDERS,
Chief Clerk of the House.

Mr. COPELAND presented a resolution adopted by the Westchester County Realty Board, of White Plains, N.Y., favoring governmental assistance in furnishing long-term financing to aid construction of new single-family homes, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by Port Jervis (N.Y.) Lodge, No. 962, Brotherhood of Railway Carmen of America, protesting against the passage of any legislation that will decrease railroad employment by the consolidation of railroads, which was referred to the Committee on Interstate Commerce.

He also presented a memorial signed by 37 employees of the Postal Telegraph Co., of Syracuse, N.Y., remonstrating against any merger of that company with any other telegraph company, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the board of directors of the Youngstown (N.Y.) Yacht Club, protesting against the proposed transfer of the Coast Guard to the Navy Department, which was referred to the Committee on Commerce.

He also presented a resolution adopted by the New York State School Boards Association, Mount Vernon, N.Y., favoring the granting of Federal aid for public-school education, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the Educational Committee of the Women's International League for Peace and Freedom, Manhattan (N.Y.) Branch, favoring an investigation of munition makers and lobbying by such manu-

facturers, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Tioga County Sportsmen's Association, of Owego, N.Y., favoring the passage of the so-called "duck stamp bill", which was referred to the Special Committee on the Conservation of Wild Life Resources.

He also presented a resolution adopted by the Bronx County (N.Y.) Council, Veterans of Foreign Wars, favoring more liberal consideration of the matter of compensation and hospitalization in the treatment and care of disabled veterans, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the board of directors of the Buffalo (N.Y.) Junior Chamber of Commerce, favoring the restoration to officers of the armed forces of the United States of base pay increases and longevity pay, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by Staten Island (N.Y.) Chapter, No. 25, Disabled American Veterans of the World War, favoring an increase in the compensation allowed to disabled veterans under the so-called "Economy Act", which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the American League Against War and Fascism, of New York City, N.Y., protesting against appropriations for war purposes, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Corona Community Council, of Corona, and the West Forest Hills Civic and Community Association, Inc., of West Forest Hills, in the State of New York, favoring the passage of legislation extending the time for aliens who have entered this country illegally to become eligible for citizenship, which were referred to the Committee on Immigration.

He also presented a resolution adopted by the executive committee of the New York Department of the American Legion, favoring the consolidation of the Veterans' Bureau in Buffalo with the new veterans' hospital at Batavia, N.Y., which was referred to the Committee on Finance.

He also presented a resolution adopted by the Community Councils of the City of New York, Inc., favoring the immediate ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty with Canada, which was ordered to lie on the table.

Mr. DUFFY presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Banking and Currency:

Joint resolution memorializing Congress to aid and assist industry, and particularly the small business man

Whereas it is the sincere hope of all that recovery from this unprecedented economic depression be rapidly attained; and

Whereas in these United States laws are being enacted and enforced with this end in view; and

Whereas in the granting of legislative aid and assistance to the various classes and branches of industry there has been inadvertently overlooked that class which is in reality the backbone of our business world, namely, the small business man; and

Whereas the forward progress and growth of today's small business man is being retarded and stifled because this class is unable to any longer obtain loans from banks without collateral (character loans); and

Whereas there is today more money in circulation than in 1929; and

Whereas there has been for the past 10 years a steadily increasing restriction of credit on the part of banking examiners, both Federal and State, to industry, particularly the small business man; and

Whereas industry, particularly the small business man, must have credit in order to purchase merchandise to advantage, which assists very materially in furnishing employment, which in turn assists the farmer in securing a reasonable price for his products: Now, therefore, be it

Resolved by the senate (the assembly concurring), That this legislature respectfully memorializes the Congress of the United States to enact suitable legislation to provide funds for distribution through the banks of this country to enable industry, particularly the small business man, to make character loans at the local banks for a period of 2 years at a rate of interest not to exceed 4 percent, for the purpose of enhancing business of this class; be it further

Resolved, That suitably attested copies of this resolution be transmitted to the President of the United States, to both Houses of Congress, and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

Mr. DUFFY also presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Interstate Commerce:

Joint resolution memorializing the Congress of the United States to establish uniform rules and regulations for the movement of all commodities in interstate commerce

Whereas the Federal Constitution specifically provides that no State shall, without the consent of Congress, lay any imposts or duties on imports or exports, except what may be absolutely necessary for executing its inspection laws; and

Whereas a number of States have been, and are now, providing embargoes on livestock, livestock products, dairy products, nursery plants, and other commodities under the pretense that such embargoes are necessary for executing their respective inspection laws; and

Whereas such embargoes have been, and now are, a serious handicap to the agricultural industry in this State; and

Whereas the Congress of the United States, under its constitutional power to regulate commerce among the several States, could prevent such embargoes by the enactment of uniform rules and regulations governing the movement of all commodities in interstate commerce: Now, therefore, be it

Resolved by the senate (the assembly concurring), That this legislature respectfully memorializes the Congress of the United States to establish uniform rules and regulations, under its constitutional power to regulate commerce among the several States, to prevent such embargoes and to regulate the free movement of all commodities in interstate commerce; be it further

Resolved, That properly attested copies of this resolution be sent to both Houses of Congress of the United States and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

THE WORLD COURT

Mr. DUFFY presented a resolution adopted by the Wisconsin Baptist State convention favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas the Senate in 1926, by a vote of 76 to 17, approved the adherence of the United States to the World Court, with five reservations; and

Whereas these reservations are fully met, in the judgment of the Department of State and of such authoritative bodies as the American Bar Association, by the three treaties now awaiting the Senate's consent to ratification; and

Whereas the Democratic and Republican national platforms of last June both endorsed completing our adherence to the court under the terms of the three pending treaties, thus making it plain that the court is not a subject of partisan political controversy; and

Whereas the completion of our adherence to this outstanding agency for peaceful settlement might provide a stabilizing influence in these troubled times, both at home and abroad: Therefore be it

Resolved, That the Wisconsin Baptist State convention hereby urges Senator DUFFY and Senator LA FOLLETTE to do all in their power to secure ratification of the three pending World Court treaties at the earliest practicable time; and be it further

Resolved, That Senator DUFFY is hereby asked to read this resolution into the CONGRESSIONAL RECORD.

PROPOSED ABOLITION OF 15-PERCENT PAY CUT

Mr. ROBINSON of Indiana presented a petition of sundry citizens of the State of Indiana praying for the enactment of legislation to abolish the 15-percent reduction in pay of Government employees under the so-called "Economy Act", which was referred to the Committee on Appropriations and ordered to be printed in the RECORD without the signatures, after the first one, as follows:

MEMORIAL TO THE CONGRESS OF THE UNITED STATES

We, the undersigned employees of the United States Government, declaring our need for immediate restoration of former

salary levels, do respectfully petition the Congress to enact legislation sponsored by the American Federation of Labor and the American Federation of Government Employees to abolish the Government workers' pay cut at once.

CHARLES C. INGELS, Kokomo, Ind.

RESOLUTIONS OF AMERICAN FARM BUREAU FEDERATION

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred the resolutions adopted at the recent annual convention of the American Farm Bureau Federation, and invite the attention of the Senate and the country to the position taken by this great national farm organization on matters covered in the resolutions.

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

I. AGRICULTURAL ADJUSTMENT ACT

The American Farm Bureau Federation assumed leadership in drafting and securing the enactment by Congress of the Agricultural Adjustment Act.

In its provisions, Congress not only authorizes but directs the administration to restore farm commodity prices to a parity basis and extends broad powers for such accomplishment. It authorizes and directs such readjustment of agricultural credit machinery as is necessary to assist deserving farmers in regaining and retaining their homes through long-time loans at low rates of interest and amortization on a basis of reasonable and fair appraisals.

It gives the President broad powers and authority to revise our unfair and unjust monetary system to an honest basis, whereby debts can be paid with dollars carrying the same commodity value as when debts were created.

We appreciate the sincerity of purpose universally shown by those charged with the administration of the respective provisions of the act, and recognize the difficulties in administration. We believe enough time and effort have been given to reconcile opposition to this legislation, which opposition largely consists of those who have enjoyed unjust and unfair advantages under the old system of processing and distribution.

Such delay is resulting in the bankruptcy of many more farmers and cannot be further condoned.

Particularly in the field of perishable farm commodities are we being forced to witness the absorption by producers of the amount of processing taxes levied. This never was either authorized or intended by Congress. It is largely the result of organized and determined opposition of processors in an effort to discredit the Agricultural Adjustment Act and thereby restore the old privilege system.

We urge that any or every power in the act be immediately invoked fully to put into effect parity prices for farm commodities, liberally assist deserving farmers to retain their property, and to stabilize our money system on a fair basis of commodity value.

To these ends, we pledge the full and united support of the American Farm Bureau Federation.

Farmers also have great responsibility to discharge by assisting government through genuine cooperation in efforts to restore agriculture to a basis of equality with other business and industry. Only to the extent this assistance by farmers is given, can the administrators of the act be fully effective and successful in their efforts.

We believe the Agricultural Adjustment Act should be broadened to include other prominent farm commodities. We further believe its trade agreement section should be amended to provide for agreements by the administration with producers and/or, processors. We will support other amendments that experience in administration may disclose advisable or necessary to more fully and effectively carry out its statement of policy and purpose.

The American Farm Bureau Federation recognizes that no law is better or more effective than its administration.

It is, therefore, urged, that only those known to be thoroughly sympathetic to and capable of successful administration be retained or employed to administer the Agricultural Adjustment Act.

II. MONETARY MATTERS

We commend President Roosevelt for his far-reaching and sound policies in regard to revaluation of the dollar, and we trust this action will soon be followed by the definite establishment of a ratio of purchasing power between the dollar and the index numbers of all commodities. The Nation, from an agricultural point of view, has been suffering from a period of deflation for years. It is time that we enter a reflation era in which money and credits are to be aided rather than hindered in the velocity of their movements and where commodity prices, rather than the weight and the price of gold, will determine the purchasing power of the dollar. We support the President in his efforts to establish the value of the dollar on the commodity basis and thereafter maintain it on the price index of all commodities. We call attention also to the desirability of remonetizing silver on the index basis so that we may add a greater volume of money to our circulating medium, increase both credit and currency in the Nation, and place our Nation in better position to expand trade with silver-using countries. We call particular attention to the inability of credit expansion alone solving our monetary and fiscal difficulties at the present time.

III. FARM CREDITS

The Emergency Farm Mortgage Act of 1933 and the Farm Credit Act of 1933 reflect efforts which the farm bureau has put forth for 10 years on the farm-mortgage question and general farm financing. We have maintained that interest on farm mortgages must be lower; that annual payments must be easier; that farmers who are temporarily delinquent in farm-mortgage payments or otherwise must be carried along without foreclosure and eviction with their delinquencies added to the end of the mortgage period; that cooperative farm organizations should be eligible to receive the lowest possible interest rate; that cooperative-purchasing organizations should be recognized in the Federal statutes; and that farmer ownership and farmer control must be reinstated and maintained.

These features are now incorporated in recent farm-credit legislation. However, the laws are not perfect either in administration or in text.

- (1) The appraisals continue to be too low on many farms.
- (2) The emergencies of the farm-debt situation demand a more rapid flow of funds into farm credits.
- (3) The present situation has been developing for more than a decade, so that commendable as otherwise the activities of Farm Credit Administration would be in approving loans to farmers, at this particular time still greater activity is recommended.
- (4) The interest rate on farm mortgages should be lowered to not exceeding 3 percent.
- (5) A revolving fund should be set up in the United States Treasury to buy both the land-bank bonds and intermediate-credit debentures, when necessary.
- (6) Adequate additional appropriations to the commissioner fund for emergency loans are recommended.
- (7) The intermediate-credit banks must have more funds readily available.
- (8) Recognition should be given to existing farm-credit agencies which, with slight change, could be adapted to the production-credit field and thereby remove the necessity of setting up new organizations in areas which are already occupied.
- (9) Notwithstanding the present governmental activities in establishing farm-credit agencies, which are essential in the present emergency, we reaffirm our belief in the necessity of setting up our own farmer-owned and farmer-controlled credit machinery and the advisability of converting the governmental agencies into a farmer-owned system at the earliest possible time.
- (10) A lower interest rate and lower inspection and filing charges on loans in production credit associations are necessary.
- (11) The regional agricultural credit corporations should be continued in areas where needed adequately to serve agriculture until the present credit emergency is over.

IV. FOOD AND DRUG ACT

Fraudulent advertising in print and by radio, the sale of harmful drugs and cosmetics, and similar practices should be prevented by proper amendments to the present Food and Drug Act.

No discrimination, however, should be permitted against healthful raw-food products or their processed forms, such as butter, maple sirup, and fruit.

Court decisions for many years have given the Federal Government large powers and wide interpretations of the present act. Whatever amendments are needed should be added to the present law, rather than rewriting the entire Food and Drug Act.

V. CODES FOR THE BREWERY AND DISTILLING INDUSTRIES

We insist that the promises to use domestic products exclusively, made before committees of Congress by those who represent the brewery and distilling industries, be kept. If the codes and marketing agreements which deal with these trades are not changed to require the use of domestic products, such as cereals and hops, the issue will be taken to Congress to compel this action. It is particularly annoying to discover a provision in the marketing agreement for the distilled-spirits industry that blackstrap molasses in quantities sufficient for a year's supply now within the United States will deny the producers of cereal crops any opportunity for 12 months to sell their grains for distillation purposes.

We insist that if these codes are not changed soon to comply with the above recommendations that public hearings again be held so that all interests may properly be protected.

VI. GRAIN EXCHANGES AND SPECULATION

We condemn the proposed code of fair competition prepared by the grain exchanges and defended by them in recent public hearings at Washington. This document failed to give recognition to the great grain cooperatives which either have membership on grain exchanges or need fuller recognition of membership on exchange affiliates. This document also failed utterly to include any provisions which in practice would reduce speculations in grains.

It is evident that grain-exchange representatives are still pursuing their old tactics of opposing cooperative marketing and any control of speculation. It is equally evident that the controversy will need again to be taken to Congress to give cooperatives that recognition on grain and other exchanges which laws already declare, but which is denied by the administrators of the exchanges. Speculation evidently cannot be limited by voluntary action of exchanges. The Grain Futures Act should be consolidated with the Cotton Trading Act, so that grains and cotton may be placed under proper control in our great terminal markets.

We also favor regulation and control of stock exchanges. Recent disclosures by the Senate Committee on Banking and Currency have awakened public opinion to the necessity of regulating these

great markets. In like manner the grain and cotton markets must be controlled and regulated, as the iniquities on these exchanges are as great as those which have been exposed on stock exchanges. We recommend separate legislation to correct the situation which exists both on the stock exchanges and on the grain and cotton exchanges.

We urge Secretary Wallace to compel grain-exchange representatives to rewrite the code pursuant to the above recommendations, or to reject it in its present form.

VII. POSTAL AFFAIRS

The rate on first-class postage should be reduced to 2 cents per ounce. The development and expansion of parcel-post business and the increase of volume of all postal material will aid in reducing rates. Approval can be given to consolidation of rural routes where highway facilities permit without unduly delaying mail delivery or making it wholly impossible in bad weather; but we oppose indiscriminate canceling or consolidation of these routes in an effort to make the Post Office Department pay a profit. The Director of Parcel Post is proceeding properly in going out for new business; new business may be had if the Postal Service will go after it. One cause of the postal deficit is easily found in the subsidies which are given various transportation agencies for the carrying of United States mails. Reasonable compensation should be given these carriers, but subsidies are indefensible. We shall resist the substitution of the contract system for the present rural carrier system.

VIII. GUARANTY OF BANK DEPOSITS

Guaranty or insurance of bank deposits must be provided in a Nation-wide plan, such as is now incorporated in the Banking Act of 1933. Small deposits should have complete protection, with graduated protection downward as deposits increase.

IX. PRODUCTION CONTROL

Production control, under the terms of the Agricultural Adjustment Act and otherwise, needs consideration, both from the point of view of producing less and in enlarging the domestic ability to consume.

There are various ways of preventing, controlling, and disposing of surpluses other than limiting production, desirable as that may be. The industrial market for farm crops, if thoroughly developed, would eliminate much of the present surplus.

It is stated as our conviction that any extent of reducing the production of farm crops will not be effective in raising prices on them as much as farmers desire or as much as the Adjustment Act indicates until, first, the home market is more definitely developed in its industrial and inedible outlets, and, second, until the provisions of the Adjustment Act which authorize, in substance, higher rates on imported commodities are put into effect.

The administrators of the Adjustment Act must invoke, more than has down to this date been invoked, the licensing powers over dealers, processors, and middlemen, particularly those which handle imported commodities, so that the farmer will be made the first and greatest beneficiary in the administration of the act.

We particularly call attention to the inconsistency of the Government's giving great assistance to the development of new irrigation projects while the farmers of our Nation are reducing their crop production.

X. SUGAR-MARKETING AGREEMENT

We commend Secretary Wallace for his recent refusal to approve the proposed sugar marketing agreement, which, if put into operation, would have given first benefits to foreign sugar interests; second benefits to domestic refiners; and third benefits, if any, to the American farmers who produce cane and beets. No farm commodity, basic or otherwise, should have the welfare of its producers subjected to the self-interested domination of foreign and importing interests.

We recommend that the domestic sugar producers in any sugar marketing agreement be allowed to increase their production gradually and that a corresponding decrease in imports of sugar be put into effect.

XI. PRESERVING HOME MARKETS

The Adjustment Administration is asking our farmers to reduce production and with remarkable enthusiasm the farmers are doing so; but the dairy farmer, the corn farmer, the soybean farmer, the hog farmer, the cattle farmer, the cotton farmer—in fact, any farmer who produces any crop from which an oil or fat may be extracted, or from which industrial alcohol may be made, or from which starches may be manufactured—is merely giving the home market over to American capital invested abroad, when he reduces his production down to the domestic requirements, unless the administrators of the Adjustment Act close these and other breaches in the agricultural tariff wall. If this situation continues, the farm bureau will need to adopt as its motto "Effective tariffs for all, or tariffs for none."

We realize the time has passed, now that we are a creditor nation, when farm groups might safely oppose one another in securing protection within the home market. Our most formidable adversary is not in domestic competition; that will always exist. We need to look now to our foreign competitors, and it requires a solid front on the part of all farm groups, not merely to preserve what we have already secured in the way of protection but to acquire that complete privilege of supplying the home market which we must have. It is not now possible to survive on the basis of each farmer for himself, or each farm group for itself. We must work until every farm group in the United States has complete protection in the home market.

Since American farmers are limiting production to domestic requirements on basic farm commodities, they must be assured the domestic market. A large list of vegetable, animal, and marine oils and fats, particularly coconut oil, are duty free or carry low rates. Oleomargarine, closely connected in its manufacturing with coconut oil, is a direct development of the duty-free situation on oils and fats and is a direct threat to our dairy, livestock, cotton, and soybean producers.

Canned and cured meats in large import quantities are likewise extremely harmful. Tropical starches and blackstrap molasses for distillation purposes depress the prices of many of our farm products.

The Philippine Islands must be granted immediate independence with a period of not to exceed 5 years in which to adjust their commerce among the nations of the world. During this transition period there should be a gradual reduction of duty-free tonnages of Philippine products and a gradual step-up of rates of duty on such products.

XII. RECOGNITION OF COOPERATIVE MARKETING

We appreciate the extension of the definition of cooperative marketing in the Farm Credit Act of 1933, in which purchasing cooperatives are made eligible to receive loans. Farm Credit Administration is urged to cooperate with representatives of the purchasing groups for the purpose of studying how they can best serve the interests of agriculture, can correlate their activities with general farm organizations, and can best qualify for loans. The Agricultural Adjustment Act specifically does not give recognition either to cooperative marketing organizations or to cooperative purchasing groups. We commend the administrators of the act for their desire to aid cooperative marketing, but we regret that the act gives greater recognition to processors, middlemen, and manufacturers than is given to cooperative groups. The cooperative marketing principle is based on business foundations. The leaders of our great cooperative movements are worthy to be compared with those in any other corporate enterprise. More than all, it must be considered in the administration of the act that responsible officials in cooperative and general farm organizations have in mind always the welfare of the farmer.

We insist that cooperative organizations be recognized in marketing agreements and agricultural codes as being efficient agencies for the marketing of farm crops and the control of farm surpluses.

XIII. RECIPROCAL TRADE AGREEMENTS

While we appreciate the possibilities of reciprocal trade agreements with foreign countries, we must not minimize their dangers. The welfare of the American producers of dairy, poultry, cereal, livestock, vegetable, fruit, fiber crops, and other agricultural products must not be sacrificed in any effort to expand industrial markets abroad. No power should be delegated by act of Congress to negotiate and put into effect reciprocal executive trade agreements with foreign countries that would be detrimental to agriculture.

XIV. TRANSPORTATION

Railroad, motor-vehicle, waterway, and airway transportation rates and services must be kept competitive. No single regulatory body should have authority over all forms of transportation. Consolidation of railroads is advisable, provided transportation competition in any area is not sacrificed. Reasonable restrictions as to size, weight, length, and similar features of truck transportation should be adopted. Farm-to-market highways must be expanded not only by the emergency fund in Public Works Administration but by forthcoming regular appropriations for highway construction.

The code of fair competition for the trucking industry now under consideration by N.R.A. should not be approved. It provides for uniform rates by motor vehicle and other transport facilities; it denies the farmer-owned truck hauling products and supplies for the neighborhood; it prohibits cooperative organizations continuing their present trucking for members; it gives complete control of truck transportation through a code control committee to be composed exclusively of contract and common-carrier representatives. All of these features are obnoxious.

There should be a general reduction in freight rates on farm commodities effective for the entire United States proportionate to that which has recently been given by the western carriers on passenger rates.

The St. Lawrence waterway should be completed with the least possible delay; to make it possible for work to start on the international section in the near future, the treaty with Canada as it is now pending before the Senate of the United States should be ratified early in the 1934 session of Congress.

XV. MEMBERSHIP ACQUISITION

The accomplishments of the American Farm Bureau Federation justify the active membership support of every thinking farmer in America.

These accomplishments can best be safe-guarded, perpetuated, and strengthened by an ever-increasing membership. We, therefore, urge the officers and directors of the American Farm Bureau Federation, State leaders, and every delegate and member in attendance at this convention, to put forth every proper effort throughout 1934 to mobilize every thinking farmer within the respective States under the banner of the farm bureau as a first essential to restore agriculture to its proper relation with other business and industry, and to speed the return of prosperity to the Nation.

XVI. APPROPRIATIONS

Agricultural services supported by Federal appropriations have already taken great reduction. We will oppose any further reductions in support of agricultural activities greater than is suffered by other services given by the Government. Adequate Federal funds for agricultural education are necessary. Fundamental research for agriculture, the land-grant institutions, the agricultural experiment stations, vocational training, and agricultural extension are meeting unusual tasks in splendid ways.

Educational work in connection with the Agricultural Adjustment Administration, Farm Credit Administration, the Federal home-loan bank, Civilian Conservation Corps, and similar legislation has placed a greater burden on agencies of educational nature than has ever before been experienced. We urge Congress to provide sufficient funds. Funds for general education in elementary and high schools must be maintained so that our educational facilities and standards may continue on the high level which has characterized them in recent years. We advocate a resumption of the usual annual appropriations for highway purposes by the Federal Government when the funds now available under the Public Works Administration, for primary and secondary roads, have been thoroughly allocated to and expended by the States. We advocate use of funds from Public Works Administration for agricultural activities of the Federal Government and for conservation work in protecting our soil and other natural resources.

XVII. ERADICATION OF BOVINE TUBERCULOSIS

Immediate completion of the Federal program of bovine tuberculosis eradication is requested for the protection of public health. We are firmly convinced that the eradication program should be completed during this period of low cow prices when infected animals can be eliminated at minimum cost, and when removal of reactor cows can materially help dairymen in reducing surplus milk.

XVIII. UTILITY RATES

The lack of adequate income in recent years from our farms, the desirability of having modern conveniences and equipment in all our homes, and of saving labor in farm and home operations all require a greater use of electricity, water, gas, telephone, and similar services. The rates for these services, however, have been, and are now, so high as to prevent many of our people from using these conveniences of modern life. It has been particularly true that the cost of electrical current, measured in terms of generation and distribution, has been too high, and that overcapitalization, pyramiding of costs, excessive salaries, and the equivalent of blue-sky issues of stock have compelled the consumers of this current to pay tribute to an indefensible economic practice.

XIX. CREDITS FOR UNION OF SOVIET SOCIALIST REPUBLICS

Since recognition by the United States Government has been given to the Union of Soviet Socialist Republics, we urge that our Government extend proper credits to the Soviet Union to enable it to buy our farm products for its domestic consumption.

XX. A PLANNED AGRICULTURE

Soil conservation, production control, protection for agricultural products, cooperative marketing, purchasing and finance, conservation of natural resources, the development of better homes and communities in rural sections, the acquisition by different units of government of marginal land and its retirement from production of competitive crops, and similar problems demand that there be a coordination of effort and activity of every organization or agency—private, associational, or governmental—to solve these problems as to give us that national planning for agriculture which we so long have needed and now must have, if agriculture is to survive. The land-grant institutions, the agricultural extension agencies, vocational workers in agriculture, great national farm organizations, Nation-wide cooperative marketing and purchasing groups, the officers in Farm Credit Administration, the Secretary of Agriculture and all similar officials and representatives in States and counties must now work together to accomplish the economic salvation of agriculture. Division or controversy will mean ruin. Cooperation and coordination mean success. We must set aside hesitancy of governmental action and priority or precedence among organizations to secure for the individual farmer, whom we all serve, the welfare and the advantages which he must have.

XXI. DIRECT BUYING OF LIVESTOCK

We favor governmental control and regulation of direct buying of livestock as practiced by processors and packers. We urge the Secretary of Agriculture to take such action under present laws as may be necessary to remove the disastrous influence and effect such direct buying has on the price levels of livestock.

XXII. HOME AND COMMUNITY

1. In order to secure a better cross section of agricultural and Farm Bureau thought, the membership of important American Farm Bureau committees, such as resolutions committee, should be drawn from a wider field than has been customary. Qualified women as well as men should be used on this as well as other important committees.

2. It is our conviction that the Department of Agriculture would be appreciably strengthened if the farm viewpoint could be taken into consideration more consistently in its program making. This is especially true in connection with home economics, agricultural extension, and 4-H club work. A farm woman should be added to the staff of the Department to assist in the policy-making work of the Department.

3. We reiterate our stand demanding adequate tariff protection against the importation of all fats and oils and any unfinished products from which these may be extracted.

4. We advocate a truth in fabrics law to apply to all fabrics.

5. We advocate an extension of governmental control of the advertising of foods, drugs, and cosmetics.

6. We believe the education of children is the business of the Nation, and we reiterate our stand in favor of Federal aid for elementary schools.

XXIII. THE 1934 CENTURY OF PROGRESS

We urge that the 1934 Century of Progress in planning its exhibits and program give greater recognition to agriculture as our basic creative industry of vital interest to urban and rural citizens alike, and that copy of this resolution be delivered to Rufus C. Dawes, president of the Century of Progress Exposition.

XXIV. CHILD LABOR AMENDMENT

We reaffirm our former opposition to the proposed amendment to the Federal Constitution relating to child labor. We are in complete sympathy with State and Federal laws to close sweatshops, to give fair wages to all workers, and to prevent children of immature ages being employed.

We are not, however, in favor of denying the employment of the youth of our land, particularly in those months during which school is not in session, or in the daylight hours of the school period, before and after school sessions. The habits of industry on the farm and in the city, which are inculcated by the employment of youths, is an invaluable asset in later life. If this is prohibited in early life, it may reasonably be expected that more difficulties will be encountered in getting adults in later years to accept employment.

XXV. LIVESTOCK LEGISLATION

We endorse a program for livestock legislation, giving an export certificate equivalent to 40 percent ad valorem on exports of livestock and livestock and dairy products, produced in continental United States; said certificate to be negotiable and acceptable at any port of entry in the United States in the payment of duties on imports received from countries to which such livestock exports have been consigned.

XXVI. TAXATION

I. The farm tax problem

Taxation presents many of the most serious economic and social problems now confronting agriculture. Tax levies on property are inequitable and have become extremely burdensome. In many parts of the country they are literally confiscating the value of property, depriving hundreds of thousands of families of their farms and homes, and producing maladjustments in the utilization of land and other natural resources. Yet, for lack of revenue, many rural communities are being denied adequate educational opportunities and other necessary services. This, if allowed to continue, will undermine the very foundation of rural progress with destructive effects on our national life.

II. Principles

1. Only such governmental services should be continued as can be justified on the basis of merit in the light of existing economic and social conditions and in the light of alternative methods of meeting the respective needs of society for which governmental services are performed.

2. Every consistent action must be taken to effect efficiency in government and thereby make it responsive to the needs of society and operate at a minimum cost.

3. Taxes to finance the fundamental services of government should be levied in accordance with the principle of ability to pay. Fundamental services are here interpreted to mean those which are essential to the economic, social, and political welfare and safety of the people. Special services of government, other than those referred to above as general, should be financed wholly or in part from fees or assessments levied in accordance with the benefit principle.

4. Except for the purpose of equalizing economic opportunity, no special consideration should ever be given to any industry, locality, or class of persons.

5. The significant facts of any system of taxation, including its social and economic effects, should be under constant and impartial scrutiny and should be given the widest possible publicity as the only proper basis for intelligent modification of any taxing system.

III. Federal and State coordination

The problem of securing necessary adjustments in taxation as it relates to agricultural and other property is not only a matter of State taxation but is also closely related to national taxation. In recent years the fiscal necessities of the States and of the Federal Government have caused each to invade fields of revenue of the other, causing numerous duplications and conflicts of interest. It is, therefore, more necessary than ever before that proper adjustment and coordination be made, in State and Federal taxation, if those adjustments and revisions are to be made within the individual States which the American Farm Bureau Federation has long advocated as essential if adequate reductions in the present unjust burdens on property are to be made.

We reaffirm the stand taken by the American Farm Bureau Federation in 1931 in favor of a national commission to study and to make recommendations upon the interrelation of Federal and State taxation, to the end that a consistent plan may be developed for the coordination of Federal and State taxes. The general objectives of such a plan should be (1) to insure adequate reve-

nues, (2) to avoid those forms of double taxation that are unjust to the taxpayer and harmful to agriculture and business, (3) to insure more economical and effective administration of State and Federal tax laws, and, above all (4) to further the ends of social justice among individuals and economic groups by allocating the responsibility for the support of the general functions of government according to the principle of ability to pay. Particular functions of government, however, such as the construction and maintenance of roads, should be financed by taxes levied as nearly as practicable according to benefits received. Such a commission should be provided for and financed by act of Congress and appointed by the President and should be fairly representative of the Federal Government and the States, with individual members chosen for their impartial scholarship and progressive thought in the field of public finance. This body should cooperate as fully as practicable with agencies already at work on problems of the coordination of Federal and State taxes.

IV. Recommended action

Realizing that definite action can and must be taken on several phases of taxation before such a commission could complete its findings and recommendations, we now urge the following action:

1. That the Federal Government grant to the individual taxpayer a substantial offset on his income tax for income taxes paid to the States. This we believe to be both legally sound and administratively practicable in view of experience under the Federal estate tax. In revising the Federal personal income tax to include the principle now applied to the estate tax, we believe that the total tax which personal income as such should bear should be determined on the principle that every citizen should contribute to the support of government according to his ability. This principle justifies low exemptions and progressive rates. The offset should be such as to yield to the Federal Government a larger proportion of the total tax paid on the larger incomes.

2. The revenues to the States under State income taxation should be used so as to reduce the property tax, especially on farms and homes, and not as additions to total expenditures.

3. Loss of revenues to the Federal Government through the proposed offset should be met by appropriate adjustments in exemptions and rates, by new taxes, or by both. In view of the rapid growth of sales taxation in the States, largely as emergency revenue measures, we believe that certain forms of taxation of sales and transactions should be considered as better suited to the Federal Government from the standpoint of administrative feasibility and uniformity of effect on competing businesses. While recognizing that such forms of taxation are justified under present conditions as emergency measures and as a supplement to the major sources of revenue in a Federal and State tax structure, we strongly reaffirm our opposition to the general sales tax as a substitute for progressive taxation of income and inheritance and appropriate levies on business, in an equitable tax structure. These fundamental elements of a sound tax system must not be replaced or weakened by a general sales tax which tends to fall most heavily on those least able to pay.

4. We believe that the exemption of securities from the income tax affords opportunity for wealth to escape proper taxation, and that the public loses far more in revenue than it gains through greater ease of marketing tax-exempt securities. Hence we recommend that every practicable effort be made to end as soon as possible this opportunity to escape taxation.

5. We recommend that the Federal Government and the States discontinue the present tendency to resort to the gasoline tax for general revenue, and that this tax be used exclusively for roads and streets as it affords a practical opportunity to finance these facilities on the principle of benefits received.

6. The limitations imposed by the Federal statutes upon taxing powers of States over national banks has created a serious problem in most of the States. It has occasioned litigation, necessitated legislation changing the rate of taxation of stocks and bonds, required modifications in the method and rate of taxation applied to general business corporations, and materially reduced the possibilities of developing new and proper taxes. We recommend that the Congress of the United States so amend section 5219, Revised Statutes of the United States, as to remove the restrictions now imposed on the taxing power of the States and to empower States to tax national banks in the same manner and to the same extent as they tax State banks.

7. In addition to the compelling necessity of reducing the tax burden on property through economy in public expenditures and greater emphasis on other sources of revenue, it is also necessary that the property tax itself be improved by strengthening the assessment, by levying the tax in accordance with the economic characteristics of property, and by strictly confining exemption from taxation to those properties for which exemption is clearly justifiable on grounds of definite public interest.

8. Taxes on liquor should be high enough to yield substantial revenue but not so high as to foster bootlegging.

XXVII. EXPANSION OF FOREIGN MARKETS

Whereas on December 11 the statement was issued from the White House as follows:

"As far back as last March, in his discussions of the agricultural policy, the President discussed with Mr. Peek the possibility and the advisability of reopening foreign markets for agricultural surpluses. It was decided at that time that the immediate domestic supply should be restricted, in view of the fact that foreign markets were closed temporarily by tariffs, quotas, etc., so that the

immediate task was to restrict production until the machinery for the limitation of burdensome surpluses could be put in operation.

"Now the time has come to initiate the second part of the program and to correlate the two parts, the internal adjustment of production with such effective foreign purchasing power as may be developed by reciprocal tariffs, barter, and other international arrangements."

We therefore urge that every effort be made to initiate this second part of the program as soon as possible, so that the foreign markets will be reopened for agricultural surpluses and that the domestic market of the farmer may be maintained independent of the world prices for the surpluses and as a part of such program; to the extent necessary proceeds of processing taxes be made available for the removal of such surpluses and the expansion of markets.

This program is in complete accord with every pronouncement of the American Farm Bureau Federation on surplus control since the annual meeting of 1925.

XXVIII. INCREASED FARM COSTS

It has become painfully evident in recent months that prices on farm products have not increased in proportion to increases in farm costs on articles farmers must buy. Two causes for this disparity may be pointed out. First, the profiteering by certain industries in unduly raising prices on their manufactured products, and, second, the industrial codes under N.R.A., which, by near-price fixing, increased permitted costs in manufacturing, and elimination of competitive practices not only allow but authorize varying amounts of price and profit increases.

REPORTS OF COMMITTEES

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (H.R. 6670) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes, reported it with amendments and submitted a report (No. 198) thereon.

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

S. 1985. A bill relating to the amortization of the construction cost of certain toll bridges in the State of Oregon (Rept. No. 199); and

S. 2029. A bill to extend the time for completing the construction of a bridge across the Delaware River near Trenton, N.J. (Rept. No. 200).

INVESTIGATION OF AIR MAIL AND OCEAN MAIL CONTRACTS

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the resolution (S.Res. 143) enlarging the authority of the special committee investigating air mail and ocean mail contracts, reported it without amendment, and it was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

PRINTING OF HEARINGS ON STOCK-EXCHANGE PRACTICES

Mr. HAYDEN. Mr. President, by direction of the Committee on Printing, I report favorably two Senate resolutions, one an original resolution, relating to the printing of documents and ask for their immediate consideration. Senate Resolution No. 144 is reported without amendment.

There being no objection, the resolution (S.Res. 144), submitted by Mr. FLETCHER on the 17th instant, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Banking and Currency of the Senate be, and is hereby, empowered to have printed 1,000 additional copies of parts 1 and 2 of the hearings held before said committee during the second session of the Seventy-third Congress on stock-exchange practices.

PRINTING OF ANNUAL REPORT OF DAUGHTERS OF THE AMERICAN REVOLUTION

Mr. HAYDEN, from the Committee on Printing, reported a resolution (S.Res. 149), which was considered by unanimous consent and agreed to, as follows:

Resolved, That the Thirty-sixth Annual Report of the National Society of the Daughters of the American Revolution, for the year ended April 1, 1933, be printed, with illustrations, as a Senate document.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. BYRNES:

A bill (S. 2428) to prohibit a Senator or Member of Congress from representing an individual, firm, or corporation in procuring the award of a contract, the payment of a claim, or the making of a loan by any department of the Government; to the Committee on the Judiciary.

By Mr. SHEPPARD:

A bill (S. 2429) authorizing the President to order Donald O. Miller before a retiring board for a hearing of his case, and upon the findings of such board determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his resignation; to the Committee on Military Affairs.

(Mr. O'MAHONEY introduced Senate bill 2430, which was referred to the Committee on Public Lands and Surveys and appears under a separate heading.)

By Mr. COPELAND:

A bill (S. 2431) for the relief of the estate of Joseph Y. Underwood; to the Committee on Claims.

A bill (S. 2432) to reduce passport fees, and for other purposes; to the Committee on Foreign Relations.

A bill (S. 2433) authorizing the President to present a gold medal to George M. Cohan; to the Committee on the Library.

A bill (S. 2434) granting an increase of pension to Helen K. Snowden; and

A bill (S. 2435) granting a pension to Grace A. Walker; to the Committee on Pensions.

By Mr. DUFFY:

A bill (S. 2436) authorizing loans by the Reconstruction Finance Corporation to public and private colleges, universities, and institutions of higher learning, and for other purposes; to the Committee on Banking and Currency.

(By request.) A bill (S. 2437) to provide for the reincorporation of the National Daughters of the Grand Army of the Republic; to the Committee on the Judiciary.

By Mr. TYDINGS:

A bill (S. 2438) to amend the White Slave Traffic Act; to the Committee on the Judiciary.

By Mr. BACHMAN:

A bill (S. 2439) for the relief of the Goldsmith Metal Lath Co., Price-Evans Foundry Corporation, and R. W. Felix; to the Committee on Claims.

A bill (S. 2440) to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Parks in the States of Tennessee and Georgia; to the Committee on Military Affairs.

By Mr. KING:

A bill (S. 2441) for the relief of the Zion's Savings Bank & Trust Co., of Salt Lake City, Utah; to the Committee on Claims.

A bill (S. 2442) for the protection of the municipal water supply of the city of Salt Lake, State of Utah; to the Committee on Public Lands and Surveys.

By Mr. LONERGAN:

A bill (S. 2443) for the relief of Ella B. Kimball, daughter and only heir of Jeremiah Simonson; to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 2444) granting an increase of pension to Eliza A. Perry (with accompanying papers); to the Committee on Pensions.

By Mr. STEPHENS:

A bill (S. 2445) to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla.; to the Committee on Commerce.

By Mr. HATCH:

A bill (S. 2446) for the relief of John J. Doyle; and

A bill (S. 2447) for the relief of Anna Hathaway; to the Committee on Claims.

A bill (S. 2448) providing payment to employees, Bureau of Reclamation, for mileage traveled in privately owned automobiles; to the Committee on Irrigation and Reclamation.

A bill (S. 2449) granting an increase of pension to Cornelia W. East; to the Committee on Pensions.

By Mr. McCARRAN:

A bill (S. 2450) to amend an act entitled "An act to regulate commerce", approved February 4, 1887, as amended and supplemented; to the Committee on Interstate Commerce.

A bill (S. 2451) relating to the payment of certain construction charges on the Truckee-Carson Irrigation District, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. NORRIS:

A joint resolution (S.J.Res. 74) authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon; to the Committee on Interstate Commerce.

CONTROL OF PUBLIC DOMAIN

Mr. O'MAHONEY. Mr. President, in the Seventy-second Congress my distinguished predecessor, the late Senator Kendrick, of Wyoming, introduced a bill to provide for granting to certain public-land States certain areas of the public domain within their respective borders. I was under the impression that that bill had been reintroduced by him at the first session of the present Congress. I find that I was mistaken. I should like to introduce a similar bill at this time, and I ask unanimous consent that I may proceed for 2 minutes in explanation of the introduction of the bill.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred, and, without objection, the Senator is recognized for 2 minutes.

The bill (S. 2430) to provide for the granting of public lands to certain States, for the elimination of lands from national forests, parks, reservations, and withdrawals in connection with such grants, and for other purposes, was read twice by its title and referred to the Committee on Public Lands and Surveys.

Mr. O'MAHONEY. Mr. President, this measure opens up a rather fundamental controversy between those who contend for control of the remaining public domain by the States and those who believe that it should be controlled by the Federal Government. Bills have been introduced upon both sides of the problem. There is now pending, I understand, in the House of Representatives, the so-called "Taylor bill." The bill introduced in the last Congress by the late Senator Kendrick, and which I now present, provides for the preservation to the Federal Government of the royalties which it now derives from the operation of the public domain.

In some of the Western States, of which Wyoming is one, there has been developed a very successful and efficient manner of handling the public domain. However, it is generally recognized that there is a wide division of opinion with respect to the manner in which this problem should be solved. My own feeling is that it deserves the most serious consideration of the committee and of the Senate, and for that reason I shall ask that an article which recently appeared in the Saturday Evening Post, being an interview of Secretary Ickes with Mr. Marquis James on The National Domain, shall be made a part of my remarks.

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

The matter referred to is as follows:

[From the Saturday Evening Post, Dec. 23, 1933]

THE NATIONAL DOMAIN

Here is a small piece of paper containing a few lines hastily written with a lead pencil. It is unsigned, but perhaps you might recognize the angular handwriting of the President of the United States. Let me read to you what he has written:

Total dams and ditches, \$13,500,000; hydroelectric, \$6,000,000; first year, \$4,500,000; acres to be irrigated, 60,000; elimination submarginal, 300,000; subtract, 60,000; total elimination, 240,000.

I intend to preserve this paper. It is interesting now. To my grandchildren it will be more so, as one of the acorns from which great oaks have grown.

The foregoing sets forth, in its shirt sleeves, the latest and most authoritative advices I have at hand on a pertinent phase of the spacious subject of our national domain and its conservation.

The President jotted it down as we talked a few days ago. As everyone knows, reclamation of farming lands by irrigation is one arm of the diverse policy of conservation. That means bringing in more acres of tillable soil, and, quite naturally, the question arises: Why should we add to the sum of farming lands on the edge of the desert when, to get rid of the surplus of farm produce, we are having farmers in the old-established agricultural belts plow under standing crops? If that were all there is to irrigation, there would be no excuse for it; and such, indeed, has been the old irrigation policy.

But under the new set-up the case takes on a different color. By this policy for every acre brought in by reclamation there will be withdrawn from cultivation, or attempted cultivation, submarginal lands of equal producing capacity, the ratio being about 5 acres withdrawn for every acre brought in.

The President's memorandum portrays a hypothetical example. We engage to spend on irrigation dams and ditches \$13,500,000, say, and for hydroelectric equipment \$6,000,000 more; the first year's expenditure being \$4,500,000. Assume that ultimately this will transform 60,000 desert acres into crop-bearing soil, every acre of which, productively, will be worth 5 acres of submarginal land. Thus 300,000 acres of poor land will be retired, and we shall have 240,000 fewer acres in production than before.

WHAT THE NEW LAND POLICY WILL DO

This exemplifies a good land policy, a good conservation policy, a good social policy. Think what it will mean to the poor devils now eking out a squalid existence on soil which, in this country, one has no business trying to farm, to put them on land where, with the same or less effort, they can enjoy their share of the desirable things of life. In 1929, which was a pretty good farm year, 28 percent of all the farms in the United States produced less than \$600 apiece; and this production comprised only 3.38 percent of all farm products sold in the United States. Forty-nine percent of our farms produced less than \$1,000 apiece, and this production was less than 11 percent of the national cash farm income. This shows where approximately half of our farm population stands today. As for their influence on production and on the surplus—why, it amounts to only slightly more than the effect of a couple of good seasonable rains in the Corn Belt.

We are ascertaining for the first time the amount of poor land that should be retired from cultivation, and in round figures it seems to foot up to something in the neighborhood of 25,000,000 acres.

We have learned to take the birdseye view and to zone our cities, directing that in this area we shall have residences, in this retail stores, in this manufacturing. We now undertake to achieve a grand vision of the whole country, saying that this land shall be cropped, this shall be range, this shall be forest, this shall be worked for minerals. In this way, and no other, can we properly conserve—that is to say, use wisely—our natural resources and provide for a more equitable distribution of their bounties.

We have reached the end of the pioneering period of go ahead and take. We are in an age of planning for the best use of everything for all. We must ultimately pull out from low-scale agricultural production, with its attendant evils of low-standard living, some millions of acres of submerged lands. One fifth as many good acres will take care of the people now scratching them for an existence and will open for these people the gates of a happier life. The abandoned acres should pass back to the control of the Federal Government to be administered for the benefit of the Nation as a whole. In the East this land largely should be added to our national forests. In the West, generally speaking, it should revert to the public domain as an addition to our grazing ranges. The Indians, who are badly in need, should also get their share. By such redistribution, the soil will be of vastly more service to society than as crop land whereon a sizable proportion of our farming population struggles in vain to make a decent livelihood.

As to water power, the alternative is to turn it over to private interests for exploitation or to retain it as a public trust for public use. I believe in developing public resources for the benefit of the public and do not see why we should hand them over to someone and tell them to make a profit. Almost all reclamation projects are susceptible of water-power development.

BIG WRITER TO BE BIG RIGHTER

And one more parenthetical word about the Indians. They bring up a conservation problem of a special sort—a matter of human and spiritual values rather than material values entirely.

Creek Indians of the old generation in Oklahoma have a word for the Secretary of the Interior that contains a certain amount of irony. Translated, it means Big Writer. A century and a half of wrongs perseveringly visited upon the Indians have done much that is beyond repair. But as long as I am Big Writer there will be no more thievery of Indian water rights and a dipping into tribal funds for the construction of fancy roads and bridges for white tourists to ride over.

Since 1904 our unreserved and unappropriated public lands have shrunk from 473,000,000 acres to 173,000,000. Much of this vast domain was taken up as farm and cattle-raising homesteads. That a considerable part of it was unsuited for those purposes, the present state of the agricultural proprietor and of the small stock raiser who has tried to make out on a homestead of 640 acres bears conclusive testimony. With all good intentions, the Government has been a party to an unsound business allurements from the effects of which a great many of our citizens have suffered and are suffering. This wrong we propose to correct, making the Government a party to the retirement of poor lands from cultivation.

tion and to the voluntary relocation of the people who are trying to cultivate them on better properties.

Moreover, I propose to exert my influence to retain our 173,000,000 acres of public domain, and whatever may be added to it, under the control of the Federal Government, rather than to grant it to the States in which it lies. One school of conservationists favors this latter course. I oppose it because I feel certain that the selfish and short-sighted influences which have done so much to plunder our public domain and bring upon our heads the problems that now vex us would find it much simpler to have their way with State governments than with the National Government. Especially will this be true when the arm of the Federal Government is strengthened by the contemplated reforms which I hope within a few months will have the sanction of law.

The public domain, exclusive of mineral properties, performs an important function in our social and economic scheme. These 173,000,000 acres are situated largely in the 11 Western States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming, and these States produce about half of the sheep and one sixth of the cattle that are raised in our country. By a decision of the United States Supreme Court, the public lands are a grazing common for the use of the public.

THE IMPORTANCE OF A BLADE OF GRASS

The Department of the Interior is charged with the administration of these lands, but has very limited authority to control their use. The result has been tragic. Many years ago a member of the Geological Survey contemplated the bleak prospect of a grazing range upon which the very roots had been eaten, and recommended that there be some authority to regulate grazing. He pointed out that without such regulation overgrazing destroyed the cover. Next season one found the grass depleted, and the stock ate out the roots. Then erosion set in, the headwaters of the streams silted up, and there were floods below—all traceable back to overgrazing.

As matters stand now, there is no authority to prevent overgrazing. I can go out with a thousand cattle and pick a range bare of everything that a cow or a steer will eat. You can follow with a herd of sheep. Sheep browse more closely than cattle and they can subsist on a range where cattle will starve. Sheep will eat and tread out the roots of the grass. This situation was the genesis of the great sheep and cattle wars in the early days of the powder-stained West. Animosity between sheepmen and cattlemen is not uncommon today; but instead of shooting it out, as they did in the olden days, they have recourse to the local courts. These courts can determine who shall use the range as between rivals, but they cannot restrict the extent of its use. Thus the fundamental evil of the destruction of the range continues.

The cattlemen, like the oilmen, the coal men, the timbermen, and every one of us who has had anything to do with the utilization of our resources of nature, have played a short-sighted game. We are all tarred with the same stick, and in no quarter of the country have we learned our lesson except when those natural resources have been exhausted or seriously depleted. Why are so many of the leading conservationists easterners? Take President Roosevelt, Gifford Pinchot, T. R., Rexford Tugwell, Henry Morgenthau, Jr.—all are from east of the Appalachians, where the people are now paying so dearly for the acts of their lusty pioneer forbears. Our cattlemen have merely carried on a great American tradition.

It is illegal to fence the national grazing range, but during the war, when it was necessary to overlook a number of precedents and ignore a good many laws, permission was granted to erect fences on parts of the public domain in Arizona and in New Mexico. When the emergency passed, the fences were ordered down. Pressure was brought to bear and the fences stayed where they were, making, in effect, private preserves of the public range. Order has succeeded order, but the fences remain. I have directed that they shall be removed and intend that this order shall be obeyed, even if it means some activity on the part of the United States marshals. I do not anticipate, however, that this will be the case. I feel that we shall soon have a new deal for the public domain that will mean so much for the cattle industry and so much for the country that this small, if vital, issue of the fences will solve itself in the right way.

TRUE CONSERVATION

In 1928 my predecessor in charge of the Department of the Interior obtained authority from Congress to undertake an experiment. Some of the poorest grazing land in Montana lay in the Mizpah River-Pumpkin Creek area in the southeastern part of the State. It had been abused until it hardly was fit for anything. The department obtained permission to segregate 108,000 acres, part of it public domain and part privately owned, but of little use to the owners. This land was withdrawn from grazing and given a rest. Then it was leased to a privately organized association for \$20 a section—a section being a square mile, or 640 acres. The association undertook to lease it to cattlemen at \$1.25 a head. It put up fences, made water holes, dipping sheds and other improvements; and it regulated grazing. The result after 3 years is that there is twice as much grass in the Mizpah as before, although the carrying capacity has been increased from 3,000 to 5,000 head. Moreover, I have been told that the calves last year weighed on an average 12 pounds more than in any previous year before grazing was regulated on that range.

This is true conservation, which, I repeat, does not mean holding a public resource in idleness, but using it wisely.

The success of the Mizpah River-Pumpkin Creek experiment has brought numerous requests from different parts of the West for permission to form similar associations and work out the grazing problem under Federal supervision on other segments of the public domain. I feel, however, that rather than deal with the matter piecemeal, it would be wiser to deal at one swoop with the whole public domain by giving this department authority to regulate grazing on it, which, as a matter of fact, should have been done many years ago. Accordingly, last March there was presented in the House of Representatives, by Mr. TAYLOR, of Colorado, a bill whose objects were defined in this language: "To stop injury to the public grazing lands by preventing overgrazing and soil deterioration; to provide for their orderly use, improvement, and development; to stabilize the livestock industry upon the public range, and for other purposes."

This bill was prepared in collaboration with the Department of Agriculture and had the benefit of its long experience with this problem. In the national forests, which are under the jurisdiction of the Department of Agriculture, grazing is regulated and there has been no such deterioration of the range as has occurred on the public domain. This bill was passed by the House, but the Senate did not have time to act on it before adjournment. When Congress convenes again in January, this bill will be punctually reintroduced.

The proposed legislation gives the Government an authority over its grazing lands that it should have possessed long ago, and will do for this great domain all and more than has been done in Montana by means of the Mizpah experiment. As drawn, however, the bill contains one serious defect. This is a provision that the act shall be ineffective in any State without the approval of the legislature of that State and further provides that State lands may be lumped with Federal lands in a jointly administered project. I am opposed to this for the same reasons that I am opposed to transfer of our public domain to State control. The local political pressure for a return to the old evils would be a thing not easily resisted. But with this one section amended, I hope, and expect, that this great piece of legislation will be enacted at the coming session of Congress, and I cannot neglect this opportunity to urge my fellow citizens to support it.

To the lay mind, the word "conservation" usually connotes the work that has been done to preserve our forests and to create and maintain our national parks; and this, indeed, is an important aspect of the problem. A forest is the most highly developed of the natural social organizations of the vegetable kingdom, and the most useful. A forest is a community of trees, as a city is a community of human beings, and had there been no forests in this country there would be fewer cities.

JEFFERSON MISSED HIS RECKONING

In a forest there is a struggle for existence, it is true, with each tree fighting to obtain its share of the good things of the universe, but, on the other hand, a forest is a cooperative community in which each tree helps its neighbor and contributes its part to the common protection of the young. A forest perpetuates the richness of its own soil. Its influence on streams averts floods and droughts. It sustains a population of animals and has made large sections of this continent habitable for man, aside from the contributions to man in the form of fuel and building materials. The disappearance of forests has rendered millions of acres of our country so inhospitable to man that wisdom suggests that the residents move out and give this land an opportunity to recruit its life-sustaining powers as a part of the public domain.

Seven eighths of the eight-hundred-odd millions of acres of virgin forest within the bounds of the United States already have been destroyed; and though abuses continue in what remains, the lumbering interests have awakened to the grave nature of affairs. Originally lumbering was centered in the Eastern States. These forests denuded, it moved into the hardwood belt in the Middle States and into the Lake region. Then it went South. Now it is on the Sierra slopes and the Pacific Northwest, which is the last stand. Wasteful lumbering and fires have destroyed these forests, which, with the buoyance of youth, pioneer American enterprise deemed inexhaustible. As thoughtful a man as Thomas Jefferson reckoned that it would take civilization 100 generations to march from the Appalachians to the Pacific. He missed it by 95 generations.

About half of the timber available for lumbering is in private hands and half lies within the Federally-owned and protected national forests. That in private hands supplies 97 percent of the current lumber production. Of late years lumber companies have undertaken reforestation on a large scale.

NATIONAL FOREST ADDITIONS

I am unwilling, however, to intrust the entire problem to private owners. If it had not been for the farseeing and competent administration of our national forests by the Department of Agriculture, the situation would be much worse than it is. There should be large additions to our national forests, which now cover barely one fifth of our possible timber-growing areas. The young men of the Civilian Conservation Corps have in 6 months accomplished as much that will enhance the happiness of coming generations as has been accomplished by all other agencies dealing with reforestation in the past 15 years. They have planted trees on National land, State land, county land, and private land. Nature and time will do the rest. And most people thought that this work was simply an excuse for taking a quarter of a million idle youngsters off the streets.

Moreover, \$20,000,000 from the C.C.C. funds have been set aside for the purchase of new lands to be added to the national forests. The National Forest Reservation Commission has in mind the acquisition of approximately 42 tracts, aggregating 7,280,000 acres. This will exhaust the fund. These units are located in 14 States, the westernmost of which is Minnesota. Four of these States—Missouri, Illinois, Kentucky, and Mississippi—now contain no national forests.

In the far West, territory is being added to the national forests under the General Exchange Act by swapping land for land and land for stumpage. No money payments are involved.

The conservation of scenic values is one of the most interesting and worth while of our efforts, and it is a thing that cannot be done by the Federal Government alone. It must reach down to every village and community in the land. Grand Canyon, Yosemite, Glacier Park, Acadia, the Great Smokies—the very names expand the heart. But what would they have meant to us if the Government had not taken them in hand? Private interests will exploit anything. They would put a sign on the Washington Monument if you would let them. How often have you gone through the country and seen a beautiful, majestic bowlder turned into an advertisement?

We are approaching a time when we shall have more leisure. What better use can be made of it than just wandering about, looking at the scenery? Take the range: North in the summer, south in the winter, California at all times. But we must educate our people to a sane use of leisure. For one thing, I hope to see the system of national parks greatly enlarged. There are inspiring, beautiful places in nearly every State in the Union which could be set aside as national parks with profit to all.

They should be joined by great roads. The other day I listened to Senator BYRD, of Virginia, as he sketched his vision of a road a hundred feet wide from the Shenandoah to the Great Smoky National Park. The President amplified the picture. He said he would like to see the road begin at the Canadian border in Vermont and sweep down through the Green Mountains, through the Berkshires, and to the Blue Ridge, joining the Senator's project. This would be a great thing—a great thing for the interior life of our people. There shouldn't be a billboard in sight. The right-of-way should be landscaped and planted like the Bronx River Parkway and contiguous systems leading north from New York City. It costs little to set out trees when a road is built. Then, in 25 years, see what you have.

Suppose that you owned 5 acres. Would you go out and cut down every tree and burn it in the fireplace? We have 5 acres at our place in Winnetka, north of Chicago. When the house was built in 1916, a few trees had to be removed. These filled the cellar with firewood. Since then I have cut down only dead trees and worked up the windfalls, and the cellar is still filled. And I do not have a billboard on the front lawn.

We must get a sense of personal responsibility toward the national resources as a whole. That is all there is to conservation. If we do not, we waste; and if we waste, we find ourselves in the hands of the sheriff, as the coal industry has done.

BUYING BACK A GIFT

Conservation is economy. Consider Chicago. The early fathers were open-handed go-getters. They pressed miles of the beautiful lake front upon a railroad. Our generation is taxing itself hundreds of millions of dollars to get back that lake front. When we cut down a tree that has been a hundred years growing and make a house of it, we think we are being progressive. But, unless steps are taken to replace that tree, another generation will pay a heavy cost for our lack of imagination and of regard for the rights of the other fellow.

One afternoon I got to my home in Winnetka earlier than usual, and while walking about the grounds I found a woman inside the fence filling a market basket with flowers.

I asked her if she was aware that she was on private property. The inquiry did not disturb her. "Oh", she said, "I thought it would be all right."

That's the trouble. We've always thought it would be all right. We are not woods broke. We see something lovely or useful—and we reach and take it. A century of this, and behold the evils that have followed in its train; depleted timber and mineral resources; depleted ranges, erosion, and floods; millions of acres rendered unfit to support human life decently. Now, what are we going to do—go out and correct these conditions, complex as they have grown, and painful and expensive as readjustment at this late date may be in some of its details, or shall we fold our arms and say that these things are the way of the world and no help can be found for them?

Mr. O'MAHONEY. I also request that there shall be published in the RECORD, as a part of my remarks, an article written by a former Member of the House of Representatives from Wyoming, the Hon. Charles E. Winter. I am frank to say that I think Mr. Winter in this article is unnecessarily critical of the Secretary of the Interior, but, nevertheless, the point of view which he expresses is, I think, worthy of the further notice it will receive from publication in the RECORD.

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

[From the Casper Tribune-Herald, Dec. 31, 1933]

WINTER ARGUES RIGHTS OF PUBLIC LAND STATES IN CHALLENGING POLICIES OF SECRETARY ICKES—"CALL TO ACTION" SOUNDED BY FORMER SOLON IN WARNING AGAINST LAND CONTROL BILL

By Charles E. Winter, former Wyoming Congressman

In a recent issue of a national weekly, Secretary of the Interior Harold I. Ickes, by way of an interview, writes on the subject of the national domain. At the outset, he illustrates the theory upon which the administration justifies the construction of reclamation projects in the West. The illustration reads like the Casper-Alcova project. In a few words the justification stated is that for every acre of good land made productive by irrigation, 5 acres of marginal lands will be retired from occupancy for living purposes and from production. Thus, he brings reclamation in line with the "best use"—which is conservation. With this proposition we have no quarrel. In this connection, however, he states that without this concurrent plan of retirement of marginal lands, meaning poor lands, "there would be no excuse for reclamation" in view of overproduction.

With this statement I must take issue.

First, reclamation by irrigation justifies itself—per se.

Second, the overproduction crops are raised by irrigation; they are consumed on the projects. But the great bulk of crops raised on the projects are special crops of which we not only do not have a surplus but which were imported in the normal years preceding the abnormal years, and the subsequent depression, to the amount of \$600,000,000 to \$800,000,000 annually. These imported agricultural products can be raised on our projects, and should be raised in the United States.

Third, the honorable Secretary ignores a basic right of the arid States to have their productive resources developed, particularly in view of the fact the States east of the Rocky Mountain States have a hundred percent of their area in production, while the arid States now have an average under cultivated production of only about 3 percent of their area; and when all land in the arid States capable of irrigation is furnished with water, the amount will be but about 5 percent. To this development the arid States are surely entitled, from any standpoint of justice.

Fourth, every irrigation project develops electric power, which is of great value in the creation of new industries by development of mineral resources now dormant. There are imported gypsum, chromium, asbestos, aluminum, potash, and nitrate, all of which we have in the West in the region of power and reclamation projects. The last two, potash and nitrate, with our phosphate, constitute the fertilizer much needed to renew the depleted soil from the Mississippi to the Atlantic. Potash is being imported from France and Germany; nitrate formerly from Chile. A combination of potash and phosphate, plus hydroelectric power for the fixation of nitrates from the air, such as exist in the Green River Valley in Wyoming, for example, is of incalculable value to the whole people of the United States and especially to the eastern half of the country, where the soil must have these elements annually replaced.

But the chief issue I take with the Secretary's article is that portion in which he states his opposition to the plan of ceding the remaining unappropriated public lands, 173,000,000 acres, to the States. He places himself on record for perpetual Federal control, to the exclusion of the people who, under the present land laws, can acquire them. His stated reason for denying to the States their proper jurisdiction and ownership is that "the selfish and short-sighted influences which have done so much to plunder our public domain and bring upon our heads the problems that now vex us would find it much simpler to have their way with State governments than with the National Government."

This charge is a repetition of similar statements emanating from the Atlantic coast and from Government bureaus seeking enlargement and authority, and is based on the destruction or wastage or the giving away by the older States of their lands and natural resources, particularly their forests. I deny the charge against the West, and call for the proof. The Western States were granted and have administered creditably from 2 to 4 school sections in each township. This is fact against an eastern slander. The Western States have administered land-grant college and university lands with integrity and efficiency. If Mr. Ickes is right, then it was a mistake to intrust the States with any lands. Minnesota, Wisconsin, Missouri, and Texas have handed mineral lands retained or granted them in the enabling and annexation acts to the enrichment of those States' educational funds. In 1850 about 64,000,000 acres of swamp land were distributed among the then States, mostly Eastern, some of which, it is said, failed to develop or dissipated these lands without much benefit to the States. It is alleged that the Appalachian States, then the Great Lakes and the Southern States, permitted all their forests to be cut down and did not replant. If all these charges are true, they afford no basis whatever for a conviction and condemnation of the Western States in this day and age. In the same paragraph with a criticism of the northwest Pacific coast States for rapidly cutting their timber, the Secretary admits that even the private owners of timber there are replanting their cut-over areas.

As against the arraignment of the Secretary, I contrast the position of the deceased United States Senators, John B. Kendrick, of Wyoming, and Thomas J. Walsh, of Montana, both of whom came to the opposite conclusion and had bills pending in the Senate at the time of their deaths to cede the remaining public lands and their resources to the States. A host of other men and

women, prominent nationally, have taken the same position, including 22 members of a commission appointed from all parts of the Union, who made a report after an investigation and study over a period of a year and a half recommending that Congress cede the unappropriated lands to the States. Their conclusion and reason was that the States are in a better position to, could, and would conserve the lands better than the Federal Government. Twenty-two Governors, all who were in attendance at a conference in Salt Lake City, petitioned Congress to cede the public lands to the States.

The arid States and their people know better than any Eastern State or people possibly could the value and necessity of conserving the land, the range, the forests, and the water which constitute the bases of their material wealth and prosperity. If there ever was a time when they would have destroyed these resources—and there was not—that time has long since passed.

The honorable Secretary picks out certain notables east of the Appalachian Range as being the outstanding conservationists, thereby intimating that the West has none. Let these illustrious conservers and reformers restore the depletion in the East that occurred before the era of conservation. The West will take care of its own.

When I say "its own", I speak advisedly. The Constitution and the policy of this Government never contemplated or intended that the Federal Government should forever govern the lands within the States. The Federal Government is a trustee under the treaties whereby we received these lands from other nations. The trust should be closed. The Government has now permanently reserved, as trustee, to itself 235,000,000 acres of forests, minerals, and water-power sites—the richest lands in the 11 Western States. This constitutes 30 percent of their entire area. Now the Secretary proposes to so legislate as to permanently retain the Federal grip on the balance of the public land—173,000,000 acres—a total of 408,000,000 acres, which is 55 percent of the total area of these States. There is already an anomalous condition contrary to the genius of our institutions. With the new proposal added, it is grotesque. The American system contemplates that the area within a State shall eventually come to the ownership of the State or its people. Just as it came to the people of Indiana, Ohio, Illinois, Iowa, and Nebraska in the march of the States westward under the national plan. I make exception of the national parks, which should be Federal.

In the case of *Pollard v. Hagens* the Supreme Court of the United States said:

"We will now inquire into the nature and extent of the right of the United States to these lands. This right originated in voluntary surrenders made by several of the old States under a resolution of the old Congress, of the 6th of September 1780, recommending such surrender and cession, to aid in paying the public debt incurred by the War of the Revolution. The object of all the parties to these contracts of cession was to convert the land into money for the payment of the debt and to erect new States over the territory thus ceded; and as soon as these purposes could be accomplished the power of the United States over these lands as property was to cease."

The decision pertained to lands east of the Mississippi, which, as stated, had been conveyed to the United States by the Thirteen Original Colonies. But the policy is true of the States west of the Mississippi as well, even though these areas were ceded direct to the United States by the foreign nations. The treaties under which they were acquired provided to the same end—the erection of sovereign States on equal terms with the original States. This fact was recognized, hence the provision in the constitutions of the new Western States that the people of the State "disclaim all right and title to the unappropriated public lands." These States were required to so provide to gain admission. The legal status has been determined by the United States Supreme Court in favor of the Federal Government as against the States. But we are now addressing ourselves to a policy to be determined by the Congress under its authority provided in article IV, section 3, of the Constitution: "Congress shall have power to dispose of and make all needed rules and regulations relative to the territory or other property belonging to the United States." The Revolutionary War debt was paid by 1836. This was done by the General Government, as trustee, from the proceeds of public lands, for the benefit of all the people. But being paid, there was but one object of the trust left—the creation of sovereign States over the new areas; and the people of these States were and are the beneficiaries of the trust. It is time now to close the trust and bring about the condition described by the Supreme Court in the above case:

"Whenever the United States shall have fully executed these trusts the municipal sovereignty or the new States will be complete throughout their respective boundaries, and they and the original States will be upon an equal footing in all respects whatever."

Under the system of reservations or any system of control which prevents the acquisition of the public lands by the State or its citizens the Western States will never be upon an equal footing with the rest of the States.

The Court further states, as quoted:

"As soon as these purposes (payment of the Revolutionary debt and creation of sovereign States) could be accomplished the power of the United States over the lands as property was to cease."

The debt is paid, the sovereign States have been created; so let the power cease. Let the trust be closed. Let the States or their citizens have their land within their borders and jurisdiction over it. Under the Secretary's plan, the Western States will be forever denied that "equal footing" with the other States, which have

come, or their people have come, into ownership and jurisdiction over all the land within their borders.

Partial returns of the proceeds of these lands to the States cannot justify the permanent retention of them by the Government. The States are entitled to a hundred percent of such proceeds and to the jurisdiction and administration of them as a matter of primary political right and principle.

As a practical proposition, any system to regulate the range should include the State lands as they are scattered through and are contiguous to the scattered parcels of the Federal land. But Mr. Ickes refuses to agree that there shall be any joint management because he distrusts the States. He is even opposed to the passage of the Federal control bill he advocates, as written, because it contains a provision that it shall be effective only in such States whose legislatures will accept such a change in our land policy. He says:

"The bill as drawn contains one serious defect. This is a provision that the act shall be ineffective in any State without the approval of the legislature of that State, and further provides that State land may be lumped with Federal lands with a jointly administered project. I am opposed to this for the same reason that I am opposed to the transfer of the public domain to State control. The local political pressure for a return to the old evils would be a thing not easily resisted."

What evils? And why would any State bring about or permit the return of any evils? Was every prior Congress and President mistaken and encouraging "evils" when they granted to all the States a total of 202,000,000 acres upon or after their admission? The Secretary's State of Illinois was granted 3,600,000 acres. Did it waste theirs? Mr. Ickes' position condemns the United States and the policy of this Government through a hundred years. The Western States, according to his theory, are either so inefficient or so dishonest that their legislatures, executives, and land officers will somehow waste, destroy, or give away for exploitation at the behest of "influences" their own lands, waters, forests, and minerals. The Western States have proven the contrary.

In the past year the people, for whom the National and State Governments exist, homesteaded over 3,000,000 acres under the homestead law provided by Congress in 1862 under which the West from the Mississippi has been peopled and carved into independent, sovereign States. In the year preceding that they filed on more than 4,000,000 acres. Mr. Ickes presumes to say that they should not do so and proposes to fix things so they cannot, and this at a time when it is a Government policy to direct the people "back to the land." He states the land will not support them. The same thing was said of the States of Nebraska and Kansas, once denominated a part of "the Great American Desert" in our geographies. The bill in Congress favored by the Secretary will stop all homesteading or acquisition of public land by purchase. The homesteaders endure hardships, yes. Especially in this time of depression when farmers on old settled farms in Midwestern States cannot make ends meet. So did the homesteaders in Mr. Ickes' State of Illinois, and of Iowa. The early settlers of Nebraska and Kansas were driven out by failure but either they, returning, or the second or third set of homesteaders stuck and developed great States. However, I concede that the land now left is the poorest, the best having been taken, and that 640 acres does not afford a living.

But whether the remaining lands can afford a living by stock grazing and some crop production on 640 acres, which could quickly be enlarged to 1,280, is not after all the real question. The point is that these lands should come into private ownership by homesteading or by sale. The Ickes plan would make this forever impossible. State ownership would continue the possibility through a State homestead law as to such tracts as are capable of furnishing a living and sale of all the rest; and in the meantime lease and regulate. Sale price should be not more than \$1 per acre, long-term payment. These lands, once in private ownership, would automatically find their best use under economic laws, whether crop-growing land or grazing land. They will be conserved and developed, for a man takes care of his own. Under private ownership the land would be on the tax rolls and help to sustain the State as they should. Under Federal ownership they are not taxable. The State suffers thereby. Under State or private ownership they are where they belong—in the jurisdiction of the State.

The Federal Government should be satisfied with its excessive power and jurisdiction over 30 percent of the entire area of our Western States forever denying to the people ownership or State ownership and paying no taxes, and not now seek to retain permanently 25 percent more of all the remaining public land. The Constitution forbids the creation of another State within a State. Article IV, section 3, "no new State shall be formed or created within the jurisdiction of any other State." The Federal Government, by permanently reserving and retaining 55 percent as proposed, or 30 percent as now, when it is, under the Constitution and the international treaties under which these lands were acquired from other nations, a trustee to "dispose of" them for the erection of sovereign, independent States on an equal footing with the Thirteen Original States (which retained all their public lands within their borders) is in effect erecting another State within a State.

This whole idea of great reservations and great areas under perpetual Federal control is centralization gone mad. It out-Herods Herod, out-Hamiltons Hamilton, and out-Marshalls Marshall. As for Jefferson, the patron saint of the party to which the Secretary belongs, what becomes of our dual form of government, the rights of the States and individuals, for which Jeffer-

son stood, that balanced structure of government provided by the Constitution—Federal and State? What has become of that Jeffersonian basic American principle, "That government is best which governs least"?

The Secretary asks the people to support him and the legislation which he advocates, the Federal Control Land Act, the Taylor bill referred to, amended so as to strike out the last vestige of State rights. I am convinced that western Representatives in the House made a grave mistake in passing the Taylor bill. They number but 35 Members out of 435, hence the bill is an eastern bill; but a united front by them would have prevented the passage of the bill, which reduces the Western States in principle and practice to the status of dependencies and provinces. They surrendered a vital right of a State in our form of government. The Senate Members should be wiser. I plead for and hope my fellow citizens everywhere believing in our political structure will unite in the preservation of that structure and resist the Federal land control bill, pending in Congress, which dooms the remaining lands forever to the status of a Federal pasture, with a host of Federal agents, rules, and regulations, under an enormous expense, denying the States their rightful jurisdiction and the individual the right to buy the land. I trust they will support those other bills introduced and advocated by former Senators Kendrick and Walsh, who were members of the Senate Public Lands Committee. These will cede the remaining lands and their minerals to the States and do them partial justice. The people will still have an opportunity to acquire lands into private ownership and thus bring them into development, taxation, and the best conservation. Thus they will help to support the State in whose boundaries they lie, which is their proper destiny and duty.

I am warning the livestock industry of the West, which is naturally the most vitally affected, that if they do not at once take action through their Governors and their Federal representatives at Washington the Taylor bill, passed in the House, may be a law before they know it. The livestock grower, above all others, is interested, in such disposition, in the right to purchase and acquire the lands in private ownership. But all of the western people have the broad interest of maintaining a right and principle never before denied the American citizen, a right belonging to the States, which should be fought for as a fundamental policy of our form of government. This is a call to action.

I retain the hope that the proposition laid down by the Secretary does not represent his or President Roosevelt's final opinion, and that they will give further study to the question of the disposition of the remaining public lands.

HOUSE BILL REFERRED

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, was read twice by its title and referred to the Committee on Banking and Currency.

AMENDMENT TO FEDERAL CREDIT UNION BILL

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (S. 1639) to establish a Federal Credit Union System, to establish a further market for securities of the United States, and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States, which was referred to the Committee on Banking and Currency and ordered to be printed.

AMENDMENTS TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. HATFIELD submitted an amendment intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

In the third paragraph of section 22, after the word "promotions", to insert: "provided that adjustments of charges for quarters, subsistence or laundry, or other similar charges, shall not be interpreted as constituting administrative promotions."

Mr. DIETERICH submitted amendments intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which were referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 23, line 23, in lieu of the amount "\$76,649,907", insert "\$77,149,907."

On page 26, line 21, to insert the following:

"Provided further, That when veterans who are eligible for hospital treatment or domiciliary care suffering from neuropsychiatric ailments are cared for and maintained in State institutions it shall be the duty of the Administrator, when found to be in the best interest of the United States, subject to the general direction of the President, to contract with the State, or in exceptional cases, with private hospitals, for such medical, surgical, and hospital services and supplies as may be required for such purposes,

provided that such hospital facilities as may hereafter be contracted for hereunder shall be regarded for the purposes of this act, as within the limits of existing Veterans' Administration facilities."

REFINANCING OF FARM DEBTS—AMENDMENT

Mr. CONNALLY. I send to the desk an amendment which, at a later stage of the proceedings, I propose to offer to House bill 6670, and ask that it may lie on the table.

The VICE PRESIDENT. The amendment will be received and lie on the table.

FEDERAL HOME LOAN BANKING CORPORATION

Mr. RUSSELL. Mr. President, I have asked recognition at this time for the purpose of submitting a privileged resolution for which I ask immediate consideration.

The VICE PRESIDENT. The resolution will be read.

The Chief Clerk read the resolution (S.Res. 148), as follows:

Resolved, That the Federal Home Loan Bank Board be, and is hereby, directed to furnish the Senate the following information concerning the operations of the Home Owners' Loan Corporation:

1. The number and location of State and district agencies (including the District of Columbia) of the Home Owners' Loan Corporation.

2. The number and location of branches and branch agencies in each State employing salaried representatives.

3. The number of salaried employees of the Home Owners' Loan Corporation in each State, listed by States, including salaried employees or agents in branches or branch agencies, and the total amount expended in each State by the Home Owners' Loan Corporation for personal services, traveling expenses, and office expenses, from the date of the creation of the Home Owners' Loan Corporation.

4. The number of applications for loans received by each of the several State agencies, listed by States; the number of loans which have been closed in each State; the total amount of the loans closed in each State, whether cash loans or closed through the issuance of bonds, and segregated so as to show the total amount of cash loans and those closed by the exchange of bonds of the Home Owners' Loan Corporation for mortgages or other liens on homes.

5. The total number of employees, by States of residence, employed in the central office of the Home Owners' Loan Corporation in Washington, and the total amount paid for personal services, traveling expenses, and office expenses by the central office of the Home Owners' Loan Corporation since the approval of Public, No. 43.

6. The total number and amount of applications for loans finally rejected by the Home Owners' Loan Corporation or its branches, by States.

7. The amount of the capital stock of the Corporation subscribed by the Secretary of the Treasury on behalf of the United States, as provided in subsection B of section 4 of Public, No. 43.

Mr. ROBINSON of Arkansas. Mr. President, upon hearing the resolution read, no objection suggests itself to me unless it be that there appears to be no date fixed in the resolution as of which the information called for shall be furnished.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. DILL. This is rather an elaborate resolution. I had no knowledge of it until I just heard it read. I wish the Senator from Georgia would let it go over until tomorrow. I should like to suggest one or two amendments to it.

Mr. RUSSELL. I hope the Senator from Washington will not insist on his request.

Mr. DILL. Will the Senator let it go over until later in the day so that I may have an opportunity to examine it carefully?

Mr. RUSSELL. I addressed a letter on the subject to the Corporation under date of December 22, 1933, and ever since then I have been endeavoring to secure this information, which is very simple and should be immediately available. Nothing is sought in the resolution that could possibly injure the Corporation by becoming public, but there are some facts sought which would be most interesting to those of us who have great faith in the Home Owners' Loan Corporation and the purposes it has in view. I shall not object to the resolution's going over for the time being, but I should like to have it considered during the day.

Mr. ROBINSON of Arkansas. As I have just pointed out, there appears to be no date fixed in the resolution as of which the information called for shall be furnished. Neces-

sarily some date must be prescribed, at least it would seem so to me, as the Home Owners' Loan Corporation is proceeding daily to make loans. I suggest to the Senator from Georgia that perhaps later in the day or certainly tomorrow the resolution may receive favorable consideration. The information called for is without doubt valuable and should be made available.

Mr. RUSSELL. There is no information sought that the Corporation should not be able to give as of the close of any day's business. I am perfectly willing to fix any date, such as December 31, 1933, or January 1, 1934, that may appeal to the Senator from Arkansas as being just and fair to the Corporation.

Mr. ROBINSON of Arkansas. It would seem to me that the nearer down to date the information can be brought the more helpful it will be. I shall ask that the resolution go over for the present.

The VICE PRESIDENT. The resolution will go over.

THE PLATT AMENDMENT AND THE GOVERNMENT OF CUBA

Mr. KING. I submit a resolution which I ask may be read and referred to the Committee on Foreign Relations. The resolution (S.Res. 150) was read and referred to the Committee on Foreign Relations, as follows:

Whereas, by the treaty of peace entered into between the United States and the Kingdom of Spain on April 11, 1899, the Kingdom of Spain relinquished all sovereignty over and title to the island of Cuba; and

Whereas the Congress subsequently, on March 2, 1901, incorporated in the act approved on that date, entitled "An act making appropriation for the support of the Army for the fiscal year ending June 30, 1902", the so-called "Platt amendment", imposing certain conditions on the people of the island of Cuba in consideration of the relinquishment to them by the United States of the government and control of the island; and

Whereas the existing situation between the United States Government and the Republic of Cuba is such as to require a re-examination of the circumstances surrounding the adoption of the Platt amendment: Therefore be it

Resolved, That the Committee on Foreign Relations, or any duly authorized subcommittee thereof, is authorized and directed to examine into the circumstances surrounding the adoption of the so-called "Platt amendment" and the subsequent incorporation of its requirements into the Constitution of the Republic of Cuba, and to determine (1) whether or not existing conditions justify the repeal of such amendment and the complete relinquishment to the people of the island of Cuba of the government and control of such island, and also (2) whether conditions now existing in Cuba do not warrant the Government of the United States recognizing the existing government of the island of Cuba. The committee shall report to the Senate, as soon as practicable, the results of its examination, together with its recommendations.

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

INFORMATION CONCERNING CERTAIN GOVERNMENTAL CORPORATIONS

Mr. STEIWER submitted a resolution (S.Res. 151), which was ordered to lie on the table, as follows:

Whereas it appears that certain corporations have been set up by various agencies of the United States Government in connection with the administration of acts of Congress, and among others the following:

Federal Surplus Relief Corporation, in connection with the administration of the Agricultural Adjustment Act and the Federal Emergency Relief Act of 1933;

Commodity Credit Corporation, in connection with the administration of the Agricultural Adjustment Act, the Reconstruction Finance Corporation Act, and the Executive order reorganizing agricultural credit agencies of the United States, dated March 27, 1933;

Federal Emergency Housing Corporation, in connection with the administration of title II of the National Industrial Recovery Act; Electric Home and Farm Authority, Inc., in connection with the administration of the Tennessee Valley Authority Act of 1933; and

Whereas detailed information with respect to the organization of such corporations is not available to the Members of Congress, and no reports have been made concerning the operations of any of such corporations; and

Whereas no act of Congress specifically authorized the organization of any of such corporations: Therefore be it

Resolved, That the several agencies of the United States Government having supervision over the operations of the corporations named above are hereby requested to transmit to the Senate, at the earliest practicable date, a statement showing (1) the authority for the organization of the corporations in connection with the administration of such agencies; (2) the functions performed or intended to be performed by such corporations; (3) the amount of money, if any, which has been received and expended by such corporations, together with a general statement of the sources of all receipts and the purposes for which the money has been expended; (4) the number of officers and employees of such corporations and the salary received by each officer or employee, together with copies of the articles of incorporation, bylaws, and other pertinent matter relating to the incorporation of such corporations.

AMENDMENT OF THE RULES—COMMITTEE ON AERONAUTICS AND AVIATION

Mr. McCARRAN. I ask permission to submit a resolution calling for an amendment to rule XXV of the Senate rules.

In this connection I wish to state that the disclosures before the Special Investigating Committee of the Senate on Air Mail have developed a condition which, in my judgment and in the judgment of members of the committee, deserves special consideration of an amendment to the Senate rules for the purpose of creating a new standing committee of the Senate, to be known as the "Committee on Aeronautics and Aviation."

I ask that the resolution take the regular order and go to the Committee on Rules.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The resolution (S.Res. 152) was read and referred to the Committee on Rules, as follows:

Resolved, That rule XXV of the Standing Rules of the Senate be and the same is hereby amended by inserting on page 30, after the third line of paragraph No. 1, the following: "Committee on Aeronautics and Aviation, to consist of 12 Senators."

FUNDS FOR SLUM-CLEARANCE PROJECTS

Mr. LOGAN. I ask unanimous consent to have printed in the RECORD a letter written to the Federal Emergency Administrator of Public Works, by the Comptroller General, relating to the question of allocating the funds for slum-clearance projects. I ask that this be done, and some time later, I think, I shall want to make a few remarks about the contents of the letter and kindred matters.

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

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, January 11, 1934.

FEDERAL EMERGENCY ADMINISTRATOR OF PUBLIC WORKS.

SIR: There have been submitted for my countersignature miscellaneous civil ledger transfer appropriation warrants nos. 330 and 332, proposing to transfer funds under the appropriation account "National Industrial Recovery, 1933-35" to an appropriation account entitled "National Industrial Recovery, Public Works Emergency Housing Corporation, 1933-35." The first warrant covers an allotment of \$1,000 stated in your letter of December 21, 1933, to be for the purchase and payment of the initial capital stock of the Public Works Emergency Housing Corporation, in accordance with the resolution of the Special Board for Public Works, dated November 21, 1933. The second warrant proposes to transfer the sum of \$100,000,000, which amount it is stated in your letter of December 26, 1933, requesting the transfer, is for the construction by the Corporation of low-cost housing and slum-clearance projects to be selected and undertaken by it, and the acquisition of any real or personal property in connection therewith, in accordance with the resolution of the Special Board for Public Works, dated November 21, 1933.

The resolution of the Special Board relative to the allotment of \$1,000, as shown by an unauthenticated copy submitted with the warrant, is as follows:

Resolved, That the Administrator and Board allot and transfer the sum of \$1,000 for the purchase and payment of the initial capital stock of Public Works Emergency Housing Corporation, and that such sum be available to the Corporation for the payment of the necessary organization and incidental expenditures incurred by it."

With respect to the allotment of \$100,000,000, the resolution of the Board, an unauthenticated copy of which also has been furnished, provides:

"Whereas the Director of Housing and the Board of Directors of the Public Works Emergency Housing Corporation, by resolution duly adopted, recommend the allotment and transfer of \$100,000,000 to the Public Works Emergency Housing Corporation for the construction by the Corporation of low-cost housing and slum-clearance projects to be selected and undertaken by it, and the

acquisition of any real or personal property in connection therewith.

"Resolved, That the Administrator and the Board include such low-cost housing and slum-clearance projects in the comprehensive program, and allot and transfer \$100,000,000 to the Public Works Emergency Housing Corporation for the construction of such projects to be selected and undertaken by it, and the acquisition of any real or personal property in connection therewith.

"Resolved further, That Public Works Emergency Housing Corporation is hereby authorized to proceed in and about the selection, and the construction of such projects, and the acquisition of any real or personal property in connection therewith, and to do any and all things necessary or suitable to that end, in such manner and upon such terms and conditions as the Administrator may approve and direct: *Provided*, That the selection of the specific projects to be undertaken by Public Works Emergency Housing Corporation be approved by the Administrator, that the plans and specifications therefor be satisfactory to the Administrator, that the cost of the land to be acquired therefor be satisfactory to the Administrator, and that the funds hereinabove allocated to the Corporation for such projects be made available to it only when and as approved by the Administrator."

By Executive Order No. 6470 of November 29, 1933, the President designated and established the Public Works Emergency Housing Corporation as an agency under title II of the National Industrial Recovery Act of June 16, 1933, with the powers and for the purposes as set forth in said Executive order, as follows:

"(2) The Housing Corporation is authorized and empowered to construct, finance, or aid in the construction or financing of any public-works project included in the program prepared pursuant to section 202 (d) of said act.

"(3) The Housing Corporation is authorized and empowered to acquire by purchase, or by exercise of the power of eminent domain, any real or personal property in connection with the construction of any such project.

"(4) The Housing Corporation is authorized and empowered to sell any security acquired or any property so constructed or acquired or to lease any such property with or without the privilege of purchase: *Provided*, That all moneys received by the Housing Corporation from any such sale or lease shall be applied in the manner provided in section 203 of said act.

"(5) The Housing Corporation is authorized and empowered to take any and all such action, do any and all such things, and exercise any and all such powers as may be or appear necessary, suitable, or expedient in connection with the foregoing."

The Corporation was organized under the laws of the State of Delaware, the incorporators being the Federal Emergency Administrator of Public Works, the Director of the Housing Division, and the Secretary of Labor. The nature of the business of the Corporation is set forth in the amended articles of incorporation filed under date of November 21, 1933, with the secretary of state, State of Delaware, in which it is provided generally, among other things, that the Corporation, which is to have perpetual existence, is authorized to act as an agency of the United States and/or the Federal Emergency Administrator of Public Works or other duly designated representative of the United States in carrying out the provisions and effectuating the purposes of title II of the National Industrial Recovery Act, and to take any and all such action, do any and all such things, and perform such functions and exercise such powers in connection with the same as may be delegated or assigned to, or conferred upon, the Corporation by the President of the United States, or the Federal Emergency Administrator of Public Works, or a duly designated representative of the United States. Among the specific things which the articles of incorporation would permit the Corporation to do are the following:

1. To reconstruct, etc., low-cost housing and slum-clearance projects of every kind, nature, or description, and buildings and structures of every kind, nature, or description.
2. To acquire improved or unimproved real estate and any and all buildings thereon or appurtenances thereto, by purchase, exchange, exercise of the power of eminent domain, or otherwise.
3. To manufacture, buy, sell, and otherwise produce and deal in and with building and other materials and other supplies.
4. To conduct and carry on the business of building and construction in all of its phases and without limitation.
5. To perform any and all acts and functions customarily done or performed by architects, engineers, and contractors.
6. To furnish, equip, operate, manage, and maintain public-works projects and buildings and structures of every kind, nature, and description.

In addition to the foregoing and other further powers, it is also provided in paragraph 13 of article 3 of the articles of incorporation that the Corporation is authorized to borrow money for its corporate purposes without limit as to amount and, in connection therewith, to draw, make, accept, endorse, and issue promissory notes, bills of exchange, bonds, debentures, and other instruments and evidences of indebtedness, and, also, in paragraph 14, to carry out all or any part of the objects, purposes, and powers specified in article 3 as principal, agent, or otherwise, either alone or in association with any other corporation or any person, firm, association, or government or subdivision thereof, and to do such acts and things as a natural person could lawfully do or exercise.

The National Industrial Recovery Act of June 16, 1933, provided, in section 202, that the Administrator, under the direction of the President, should prepare a comprehensive program of public works which should include, among other things, the construction, reconstruction, alteration, or repair under public regulation or control of low-cost housing and slum-clearance projects, and in sec-

tion 203 it is provided that with a view to increasing employment quickly the President is authorized and empowered, through the Administrator or through such other agencies as he may designate or create, to construct, finance, or aid in the constructing or financing of any public-works project included in the program prepared pursuant to section 202.

Under the provisions of this law, it is apparent that the carrying out of low-cost housing and slum-clearance projects would be for consideration primarily by the Federal Emergency Administrator of Public Works, and the moneys made available to carry out the projects authorized to be undertaken under the National Recovery Act are appropriated moneys.

The creation of a corporation involves organization and other expense—not necessarily great, but which amount, in this instance, might be otherwise beneficially employed, as it must come from the appropriation for carrying out the provisions of the National Industrial Recovery Act, and should be avoided as unnecessary unless clearly in the public interest.

In view of the things stipulated as authorized in the basic law and the much wider authority outlined in the articles of incorporation, it seems probable there exists a misunderstanding and that an agency in corporate form was determined upon in the belief that through creating a corporation and transferring appropriated moneys thereto such moneys would lose their appropriation status and become available for uses otherwise prohibited by law. Such is not the case, as appropriated moneys remain appropriated moneys no matter where lodged and their uses are prescribed accordingly.

There is a clear and vital difference between a corporation created pursuant to statutory direction with clear statutory grant to remove its transactions from the safeguards surrounding appropriations and to avoid not only Executive direction but accountability for the public moneys intrusted to it, and a corporation created within the Government under an authority to use existing and to create additional agencies to assist in administering a law, and which operates with appropriated moneys. In some instances, it is true, the laws creating corporations have been so broad as to exclude Executive control and permit escape from accountability. A corporation of the other class, however, created as an additional administrative agency, can have no such status or uncontrolled authority. It can exercise no wider authority than as though operating as an unincorporated unit in the executive branch. By the act of incorporating Executive responsibility is not shifted, Executive control avoided, nor accountability escaped.

While there is room for doubt that the authority given by the National Industrial Recovery Act to create additional agencies was intended to authorize the creating of corporations, this office, wishing to avoid placing any unnecessary restraint upon those administering the law has felt justified in withholding objection thereto where there seemed no serious danger involved.

In the instant matter, however, inasmuch as the powers and authority outlined in the articles of incorporation appear to contemplate operations beyond statutory authority, and which condition, unless rectified in advance of operations, may lead to the incurring of obligations which may not lawfully be paid from the appropriation, it seems highly desirable that these things be now brought to attention in order that they may be worked out before there is opportunity for serious complications.

The statutory authority and limitations in the matter appear clear to the President, as evidenced by his order of November 29, 1933.

There appears for consideration also the matter of incorporating a Government agency without specific statutory authority in a jurisdiction outside the seat of the Federal Government and subject to State laws, possibly also subjecting a Government agency and Government property to State taxation.

In addition to excessive corporate powers there is noted that the corporate term (perpetual) appears in conflict with section 201 (d) of the Recovery Act, and that the plan of action probably conflicts with the proviso in section 203 (a) (3) of said act.

Then, too, inasmuch as there apparently will be involved the acquiring of real estate through purchase and possibly condemnation, and conveyancing thereof, there is suggested for consideration whether there may not arise questions, with possibly confusion and delays resulting, in matters of taking and conveying title, and in prosecuting condemnation proceedings, if operations are conducted otherwise than by a statutory official of the Government.

In view of the doubtful matters appearing in this office, on the present record, does not feel justified in countersigning the warrants as submitted and they will be held pending further advices from you showing the legality of the course proposed or such alteration thereof as may be necessary.

Respectfully,

J. R. McCARL,
Comptroller General of the United States.

EMPLOYMENT STATISTICS

Mr. WALSH. Mr. President, I ask the attention of the Senator from Ohio [Mr. Fess].

On January 15 the Senator from Ohio submitted a resolution requesting some statistics as to unemployment. The resolution was referred to the Committee on Education and Labor. The Committee on Education and Labor have given consideration to the resolution and report it favorably; and I now ask that action thereon be considered by the Senate.

Mr. ROBINSON of Arkansas. Let the resolution be read. The VICE PRESIDENT. The resolution will be read. The resolution (S.Res. 138) submitted by Mr. Fess on the 15th instant was read, as follows:

Resolved, That the Secretary of Labor is requested to furnish to the Senate at the earliest practicable date the following information: (1) The number of persons employed during the month of November 1929, the month of November 1932, the month of November 1933, and, so far as available, the month of January 1934, in producing capital or durable goods, and the number employed in producing consumptive goods; (2) the number of persons employed during the same periods in producing all types of goods, and the number employed in furnishing services; (3) the number of persons employed during the same periods in private industry and on private enterprises, and the number employed on emergency public or semipublic enterprises; and (4) so far as possible, the extent of the unemployment during the same periods in each category set forth above.

Mr. WALSH. Mr. President, the resolution was submitted to the Commissioner of Labor Statistics, who has transmitted to me a letter showing that it will be impossible to furnish all the information called for by the resolution, but outlining such information as is available. I ask that this letter be printed in the RECORD, and that the resolution be approved by the Senate.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, January 18, 1934.

HON. DAVID I. WALSH,

United States Senate, Washington, D.C.

MY DEAR SENATOR WALSH: The Secretary of Labor has referred to me Senate Resolution No. 138, in which the Secretary is requested to furnish to the Senate certain information regarding employment.

Treating the various parts of the resolution seriatim, I wish to inform you that—

(1) Data are available showing the number of persons employed in November 1929, 1932, and 1933 for the manufacturing industries of the country and for certain nonmanufacturing industries. Without any great effort, the Bureau of Labor Statistics could furnish figures showing the number of employed in the durable goods industries and the consumption goods industries.

(2) Data showing the number of persons employed producing all types of goods are also available. There is no authoritative figure available showing the number of employed in the so-called "service industries." Estimates could be furnished for six or seven of the more important service industries, such as laundries, dye and cleaning establishments, hotels, etc.

(3) No data are available showing the number of persons employed on all public and semipublic emergency enterprises. We have figures for such work as is financed with funds appropriated by the Federal Government. Nothing is available to show the number employed on emergency work financed entirely by States or municipalities.

(4) No authoritative figures are available on unemployment. Such estimates as prevail vary rather markedly, and none of them show the extent of unemployment in the capital goods industries as opposed to the consumption goods industries.

It would be possible to secure the material that is not already available, but a considerable amount of time and the employment of a fairly large staff would be required.

We shall be most pleased to furnish to the Senate such material as already is available upon receipt of word from you.

Very cordially yours,

ISADOR LUBIN,
Commissioner of Labor Statistics.

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

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

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, reported favorably the nomination of Blanton Winship, of Georgia, to be Governor of Puerto Rico.

Mr. BLACK, from the Committee on the Judiciary, reported favorably the following nominations:

William R. Smith, Jr., of Texas, to be United States Attorney, western district of Texas, to succeed John D. Hartman, resigned; and

Robert A. Cooper, of South Carolina, to be United States district judge, district of Puerto Rico, to succeed Ira K. Wells, whose term expired January 20, 1934.

Mr. STEPHENS, from the Committee on the Judiciary, reported favorably the following nominations:

John W. Holland, of Florida, to be United States attorney, southern district of Florida, to succeed W. P. Hughes, resigned; and

Adam M. Lewis, of Florida, to be United States marshal, northern district of Florida, to succeed William W. Harrison, removed.

Mr. KING, from the Committee on the Judiciary, reported favorably the following nominations:

George F. Alexander, of Oregon, to be district judge, division no. 1, District of Alaska, to succeed J. W. Harding, term expired;

James H. Baldwin, of Montana, to be United States attorney, district of Montana, to succeed Wellington D. Rankin, resigned;

Thomas Gaffney, of Alaska, to be United States marshal, division No. 2, District of Alaska, to succeed Charles D. Jones, resigned;

Albert A. Sanders, of Wyoming, to be United States marshal, district of Wyoming, to succeed R. John Allen, appointed by court;

George A. Meffan, of Idaho, to be United States marshal, district of Idaho, to succeed Angus Sutherland, resigned; and

Benjamin J. Horton, of Puerto Rico, to be attorney general of Puerto Rico, to which office he was appointed ad interim on October 21, 1933, vice Charles E. Winter, resigned.

Mr. KING also, from the Committee on the Judiciary, reported favorably the nominations of Anacleto Diaz, of the Philippine Islands, vice Ignacio Villemor, deceased, and Leonard S. Goddard, of Tennessee, vice James A. Ostrand, resigned, to be associate justices of the Supreme Court of the Philippine Islands.

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the following nominations:

Lawrence S. Camp, of Georgia, to be United States attorney, northern District of Georgia, to succeed Clint W. Hager, resigned;

Marcus Erwin, of North Carolina, to be United States attorney, western district of North Carolina, to succeed Frank C. Patton, resigned;

James O. Carr, of North Carolina, to be United States attorney, eastern district of North Carolina, to succeed Walter Harrison Fisher, whose term expired January 13, 1934; and

James R. Wright, of Texas, to be United States marshal, northern district of Texas, to succeed Samuel L. Cross, resigned.

Mr. DIETERICH, from the Committee on the Judiciary, reported favorably the following nominations:

J. Earl Major, of Illinois, to be United States district judge, southern district of Illinois, to succeed Louis Fitz-Henry, appointed circuit judge, seventh circuit;

Powless W. Lanier, of North Dakota, to be United States attorney, district of North Dakota, to succeed Peter B. Garberg, term expired;

Emerich B. Freed, of Ohio, to be United States attorney, northern district of Ohio, to succeed Wilfred J. Mahon, term expired; and

Francis Canny, of Ohio, to be United States attorney, southern district of Ohio, to succeed Haveth E. Mau, term expired.

Mr. VAN NUYS, from the Committee on the Judiciary, reported favorably the following nominations:

Joseph B. Keenan, of Ohio, to be an assistant attorney general, to succeed Pat Malloy, resigned;

J. Saxton Daniel, of Georgia, to be United States attorney, southern district of Georgia, to succeed Charles L. Redding, appointed by court;

Joseph M. Donnelly, of Michigan, to be United States attorney, western district of Michigan, to succeed Fred C. Wetmore, resigned;

William B. Fahy, of Missouri, to be United States marshal, eastern district of Missouri, to succeed Theodore W. Hukriede, resigned;

John J. Murphy, of Massachusetts, to be United States marshal, district of Massachusetts, to succeed William J. Keville, term expired; and

William F. Goucher, of Rhode Island, to be United States marshal, district of Rhode Island, to succeed Howard C. Arnold, term expired.

THE VICE PRESIDENT. The reports will be placed on the Executive Calendar.

STUDIES OF THE GREAT LAKES-ST. LAWRENCE SEAWAY (S.DOC. NO. 116, PT. 2)

The **VICE PRESIDENT** laid before the Senate a message from the President of the United States, which was read, as follows:

To the Senate:

I transmit herewith for the information of the Senate report on the Great Lakes-St. Lawrence project, with appendixes, prepared in the Department of Commerce.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, January 22, 1934.

MR. PITTMAN. Mr. President, I ask unanimous consent that the message and reports accompanying the message of the President be printed as a Senate document, together with the illustrations, for the benefit of the Senate, and that they lie on the table.

THE VICE PRESIDENT. Is there objection?

MR. NORRIS. Mr. President, I was interrupted for a moment, and I did not hear the request of the Senator from Nevada.

MR. PITTMAN. Accompanying the message of the President just laid before the Senate are certain reports. One is a report of the Department of Commerce on the Great Lakes-St. Lawrence project, submitted January 6, 1934, and the other is a report from the same Department of the same date with appendixes.

MR. NORRIS. What was the Senator's request?

MR. PITTMAN. I requested that they be printed for the information of the Senate, and that thereafter the message and documents lie on the table.

MR. NORRIS. I have no objection.

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

CONSIDERATION OF CERTAIN SENATE RESOLUTIONS

MR. DICKINSON. Mr. President, I should like to inquire of the Senator from Arkansas [Mr. ROBINSON] if he would object to calling up at this time Senate Resolutions 132, 133, 134, 135, and 136?

MR. ROBINSON of Arkansas. I believe it will be better to take an adjournment either today or in the immediate future in order that business of the character to which the Senator refers may be taken up during the morning hour.

MR. DICKINSON. Very well.

THE N.R.A.—ARTICLE BY FRANK R. KENT

MR. FRAZIER. Mr. President, I ask unanimous consent to have printed in the *RECORD* an article entitled "The Great Game of Politics", by Frank R. Kent, which appeared in yesterday's *Baltimore Sun*.

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

[From the *Baltimore Sun*, Jan. 21, 1934]

THE GREAT GAME OF POLITICS—GRACE MEANT WELL

By Frank R. Kent

WASHINGTON, January 20.—It seems the time has arrived when those who love Gen. Hugh S. Johnson ought to take him somewhere, calm him down, and cool him off. The suggestion is made in all friendliness. The man can not last at the pace he is going. He ought to take a rest, get rid of his hair shirts, relax, cultivate tolerance and urbanity.

Every week or so he takes on a new feud. Everything seems personal with him. He is so constituted that he sees in everyone who falls to concede the perfection of the N.R.A. and the sheer grandeur of its purpose an unmitigated villain, devoid of honor, and destitute of shame. This is an unfortunate state of mind and keeps the general in an upset condition not conducive to clear

thinking and competent work. It might not be so bad if the general got the better of these personal encounters, but he consistently gets the worst of them. One after the other he loses the bouts on points.

There was, among the first, his engagement with Henry Ford, whom he "cracked down" on with the mailed fist of a Government boycott, but with a resulting damage greater to the mailed fist than to Mr. Ford, who won all along the line. Weeks followed when General Johnson had no particular individual to use as a chopping block but swung around the country lumping all the critics of the N.R.A. together as "witch doctors", "tom-tom beaters", "corporals of disaster." The steady stream of his invectives made first-page news but didn't drown the critics. Not long ago he clashed with Mr. Hopkins, head of the C.W.A., over the wages paid by that department. The general was right, but he did not win. The President, it was reliably reported, sustained Mr. Hopkins. For some time the general has been at odds with Secretary Ickes over the public-utility code and other things.

Now he has taken on Senators BORAH and NYE. Neither Senator realized it was a fight until the general sprang upon them. They were concerned over complaints of small business men about the plight in which the monopolistic tendency of certain codes places them, and the great advantage given big business. They had talked this over with the President and General Johnson and thought the general open-minded on the issue. It was a surprise to them when he sank his tigerish teeth in their necks. Described by the Associated Press as sweating profusely, on Thursday night he vehemently denounced them. He accused them of trying to "kill the recovery program", called them "dialecticians", who preferred to see evil rather than help good, intimated they ought to stop talking. He pounded the table, worked in some new stuff about the Angel of Death and generally gave the Senators hell.

Naturally, they resented it; struck back pretty hard. The prevailing opinion is, this is another bout the general is scheduled to lose. Not many deny there is truth in the points made by the Senators, and merit in the complaints of the small dealer. Other Senators agree with Mr. BORAH and Mr. NYE. As a result, the Senate disposition now is to go further in the way of restoring vitality to the antitrust laws than before the general's assault. It will tax heavily the President's powers of persuasion to keep the act from emasculation. Nor has General Johnson's excited denial that the N.R.A. favors big business been rendered more convincing by the enthusiastic endorsement this morning of Mr. Eugene Grace, head of the Bethlehem Steel Co. In a magazine article Mr. Grace speaks with glowing approval of what the N.R.A. has done for industry. The steel business, he says, has been tremendously benefited by suspension of the antitrust laws and the elimination of competition. He generously applauds the whole scheme, which he thinks should be permanent.

This is exactly the point Senators BORAH and NYE have been making. The great love of the big-business man for the N.R.A. is proof to them that the small dealers are right in their contention that the former have been given the better of it. Mr. Grace meant well, but his endorsement was not felicitous. A few more like that; and so far as the N.R.A. is concerned, the Angel of Death will be on the wing.

SAFEGUARDING THE CONSUMERS' INTEREST—ADDRESS BY FREDERICK J. SCHLINK

MR. NYE. Mr. President, on the 13th of January Frederick J. Schlink delivered an address over a national radio chain concerning the consumers' interests in certain N.R.A. codes. This address was originally presented on Saturday, January 6, before the American Academy of Political and Social Science in Philadelphia. The address, which was then scheduled to be broadcast over the Columbia chain, was ruled off the air a few minutes before the scheduled time, after Columbia Broadcasting Co. officials had seen a copy of the manuscript. Following objections to Washington by the consumers' group, an apology was made by the Columbia Broadcasting Co., which offered its broadcasting facilities for a later date, and the address was finally delivered on January 13. I ask unanimous consent that the address may be printed in the *RECORD*.

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

The recovery program has so far left to fend quite for itself one class, and that the most numerous class of all. Every one of us is a consumer; most of us are at the same time workers with hand or brain; though a considerable class, and that the most powerful, economically, manages to get along on income obtained without work, by taking toll through ownership of property, or through employment at a profit of the services of others. Each of us, nevertheless, even those on poor relief or in the penitentiary, is a consumer, and in that respect has an important and continuous stake in the operations of industry, the quality and quantity of its output, and, above all, in the prices charged per unit of quantity, durability, efficacy, or serviceability, for its goods and services.

This quality of being a consumer is so common and so inescapable that, like the air about us, we mostly take it for granted. A status so casually accepted is often one where negligence or indifference of the incumbent is most costly. Many of us who are

studying the problems of the consumer think that his difficulties are in exactly that class—that while capital or ownership (and a small part of labor to a much smaller extent) are getting a certain share out of the working of the recovery program, those for whom industry and trade are supposed to operate are now and hereafter to get very little except an unrestricted opportunity to pay bills, bills for very large sums, indeed, which other groups have contracted, presumably in our behalf, but certainly without our understanding or approval.

These bills, paid and payable, take several forms, the first of which—and the one that first comes to everyone's mind when the costs of any new or changed social or economic program are considered—is taxes. This cost, though it will certainly be huge, will, in my opinion, be one of the lesser costs of the industrial-recovery program, so called, and the agricultural-adjustment program.

SMALL BUSINESS DEFENSELESS

The major costs will be the extra costs to the consumer, which the average consumer—a person of small income and limited economic opportunity—is in a very poor position to bear; and governmental and press and radio censorships being as they are, in a still worse position to comprehend and adapt himself to by adjustment of his expenditures or by organized protest or mass action of any kind. These costs are, to cut through a maze of intermediate steps and relationships, the costs to the customer of the extra profits and more secure profits that will accrue to business enterprisers under a new business system—a system which not only legitimatizes but encourages unrestrained monopoly profits, and punishes, as in the dry-cleaners' code, to name a single example of many, those dealers who are willing to serve customers at less than the standard monopoly price. The new system, moreover, makes no provision whatever, in practice or even in theory, for any basis of control or safeguarding of either price or quality in the interests of the general population of consumers; indeed, no definite economic or social philosophy is apparent in the movement as a whole; nor, apparently, are its leaders qualified by training or experience to develop one.

Mr. Roosevelt and his advisers have clearly taken over an astonishing amount of the principal ideas and points of view of the previous administrations: That the national prosperity and well-being are measured, first and foremost, by the profits of industry. If it happens that Mr. Brown, who lives with his too-large family in a city slum, pays more for everything he buys, from coffee to pancake flour, and cannot collect more as salary, wages, or tips, and as a result runs into personal and familial disaster, the new-deal experts and economists have neither advice nor help to offer. Their system has in it no elements of security or even of hope for Mr. Brown, either as a wageworker, as the operator of a small store or shop, or as a consumer. And at this point I assert that a new deal that has no certain and assured provisions in theory and in fact for the safeguarding of the small and weak enterpriser and the still smaller and weaker ultimate consumer is a new deal which must necessarily fail, not only to bring back the general prosperity, but even to bring back any lasting return of high profits and dividends to the owners and operators of industry and trade.

MASSES ARE WORSE OFF

The simple doctrines of the new-deal philosophers have their weakness, and their similarity at bottom to the ideas of the Coolidge-Hoover epoch, in their special adaptation to the purposes and needs of the very income classes who are most able to take care of themselves, either in good or in poor times; who can expand their spendings for subsistence and comforts and security for themselves and their families by a sizable proportion and still have a safe margin left. The new-deal ideas are the ideas of men of substance and large, or at the very least, ample income. Nowhere in the councils of the administration is there a place, or even a hearing, for the men and women who cannot spend an extra 10 cents for this, an extra 20 for that, whose income is now and will remain smaller rather than larger, and whose needs are at least as great as before.

I recognize that there is nothing sacred or unchangeable about an economic system, especially about one so imperfect and inequitable as the one which is breaking up about us, but I submit that an uprooting of traditional safeguards, and a great worsening of the purchasing power of the masses, should not be a change that takes most from those at the bottom of the economic heap and gives more to those at the top. Reemployment of workers achieved at the cost of reduced purchasing power of those 60 million persons or so, including the reemployed workers, already depressed to or below the level of safe or decent living, is a mode of reconstruction that will neither last long nor bring real or substantial benefits to large numbers while it does last.

REDISTRIBUTE BY TAXATION

The only way to redistribute income in our present highly complex society—and beyond all question such redistribution is inevitable if we are to continue any sort of capitalistic economic order—is bluntly and forthrightly to redistribute it, and to do so by bold and drastic measures of taxation in proportion to the ability to pay (which obviously excludes any form of sales or processing taxes); and by abandonment of all those tenets of *laissez faire* whose support by the Government has been in effect a subsidy to the rich and powerful and a heavy tax upon the poor, the ignorant, and the helpless.

The Government, while adhering to the principle of a minimum degree of interference in business management, and maintaining maximum freedom of decision for ownership and management, has

sharply and decisively, and in my view catastrophically, interfered in the consumer's freedom to purchase goods and to hire services of laundry and hotel and even of banking in an open, competitive market, and to put one seller against another in a rivalry of price and quality in which the best at a stated price, or the cheapest at a stated quality, wins the customer. And to the heavy costs of a protective tariff, which puts a tremendous burden of expenditure upon consumers, is added the further huge cost of monopoly prices of thousands of commodities and services in a noncompetitive market under the eye and by the deliberate choice of a Government always watchful to aid business and always blind and deaf to the needs and rights of ultimate consumers.

C.A.B. NOT CONSUMER VEHICLE

The slight, formal protection to consumers' interests nominally afforded within the National Recovery and Agricultural Adjustment Administrations is at best a defense so weak as hardly to warrant serious consideration at this time. The business press, indeed, far from finding these protections significant or formidable, sees them as laughable, deserving of cynical and sarcastic comment. Economic literature with its customary deliberateness has not yet got around to considering them critically at all. An agency which, as in the case of the Consumers' Advisory Board of N.R.A., is at most advisory, and only weakly and hesitatingly so at best, and is not in any of its functions able to act frankly, openly, and responsibly as an advocate and defender of consumers' interests on all matters of moment; which is without technically informed or qualified leadership or direction; which has not even access to the press or publicity and has no bulletin service of its own; which has no theory of reasonable price or even of price control; which by its tolerance and inaction encourages rather than restrains or thwarts price and policy groupings by thousands of national and regional trade associations and similar agencies; which accepts limitation of production at a time when production, of manufactured goods at least, is far below rather than above the reasonable requirements of the population; whose economic advisers are so wise or blase economically as to believe neither in free competition nor in regulated monopoly—nor in anything else—as a brake upon sellers' greed or overreaching; and which neither employs nor commands technical services of any sort expert in consumers' goods, in its exchanges with enormously powerful and well-staffed industry and labor groups that are represented in the recovery program—such a body can lay no proper claim to being official counsel for or defender of consumers' rights and interests, nor has it the least right to complain, as it has complained, of lack of support or interest of consumers and consumers' organizations in its views or attitudes or appeals.

CODES FRAMED IN SECRET

The whole system of setting up of codes of self-government in industry in whose operation not even the Government itself, much less consumers and labor, has a dominating voice or one that is clearly heard or even mentioned in the public prints, is a situation so patently opposed to the public right and interest that it is but necessary to mention it to indicate its absurdity and the abdication which it represents of the proper function of government as regulator, arbiter, and controller. To talk of the influence of a consumers' advisory board in such circumstances is like speaking of the power of the Chicago Sunday-school superintendents' association or Chicago University's department of philosophy in the conduct of "Big Bill" Thompson's positive, aggressive, well-heeled, and very predatory city government. The governmental forces supposed to be acting for the consumer in the recovery program never so much as come into actual engagement with the forces of big business. The men of industry and the businesslike, business-trained, and business-advised recovery administrators, who work out their code provisions in the secret and efficient preliminary conferences where consumers are neither represented nor considered, and who of their own motion have removed from codes consumer-protective provisions (which in some cases industry's representatives themselves were progressive or intelligent enough to insert for the general good of their customers and their trade), see to that and see to it effectively with a finish and a sureness of touch and a knowledge of the wants of their clientele that would be admirable if the efforts were in the least degree socially motivated or were even capable of being deflected somewhat for the social good.

The consumers' boards do not have any clientele of consumers. They advise the recovery administrator or the Secretary of Agriculture only if and when and to the extent that he chooses to be advised. If they advise him too much or press him with arguments that tend to become annoying or to warn or alarm any part of the great body of consumers, he quickly and firmly puts them back in their appointed place, as window dressing for an operation whose actualities are very different and very much more sinister than anything the public is allowed to suspect. Both consumers' advisory boards are in the anomalous and highly dubious position of the attorney who is assured that while he is, of course, working for Mr. H he is to take all his orders from and make all his reports to Mr. J and Mr. K alone.

N.R.A. AND A.A.A. ANTICONSUMER

The recovery program is not set up even to give consumers a knowledge of what is going on, much less an opportunity to exercise substantial influence upon the direction and quantitative impact of the conclusions reached by big business and its very able and aggressive and forceful ambassadors to Washington—delegates who are not represented in the N.R.A., but constitute it, and so, in every practical sense, become the government rather

than serve or advise it. I say, therefore, deliberately and with knowledge of the movement of forces and actions and trends in N.R.A. and A.A.A., that as an agency providing for protection of the general and public as against the special and business interest, neither N.R.A. or A.A.A. merits even consideration. N.R.A. particularly, and A.A.A. to a less degree, is definitely anticconsumer in purpose, and policy, and especially in business-derived personnel selected to wield the enormous powers of the administration. To suggest improvements in the situation would be simply to propose rejection of the entire present mechanism, and above all to call for the immediate reversal and illegalizing of all agreements, effective or proposed, which permit industrialists or merchants collusively and concertedly to control production, prices, and marketing policies without respect for and without full, potent, and in every sense equal representation of those who buy, and must buy, the goods and services produced and merchandised by factories, farms, service agencies, and mercantile establishments. The major functions that government should have in this or any other recovery program are functions that are not being performed or even adumbrated by the present policies and machinery. There are certain fundamentals which the consumer, that is, the eating and wearing and using and buying citizenry at large, has a right to receive from industry; if and as industry fails to grant these rights and safeguards, the Government itself must provide them, completely, as that minimum and indispensable protection which, even in the neat and well-ordered political economy of Adam Smith, Government owed to every person under its sovereignty.

CONSUMER MUST KNOW TRUTH

The first right of the consumer is to know the truth about that which he buys—not the seller's idea of the truth, but the knowledge which is essential to efficient and economical selection and use by the buyer and user of a product or service. Not only the bare or grudging truth but truth freely and frankly interpreted so that it can be effectively used in a purchase at an economical price from a mail-order house or the corner store. The whole truth and the relevant truth about merchandise would at once demolish the area of immensely profitable industry now dependent for its success upon the right of the seller to lie and to cheat almost at will, without interference by the State or any other potent agency. Off would go the business of nearly all the patent medicines, the costly but useless mouthwashes and antiseptics, the diabetes and influenza cures, the headache remedies, the baldness cures, and the "nourishing" and "youthifying" cosmetics without number. Half or more of the radio sets and nearly all the phonographs and electric appliances would disappear and be replaced by first-class equipment. If the technical truth were told about them, all our telephone instruments would have to be radically redesigned. The tremendous waste that is now the silk trade—with its thin and flimsy web of cloth heavily adulterated with lead and tin, and so enormously decreased in life and wearing qualities, and, in the case of lead weighting, turned into a new and insidious hazard to the wearer—would be extensively reformed, or would give place to something else and something honest. The sellers of apples and pears, cauliflower and cabbage, and broccoli that are free from worms but are heavily dosed with the deadly metals, arsenic and lead, now used in enormous quantities and poisonous alike to insects and to human beings, would suddenly find their business deflated and their customers fleeing to other foods, if it became necessary to tell not only that the apples and pears were free of worms but were decidedly not free of the poison sprays.

STANDARDS FOR CONSUMER

The next major area in which industry and government owe the consumer a new and fair deal is that of standards of grade and quality. Industry itself uses quality standards freely in its own purchasing; its most ably administered plants will defend to the death their right to buy soap and paper and typewriter ribbons on a basis which assures a grade and quality, neither too high nor too low, precisely adapted to their needs, at a price level their purposes and finances permit or incline them to pay. At the present time all the various standards-making agencies of the country are devoid of effective consumer representation; they are all heavily biased for trade and industry and agriculture.

They are making standards in the main for the benefit of the seller and not of the buyer, a situation which curiously enough prevails even in much of the Government's specification work for its own needs as a consumer. Like the Bureau of Standards and the Bureau of Agricultural Economics, the various standards-making bodies are setting up standards whose very names (like that of the Bureau of Standards for "bronze" screen wire, which isn't bronze at all but a far cheaper alloy of copper), mislead the buyer and favor the seller. There is the standard for ripe olives whose sizes begin with "standard" (which are not standard at all, but the smallest size marketed) and end with "colossal"; and the mirrors (Bureau of Standards again) whose three upper grades are by an ingenious and happy selection of nomenclature grade 1, grade A, and grade AA; it is no accident, of course, that each of these three grades can be represented and sold as first to top grade. Surely grade 1 is grade 1 to the consumer.

PROFESSOR LYND'S PROPOSAL

A mild and reasonable proposal of Professor Lynd, of the Consumers' Advisory Board of N.R.A., to set up new and effective machinery that would enable consumers to buy on a basis similar

to that enjoyed by the Bell Telephone system and the Detroit Edison Co. was met with loud cries of rage by advertising men who saw in this modest proposal the nearer approach of that awful specter of communism. What the objector really meant, and rightly, was that the general purchase and sale of goods and services upon clear and honest specifications, similar to the best of those used by Government and big industry for their own purposes (not, of course, those devised and sponsored by the Government services for the use of sellers in bilking consumers) spells the doom of a major part of competitive advertising and salesmanship, and the wiping out of a great deal of very profitable economic waste and concealed subsidies to press and radio.

Clearly, if the Government grade A symbol is generally applied to cans of peas and corn, and the grading competently and honestly done, then the product of any crossroads canner, too poor or too honest to advertise competitively, takes its place squarely and fairly and at a lower price, besides that of the huge cannery monopolies that blanket the popular magazines and the billboards with their pretty and misleading and very expensive pictures and claims. Wide use by consumers of Government-sponsored standards and specifications on however elementary or primitive a basis would be disastrous to advertisers and to publishers and radio-station owners who live upon advertising claims for standards, would make actual quality an effective and inexpensive substitute for audacious and resounding claims built upon a basis of ingenious sophistries and imagery and the thesaurus and almost completely hollow with respect to such facts as would be determined by impartial comparison and tests conducted by relatively illiterate fellows who can read a micrometer or a voltmeter but have trouble with adjectives and adverbs.

STANDARDS FOR BUYERS

But standards and specifications, to be fair and effective from the buyer's standpoint, require that he shall be represented by qualified experts in the process of testing and specification writing from the beginning and at every important part of the process. The Government standardization work does not now provide and has not in the past provided any such representation of consumers, nor does the Government—Federal or State—even prevent or discourage grossly misleading advertising, so long as such advertising defrauds only the consumer. The Government does sometimes concern itself with misleading claims which result in unfair competition between competing manufacturers or dealers. Government has habitually taken more seriously its duty to act as referee between competing, differentially dishonest enterprises than between the powerful, well-organized seller and the weak and isolated buyer. The Supreme Court itself has so interpreted the law underlying the work of the Federal Trade Commission, which on a few occasions so far exceeded its powers as to interfere with manufacturers who cheated and misadvised and imperiled (as did the maker of a leading obesity cure) not each other but the consumers of their product.

Until recent years we have taken it for granted that the price of goods was determined and should be determined by the competition of seller against seller and buyer against buyer in the market place. In this way it was supposed that a pervasive, resistless, and automatic adjustment of price to proper and just amounts took place. Modern economic thought has slowly come to recognize that such adjustment was more an ideal than an actuality; that lags, leaks, and frictions worked in such ways, and so pervasively as to disadvantage the small seller as against the large and the individual buyer as against the organized seller; that, for example, the service of advertising, now a tremendous factor in marketing, is primarily to enable a product to escape the rigors of competitive pricing, and that many other means to elimination of price competition exist and are regularly used by powerful selling interests (and in the case of the raw-material markets, such as tobacco and cattle and swine, by the organized and incorporated buyers equipped with every market controlling and manipulating device, dealing with weak and unorganized producing or farmer sellers, possessed of neither information nor bargaining skill or organization).

N.R.A. A BOON TO TRUSTS

Anyway, competition is out as a regulator and is daily more and more noticeably impotent in this and every other country, though Congressmen and other political leaders still like to talk about the changeless law of supply and demand and will no doubt continue to do so 25 years after its last vestiges have been nullified by the advance of national and regional trusts under N.R.A., and by continued extension of the general and pervasive doctrines of a chamber of commerce civilization bent on pleasing business and squeezing consumers. For the past several years, even while the antitrust acts remained in nominal force, the Government has seen no virtue in continuing the rule of competition which once provided certain safeguards against excessive prices to consumers (though it never did, of course, assure a living or a comfort wage to workers). Yet the Government's executives, even those who have been served by advisers trained in economics, with singular blindness or obtuseness have seen no need to supply some other safeguard adapted or adequate to prevent extortionate prices. The consumer, it seems, is somehow to pay whatever charges business men choose—in joint councils, blessed and in no way restrained by the recovery administrations—to levy upon their customers.

No one seems to know or care what will happen if price increases total, as they assuredly will, sums greater than consumers'

pocketbooks can stand, or even what will happen to industry itself, if a further ten or twenty million people are forced back to the coolie level of consumption, a not unlikely consequence of present governmental and business price policies. It seems yet too soon for our leaders to understand that the whole success of the recovery program depends upon an increase rather than a decrease of consumers' demand in terms of physical volume of goods and increased purchasing power equivalent at least to the added cost of the new wage payments and governmental subsidies and manufacturers' profits that are to take place.

Economists and engineers know that such an increase of physical volume of consumption of goods is neither in prospect nor under a monopoly price system possible. It is not even part of the thinking of the new-deal executives. How shall Mr. Brown's purchasing as a consumer rehabilitate industry if industry's goods cost more and the extra cost is, without governmental restraint or intervention, devoted to an increase of profits and investment, and not to an increase in Mr. Brown's wage at least equivalent to the extra prices charged? Would it not be more fair and a great deal wiser for the Government first to guarantee Mr. Brown his old spending power in terms of food, clothing, and other necessities (and, in any case, as a minimum, the Department of Labor's subsistence level), and then to Mr. Brown, as a worker, his old job or some socially useful job as nearly as possible like it; and then, if there remain a surplus with which to do it, to Mr. Brown's employer a profit for himself?

WHY NOT A CONSUMERS' SUBSIDY?

This order of relief could not possibly please the employers, as the recovery administrators know too well; but as things go now employers are not going to be pleased long or profited long, anyway; they cannot run their business without customers, and the Government will end the present impasse either by furnishing a subsidy to industry to enable it to continue its necessary services on a socialized basis, without cash-paying customers, or will give subsidies to the customers themselves, as it does now to farmer-consumers under the agricultural recovery plan. The consumers' subsidy looks like the wiser plan. When some middleman receives the grant in aid, the money seems to trickle off to the wrong places, as it does when the shipping companies are subsidized by the Government and the lawyers and lobbyists and ex-Government officials and an ex-Presidential Secretary collect extensively, or as when the packers took their millions of dollars of toll on the processing of the hogs recently slaughtered as a quick subsidy meant for the midwestern farmer.

A rational basis of pricing seems to have been given no consistent thought by the recovery administration. The businessmen's codes, written by themselves and pretty generally approved by Government, provide cost of production (and that of the less efficient producers) plus profit, to business, or conceal provisions shrewdly devised for this purpose somewhere among the more technical clauses, but the farmer is not granted cost of production of his crop because that, as the argument runs, would be un-American, socialistic, and counter to the unchangeable law of supply and demand. It is even more important and logical, of course, that the consumer, that is, each of us, is entitled to cost of living, in terms of money or goods. I confess myself unable to understand why the recovery administrator is prepared to guarantee the prosperous merchant on Fifth Avenue or Market Street the full cost of his merchandise, plus an additional charge to cover labor and overhead, and to penalize him by a heavy fine if he fails to collect this much on each and every sale, but sees no duty whatever to the customer to assure his having the money to make the purchase or to the farmer who grows the cotton, wool, or foodstuffs sold by the merchant, to assure him sufficient money to support his family and pay his hired man to the scale of a decent standard of living.

BIG BUSINESS IN COMMAND

These questions all find their answer, if we allow for the fact that the Government sees itself, now as hitherto, primarily as the protector and friend of business; that all the hopeful and often generous words of the President and his collaborators must be judged against the real intention of the administration, as determined by the powerful and continuous impact of its advisers and executors; these as all will have noted, are almost without exception industrialists of the big-business viewpoint, with a thin sprinkling of economists who see economic society against an unbroken background of industry, trade, and finance, and not at all as growing, reaping, grinding, fabricating, transporting, and consuming.

It will be a long time before a municipal, State, or National Government which does not refrain from cheats, suppressions, falsifications of statistics, and evasions of reality in the conduct of its own affairs will be able to control business and industry mainly and faithfully in the interests of the consuming population. Government bureaus which for years have employed the tricks and dodges of press agents and advertising experts, and have conducted public business in a very unpublic fashion, suppressing information of vital public importance, and distorting other important information in an arrant and shameless manner, as have the Food and Drug Administration, the Bureau of Public Health, the Bureau of Mines, and the Bureau of Labor Statistics, to name but four offending with especial hardihood in recent years, will need time and a long period of reorientation and training in the public interest, with a great deal of help and frank criticism from the outside, before they can furnish a

high ethical and economic leadership to the men of the shop and the counting house, the patent medicine and the liquor trade, and the motion-picture baronage.

A DEPARTMENT OF THE CONSUMER

To hasten the day of governmental concern for consumer's rights and interests, consumer's research is pressing for the organization of a department of the consumer in the Federal Government, with its secretary a member of the President's Cabinet. Its duties would be to encourage and advance research in the sciences, economics, and technologies related to consumers' goods and services, to coordinate all governmental activities affecting consumers' interests, to deflect and to guide them ever in the direction of advantage of consumers at large, and to keep a watchful eye and issue ceaseless publicity on other governmental departments, such as the Tariff Commission, Food and Drug, and Public Health Administrations, and other agencies whose operations closely affect or in any way directly or remotely threaten or invade consumers' protection and interests.

While admitting the inherent weakness of any such agency operating under the very aegis of the Government which it would be its duty to criticize and to orient, we see little hope for establishing a consumer-conscious governmental and industrial system in America unless and until a beginning is made to set up specific, publicly recognized services within the Government itself; to establish a rational basis of concern and control for costs and prices of consumers' goods; to provide a service of information, precise and truthful description and interpretation of goods, their quality and kind, in their consumption relationships; and to guide and to set up standards and specifications which shall establish minimums of quality and grade below which products may not fall and be allowed to reach the consumers' market, and several other and higher levels of grades as circumstances may require, defined by and for consumers with expert professional advice and service from Government agencies.

Perhaps the most important service of such a department would be in the popularization it would provide of the basic ideas of consumption economics and the consumption technologies, its stimulation of scientific and economic research in these now unpopular and lowly fields of thought, and its focusing of public attention upon the idea that the purpose of industry and trade must be made primarily to serve their customers, and only secondarily or at long last, to provide security or wealth to owners of and traders in securities, to writers of advertising and to practitioners of other parasitic trades and callings.

It must be remembered that in spite of all the defining and re-defining of the consumer, searching him out in his various forms by the consumers boards, and their Aristotelian philosophizing about his economic place and function, one certainly stands out; that our modern system of industry, geared up for large-volume mass production is utterly dependent for its functioning on continuous large-volume consumption matching the volume of production. The consumer, if and when he is conscious of his power, has one invincible weapon at his command. He can refuse to buy beyond his bare necessities. Indeed, increasing millions of consumers are offered no choice in this respect. When he takes this position either from purpose or necessity, no amount or quality of economic reasoning can save what remains of our business system. The consumer had better be served; in the ultimate emergency which seems to be fast approaching, he must and will be served, or his refusal or failure to buy will bring the present business and financial structure tumbling about him.

REFINANCING OF FARM DEBTS

The Senate resumed the consideration of the bill (S. 2225) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes.

Mr. ROBINSON of Arkansas. Mr. President, the pending measure, Senate bill 2225, the unfinished business, was identical with a bill introduced in the body at the other end of the Capitol, House bill 6670, to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes.

The Senate bill was considered by the Committee on Banking and Currency, and a favorable report was made thereon, certain amendments being recommended. The House bill was considered by the body at the other end of the Capitol and passed a few days ago; and upon being transmitted to the Senate that bill was referred to the Committee on Banking and Currency, which committee has reported the House bill with substantially the same amendments as were proposed by the committee to the Senate bill.

I ask unanimous consent that the House bill be now substituted for the Senate bill.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The Senate proceeded to consider the bill (H.R. 6670) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes, which

had been reported from the Committee on Banking and Currency with amendments.

Mr. ROBINSON of Arkansas. Mr. President, as already stated, a number of amendments have been proposed to this bill by the Senate Committee on Banking and Currency, the same amendments being offered to the Senate bill as those relating to the House bill. I will take just a few minutes to analyze the amendments.

The amendment on page 1 establishes by law the new corporation which the bill contemplates rather than, as is provided in the House bill and the original Senate measure, to authorize the Governor of the Farm Credit Administration to charter the corporation.

The first amendment on page 2 reduces the membership of the board as originally proposed from five to three, the reductions being made by eliminating the two members which it was proposed should be appointed outside the Government service by the Governor; and the board of directors, as it will be composed if the amendment shall be agreed to, will consist of the Secretary of the Treasury or an officer of the Treasury designated by him, the Governor of the Farm Credit Administration, and the Land Bank Commissioner.

The next amendment on page 2 deprives the Governor of the Farm Credit Administration of the power to amend the charter of the Farm Mortgage Corporation and authorizes the adoption of rules and regulations for the enforcement of the act.

On page 3 there is an amendment authorizing the requirement of bonds in the cases of those employees of the corporation who are regarded as of sufficient responsibility to justify requiring bonds.

The second amendment on page 3 merely carries into effect the provisions of existing law that no salary shall be paid to any employee in excess of \$10,000 and limits to \$6,000 the salary that may be paid to any person or employee appointed as an agent or officer or employee of the Corporation, except with the advice and consent of the Senate.

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

Mr. ROBINSON of Arkansas. I yield to the Senator from Missouri.

Mr. CLARK. I should like to inquire whether it is the Senator's opinion that this provision would apply to the general agents provided for under the existing Agricultural Credit Administration, to the presidents of cooperatives, the intermediate credit, and the other agencies set up under the present act.

Mr. ROBINSON of Arkansas. Without further examination of the matter, I do not think that the limitation proposed in the committee amendment to this bill would apply to any other act than the pending measure. It will, as already stated, limit salaries, and require confirmation in the cases referred to, respecting certain employees under the terms of this bill.

The amendment on page 4, near the top of the page, is restrictive of the powers of the directors.

The amendment at the top of page 5 does not make any substantial change in the effect of the legislation; and the same thing is true of the amendment at the bottom of page 6, and also of that at the top of page 7. They are principally clarifying amendments.

On page 7, at subparagraph (b), there is an amendment as follows:

And to invest its funds in mortgage loans made under section 32 of the Emergency Farm Mortgage Act of 1933, as amended.

This amendment is not a change in the spirit of the bill, but it is offered in order to make certain that the power to make the investments mentioned shall exist.

The amendments on page 8 are merely clarifying amendments.

On page 9, in section 9, which proposes to continue the power of the Farm Mortgage Corporation in lieu of the Land Bank Commissioner to make the class of loans contemplated by the bill, there is an amendment limiting to February 1, 1936, the time within which the class of loans referred to may be made.

The remaining amendment proposed by the committee, found on page 14, does not, as I understand it, substantially change the purpose or effect of the measure, but it incorporates language which has been worked out by the Governor of the Federal Reserve Board.

Of course, it is well understood that the Federal land banks have already nearly exhausted the cash capital available for the making of these loans, in commitments by way of approved loans. Not only is that true, but there have been approvals to the amount of several hundred million dollars in excess of the amount of funds available for the purpose of the act. It has therefore been found necessary, in order that the bonds authorized under the act may find a market, to guarantee both the principal and the interest, the interest only being guaranteed on certain bonds authorized under previous legislation.

Unless this measure be promptly enacted, there will come a suspension in the making of the loans, which, it is believed, would be very detrimental to the agricultural interests of the country.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. FESS. Does the guaranty extend further than the debentures covered in the bill?

Mr. ROBINSON of Arkansas. The guaranty is limited to the debentures authorized in the bill.

Mr. FESS. It likely will extend later, will it not, to the farm land bank bonds also?

Mr. ROBINSON of Arkansas. No; this legislation does not contemplate a Federal guaranty of Federal land bank bonds.

Mr. FESS. It is limited to just these debentures?

Mr. ROBINSON of Arkansas. This is limited to the bonds issued under the terms of the bill.

Mr. NYE. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. Certainly.

Mr. NYE. I thought the Senator from Ohio had propounded the question I had in mind, but evidently he has not. I should like to know whether there is contemplated any program which will extend the privileges provided under this bill to farm land-bank bonds in general?

Mr. ROBINSON of Arkansas. I do not understand that such is the case. I have no information that such legislation is contemplated.

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

Mr. ROBINSON of Arkansas. I yield to the Senator from Idaho.

Mr. BORAH. I understand this measure does not cover home-loan bonds.

Mr. ROBINSON of Arkansas. It does not.

Mr. BORAH. Does not the Senator think it will be necessary to deal with that subject?

Mr. ROBINSON of Arkansas. I do; and it is my understanding that as speedily as the matter may be dealt with legislation will be presented giving to the securities issued by the Home Owners' Loan Corporation a status similar to that provided for the bonds authorized under this measure, and that is necessary, from my standpoint, at least, for almost identical reasons.

The debentures now being issued by the Home Owners' Loan Corporation carry the same guaranty as to interest as do the bonds issued under the emergency Farm Mortgage Corporation Act, but they do not carry any guaranty as to principal, and it has been found difficult, quite naturally, to obtain funds with which to make the loans under the Home Loan Owners' Act after they have been approved. The process of making the loans is being slowed down. Unless the pending measure is enacted, as I have already intimated or declared, there will come a suspension in the making of farm loans which will be very detrimental to agriculture, at least to farm owners, and I think the same is true with respect to loans on homes.

Mr. SHIPSTEAD. Mr. President, the Senator's answer to the question of the Senator from North Dakota was not as emphatic as I thought the Senator ought to make it. I

hope the Senator can make it more emphatic than he did, and assure us that there is nothing here which would guarantee the principal of bonds already issued.

Mr. ROBINSON of Arkansas. I said that that was the case, and that there is no intention, so far as I am advised, certainly there is nothing in this measure, to guarantee outstanding bonds of the Federal land banks. I must decline to make a violent declaration on the subject. A simple statement of the fact, it seems to me, is adequate for the requirements of this discussion. If I did not make myself clear, I hope I can do so by repeating what I recall to have been the statement already made. This measure does not contemplate the guaranty of Federal land-bank bonds generally.

Mr. SHIPSTEAD. May I ask the Senator another question?

Mr. ROBINSON of Arkansas. Certainly.

Mr. SHIPSTEAD. Is it the Senator's belief that if this bill be passed and enacted, and the bonds referred to are guaranteed by the Government of the United States, that there will be a disposition to lend money at a lower rate of interest?

Mr. ROBINSON of Arkansas. The pending bill does not contemplate any change in the rate of interest, and I do not know whether a lower rate will be made available for borrowers than that which is provided under the existing law. The primary purpose of this measure is to obtain the funds necessary to carry on activities which have already been authorized, to supply the resources with which to make the loans as they are approved under existing law. Of course, there are other changes in the measure to which reference has been made, but that is the fundamental purpose.

Mr. SHIPSTEAD. If I may ask the Senator another question, does not the Senator think it is reasonable to expect that, these bonds being guaranteed by the Government of the United States, they will be more easily sold than bonds which are not guaranteed?

Mr. ROBINSON of Arkansas. If they are not more easily sold than the bonds now authorized, the whole refinancing program will be in danger of collapsing. I certainly think that is true. That is the object of the provision—to make sure that the funds will be obtainable. Let me add that this measure is believed to be very essential.

Mr. FESS. Mr. President, will the Senator yield to me again?

Mr. ROBINSON of Arkansas. Certainly.

Mr. FESS. The Senator will recall that near the close of the last administration there was enacted the Federal Home Loan Bank Act, under which we established a central system similar to the Federal Reserve System to deal with the mortgages held by loan associations. In the discussion of that legislation much was said about the guaranty of bonds, whether they were Government bonds or not, and the Senator will recall that an amendment was adopted in the Senate providing that there should be written on the face of the bond contemplated by that measure a statement that it was not a Government bond.

Mr. ROBINSON of Arkansas. Yes.

Mr. FESS. I have wondered whether this legislation will not ultimately lead to the guaranty of both the bonds covered by the pending measure and the farm land-bank bonds. It seems to me that it will.

Mr. ROBINSON of Arkansas. Mr. President, of course, one can hardly enter the realm of prophecy with a sense of certainty. I do not think that such will be the result of this legislation, and I do not believe that the Government can guarantee all bonds which may be issued by the Federal land banks. I do not believe it ought to be expected to do that. Of course, during these times there come very rapid changes in conditions. What a future Congress will do God alone knows.

The fact is that it was believed, when these bonds were authorized, that a guaranty of the interest would be sufficient to assure their sale under conditions which would enable the Farm Credit Administration to make the loans

called for, but experience has shown that that is not the case, and I do not feel that the guaranty of these bonds imposes any very substantial liability on the Government. Under the circumstances, it, of course, augments the liability of the Government, in theory at least; but the loans are being made on a basis which it is expected the borrowers will be able to meet. I do not think the liability under this measure, or probably under arrangements respecting home-loan bonds, will be very great, so far as the Government is concerned.

Mr. FESS. I have the same feeling, but the question is, Would not the same argument apply to the farm land-bank bonds?

Mr. ROBINSON of Arkansas. I do not think so. The farm land banks are engaged in the general business of making loans. It would involve a new departure to commit the Government to the guaranty of all bonds issued by the land banks. That is a question, of course, on which the Senator's judgment may be as good as that of the Senator who now occupies the floor, or even better.

Mr. FESS. I may say to the Senator from Arkansas that I have never been in favor of guaranteeing those bonds. On the other hand, I have continually contested the idea that the Government has any responsibility in meeting them; but I was thinking that this sort of legislation might lead to what the Senator and I have not favored in the past. That was the only question I had in mind.

Mr. ROBINSON of Arkansas. Of course, it is possible that some may propose to guarantee other bonds. I realize that often precedents are expanded by future actions; but this precedent does not, in my judgment, justify any such anticipation.

Mr. AUSTIN. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Vermont?

Mr. ROBINSON of Arkansas. I yield.

Mr. AUSTIN. Mr. President, I should like to inquire whether the bill under consideration is retroactive in respect of financing bonds already issued and which carry a guaranty of interest only, or whether it relates solely to future financing.

Mr. ROBINSON of Arkansas. I will ask the Senator to repeat his question. I could not hear it.

Mr. AUSTIN. I wish to learn whether the proposed bill provides for refinancing bonds already issued and which are now guaranteed only as to interest.

Mr. ROBINSON of Arkansas. There is a provision in the bill, on page 7, subsection (b), as follows—I read it as it is proposed the provision should be amended:

(b) The corporation is further authorized to purchase from time to time, for cash, such consolidated farm-loan bonds at such prices and upon such terms as may be approved by the board of directors of the corporation, to make loans to Federal land banks on the security of such consolidated bonds, and to invest its funds in mortgage loans made under section 32 of the Emergency Farm Mortgage Act of 1933, as amended.

That provision would authorize the absorption of what I believe amounts to about \$150,000,000 in consolidated bonds authorized heretofore to be issued.

Mr. AUSTIN. I thank the Senator.

Mr. ROBINSON of Arkansas. Mr. President, I ask for action on the amendments.

The VICE PRESIDENT. The clerk will state the first amendment.

The first amendment of the Committee on Banking and Currency was, on page 1, line 3, after the word "That", to strike out "the Governor of the Farm Credit Administration, hereinafter in this act referred to as the 'Governor', is authorized to organize and charter" and insert "there is hereby established"; on the same page, line 8, after the word "The", to insert "principal office of the corporation shall be located in the District of Columbia, and the management of the corporation shall be vested in a"; on page 2, line 2, after the word "directors", to strike out "of such corporation shall consist" and insert "consisting"; on the same page, line 4, after the word "Governor", to strike out the comma and "the" and insert "of the Farm Credit

Administration hereinafter in this act referred to as the 'Governor', and the"; in line 6, after the word "Commissioner", to strike out the comma and "and two officers of the Farm Credit Administration to be designated by the Governor. The terms of the directors designated by the Governor shall be for a period of 12 months commencing January 1 of each year, but the terms of the directors first designated shall be for the balance of the 12 months' period commencing January 1, 1934, but a director appointed to fill a vacancy shall hold his office for the unexpired term of the director whose place he is selected to fill. Any director designated by the Governor may at any time be removed by him for cause."; in line 22, after the word "bylaws" and the comma, to insert "rules, regulations,."; in line 23, after the word "amendments", to strike out "to the charter of the corporation" and insert "thereto"; in line 25, after the word "corporation", to insert "authorized under this act"; on page 3, line 4, after the word "compensation", to insert "and duties"; in line 7, after the word "corporation", to insert "by this act, to require bonds of them and fix the penalties thereof and dismiss them at pleasure"; and in line 10, after the word "paid", to strike out "but the rates of compensation for the performance of the duties of the respective offices and positions under the corporation shall not exceed the rates prescribed for comparable duties by the salary schedules of the Classification Act of 1923, as amended" and to insert "but the rate of compensation of such agents, officers, and employees of the corporation shall be subject to the limitation contained in section 66 of the Farm Credit Act of 1933: *Provided*, That no person shall be appointed as an agent, officer, or employee of the corporation under this act at a salary of \$6,000 or more per annum except with the advice and consent of the Senate", so as to make the section read:

Be it enacted, etc., That there is hereby established a corporation to be known as the "Federal Farm Mortgage Corporation", hereinafter in this act referred to as the "corporation." The principal office of the corporation shall be located in the District of Columbia and the management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, or an officer of the Treasury designated by him, the Governor of the Farm Credit Administration, hereinafter in this act referred to as the "Governor", and the Land Bank Commissioner. The directors shall receive no additional compensation for their services as directors of the corporation, but may be allowed actual necessary traveling and subsistence expenses when engaged in the business of the corporation outside of the District of Columbia. The Governor shall be the chairman of the board of directors. The directors shall have power to adopt such by-laws, rules, regulations, and amendments thereto as they deem necessary for the conduct of the business of the corporation authorized under this act. The directors shall have power, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, to employ and fix the compensation and duties of such agents, officers, and employees of the corporation as may be necessary to carry out the powers and duties conferred upon the corporation by this act, to require bonds of them and fix the penalties thereof and dismiss them at pleasure, and to prescribe the manner in which the obligations of the corporation shall be incurred and its expenses allowed and paid, but the rate of compensation of such agents, officers, and employees of the corporation shall be subject to the limitation contained in section 66 of the Farm Credit Act of 1933: *Provided*, That no person shall be appointed as an agent, officer, or employee of the corporation under this act at a salary of \$6,000 or more per annum except with the advice and consent of the Senate.

The amendment was agreed to.

The next amendment was, on page 4, line 2, after the word "power", to insert "as may be", and in line 4, after the word "this", to strike out "or any other act of Congress as may be provided by law or in its charter and by-laws or in any amendments thereto" and insert "act", so as to make the section read:

Sec. 2. The corporation shall have succession until dissolved by act of Congress; shall have power to sue and be sued in any court, to adopt and use a corporate seal, to make contracts, and to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of its business; and shall have such other powers as may be necessary and incident to carrying out its powers and duties under this act. The corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The corporation, with the consent of any board, commission, inde-

pendent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, officers, agents, and employees thereof, in carrying out the provisions of this act.

The amendment was agreed to.

The next amendment was, on page 4, line 23, after the word "transferred", to strike out "and made available to the Governor" and insert "to the corporation", so as to make the section read:

Sec. 3. The capital of the corporation shall be in the sum of \$200,000,000, which shall be subscribed by the Governor on behalf of the United States in such amounts and at such times as he deems necessary for the purposes of the corporation. For the purpose of such capital subscription, the funds and proceeds thereof made available to the Land Bank Commissioner under section 32 of the Emergency Farm Mortgage Act of 1933 and the mortgages taken by the Commissioner and the credit instruments secured thereby are hereby transferred to the corporation.

The amendment was agreed to.

The next amendment was, on page 5, line 2, after the word "issue", to insert "and have outstanding at any one time"; in line 3, before the word "amount", to insert "aggregate"; in line 4, after the word "exceeding", to strike out "in the aggregate"; in the same line, after the figures "\$2,000,000,000", to strike out "at any one time outstanding"; in line 12, after the word "United", to strike out "States," and the comma and insert "States"; in line 13, after the word "and", to insert "such bonds"; in line 14, after the word "shall", to strike out the comma and "on account of such guaranty,."; on page 6, line 22, after the word "of", to strike out the article "a" and insert "any"; in the same line, after the word "bank", to strike out "issuing bonds after the enactment of this act under the provisions of the Federal Farm Loan Act, as amended,."; in line 25, after the word "face", to strike out "value" and the semicolon and insert "value issued under the Federal Farm Loan Act, as amended,."; and on page 7, line 1, after the word "exchange", to insert "such", so as to read:

Sec. 4. (a) With the approval of the Secretary of the Treasury, the corporation is authorized to issue and have outstanding at any one time bonds in an aggregate amount not exceeding \$2,000,000,000. Such bonds shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices, as may be prescribed by the corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds of the corporation issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Loan Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the corporation shall be treated as public-debt transactions of the United States. Such bonds shall be fully and adequately secured by such assets of the corporation and in such manner as shall be prescribed by its board of directors. The corporation shall have power to purchase such bonds in the open market at any time and at any price. On such terms and conditions as may be agreed upon, the corporation may exchange such bonds, upon application of any Federal land bank for consolidated farm loan bonds of equal face value issued under the Federal Farm Loan Act, as amended, and may exchange such consolidated farm-loan bonds held by it for bonds of the corporation of equal face value.

The amendment was agreed to.

The next amendment was, on page 7, line 5, after the word "cash," to strike out "consolidated bonds of the 12

Federal land banks issued or to be issued under the provisions of the Federal Farm Loan Act, as amended," and insert "such consolidated farm-loan bonds"; in line 8, after the word "such", to strike out "price" and insert "prices"; in line 10, after the word "corporation", to strike out "and"; and, in line 11, after the word "bonds", to insert a comma and "and to invest its funds in mortgage loans made under section 32 of the Emergency Farm Mortgage Act of 1933, as amended", so as to read:

(b) The corporation is further authorized to purchase from time to time, for cash, such consolidated farm-loan bonds at such prices and upon such terms as may be approved by the board of directors of the corporation, to make loans to Federal land banks on the security of such consolidated bonds, and to invest its funds in mortgage loans made under section 32 of the Emergency Farm Mortgage Act of 1933, as amended.

The amendment was agreed to.

The next amendment was, on page 8, line 5, after the name "United States", to strike out "but this provision shall not apply to the issuance of any bond to refinance" and insert "except for the purpose of refinancing", so as to make the section read:

SEC. 5. After 90 days after the enactment of this act, no Federal land bank shall issue any bonds under the provisions of the last paragraph of section 32 of the Federal Farm Loan Act, as amended, subject to the guaranty of interest on such bonds by the United States, except for the purpose of refinancing any bond which is or has been issued subject to such guaranty of interest.

The amendment was agreed to.

The next amendment was, on page 8, line 12, before the word "may", to strike out "or under section 32 of the Emergency Farm Mortgage Act of 1933," and, in line 13, after the word "bank", to strike out "or the Land Bank Commissioner, as the case may be", so as to make the section read:

SEC. 6. Direct loans made under section 7 of the Federal Farm Loan Act, as amended (U.S.C., sup. VII, title 12, sec. 723), may, at the option of the Federal land bank, be made in bonds of the Federal Farm Mortgage Corporation.

The amendment was agreed to.

The next amendment was, on page 9, line 19, before the words "land bank", to strike out "Upon issuance of the charter of the Federal Farm Mortgage Corporation, the" and insert "Until February 1, 1936, the"; in line 21, after the word "of", to strike out "such corporation, and the mortgages and credit instruments secured thereby, together with the funds available to the Land Bank Commissioner under this section, are transferred to such corporation. The bonds and proceeds of bonds" and insert "the Federal Farm Mortgage Corporation either in cash or in bonds of the corporation at his election. Not to exceed \$600,000,000 of the bonds and proceeds thereof"; and on page 10, line 5, after the word "section", to strike out "but the face value of bonds which may be issued for such purposes shall not exceed \$600,000,000" and insert "in addition to the amounts transferred to such corporation under section 3 of such act", so as to make the section read:

SEC. 9. Section 32 of the Emergency Farm Mortgage Act of 1933 (U.S.C., Supp. VII, title 12, sec. 1016) is amended by inserting at the end thereof the following: "Until February 1, 1936, the Land Bank Commissioner shall, in his name, make loans under this section on behalf of the Federal Farm Mortgage Corporation either in cash or in bonds of the corporation at his election. Not to exceed \$600,000,000 of the bonds and proceeds thereof issued under section 4 of the Federal Farm Mortgage Corporation Act are hereby made available for the purposes of this section in addition to the amounts transferred to such corporation under section 3 of such act."

The amendment was agreed to.

The next amendment was, on page 13, after line 14, to strike out the following section:

SEC. 16. Subparagraph (b) of section 14 of the Federal Reserve Act, as amended, is further amended by adding the following after the semicolon at the end of such paragraph:

"To buy and sell bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding 6 months, and to make loans on the security of bonds of the Federal Farm Mortgage Corporation subject to the limitations and

restrictions respecting loans on the security of direct obligations of the United States issued under the Second Liberty Loan Act, as amended."

The amendment was agreed to.

The next amendment was, at the top of page 14, to insert the following section:

SEC. 16 (a) The first sentence of the eighth paragraph of section 13 of the Federal Reserve Act, as amended, is further amended by inserting before the semicolon after the words "section 13 (a) of this act" a comma and the following: "or by the deposit or pledge of Federal Farm Mortgage Corporation bonds issued under the Federal Farm Mortgage Corporation Act."

(b) Paragraph (b) of section 14 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 353-358), is further amended by inserting after the words "bonds and notes of the United States" a comma and the following: "bonds of the Federal Farm Mortgage Corporation having maturities from date of purchase of not exceeding 6 months."

The amendment was agreed to.

The VICE PRESIDENT. The amendments reported by the committee have now been agreed to.

MR. CLARK. I ask unanimous consent that the vote by which the amendment on page 3, beginning on line 15 and extending to the end of the paragraph, was agreed to may be reconsidered, and then I shall ask that the amendment be passed over temporarily for the purpose of enabling me to draw up an amendment which I desire to propose as a substitute.

The VICE PRESIDENT. Without objection, the vote whereby the amendment referred to by the Senator from Missouri on page 3 was agreed to will be reconsidered, and the amendment will be passed over temporarily.

MR. CONNALLY. I desire to call up an amendment. I think the Senator from Arkansas [Mr. ROBINSON] will agree to it when it is read. I ask that the amendment be stated.

The VICE PRESIDENT. The amendment offered by the Senator from Texas will be stated.

The CHIEF CLERK. On page 14, after line 20, insert the following:

SEC. 16 (a) That the Governor of the Farm Credit Administration is authorized and directed, during the year 1934, to make loans to farmers of the same character and for the same purposes, and subject to the same terms and conditions (including penalties), as loans made during the year 1933 pursuant to the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes", approved February 4, 1933.

The Governor of the Farm Credit Administration is further authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

There is hereby authorized to be appropriated the sum of \$100,000,000, or so much thereof as may be necessary, to carry out the provisions of this act.

MR. ROBINSON of Arkansas. Mr. President, I cannot agree to that amendment. The President and the Farm Credit Administration have been considering this subject with very great care. There is now pending in the Senate a bill proposed by the Senator from South Carolina [Mr. SMITH] relating to that subject, to which I expect certain amendments to be proposed by him, although, of course, I have no authority to commit the Senator from South Carolina to any amendments.

MR. SMITH. Mr. President, I should like to state in this connection that the terms of the amendment just proposed by the Senator from Texas are almost identical, with one exception, with the terms of the bill introduced by me. I see no reason, so far as I am individually concerned, why this amendment should not apply to the pending bill. If the Senator from Texas will allow me in his time, I should like to give the reasons for my position.

MR. CONNALLY. May I interrupt the Senator from South Carolina for just a moment in order to answer a statement made by the Senator from Arkansas [Mr. ROBINSON]? Let me say to the Senator from Arkansas that I consulted the Senator from South Carolina before I introduced the amendment, and the amendment I proposed is entirely agreeable to him.

MR. ROBINSON of Arkansas. Mr. President, I did not know that this amendment was to be proposed. I think it is

the theory of the Farm Credit Administration and the theory of the President that a reduction should be made in the amount authorized for the class of loans contemplated by the amendment, and I should like to ask the Senator from Texas to withhold his amendment until a day or two later, when the bill of the Senator from South Carolina may be brought forward and the opportunity to amend it will be afforded.

Quite a number of questions believed to be of very great importance are involved. The administration not only feels that there should be a reduction in the aggregate amount, but, inasmuch as we are setting up, and have set up, through credit corporations, arrangements for loans for those who are able to supply the collateral that is required in connection with crop production, a much less sum than that authorized in legislation of previous years will be adequate.

The Farm Credit Administration also feels that the aggregate amount of the loan to be made to any individual under these provisions, substantially without security, should be reduced from \$300 to \$200, as is now provided. These questions, however, I think, should be settled separately from the pending bill.

The Farm Relief Administration believes that the general provisions of the amendment and of the Smith bill may be advantageous, but it also feels that there should be certain restrictions adopted on these so-called "crop-production loans" which will result in a condition under which they may be abandoned some time in the early future.

The direct making of loans for the purpose of crop production is quite expensive, and it has involved some measure of fraud and waste; though, on the whole, it has been very helpful and very advantageous. My thought is that by considering the subject separately it can be worked out under conditions that ought to be satisfactory to most of us. For that reason, so far as I am concerned, I cannot consent to the amendment offered by the Senator from Texas.

Mr. SMITH. Mr. President, if the Senator from Texas will allow me, I should like to review, briefly, what has transpired in reference to the continuance of crop-production loans based entirely upon the prospective crop to be produced.

I recognize, because of the conditions in my own State, and from the mail and communications of all sorts that have come to me on this subject, it is universally felt that it is necessary to have a continuance, until next year at least, of what is known as "crop-production loans." It was recognized by substantially every member of the Senate Committee on Agriculture, when the bill came up for consideration by that committee, that anywhere from 60 to 75 percent of the producers from Minnesota to South Carolina could not qualify under the conditions of the Farm Credit Administration as now set up, on account of the depression that has been affecting the farmers for much longer than it has been affecting industry. Every available financial and banking asset the farmers had, save the power to produce a crop, has already been involved. Therefore if they do not get funds for the purpose of producing their crops, and upon the crop as security, millions of farmers will have to be eliminated from anything like tilling the soil and making a crop.

Previous to the enactment of the Farm Credit Act setting up institutions in which stock had to be bought, security given and financial statements made, the previous administration had tried almost the identical thing, and the result was that the number subscribing was negligent, not because the seed loan that was then being made offered a better opportunity to get the money but because the farmers were totally unable to put up any security. They are required to take 5 percent in stock out of any loan which they hope to negotiate; they pay 6-percent interest; they then pay a certain amount for the examination of the papers and recording of the mortgage, and the result is that a negligible number of the farmers can qualify.

Mr. Morgenthau went down to the capital city of my State and outlined the provisions of his bill. When he had finished

Mr. Hugh McCrae, perhaps one of the most progressive citizens in the State of North Carolina, interested as he was, and as all of us are, in the submerged helpless element in the agricultural world, said to Mr. Morgenthau—I am quoting approximately—

I have listened to your proposition, and I want to state that in North Carolina and South Carolina my opinion is that 75 percent of those who produce the crops cannot qualify under this bill.

Mr. TYDINGS. Why?

Mr. SMITH. Because they have not anything except some rented land and their muscle with which to make a crop; that is why.

Mr. MCKELLAR. Mr. President, will the Senator from Texas permit me to ask the Senator from South Carolina a question?

Mr. CONNALLY. I am very glad to do so.

Mr. MCKELLAR. Is it not also true that while the crop-production organization which is now being set up may in the end reach the purpose desired, for this year, at all events, it is impossible for it to begin operating in sufficient time to allow the farmers to borrow the money with which to make a crop, and therefore under any circumstances is it not essential that it should be done this year?

Mr. CONNALLY. It should be done by the 1st of February.

Mr. SMITH. Mr. President, we are spending billions of dollars—I will not attempt to enumerate the sources of expenditures, for every Senator knows that vast sums are being expended in the effort to eliminate unemployment.

Mr. NORRIS. Mr. President—

Mr. SMITH. I yield.

Mr. NORRIS. I may not have a correct understanding of what the effect would be if the amendment were added to this bill, but, as I understand, the Senator from Texas offers an amendment to the pending bill the effect of which, if agreed to and enacted into law, would be practically the same as though the bill reported from the Agricultural Committee, about which the Senator from South Carolina is talking, were itself enacted into law. Am I correct in that?

Mr. SMITH. That is correct.

Mr. NORRIS. The objection of the Senator from Arkansas to the amendment ought to be considered, because he says, in effect, as I understand him, that those who are to administer the measure want to suggest some amendment or change in the bill of the Senator from South Carolina. I should like to ask the Senator from Arkansas if I am correct in that surmise?

Mr. ROBINSON of Arkansas. The Senator is entirely correct. I undertook to state some of the amendments which they propose to that bill. The statement made by the Senator from Nebraska, it seems to me, is reinforced by the fact that no opportunity was afforded the Farm Credit Administration to discuss this question. It came up since this bill was reported by the committee.

Mr. NORRIS. I should like to suggest, then—

Mr. SMITH. Before the Senator from Nebraska proceeds let me correct a statement which has just been made. I notified Governor Myers, and he came to my office and brought members of his staff with him. I discussed this question with him.

Mr. ROBINSON of Arkansas. May I ask if that was before or after the bill had been reported?

Mr. SMITH. That was after the bill had been reported.

Mr. ROBINSON of Arkansas. That is what I said. Before the bill was reported there was no opportunity afforded for discussion.

Mr. NORRIS. There were no hearings before the committee, as I understand.

Mr. ROBINSON of Arkansas. There were no hearings before the committee.

Mr. NORRIS. May I suggest that I was present at the committee meeting at which was unanimously ordered reported the bill introduced by the Senator from South Carolina. I still think that that action was right, but I do not want to foreclose anybody from making proper sugges-

tions or having a hearing on it. I should like to suggest to the Senator from Texas that he follow the suggestion of the Senator from Arkansas and bring up his amendment when we take up the bill of the Senator from South Carolina, which I understand is to be considered in a few days. I think the bill is proper, so far as I now know, and I want to support it and vote for it, but I do not want to foreclose anybody from suggesting amendments.

Mr. SMITH. Mr. President, I want right here and now not to let the impression go out too strongly that I have not attempted to secure the opinion of the administration.

Mr. NORRIS. I do not know anything about that.

Mr. SMITH. I am going to tell the Senator about it.

Mr. NORRIS. I will be glad to hear the Senator's statement.

Mr. McKELLAR. Mr. President, will the Senator yield to me for a moment?

Mr. SMITH. Not at this moment.

Mr. NORRIS. When the bill was up before the committee we had no hearings.

Mr. SMITH. Exactly, but not a single member of the committee thought any hearing was necessary because of the exigent conditions which every Senator knows exist in his State, conditions demanding relief. We did not think that the provisions of the bill heretofore enacted and the one here now about to be enacted needed any comment, for we ourselves knew what the actual conditions were.

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

Mr. SMITH. Let me first make this statement: I then sought an interview with the President. I wanted to discuss the question with him and show him the necessity of this proposed legislation and explain to him that it met the crying needs of more than 50 percent of those who produce the crops of this country. I have been unable to get an audience with him. I have been a Member of this body for a quarter of a century; I think I have tried to discharge my duty as a Senator; I have tried to deal fairly with all parties concerned, and I felt it to be my duty to take the action I did take in behalf of the suffering farmers of this country, not those who are able to purchase the shares of stock and who can show a financial condition indicating an ability to guarantee the loans but those who have nothing in the world but their own physical ability to produce crops.

I think that category includes 75 percent of those who produce the bulk of our agricultural products; and representing them, knowing that time was of the essence, the committee reported the bill. On account of the change in the Constitution, brought about by the Senator from Nebraska, we did not have time to discuss this question previous to Christmas. I should have introduced the bill then had the Congress been in session. The measure is simply designed to give the farmers what for the last 5 years they have considered the most efficient, the most practicable of any relief that has been afforded them at any time; and, be it said to the honor of that distressed class in my State, in Georgia, and in North Carolina—three States with which I am particularly familiar—90 percent plus of the loans have been repaid, despite the low prices and the horrible depression. The Senator from Texas, recognizing in his State the same condition, introduced a measure simply containing direct aid to these distressed individuals.

Mr. CONNALLY. In the form of loans.

Mr. SMITH. Yes; in the form of loans, just as in the past.

Mr. President, if the Senate will bear with me for just a second further, for 10 years we have tried crop-production credit units in the several States. We tried that plan under the cooperative principle. We then tried it under the sanction of law, in the case of the Farm Board under the Hoover administration, the provisions of which were almost identical with those of the pending bill. It has been a signal failure; it has been a disastrous failure. Why? I myself went in and took stock; I then paid 6-percent discount; I then paid from 2 to 2½ percent for the examination and recording of the papers; and the next year, or perhaps the

year following, the whole thing dissolved, and I had the pleasure of paying anywhere from 15 to 17 percent for the money that I borrowed, guaranteeing it with everything that I had that had not been previously mortgaged. Everything was cleaned up.

They required a chattel mortgage and a financial statement showing what one was worth, what his rating was; and if one could give a satisfactory financial statement, and, in addition to that, put up enough chattels, enough real estate—God knows they took everything he had—then he might borrow, but if a farmer borrows under the old law they take 10 percent, and then the fees for recording.

I maintain today that from Minnesota—and the Senator from Minnesota endorsed the proposition as enthusiastically as did the Senator from South Carolina—

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

Mr. SMITH. I yield.

Mr. MURPHY. Did I understand the Senator to say that he was doing business with a pawnbroker or with the Federal Government?

Mr. SMITH. I was doing business with the Farm Credit organization.

Mr. CLARK. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. SMITH. I yield.

Mr. CLARK. I do not know what the Senator's experience in South Carolina has been, but I am very credibly informed that in some counties in Missouri the Agricultural Credit Administration, that is, the land bank at St. Louis, has taken more money out of the county in fees than it has put in in the shape of loans.

Mr. SMITH. Mr. President, let us consider the bill introduced by me, which with one exception is exactly identical with the bill of the Senator from Texas. We have set up an organization which takes the application of the small farmer, the one-horse man, the renter. The agent of the organization goes out and examines the land. The organization graduates the risk according to the farmer's prospects. They give him a part of the loan to begin work. They give him enough to buy his fertilizer. Then a little later, if he is keeping things moving, they send him enough to cultivate; then at last give him enough more to help him complete the crop. Then they take the crop and put it to his credit.

Ninety-seven percent of the farmers have paid out in my State. They buy no stock; they put up no collateral except the prospective crop, upon which everyone of us in this Chamber is dependent. That condition extends from the semitropical regions of South Carolina to the frozen regions of the North and Northwest. This plan has the universal approval of every farmer and everyone that thinks in terms of the man who cannot put up banking collateral.

Governor Myers said to me, "Do you not think that the land rental the farmer has and the option stuff he has would enable him to qualify under my proposition and not under yours?" I said, "You are going upon the assumption that he has made a profit." He did get more for his tobacco and more for his cotton, perhaps, but the intolerable debt that was on him wiped out all possible profit. He would never pay off at the present price of cotton and tobacco—never in the world. As rapidly as the prices rise, those to whom he is indebted and who hold a mortgage on him are absorbing every dollar, and so he is identically in the same position that he was in last year as far as being able to make a financial statement and his ability to pay cash is concerned.

There is no use for us to mock that man. I am perfectly willing to hear what Mr. Myers has to say about his theory. Mr. Hoover had the same theory, and the cooperatives had it, but it will not work. If a farmer has money enough and property enough to be a good risk, he is not going to join a coterie of four or five and to extend the 5-percent guaranty to insure whether the other fellow will pay up or not. If he had money to do that, he would go to the bank and borrow. If not, he will take his own assets and go to the grocery man

and the fertilizer man and make his note and give them a mortgage.

What is the use to stand here as practical men and mock these people? I repeat, I talked to Mr. Myers. I knew beforehand what his idea was about cutting down the amount. I am perfectly willing, if \$100,000,000 is too much in the opinion of the Senate, to reduce the amount; but, in the name of the people that need food and clothing, why do we balk at \$100,000,000 for the farmers of America and then pay out \$500,000,000 for work simply to give people employment? What better employment can we give in this land than to lend the farmer enough money to enable him to stay on his farm and maintain his self-respect, his dignity as a citizen, humble though it may be, and then pay it back, as he always has done, to the full extent of his ability?

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

The PRESIDENT pro tempore. The Senator from Texas has the floor. Does he yield to the Senator from North Dakota?

Mr. CONNALLY. I am glad to yield.

Mr. SMITH. I thought the Senator from Texas had yielded the floor to me; otherwise I should not have continued as I have. I shall wait until such time as I can get the floor in my own right.

Mr. CONNALLY. I am not complaining about the Senator's interruption.

Mr. NYE. I followed with a great deal of interest the thought the Senator from South Carolina has expressed with relation to the need of the farmer at this time. He speaks of the renter as being the primary one in need. I know of owners of farms who are just as desperately needing the help as any renter.

Mr. SMITH. I was not restricting my remarks to renters.

Mr. NYE. I want to ask a question of the Senator from Texas and the Senator from South Carolina. Do they feel that to take action on the amendment offered by the Senator from Texas today is going to delay these loans to a time when they will be exceedingly late in getting to those who need them?

Mr. SMITH. I have a telegram here on my desk that is typical of hundreds. This happens to be from Minnesota. The telegram expresses the thought which I have expressed here, that time is rapidly passing and whatever they are going to get they want to get promptly. In other words, time is of the essence.

Mr. NYE. The Senator knows what has been the experience every winter and spring. We have always been late in affording these loans. We have acted ultimately, but it has been too late to be properly executed. Does the Senator feel that a failure to accept the amendment offered by the Senator from Texas at this time is going to occasion delay that is going to be embarrassing again?

Mr. SMITH. Speaking for myself alone, I am inclined to let those who are now administering it determine that question. I have said my say here. I have expressed myself. I want to make the further statement that I believe it is the duty of the committees of the Senate and the House to draft the legislation which they propose to enact. I think it would be all right to invite the different departments to come in and make suggestions born of their experience in administering the law, but I for one would like for this body and the body at the other end of the Capitol to draft their own legislation. We are the legislative body. It is not that I care so much about the matter of authorship nor that I have any pride of authorship, but I do want to maintain the dignity of the legislative branch of our Government.

I think I know as much about the condition of the suffering farmers of the country as the bankers know about the horrible condition of the suffering bankers. I think I know as much about the condition of the average farmer as the manufacturers know about the condition of the manufacturers. But the farmer seems to have very few voices raised here in his behalf.

Mr. NYE. Have hearings been set for consideration of the Senator's bill?

Mr. SMITH. No; we did not have any hearings. The only hearing we had was the enthusiastic and unanimous endorsement of the Committee on Agriculture and Forestry.

Mr. NYE. I understand there is now a request to be heard in connection with the matter.

Mr. SMITH. All I am pleading for is that as time is of the essence we should get some relief to the class of people that are in need of relief and who are so splendidly struggling, remembering all the time how splendidly they have heretofore responded in paying back these loans.

I have introduced the bill and it has been reported. The committee unanimously and enthusiastically endorsed it. It is now before the Senate, in the hands of the Senate, and whatever the Senate may see proper to do I shall accept, of course.

Mr. CONNALLY. Mr. President, in reply to the suggestions of the Senator from Arkansas [Mr. ROBINSON], I want to say that the reason I offered the amendment at this time without calling it to the attention of the Senator from Arkansas specifically is that he was on the floor at the time addressing the Senate. I introduced the measure independently on the 10th of January and it was referred to the Committee on Agriculture and Forestry. The Senator from South Carolina [Mr. SMITH], chairman of the committee, had a similar bill, almost identical in its text, and the committee unanimously reported his bill. Under those circumstances I first consulted the Senator from South Carolina before offering my amendment to this bill because I wanted to be courteous to him. He agreed that I should offer my amendment.

The reason why I did not call it to the attention of the Senator from Arkansas was that he was on the floor at the time explaining the general measure. I did, however, offer the amendment from the floor in advance for information. Of course I do not want to run counter to the wishes of the Senator from Arkansas. If we can have some understanding or agreement that the Smith bill will be taken up within a few days and disposed of, I shall not press my amendment at this time, because of the request of the Senator from Arkansas that it be not pressed. I have no disposition to be insistent about the matter at this time, but I do want to make a brief statement.

So far as the total amount is concerned, I am willing to scale that, because it will not be necessary this year to employ quite as large an amount of funds, for some of these loans will be made under the other set-up; and I am willing, so far as I am concerned, to have the amount that may be loaned to each individual borrower amended. By the way, section 2 of the amendment provides that the Governor of the Farm Credit Administration shall make rules and regulations regarding its administration. We are not undertaking to tie his hands; but all that the amendment does is to continue for 1 more year the crop loans just as they have been made for the past year.

The present arrangement expires by limitation of time; and unless something of this kind is enacted, the tenants without substantial property cannot borrow from the Federal Government under the new set-up. Under the new set-up the law requires that the farmer, in order to get a loan for crop-production purposes, must have "adequate security." If he has adequate security, he can go to the bank and get the money; but the farmer who merely has a team and implements and has the prospect of a crop will not be able to borrow any money whatever from the Farm Credit Administration for crop production under the new set-up.

This amendment of mine simply authorizes and directs the Governor of the Farm Credit Administration to continue these crop loans for another year.

What is the effect?

The crop loans during the past year in many States have been paid back to the Treasury more than 90 percent. My State has paid back more than 90 percent of those loans. These loans will prevent some people from going on the relief rolls. They will be on direct relief, getting doles from the Federal Treasury, or they will be on work created by the Civil Works Administration. This is the cheapest form of

relief that it is possible for the Government to give, because it enables the farmer to stay at home, to be busy, to make a crop to sustain himself and his family; and the Government in most cases does not lose a thin dime on these loans.

The Committee on Agriculture and Forestry having reported the bill unanimously, and having understood that it was going to come up at some future day, I thought that, the Senate having before it an amendment to the Agricultural Administration Act—that is the bill we now have before us—it was appropriate that the other bill should be offered as an amendment now. I failed to consult the Senator from Arkansas only because he was on the floor addressing the Senate, and I did not want to interrupt him. I consulted the Senator from South Carolina [Mr. SMITH] and the Senator from Tennessee [Mr. MCKELLAR], and asked the Senator from Tennessee, who sits by the Senator from Arkansas, to consult him and see if he would not accept the amendment.

Let me ask the Senator from Arkansas at this juncture whether he thinks we can get up the Smith bill in a few days if this matter is not pressed now.

Mr. ROBINSON of Arkansas. Mr. President, I stated in my opening statement on this amendment that I expected that we would be able, in all probability, to agree on a modification of the Smith bill, and that there was no disposition on the part of anyone to delay it. I decline to be put in the attitude of resenting the action of the Senator from Texas in offering this amendment, and I decline also to enter into a bargain on the matter.

Mr. CONNALLY. I do not ask that.

Mr. ROBINSON of Arkansas. I think that this matter necessarily will be determined on its merits. I have no doubt that the bill may be speedily considered, as I have said to the Senator from South Carolina. He understands fully that there is no disposition, here or elsewhere, to delay consideration of the bill; but there are subjects involved in this matter that I have not yet fully explained and that I will seek to explain when the opportunity arises.

Mr. CONNALLY. Mr. President, let me say in reply to the Senator from Arkansas that the Senator from Texas, in explaining why he did not call the amendment to the attention of the Senator from Arkansas, did not mean to imply that there was any resentment on the part of the Senator from Arkansas; but the Senator did say that his attention had not been called to the amendment. That was why the Senator from Texas was explaining why he did not call it to the attention of the Senator from Arkansas. I am not trying to extort any agreement from the Senator; but since I am giving way, and not pressing the amendment, I did hope that we could have the parties who are interested know that this matter would be given attention.

I thank the Senator from Arkansas for his statement with regard to the matter; and under those circumstances, I shall not insist on the amendment at this time.

Mr. ROBINSON of Arkansas. The Senator withdraws the amendment, as I understand?

Mr. CONNALLY. I withdraw the amendment.

Mr. ROBINSON of Arkansas. Mr. President, while this matter is under consideration, let me say that I think the Senator from Texas has done right and acted wisely in withdrawing his amendment.

I wish to make a further explanation for the benefit of those who are interested in this very important controversy.

The Congress, by the Farm Credit Act, authorized the setting up of certain farm credit agencies, known as "farm credit corporations." It is the policy of the act to make loans to farmers on as sound and reasonable a basis as may be practicable, and I do not believe any Senator ought to object to that. It is the policy of the administration, and it is the policy of the laws we have already enacted, to discontinue as soon as may be making loans without security to farmers who are able to give reasonable security.

The importance of this is well illustrated by my good friend the Senator from South Carolina [Mr. SMITH], who

implied in his statement that he was not able to make a sound loan with the Government and that he had to depend on one of these crop-production loans made without security.

Mr. President, there are thousands of people in this country engaged in farming who last year got the benefits of this act when they ought to have been permitted to obtain loans under different conditions. I submit that the fact that only \$58,000,000 were loaned last year, when the authorization was \$100,000,000, shows that there is an effort to swell this class of loans unduly. Of course, if last year was not the worst year, insofar as crop production is concerned, we shall have to ask God to save the country.

With an authorization of \$100,000,000, \$58,000,000 were loaned. There were many instances where people who were able to finance themselves procured these loans with but slight cost. There were other instances where various forms of fraud were practiced. The idea is to accept the principle of the bill introduced by the Senator from South Carolina and the amendment offered by the Senator from Texas, but to limit the loans so that only those who from a business standpoint are fairly entitled to them may be able to obtain them.

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

Mr. ROBINSON of Arkansas. Just a moment.

It is the thought of those who have studied the matter that approximately half the amount that was actually expended last year would be adequate for the purposes of this particular class of loans.

The Senator from South Carolina refers to balking at a mere \$100,000,000. The difficulty about that is that every time we authorize the expenditure of \$100,000,000 for a laudable and commendable purpose it becomes the precedent or basis for the expenditure of \$500,000,000 for some other equally laudable and commendable purpose; so that there is no limit to what the Government may be called on to do in the extension of its credit, and we have almost reached the maximum point.

Mr. SMITH. Mr. President—

Mr. ROBINSON of Arkansas. I yield first to the Senator from Texas. Then I will yield to the Senator from South Carolina.

Mr. CONNALLY. Mr. President, allow me to say to the Senator from Arkansas that I am not in disagreement with his idea that the amount probably is larger than is necessary.

Mr. ROBINSON of Arkansas. And yet the Senator asked for \$100,000,000 when only \$58,000,000 were loaned last year.

Mr. CONNALLY. Yes; but I will say to the Senator that the Farm Credit Administration are sitting over there, and they are not supposed to dish out this money unless it is warranted. We have to trust somebody, however.

Mr. SMITH. Mr. President—

Mr. ROBINSON of Arkansas. I yield to the Senator from South Carolina.

Mr. SMITH. I asked for \$200,000,000. That was appropriated. Out of the \$200,000,000, because of the care exercised and the judicious investigation of the different persons applying, I do not think we used in excess of eighty-odd millions. Last year I think the authorization and appropriation extended to \$100,000,000; and on account of the care with which the local people in the counties and in the localities and in the States investigated these individuals, they used only about \$60,000,000 of the \$100,000,000. In addition to that, they cut down the amount that any one individual could get to a point where, in the judgment of the local committee, the crop would amply repay it. The result was that in some cases the amount loaned to the individual was so ridiculously small that they had to review their loans.

I desire to state to the Senator from Arkansas and other Members of my party that in my State I have never seen any loans made that were so carefully guarded as to the prospect of the crop and the individuals who got them; and I do not believe there are a half-dozen cases in the entire State where the borrower has not responded without any attempt to evade the law or to defraud the Government.

I make the assertion that, taking into consideration the character of the loans, the manner in which they are made, and the individuals to whom they are made, there is a smaller percentage of fraud than in the case of any other class of loans made in all the history of this country. I propose to get the statistics, to find out how many borrowers there have been, the total amount borrowed, and how many were suspected of or indicted for fraud.

Mr. McKELLAR. Mr. President, will the Senator from Arkansas yield to me?

Mr. ROBINSON of Arkansas. I yield.

Mr. McKELLAR. I think the arrangement which has just been made by which this amendment is withdrawn from the bill is satisfactory, in view of the fact it is the understanding that we are to have the Smith bill or the Connally bill before us in a day or two, or in a very short time. I wish to emphasize the very great necessity of having the seed-loan office measure passed as soon as possible.

Mr. President, I want to say that I think that these direct loans as carried on by the seed-loan offices are very beneficial to a class of our citizens who otherwise could not make a crop, and which group would probably go on the indigent list but for such loans. They have been a great success in the State in which I live. In the States of Arkansas, Mississippi, Alabama, and Tennessee, which are comprised in our district, these loans have been quite a success. Considerably above 90 percent of the loans have been paid back this year, and they have uniformly been well paid back. It is very necessary in every way for the Government to make these loans and I am very happy that we are to have a vote on the Smith or Connally bill very soon.

There is just one other thing I want to mention. Something was said about changes in the bill. The Government loaned about \$58,000,000 last year through these seed-loan offices. Naturally when the bill which we are to pass today gets into operation those loans will not be as great. I think the idea expressed to me by Governor Meyer was that probably \$50,000,000 will be all that will be necessary, and perhaps not quite as much as that. But certainly for this year, before the corporation now being organized gets into full force and effect, it is very necessary to supplement that measure by continuing the seed-loan offices for at least another year, and I hope that will be agreed to by the department. These direct loans are vitally necessary to large groups of small farmers who cannot secure the money necessary to make a crop in any other way. The loss to the Government on these loans is small, and to this group of smaller farmers these loans are vital. We must not discontinue them.

Mr. ROBINSON of Arkansas. Mr. President, I have just one other thought to bring to the attention of Senators. We are, in a sense, establishing competition between two Government agencies in the making of these loans. We are making the class of loans referred to in the Smith bill and the Connally amendment much easier than those under the provisions of the Farm Credit Act, which means, of course, that we will impliedly invite everyone who can do so to bring himself under the classification of the easier loans. The fair thing to do, it seems to me, is to limit the amount of this class of loans to be made to those who are not able to meet the requirements of other provisions of the law.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. LEWIS. I seek information from the able Senator from Arkansas. First, let me assure him that it is asserted that in the State of Illinois there are more tenant farmers in proportion to owners of land than in any other State of the Union. I am not able to verify that; I merely give the information as given me.

I ask the Senator, does the new bill, that referred to as suggested from the Senator from South Carolina, or any of the amendments, or the bill presented by the Senator from Arkansas, change the prospect of the tenant farmer to obtain a loan where he has no security?

Mr. ROBINSON of Arkansas. Mr. President, I do not understand that the Smith bill or the Connally amendment

makes any change in the existing rules and regulations applicable to crop-production loans.

Mr. LEWIS. The provisions which have heretofore permitted or now permit those who have no security to offer, tenant farmers, to borrow, still remain, as far as the new legislation is concerned?

Mr. ROBINSON of Arkansas. Of course, the new legislation has not been enacted yet; it could be changed; but, so far as the proposals themselves go, they would not change that situation in any important particular.

Mr. LEWIS. I thank the Senator.

Mr. CLARK. I desire to offer an amendment to the latter part of the committee amendment, on lines 18 to 21, page 3.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from Missouri proposes to strike out that portion of the amendment beginning with the word "Provided" in line 18, page 3, and continuing to the end of the paragraph, and to insert in lieu thereof the following:

Provided, That no person who has been heretofore, or may hereafter be, appointed as an agent, officer, or employee under the Farm Credit Administration, and no person who may be appointed as an agent, officer, or employee of the corporation under this act, shall receive a salary of \$4,000 or more per annum, except with the advice and consent of the Senate.

Mr. CLARK. Mr. President, the purpose of that amendment is simply to reduce the limit provided by the committee amendment from \$6,000 a year to \$4,000 a year, and to extend the provision not only to the employees, agents, and officers provided for the corporation under this bill but also to the employees, officers, and agents appointed under the Farm Credit Administration under the legislation heretofore passed.

The purpose is perfectly obvious. In the land bank in St. Louis there are employed, under the present Agricultural Credit Administration set-up, 22 men drawing \$5,000 a year or more each. Many of them, however, would not be included in the terms of the committee amendment as their salaries are not in excess of \$6,000 per annum.

I think the Senator from Arkansas will agree that in the Federal land bank district, of which his State and mine are included, together with the State represented so ably by the distinguished Senator from Illinois [Mr. LEWIS], the agricultural credit relief which Congress aimed at and desired to provide for has largely failed of its purpose by reason of the personnel which has been continued in office by the Federal Credit Administration.

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

Mr. CLARK. I gladly yield.

Mr. WHEELER. I was going to say to the Senator that what has happened in his district, apparently, has likewise happened in the Federal land bank at Spokane, Wash.

Mr. CLARK. I have been advised by many Senators that the same thing has happened in their districts.

Mr. WHEELER. I do not think we ought to let these Federal land banks become political machines.

Mr. CLARK. I agree entirely with the Senator upon that point.

Mr. WHEELER. In my own State they appointed about 200 appraisers, and out of that 200 appraisers whom they appointed, over 95 percent were Republicans. In other words, there they are building up a Republican political machine with the Federal land bank, under a Democratic administration.

Mr. CLARK. Precisely that situation exists in our district, and it must inevitably exist when men who were originally appointed to office as a part of a political machine are left in power.

Mr. WHEELER. It is not only happening in that department, but it has likewise happened under the Agricultural Credit Corporation, and under the various other set-ups which have been made of that kind throughout the Northwest.

Mr. CLARK. Let me say this, it is not to the political complexion of this set-up that I am now directing attention, but the men who make up the official personnel of the Federal land bank in St. Louis were for the most part

originally trained in that school of extreme deflationists headed by Eugene Meyer and Paul Bestor, the latter of whom came from Missouri, and who knew the people of the deflationist group in Missouri, Arkansas, and Illinois well enough to select them for that service.

Those men were trained in the school of valuing farm lands on the basis of the lowest agricultural prices in history. They believed then, and from their actions probably still believe, that the proper basis for valuing farm land would be 3-cent cotton, 10-cent corn, and 25-cent wheat, and for the most part they have pursued that policy since they have been in office, even including their service under the present administration.

I know that many of these men who were appointed in the St. Louis land bank could not have been confirmed in the Senate if it had been necessary to bring their names into the Senate and if opportunity had been given for the presentation of complaints against them.

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

Mr. CLARK. I yield.

Mr. BARKLEY. I have been detained in a meeting of the Committee on Banking and Currency, and I have not read the amendment offered by the Senator from Missouri. Does it provide that all employees who are appointed in the various land banks by the boards and the executive officials of the land banks must be confirmed by the Senate?

Mr. CLARK. It relates to those appointed under the Agricultural Credit Administration.

Mr. BARKLEY. I understand, but many of those appointments are not made by the President; they are not made by the Federal administration in Washington; they are made locally, by the executive officers of the land banks.

Mr. CLARK. I understand that, but they are not officials of the Agricultural Credit Administration; they are officials of the land banks.

Mr. BARKLEY. Does the Senator's amendment include all such employees or officers who may be chosen by the boards of the separate land banks?

Mr. CLARK. It would include anybody who is paid out of the Federal Treasury.

Mr. BARKLEY. If that is true, I could not support the Senator's amendment. I think I voted in the last Congress for an amendment which the Senator from Missouri offered with reference to general appointees of the President or of the executive departments in Washington, but if his amendment is broad enough to make it necessary, where a lawyer who is to be paid upon appointment by the president of a Federal land bank, or the bank of a cooperative, or an intermediate credit bank, any of these banks located out over the country, to have his name sent here by the President and confirmed, so that they could not make any appointments of employees and pay them more than the amount fixed without confirmation by the Senate, I think the Senator's amendment goes entirely too far.

Mr. CLARK. Mr. President, I am glad that the Senator mentioned the case of the attorney. We have a general counsel appointed for the Agricultural Credit Administration at St. Louis, who, I am informed, never tried a lawsuit in his life; yet he has been brought in there and is to be paid a salary of \$7,500 a year. I think an appointment of that importance should require confirmation by the Senate.

Mr. BARKLEY. I will say to the Senator from Missouri that I believe that after all the responsibility for operating these land banks successfully and efficiently rests upon the heads of the land banks in the districts. I am not acquainted with any mistakes of judgment or anything else that have been made in the different land banks throughout the country, but I do think that if the Senator's amendment provides that the officers who are charged with the responsibility of conducting the land banks in the various districts cannot make an appointment of that sort without it coming into the Senate, that he will merely handicap them in the operation of this system.

Mr. ROBINSON of Arkansas. Mr. President, may I say to the Senator from Missouri that I think his amendment, if

agreed to, would have to be so modified as not to apply to officers and agents of the land banks, because—

Mr. CLARK. It was my thought, Mr. President, when I provided in the amendment for employees and agents of the Agricultural Credit Corporation that I was excluding employees of the land banks. What I am particularly directing the amendment at, Mr. President, is the office of general agent under the Farm Credit Administration.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator from Missouri will modify his amendment so as to make it apply to only employees under the particular act now under consideration and not be retroactive, I should be glad to accept the amendment and let it go to conference.

Mr. BARKLEY. Mr. President, does the Senator from Arkansas mean to say that even if the amendment is modified as suggested by him, it still carries with it the provisions that nominations of all subordinate appointees in the local banks must be sent to the Senate?

Mr. ROBINSON of Arkansas. Oh, no. The suggestion is with reference to the employees under this act, separate and apart from acts heretofore passed. The Senator from Missouri and the Senator from Kentucky will recall that when the Farm Credit Act was under consideration the Senate incorporated an amendment making the employees of the Farm Credit Administration itself largely subject to confirmation by the Senate; and that amendment was eliminated in conference, as I remember it.

The effect of the amendment as proposed by the Senator from Missouri is retroactive. In addition to that, what has been said by the Senator from Kentucky is well sustained. The land banks appoint their own officers, employees, registers, deputy registers, examiners, reviewing appraisers, and so forth, and necessarily, within the limitations of law, fix their compensation. The land banks, while receiving the benefits of Federal legislation and of Federal funds provided for them, are still, in the theory of law, private institutions. So I am suggesting to the Senator from Missouri that for the present he modify his amendment so as to limit it to this act and amending the committee amendment by reducing to \$4,000 instead of \$6,000, and let the amendment go to conference.

Mr. BYRNES. Mr. President, does the Senator from Missouri yield?

Mr. CLARK. I yield.

Mr. BYRNES. I really doubt whether the amendments of the Senator from Missouri will accomplish what he desires to accomplish if his purpose be to affect the general agent; because my understanding of the Farm Credit Act is that that officer is appointed upon the suggestion of the Governor of the Farm Credit Administration, but the suggestion must be acted upon by the directors of the land bank in the appointment by the local officials, and by the language of the amendment as I recall it, as has been read at the desk, I do not think the Senator would effect the purpose he has in mind.

Mr. ROBINSON of Arkansas. Will the Senator from Missouri yield further?

Mr. CLARK. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, I wish to say that when the Farm Credit Act was first passed, there appeared to be unreasonable delay in its administration, but loans, for some weeks, have been approved in large numbers. It is true that, for one reason or another, in every jurisdiction with which I am familiar the employees and agents under the act are Republicans. In some places they are nearly all Republicans.

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

Mr. ROBINSON of Arkansas. I will yield in just a moment. These appointments were made on the theory that politics had nothing to do with the matter, but the individuals who were making the appointments were themselves Republicans, and quite naturally they thought it was politics, damnable politics, to appoint a Democratic appraiser or officer, but patriotism to keep a Republican or to appoint a Republican.

I do not for one moment subscribe to the doctrine that the land banks ought to be politically controlled and man-

aged; but that is just exactly what has taken place almost from the beginning in most of the jurisdictions; and since March the 4th great resentment has been expressed by some in charge of these land banks that suggestions should be made from political sources as to who should be appointed among this great number of employees. At the same time they come with their hats in their hands, crawling on their knees, begging the Congress to provide Federal funds to enable the institutions with which they are associated to function efficiently.

I think that what the Senator from Missouri ought to do, in all fairness, is to limit his amendment to this act, and let such further modifications of the law take their chances as the statutes affected by them arise.

Mr. CLARK. Mr. President, I will say to the Senator from Arkansas that I am willing to accept that suggestion, and to so modify the amendment; because I realize that the amendment was hastily and, perhaps, crudely drawn, and that it should be drawn with extreme care in order to accomplish the purposes for which it was designed.

I desire, however, to give notice that at the proper time I intend to introduce, either as a separate measure or as an amendment to future legislation, an amendment designed to accomplish the purpose here sought. In line with what the Senator from Arkansas said, the Senator from Arkansas knows as well as I do that in our district, at least, the appointments to all of this land bank set-up were originally made by Arthur M. Hyde, the former Secretary of Agriculture. Mr. President, it is a strange coincidence that out of the 22 men in the St. Louis Land Bank to whom I referred a while ago drawing \$5,000 a year, or better, 16 of them are Republicans and 3 are very doubtful Democrats. That sort of thing could not happen by accident, Mr. President. It was accomplished by design.

When people come along and talk about partisanship being injected into an objection to perpetuation of such a regime as that, it seems to me to be preposterous.

Mr. WHEELER. Mr. President, does the Senator yield?

Mr. CLARK. I yield.

Mr. WHEELER. I will say to the Senator that not only did the same thing happen in Montana, but I am told that exactly the same crowd that dominated the Federal land bank in the Minnesota and St. Paul district—all Republicans—all dominated, if you please, by the chain banks—are still dominating, and they are still dominating it in Montana. The people out there are expecting a new deal, and they are getting the same kind of a deal that they got from the Republicans, as far as that crowd is concerned.

Mr. CLARK. Mr. President, I ask unanimous consent to withdraw the amendment I previously offered.

The VICE PRESIDENT. Without objection, the amendment offered by the Senator from Missouri [Mr. CLARK] is withdrawn.

Mr. CLARK. I move to amend the committee amendment in line 20, page 3, by striking out the numeral "6" and inserting the numeral "4."

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. FRAZIER. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota wish to speak on the bill?

Mr. FRAZIER. I do.

The VICE PRESIDENT. The Chair recognizes the Senator from North Dakota.

Mr. FRAZIER. Mr. President, I wish to ask the Senator from Arkansas [Mr. ROBINSON] if he feels that the guaranteeing of these bonds would have a tendency to lower the rate of interest to the farmers who borrow the money?

Mr. ROBINSON of Arkansas. There is a possibility that that may be done. The rate prescribed in the bill is not to exceed 5 percent per annum—that is the rate under existing law—and, of course, the rate may be reduced below 5 percent.

Mr. FRAZIER. As I understand, the rate of interest that the land-bank bonds are to bear is not to exceed 4 percent. The guaranteeing of the principal of the bonds might have a tendency, of course, to lower the rate of interest a little bit; say, a half of 1 percent.

Mr. ROBINSON of Arkansas. Yes. If the reduction is made, the benefits are passed on to the borrower.

Mr. FRAZIER. That is true under the terms of the bill; but I doubt whether it would have a tendency toward lowering the interest rate on the bonds. Be that as it may, I have no objection to guaranteeing the bonds. In the bill that was passed at the special session last spring, in my estimation, the rate of interest provided is too high to the farmer, and he cannot, under existing conditions, at least, pay that high a rate of interest.

Furthermore, the appraisal value under existing law is not liberal enough, and the result has been that literally thousands and tens of thousands of farmers have been denied and had their applications for loans turned down during these past few months, and the result will be that those farmers will lose their lands and their homes by foreclosure. I intend to press the bill that I have introduced for refinancing of farm indebtedness that is now pending in the Committee on Agriculture and to get it reported, which provides a more liberal rate of interest and easier terms of payment. I have no objection to guaranteeing the bonds.

The VICE PRESIDENT. The question is, Shall the amendments be engrossed and the bill be read a third time?

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

On motion of Mr. ROBINSON of Arkansas, the bill (S. 2225) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes, was ordered to be indefinitely postponed.

ORDER OF BUSINESS

Mr. NYE. Mr. President—

The VICE PRESIDENT. The Senator from North Dakota.

Mr. NYE. Mr. President, I inquire if the Senator from Arkansas intends that the Senate shall now go back into executive session?

Mr. ROBINSON of Arkansas. I am not advised as to whether or not there is any Senator who is ready to discuss the treaty.

Mr. NYE. Then, Mr. President, if I may be recognized, I should like to speak, though I hope briefly, with respect to certain questions arising out of the N.R.A. controversy which I had recently with General Johnson.

Mr. WHEELER. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas desire the floor?

Mr. ROBINSON of Arkansas. No; I am entirely content that other Senators shall proceed.

The VICE PRESIDENT. The Senate has no business before it at the moment.

Mr. ROBINSON of Arkansas. Then, Mr. President, I suggest that we proceed out of order.

The VICE PRESIDENT. Without objection, the Senate will proceed out of order. The Senator from North Dakota is recognized.

Mr. ROBINSON of Arkansas. I am compelled to leave the Chamber for a few minutes, and I should like to be called if the Senator from Montana, the Senator from Ohio, and the Senator from North Dakota shall conclude their remarks before I shall be able to return.

Mr. NYE. Mr. President, for the information of the Senator from Arkansas, I will say that I expect to speak only about 25 or 30 minutes.

Mr. WHEELER. Mr. President, will the Senator yield to me? I will say to the Senator that I have an appointment at the Treasury Department, and I should like to occupy a few moments to read a letter which I hold in my hand and then to make a few comments.

Mr. NYE. I shall be glad to yield the floor to the Senator from Montana for that purpose.

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Montana?

Mr. NYE. I yield.

REMONETIZATION OF SILVER

Mr. WHEELER. Mr. President, I wish to call the attention of the Senate to a very unusual thing that has happened with reference to the Burgess Battery Co. The Burgess Battery Co. is one of the oldest established manufacturers of batteries in the United States. The president of the Burgess Battery Co. was at one time, as I understand, a professor of economics in the University of Wisconsin. The company has plants at Freeport, Ill., Madison, Wis., Moline, Ill., Niagara Falls, Ontario, Winnipeg, Manitoba, and have offices in Chicago, New York, Boston, Atlanta, Detroit, Minneapolis, Kansas City, San Francisco, Los Angeles, and throughout the United States as well as in Canada. I am in receipt this morning of a letter from Mr. Burgess, chairman of the board of directors of the Burgess Battery Co., and its affiliates. His letter reads as follows:

FREEPORT, ILL., January 16, 1934.

Hon. BURTON K. WHEELER,
United States Senate Office Building,
Washington, D.C.

DEAR SENATOR WHEELER: For some time I have been watching with sympathy your effort to remonetize silver at a fixed ratio to gold. Through the long course of the fight to restore silver again to the status of a primary backing for our currency, so great a smoke screen of misinformation and fallacy has come to becloud the issue that, to the average citizen, a straw man labeled silver has hidden the true aspect of this natural material for money. Far too many of our citizens believe that to remonetize silver would be to destroy the purchasing power of the dollar.

There are those of us who are naturally conservative in the true sense of the word. To us true conservatism means that decisions and their consequent action should be based upon information and knowledge tempered by experience. Information and knowledge show us that an insufficient basis for the currency and credit structure leads to extremely dangerous fiat money without any primary money to act as a common denominator. Experience in the history of both the United States and the world at large has shown us that when established as a primary money at a fixed ratio to gold, there is enough silver to back the world's currency but not enough to allow for any intemperate and damaging inflation. The natural scarcity of silver acts as a brake on inflation, but still provides enough leeway to carry the currency and credit superstructure.

I understand that one twelfth of our currency is silver. We have more silver in circulation in the United States than any other country in the world, excepting China and India. More than half of the people in the world use silver money. These people have never used any other kind of money. To them silver is money—money that maintains its purchasing power within their country.

I could go on for some length, Senator, discussing matters upon which you speak with greater authority than myself. I could touch on the foreign-trade angle of the silver question and our trade with silver countries. But you are more familiar with these matters than I am. My purpose in writing is to inform you that I am about to attempt to do something tangible about this silver question. It is my belief that one of the great obstacles to the remonetization of silver is this illogical fear of the average person raised by a misconception of the matter.

Therefore I am about to pay our not inconsiderable number of employees in the various factories, offices, and branch offices of the Burgess Battery Co. and affiliates, in silver coin to demonstrate to them and also to the Nation that the silver dollar, even now as always, is sound, spendable, and usable money. This event will take place this forthcoming Saturday morning, the 20th, mainly at Freeport, Ill., but also at Madison, Wis., Moline, Ill., Chicago, and New York City.

I hope that this gesture on our part, demonstrating on an extremely practical basis that the silver dollar is a sound, spendable dollar, will lead many of our intelligent electorate to find out for themselves the true facts of the silver issue. I also believe that once the people of these United States examine for themselves the merits of the case for silver their judgment will lead them to support your good self and the other leaders in the fight for the remonetization of silver.

The business history of our companies is consistently conservative, and I mention this fact to support my contention that the remonetization of silver is essentially a conservative measure. I ask you to give as much cooperation as possible to our attempt to demolish the silver "straw man", since while the number of our employees is not small they are but a few of the many who should learn the facts in the case.

Respectfully,

C. F. BURGESS,
Chairman of the Board, Burgess Battery Co. and Affiliates.

I ask that certain data accompanying the letter may be printed in the RECORD at this point.

There being no objection, the data were ordered to be printed in the RECORD, as follows:

FREEPORT'S SILVER PAY ROLL

When: Saturday morning, January 20, beginning at about 8 o'clock, the silver-dollar pay roll will be distributed. The flow of this virtually earmarked currency can be traced through the trade channels of the community Saturday afternoon and for several days thereafter.

Where: The event is centered at the Burgess Battery Co. plant in Freeport, Ill. However, silver-dollar pay rolls will also be distributed in other Burgess plants and offices, located at Madison, Wis., Moline, Ill., Chicago, and New York, Saturday morning.

Why: It is the desire of Dr. C. F. Burgess, chairman of the board of the various Burgess industries, to make this experiment for a twofold purpose: First, Dr. Burgess believes this is the best way to demonstrate to a community that the silver dollar is a sound, spendable currency, and that the attention thus created will lead many of the intelligent citizens to find out for themselves the true facts of the silver issue now before Congress. Second, the study of the flow of money through the various channels of trade will indicate the purchasing power of an industrial pay roll in a typical community. Thus Burgess employees, for a single half month's pay, are placing \$40,000 in circulation. This gives to Freeport an average silver currency of about \$2 each per inhabitant.

The story: There are several unusual angles to this startling experiment. First, there is the pure mechanics of handling such a large amount of silver currency. Securing the necessary supply of silver dollars, shipping the supply to Freeport, the precautions taken to guard the fortune represented by that ton and a quarter or more of silver coin, the use of small canvas bags instead of usual pay envelopes, the paying of the employees, etc. Second, there is the flow of that avalanche of silver throughout the trade channels and banking circles of the community, a study of the movement of money being made possible by this virtually earmarked pay roll. Third, there are many human-interest stories available as to what workers do with their pay, how shopkeepers handle their receipts, especially when of this unusual nature, etc. Fourth, there are many merchandising angles available for specialized publications, such as trade journals, dealing with this novel experiment as a trade stimulator, applicable to other communities.

In addition to the Freeport event there is a possible Washington angle. Senator WHEELER and other advocates of silver money are already informed of this forthcoming event and have signified a keen interest. It is possible, and even probable, that some mention will be made of the Burgess silver-dollar pay roll in Congress during the silver discussions.

Personalities: The man behind this experiment is Dr. C. F. Burgess, an outstanding figure in the electrical and chemical fields, whose many practical contributions are in world-wide use today. Twenty-five years ago he organized the C. F. Burgess Laboratories after having served as a member of the faculty of the University of Wisconsin for many years. This organization, engaged in scientific research and engineering development, brought forth a perfected dry-battery cell, a substitute for the usual plaster walls, sound-measuring devices, acoustic-treatment materials, new metal alloys, stereotype mats, transparent wrapping materials, and other commercial products. The Burgess Battery Co., the Burgess Cellulose Co., the Burgess-Parr Co., and other subsidiaries are engaged in the producing and sale of developments that have come out of the C. F. Burgess Laboratories.

Facilities: Every news-gathering convenience is placed at your disposal. Any angle of the event can be made available to you. Interviews will be arranged so that you can obtain the particular phase of the experiment in which you are primarily interested. Any special data, statement, or even complete article will be prepared and submitted to you without cost; also photographs.

Be on hand Saturday morning at 8 o'clock in the Burgess Battery Co.'s office in Freeport, Ill., if you are covering the event at first hand. This early hour makes it necessary for you to be in Freeport Friday night, January 19, so as to be on the scene the first thing Saturday morning.

Mr. WHEELER. Mr. President, at this time I also desire to have inserted in the RECORD, as part of my remarks, a statement published in the press on Saturday, January 20, with reference to exactly what took place at Freeport, Ill. It reads, in part:

Nearly a ton and a half of silver fell like an avalanche on Freeport this afternoon when the 500 employees and executives of the Burgess Industries began spending in the local stores and markets the silver dollars with which they had been paid out of a total silver pay roll of \$40,000 earlier in the day.

Likewise I desire to call attention to a telegram which I received from this same company. The telegram reads as follows:

FREEPORT, ILL., January 21, 1934.

Senator BURTON K. WHEELER,
Washington, D.C.:

Harking back to days when all pay rolls were in gold and silver, this community yesterday returned to silver standard when 500 Burgess Industries employees were paid off with \$40,000. Dr. C. F.

Burgess, whose hobby has long been uses and applications of silver, originated experiment intended to show community that silver dollar is sound, spendable currency, and hopes that attention thus created will lead many intelligent citizens to find out true facts of silver for themselves first. Experiment has been very successful with merchants and stores cooperating and community very much interested.

BURGESS BATTERY Co.

Mr. President, many of us in the Senate who have been interested in this subject have been extremely apprehensive lest nothing would be done toward the remonetization of silver, particularly since the so-called "gold bill" has been introduced, but I want to give notice now that I, for one, intend to offer an amendment to the gold bill, so called, for the purpose of rehabilitating silver. I am convinced, in my own mind, after giving considerable thought to the subject, that cutting the gold content of the dollar will not raise commodity prices in this country to any appreciable extent unless such action shall be followed by an increase in the currency of the country. My information is to the effect that the bankers in New York, and likewise the British Government, have stated that they do not want any silver legislation.

I have heard statements or rumors to the effect that the bankers in New York had served notice and threatened the administration that if any silver legislation were enacted they would not buy the Treasury's bonds. I, of course, do not know how true it is, and I cannot conceive that this administration would be for a moment influenced in that way, but I do say that it is about time that the Congress of the United States, where we all know the sentiment is overwhelmingly for the rehabilitation and remonetization of silver, itself acted in this matter.

Indeed, I hope that we shall be able to unite upon an amendment to the so-called "gold bill" adding silver as a primary money to our present monetary system. If we do not do that, then, I think the Congress of the United States will be derelict in its duty. I think, Mr. President, likewise, that unless we do remonetize silver, in addition to what has already been done, the efforts that have thus far been put forth by the President of the United States will prove futile because of the fact that every thinking man, in my judgment, who has given serious thought to this subject realizes that we must broaden the monetary base before we can have any real prosperity.

I am not going to take further time of the Senate this afternoon. I conclude by repeating that I expect at the proper time to offer to the gold bill such an amendment as I have indicated, and I shall then address the Senate further upon the subject.

The PRESIDING OFFICER (Mr. OVERTON in the chair). Does the Senator from Montana desire incorporated in the RECORD the article to which he referred?

Mr. WHEELER. Yes; I do.

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

The article is as follows:

FREEPORT, ILL., January 20.—Nearly a ton and a half of silver fell like an avalanche on Freeport this afternoon when the 500 employees and executives of the Burgess industries began spending in the local stores and markets the silver dollars with which they had been paid out of a total silver pay roll of \$40,000 earlier in the day.

Brought into Freeport under heavy guard from Chicago 2 days previously with the maximum of secrecy, the large pay roll for the Burgess companies had been prepared by Walter C. Pfender, cashier of the State Bank of Freeport, with the assistance of D. J. Teare, treasurer for the Burgess Battery Co., on Friday.

Before daybreak this morning a truck backed up to the bank's portals and the money was transferred to it in hundreds of small canvas bags packed in wooden boxes. Under the supervision of D. W. Hirtle, general manager of the Burgess Battery Co., the load was brought to the plant at Stephenson Avenue with the police escort in charge of Chief of Police A. H. Wilke and Officers Z. C. Gavanner, Edgar Brown, and Walter March.

At 7:30 a.m., under the watchful eyes of armed guards and the police, equipped with machine guns, sawed-off shotguns, tear bombs, and drawn revolvers, the paying off of the 500 employees started. Instead of the customary yellow envelop containing the usual paper dollars, each employee was handed a white canvas bag striped with black and sealed at the top. Each bag weighed about 5 pounds and contained 2 weeks' pay entirely made up of

silver dollars. Enclosed was a notice from the company which read:

"Burgess pay rolls are being met this one time only in silver dollars. The reasons for this procedure are two:

"(1) To promote the popularizing of silver currency and to cooperate with the administration in its silver policies.

"(2) To demonstrate the importance of our industries to the city of Freeport.

"Freeport merchants are cooperating in this program; we urge you to spend these silver dollars in the payment of your bills and in the purchase of the usual values being offered today."

The uses and application of silver have long constituted a hobby of Dr. C. F. Burgess, chairman of the board of the various Burgess industries. The distribution of silver dollars for the entire pay roll of such a group of industries has served a twofold purpose: First, it is Dr. Burgess' idea that this is the best way to prove to the community that the silver dollar is a sound, spendable currency; and that the attention thus created will lead many of the intelligent citizens to find out for themselves the true facts of the silver issue now before Congress; second, the study of the flow of such veritably ear-marked money through the various channels of trade will show the purchasing power of an industrial pay roll in a typical community. Thus Burgess' employees for a single half month's pay are placing \$40,000 in circulation. This gives Freeport an average silver currency of about \$2 per each inhabitant.

As shipments by express had been made earlier to district offices and plants in Madison, Wis., Moline, Ill., Chicago, and New York, the entire pay roll was paid off completely by 12 o'clock noon. Two hundred and odd pounds of silver, representing the electric power bill for the previous month, was transported under armed guard down Main Street to the office of the Illinois Northern Utility Co. Two wheelbarrows were needed for this silver load which was received by George R. Fluhr, general manager of the power company, who duly receipted for the bill.

Throughout the town merchants and storekeepers were soon cashing in the thousands of silver pieces which had been loosed by the Burgess employees. The first silver dollar to be spent belonged to Jeff Dietrich, tinsmith in the Burgess battery plant's maintenance department. He bought a pack of cigarettes from a store on the corner of East Stephenson Street near the plant. The next dollar went to buy a gasoline filling for the car of Vic Fishburn, an official of the Burgess cellulose organization, from a filling station across the bridge owned by Mutt Foley. This reporter was unable to follow the spending of the third, fourth, fifth, and other dollars, for their going was too fast and in too many directions. It was noticed that in the case of Belva Molter, switchboard operator, at least five of the silver dollars were at once deposited in the silk-stocking bank, where they made a not inconsiderable bulge.

Several of the town's wide-awake merchants, alert to the opportunity this silver manna afforded, soon arranged special sales in which silver dollars played an important part. For the word that there was silver—real silver—spread through the Main Street and Stephenson Street sections like wildfire.

Silver dollars gravitated toward Stukenberg's Department Store, one of the first to display the "Silver Dollar Special" signs. The Freeport Hardware Store, the Kresge Store, and the Emmert Drug Store, as well as the Hermsmeyer Grocery Store, to mention but a few, received a large influx of the metal currency from eager, smiling, embarrassed, or anxious customers.

There were many amusing incidents. Hermsmeyer's soon had no place left in his several cash registers for the cash intake, and Ben had to send to his stockroom for several stout boxes in which to toss the silver coins. Another shopkeeper had to send out for several flour sacks in which to pile the silver dollars. Still another asked every silver-dollar possessor for the black-striped bag, gathering a sufficient number for the transfer of the coins back to the bank with his deposit slip.

By midafternoon practically every one of the several hundred stores and shops had taken in at least a half dozen silver dollars. By early evening some of the dollars had traveled as far as Dixon, Stockton, Orangeville, Lena, Monroe, Elizabeth, Byron, Oneco, Davis, and Polo, as well as other outlying towns and districts.

A silver dollar is a rare thing these days. It is something to look at. The \$40,000 shipment of silver dollars to the Burgess industries came from the Chicago Federal Reserve Bank. It took about a week for the several banks to collect the amount. The money was sent to Freeport by express. The total weight of the shipment was almost 2,600 pounds. There was enough silver in it to make a wire that would stretch around the earth, at the equator, 32 times. Or, were it pounded into a sheet there would be enough silver to cover the pavement of a street 30 feet wide and 19 miles long. Again, if the Burgess silver dollars were placed edge to edge, they would reach a distance three and a half times greater than the height of the Empire State Building. In fact, if the silver in these dollars were spun into a fine wire, it would stretch from the Burgess plant at Freeport, Ill., to the White House in Washington 1,017 times.

WAR AND PEACE

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD at this point an editorial appearing in the Irish World for January 6, 1934, entitled "Murder Most Foul", and I desire to submit a few remarks in relation to it.

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

[From the Irish World, Jan. 6, 1934]

MURDER MOST FOUL

A brief dispatch from Europe last week throws a lurid light on the plans of some of the leading powers of that distracted continent. It said, in so many words, that various governments are offering bonuses and other rewards to parents of large families in order that there may be a sufficient supply of cannon fodder for the next world war.

It seems incredible that human, and presumably Christian, governments could so callously plan murder on a wholesale scale 18 or 20 years from now. Yet such seems to be the fact.

Just as the coming into the world of children is looked upon as the greatest blessing, so is their death, and particularly their brutal murder, considered the greatest disaster.

What, then, are we to think of politicians, diplomats, and financiers who, even today, are urging parents to rear large families in order that the young men of the next generation may find death in all of the intensified and horrible forms which the modern science of murder is busily inventing?

It has been said by the cynic that the man who steals a dollar is a thief, whereas he who steals a million is a financier.

In the same way cannot it be said that the gunman who kills a fellow human being is a murderer, while he who engineers the killing of thousands is a monster?

Those who plan murder are equally guilty with those who do the actual slaying. In the case of war the guilt is entirely on the heads of those who do the planning.

We are told, by no less an authority than H. G. Wells, that the war which began in 1914 was the "war to end war." That statement was utterly false, and its author knew it to be false. Today we find the wholesale murderers of Europe planning for a war in the near future and for still another war some 20 years from now.

The only fortunate circumstance about this plot is that it has been exposed. It is well that the fathers and mothers of today know what is being planned for their sons in the future.

Human beings, as has so often been shown, are sheeplike when driven. History, however, also shows that it is possible to drive them too far.

If the parents of today will instill certain basic principles into their growing children, there is reason to hope that the young men of 1954 will refuse to carry out that part of the program now assigned to them by those so carefully planning their execution.

War is justifiable only as a last resource, when all other efforts to defend our country, our lives, and our homes have failed; in other words, when an enemy has actually embarked on an expedition having for its purpose the invasion of our shores. There are, of course, also cases where national honor is involved, but there are many better ways of settling such accounts than by a declaration of war.

To prevent others from making unprovoked war upon us, it is our duty to be at all time so well prepared as to make an attack too expensive to contemplate. Such is the sensible and human attitude which the people of this Republic, and the peoples of all other lands, should have toward war.

If the ruling powers of Europe agreed to confine a declaration of war to the causes outlined above, there would be no need now to urge parents to rear families for murder later.

It is the Christian concept that children are brought into the world for the purpose of carrying on the work of the world, of leading decent and useful lives, not only for their own benefit but for that of their neighbors. It is exceedingly questionable if devilish ingenuity has ever conceived a more horrible or repulsive plan than the bringing of children into the world in order to consign them to destruction.

Parents should, from now on, make it their business to educate their children in these facts, to impress upon them that most wars are made by so-called "diplomats" hungry for power and by financiers hungry for more gold, aided by the manufacturers of munitions, hungry for profits. Let them impress upon their children the ghastly immortality of most of the wars of the past several centuries, wars in which the younger men were made involuntary sacrifices upon the altar of lust and empire.

Nor do we need wait until 20 years have passed, for these dealers in wholesale murder are ready for the slaughter to begin now. If the opportunity arrives, they will stage their carnival of blood this year! Now is the time to educate those who are destined to be the victims; now is the time to expose fully this hellish plot and scotch it before it has a chance to mature.

There are three ways in which Americans can aid in this: By insisting upon the payments of the debts incurred during the last war, by making it plain that this country will never again become involved in the war-madness of Europe, and by making the United States of America impregnable.

In doing these things we will be serving humanity now and later.

Mr. DAVIS. Mr. President, the cold and brutal calculation with which modern wars are conceived is almost unbelievable. It is difficult to believe that it was only 15 years ago when this country entered the great struggle to make war forever impossible. Today threats and rumors of war are seen and heard on every hand. The high idealism of a score of years ago seems utterly forgotten and the nations

of the world seem to be cautiously edging toward another bloody conflict. The article in the Irish World calls attention to the attempt of the governments of Europe to increase their populations so as to better compete with one another when the battle flags are unfurled. If those who plan wars devote their keenest thought to that bloody end, we who desire peace should be equally keen and alert to protect our people from destruction.

In time of war there is not only loss of men and money but loss of morality and true religion. The war god is no friend of the great Prince of Peace. I shall never forget the horrible sights of war which I witnessed in Europe during the late world-wide conflict. Among all the shocking sights and experiences was one which was most degrading. There were the representatives of the Christian church, divided into hostile camps, and yet praying to the same God, taking on their lips the name of the same Christ, asking that victory crown their arms and that death and defeat should overwhelm the enemy. Thus the great World War prostituted the Christian religion.

While the warring nations of the world nurse their bitter hatreds and prepare to take the field, the United States should follow the leadership of George Washington and do all in her power to maintain our position of neutrality and peace. We have no part in European hatreds or Asiatic conflicts. We have nothing to gain by war and everything to lose. The lessons of the last war should not be forgotten. We sent our men and money to Europe with the utmost generosity. By forgetting the part which has been assigned by our geographic position and the barriers of two great oceans, we plunged ourselves into the maelstrom of war and have reaped for ourselves the burden of excessive taxation through uncanceled war debts. The nations which owe us and have defaulted in their payments do not view us with friendly eyes. An unwilling debtor has but little affection for his creditor.

While these debts remain unpaid and uncanceled, we may be sure that this mountain of debt will stand as a monument of peace. This mountain of debt will convince all thinking people that civilized nations cannot endure the crushing burden of war and that they are not justified in fighting new wars when they cannot pay for the old ones. We do not anticipate that the United States will lend foreign powers money with which to fight or prepare to fight new wars. Also we do not anticipate that the civilian populations of foreign powers will look with commendation on their governments as they seek to finance new wars through forced loans and high taxation drawn from impoverished peoples. If the debts to the United States remain uncanceled, the mountain of debt will stand as a monument to peace.

The American people as a whole have nothing to gain through foreign wars. Our problem is to maintain our traditional neutrality and our peace with the world. In these days when there is every evidence that the nations of the world are refusing to follow the lead which we have set toward disarmament, and when they are definitely building their navies to treaty strength, we are compelled to maintain our national defense. This does not mean that we propose to become a militant nation. It does mean that in the interest of world peace we stand ready to defend our national rights. While we deplore the fact that the nations of the world have chosen the way of war rather than the way of peace, we must not become the prey of the pirates of the world by a failure to provide national defense through our Navy, Army, and air forces.

Pat Frank, in the Washington Herald, calls attention to the sole surviving copy of the Code Duello in the Library of Congress. Article 10 of this code for fighting duels declares that—

No apology can be received for a blow.

This little sentence caused countless duels. It has now become obsolete. Dueling has been banished. We now regard it as an antiquated method of settling personal differences. Just as we are now lifted above dueling, the day will come when, despite the desire of war profiteers in business

and government, war will not only stand outlawed as at present but will be regarded as wholly impracticable.

I ask unanimous consent to have printed in the RECORD following my remarks the Duel Code of Honor or the 39 articles which constitute the basis of an article appearing in this morning's Washington Herald by Mr. Frank.

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

THE CODE OF HONOR, OR THE 39 ARTICLES

ARTICLE THE FIRST

Affairs of honor must be conducted coolly, courteously, and steadily, as a contrary course serves but to aggravate difficulties and lead to results harsh, passionate, and discreditable to gentlemen of true and deliberate courage. Remember that deliberate conduct only can reap whatever éclat is derivable from the duel, and that a cool head produces a steady hand.

ARTICLE THE SECOND

Apologies and explanations must be promptly required and fully and satisfactorily rendered. A badly or semirendered apology is an unmanly proceeding, and if admitted, is more dangerous than none, as it implies on the part of the acceptor timidity of character under a guise of courage.

Very amusing is it to witness the shelter taken by some gentlemen nowadays under what is termed "the privilege of debate", to launch forth into insulting, personal invective and afterward, when pressed to give satisfaction by apology or otherwise, the ingenious industry they exhibit to give a Pickwickian construction to the same. Equally amusing is it indeed, also, to read much of the correspondence which passes on such occasions, where the original offensiveness of a phrase or epithet actually exhales under a load of verbiage and the perplexities of language in the context, whereby the offended party and the community generally are mystified into an impression that "the affair has been very honorably and very satisfactorily adjusted!"

ARTICLE THE THIRD

No gentleman on reflecting on the injury he may have done to the feelings of another gentleman, by a hasty expression will hesitate to apologize promptly for the same.

Hasty expressions should be eschewed by all gentlemen, if possible. As the offensive vocabulary, indeed, abounds with epithets temptingly expressive, a gentleman should be very cautious how he yields to the seduction, lest, by any profusion of apple-woman rhetoric, he render himself unworthy of notice.

ARTICLE THE FOURTH

Oral apologies may be received for oral offenses; but the atonement must be as ample and as public as the offense, and, if practicable, rendered before all the parties witnessing the offense. To this, no gentleman will object, as a brave man, on discovering himself to be in error, will ever be as prompt to redress as to resent an injury.

Should the apology be rendered voluntarily, and as soon after the offense is given, as is consistent with a proper time for reflection on the part of the person offending, it will look more graceful, and will be more satisfactory to all the parties.

ARTICLE THE FIFTH

A gentleman must yield nothing to the tone of a demand for an apology, particularly if the tone or manner of such demand be menacing. Remember to spurn every appeal which is made to your fears.

ARTICLE THE SIXTH

Should a gentleman apply to another a harsh epithet, knowing such epithet to be applicable, he must not retract, but must admit an appeal to the duel, if his opponent take rank as a gentleman. Such retraction would involve a deliberate falsehood.

ARTICLE THE SEVENTH

Should a gentleman apply to another the epithet "coward", suspecting him to be such, he may not retract on demand, but may readily do so after being called to the field and receiving the first fire of his opponent. Prior to such retraction, however, there must be a suspension of the challenge required and obtained by the second of the challenged party.

ARTICLE THE EIGHTH

A gentleman challenging another for the "coward", should no retraction be made after the first shot, must continue to fire until one of the parties is hit. Otherwise, the affair will remain in statu quo, and no satisfaction be obtained.

ARTICLE THE NINTH

Should both parties be gentlemen recognizing the propriety of the duel, they may not have recourse to fisticuffs or cudgels, which, though an obvious and natural mode of determining difficulties, is one properly at a discount among men of honor.

An exception, however, may sometimes be made in favor of a gentleman who, from the known superior skill of his antagonist in the use of the duelling weapon, will endeavor, should matters proceed to extremities, to equalize the chances, first, by giving the blow, and consequently, by becoming the challenged party, when he can have a choice of weapons, distance, etc. The blow, however, should be a single one, and with the open hand.

ARTICLE THE TENTH

No apology can be received for a blow.¹

ARTICLE THE ELEVENTH

Should a blow be inflicted by mistake, an apology will be admissible. The aggressor, however, on discovering his mistake, and after expressing his regret, must offer himself to be struck in the same manner, with the same weapon, and before the parties witnessing the blow, of which proposal, the party aggressed can avail himself or not, as he pleases.

ARTICLE THE TWELFTH

An apology may be received for a blow if the party inflicting it has been violently pushed, jostled, or trodden on, seemingly with the intention of offense, the person struck, however, acknowledging beforehand that such pushing, jostling, or treading on was altogether involuntary.

Illustrative of this article is an affair which occurred a few years ago between two gentlemen whom, for propriety's sake, we shall designate by the titles of A and B respectively. These gentlemen, a feeling of hostility existing between them at the time, happened to find themselves in rather close proximity to each other on a certain evening as they were riding into the city of Washington. A, desirous of riding ahead, spurred his horse, but the animal, being somewhat ungovernable, endeavored to bolt, whereby his rider was borne with some violence against B, considerably jarring the latter. B, deeming the violence intentional, rode after A and struck him. A challenge from the latter was the consequence; but this, after some correspondence on the subject, was suspended, the suspension being accompanied by the declaration that the jostling was involuntary, when an apology from B was admitted for the blow. It will be proper, however, to act very cautiously on such precedents.

ARTICLE THE THIRTEENTH

Should the gentleman receiving the blow derive severe bodily injury from the same, he will lie under no obligation of appealing to the duel but may seek redress at common law. Nothing save an outrage of the most atrocious character can warrant a violent blow, or a repetition of the blow.

Generally speaking, indeed, if a gentleman, with a view to resenting an affront or provoking a challenge, inflict a blow, let it be given with the open hand, or, if armed, with a whip or cane, let the blow fall across the shoulders, but he must not repeat it unless a return blow from the antagonist party should require it. The ignominy of a slight blow is sufficient to answer every purpose intended by it among gentlemen; and the fact of severely beating another gentleman when a more honorable mode of redress is open, is too nearly akin to ruffianism to exempt the perpetrator from loss of caste.

ARTICLE THE FOURTEENTH

A gentleman receiving a blow must not expect the subsequent advantage of becoming the challenged party by sending insulting notes, or using provoking language, but must appeal to the duel at once.

An amusing incident occurred some years ago in North Carolina. During a nocturnal symposium, Mr. Cake hurled a glass tumbler at the head of Mr. Smith, which missing the target intended, was shivered on the opposite wall. Whereupon Mr. Smith slapped Mr. Cake rather emphatically on the chaps, remarking at the same time very significantly, that he would expect to have the pleasure of hearing from him (the aforesaid Mr. Cake) on the following morning. Accordingly, Mr. Cake found himself on the following morning in what logicians call a "dilemma." Much of his pugnacity had evaporated during sleep. He knew Mr. Smith to be a resolute man; had heard, moreover, that he was a tolerable "shot", and fancying that he (Mr. Cake) could he but manage it, might derive great advantage from being the challenged, instead of the challenging party—still greater advantage, probably, could he, by some coup de désespoir, get out of the scrape altogether, after the lapse of a week, he electrified Mr. Smith by sending him the following extraordinary note:

"MR. JOHN SMITH:

"SIR: After your rude, barbarous, and truculent treatment of me some nights ago, I can no longer consider you worthy the vengeance of a gentleman and a man of honor.

"I am, sir,

"WASHINGTON CAKE."

Mr. Smith, after laughing over this precious missive with his friends, committed it to the flames.

ARTICLE THE FIFTEENTH

For being intentionally spit on; for having wine, snuff, etc., thrown in the face, no apology is admissible, but redress must be sought by the duel, if the party aggressing rank as a gentleman.

¹The following rule was instituted, many years ago in County Galway, Ireland, a country where the point of honor is well understood, by a council of the Burkes and Blakes and Bodkins, very notable fire-dragns, but imbued with something like a generous regard for human life, viz: "That satisfaction can be rendered for a blow with a whip, cane, or the open hand, by the person's submitting himself to the party aggressed, to be struck in the same manner, with the same weapon, and in presence of those who were witnesses of the first assault." See Memoirs of Sir Jonah Barrington.

ARTICLE THE SIXTEENTH

Should a gentleman strike another for a verbal offense, he can afterward require no apology for such offense. But should the blow be returned, and he be injured or overpowered in the contest, an appeal will lie to the duel.

ARTICLE THE SEVENTEENTH

For a direct insult to a lady, no apology can be received. But as this code is intended for the use of gentlemen, and as no individual of that caste is capable of insulting a lady, the despicable hounds so transgressing are hereby surrendered to the ear-splitting clemency of the lady's friends.

ARTICLE THE EIGHTEENTH

No gentleman may notice the insulting language of an inferior.

ARTICLE THE NINETEENTH

A gentleman cannot be degraded by a blow from an inferior, but redress will be permissible to him either by means of the horsewhip or at common law.

ARTICLE THE TWENTIETH

No apology can be made or received after the parties have gone to the field and taken their ground until after the first fire. A contrary course would involve a suspicion of cowardice on the part of the person apologizing.

ARTICLE THE TWENTY-FIRST

No apology can be made while a challenge is present; a previous withdrawal of the challenge being necessary for that purpose, otherwise the apology would seem to have been extorted by fear.

ARTICLE THE TWENTY-SECOND

No officer may challenge his prisoner, while such; as such conduct would be ungenerous and incompatible with that perfect equality and freedom of action so necessary for the challenged party to enjoy.

ARTICLE THE TWENTY-THIRD

A gentleman cannot receive a challenge from another if the latter has not had an honorable acquittal in some previous affair of a similar nature. For instance: A cannot receive a challenge from B if it is believed that the latter has not acquitted himself honorably in an affair with C; but a certificate of honorable acquittal from C will entitle B to the attention of A.

ARTICLE THE TWENTY-FOURTH

A gentleman may not accept a challenge from a person who, however high he may rank as a gentleman in the opinion of the rest of society, is known to the aforesaid gentleman to have committed some breach of honor and of gentlemanly propriety. For instance: John Smith, sensible from secret but unquestionable information, that Thomas Surface is not a gentleman, although he pass for such with the rest of the community, may not accept a challenge from said Thomas Surface; but, after having made public his reasons for such refusal, he may offer to accept a challenge from any gentleman who will think proper to consider these reasons insufficient.

ARTICLE THE TWENTY-FIFTH

Other persons than those intended to act as seconds in the duel, may be the bearers of the preliminary correspondence. It will be proper, however, that the principals signify so much to each other in the initiative.

ARTICLE THE TWENTY-SIXTH

The bearer of a missive is not to be considered cognizant of, nor responsible for, its contents, if the missive be sealed.

ARTICLE THE TWENTY-SEVENTH

If A be the bearer of a cartel from B, with whom he is only partially acquainted, to C who has had better opportunities of knowing B, he may not, if courteously received by C, consider as personally offensive to himself, C's objection to recognizing B as a gentleman.

From a Code of Honor, drawn up by a Mr. Arthur Hamilton, of Dublin, in 1807, I think (for I have not the work before me), and sanctioned by a certificate of approval incorporated with the book, by the commander in chief of H.B.M.'s forces in Ireland, himself a patron of the duel, I append the following rule for the benefit of the reader. It is a most excellent rule, and is the same in substance as article 27. "The bearer of a challenge must not, in any case, consider as personally offensive to himself, the fact that the challenged party declines recognizing the challenger as a gentleman, provided he himself, the bearer of the challenge, be received courteously and with respect, because," reasons Mr. Hamilton, "a man's character is based upon, and is matter of opinion, in relation to which, any two sensible persons are at liberty to differ." I have given the substance of the rule, if not the words.

ARTICLE THE TWENTY-EIGHTH

A gentleman may decline to meet, on the same quarrel, the second of his adversary, when the latter has been prevented by some casualty from fulfilling his engagement; but he may meet that second on some new ground of quarrel between themselves.

ARTICLE THE TWENTY-NINTH

A gentleman must detail to his second the nature, origin, and all the particulars of his quarrel previously to any action on the quarrel.

ARTICLE THE THIRTIETH

If a gentleman and his second concur not in their views of prosecuting an affair, the second will be at liberty to withdraw from the whole matter.

ARTICLE THE THIRTY-FIRST

If a gentleman should refuse to be directed by his second, even after they have come to the ground, the second will be at liberty to withdraw; but the principal so deserted must have time to procure another friend.

Some principals have submitted themselves to the directions of an individual or common friend of both parties. But such a proceeding is very irregular, and should be resorted to only in extremities. In case of accident, two witnesses will be necessary to acquit the survivor of the charge of foul play or intentional murder; and should both principals fall, the individual witness, if arraigned, will be put to trouble.

It often occurred, indeed, in the fifteenth and sixteenth centuries, and even later, that principals went out to single combat without witnesses, and the laws recognized the guiltlessness of the survivor. The enactments of existing society would in all probability punish the survivor as an assassin.

ARTICLE THE THIRTY-SECOND

Should a gentleman, for receiving verbal offense, have honorable satisfaction denied him, he will publish his adversary in appropriate terms with whatever correspondence may have passed between them on the subject of their quarrel.

In some parts of England and Ireland, it was, and still is, customary, I believe, to inflict, publicly, a single blow with a horsewhip on the shoulders of the recusant party. This custom is certainly more creditable than that pursued in many parts of our own country, where street fights, knife hacking, and dirk exercise are considered necessary consequences of every negative to meet in combat.

Except only where satisfaction is refused for a blow, it will be necessary merely to publish the person, or the correspondence, if such have taken place, with appropriate comments: This exposure will be sufficiently effective to degrade the one and redress the other.

ARTICLE THE THIRTY-THIRD

Should a gentleman for receiving a blow, be denied honorable satisfaction, he will publicly inflict on the recusant party, at least one blow with a horsewhip, and afterward, post him as a coward. Should the person so posted, afterward challenge the poster, the challenge must go for nothing.

ARTICLE THE THIRTY-FOURTH

Should a gentleman receive offense from another with whose address he is unacquainted, and, after a refusal of apology, be denied an interchange of cards, he must apply to him the open hand on the face, or a single blow of a cane on the shoulders.

As it is very improbable, however, that any gentleman will be so discourteous as to refuse his card or address on such an occasion, you had better reflect before proceeding to give the blow, whether your conduct should not be regulated by article 18.

ARTICLE THE THIRTY-FIFTH

Should any unfair advantage be attempted by the opposite party, such as responding in the negative a second time, to the question, "are you ready?" your second will be at liberty to withdraw you from the field. Such proceeding, as it is evidently intended to act on your nerve, is very foul and unmanly.

I take for granted, it will be perceived from this article, that the formula generally adopted at present, viz, "are you ready? Fire! one, two, three, stop!" will not be departed from. The seconds, however, will have plenary powers to adopt whatever formula and regulations they please. The possibility of such foul play occurring as it is mentioned above, has induced the author to make an article of it.

ARTICLE THE THIRTY-SIXTH

The principals must fire at, or within, the time prescribed by the second appointed to give the word.

ARTICLE THE THIRTY-SEVENTH

Should a gentleman with the apparent intention of hitting, fire before or after the time designated, so as to kill his antagonist, his life is forfeitable to the second of his antagonist; and should he only maim his opponent in any of his members, he forfeits a corresponding member in like manner.

A hair-triggered weapon will sometimes explode in the hands of a nervous man without his volition; but want of intention will scarcely apply when the weapon explodes on the horizontal line. Should no damage be done by this irregular firing, the fire will count in the duel, while the principal will render himself liable to some unenviable criticism afterward.

ARTICLE THE THIRTY-EIGHTH

Should the firearm explode on the upward or downward perpendicular and before the word is given, the fire will not count in the duel, but the principal will be entitled to another cartridge.

ARTICLE THE THIRTY-NINTH

The second of the challenging party may withdraw his friend after the first fire except the nature of the quarrel be such as comes under the seventh and eighth articles.

APPENDIX

COMPRISING HINTS FOR GENTLEMEN

1. Be not prone to get into difficulties without a cause.
2. Correct, if possible, all morbidness in your temper; else you will be daily harassed by "airy nothings"—the butt of the designing and irresponsible buffoons, knaves, and tricksters of society, and hourly embroiled in petty hostilities.

3. Be your deportment uniformly steady, dignified, and respectful.
4. Remember that true courage is quiet and dignified, rather than brusque and blustering; and that the best metal is not that which rings the loudest.

5. A steady look and firm voice are good armor against impertinence.

6. Resist in a dignified but significant manner the first efforts of mortal man to acquire over you an arrogant ascendancy. *Obsta principis* is a good motto, and "if you let the bit in your mouth, you must also let the saddle on your back", is a good Spanish proverb.

7. If naturally irritable, drink not stimulating drinks nor bet at cards.

8. As the gentleman's vocabulary is sufficiently copious to express resentment without introducing opprobrious epithets, "pray, you avoid them."

9. If indisposed to waive rank with a view to rendering satisfaction, never insult an officer who although beneath you in rank as an officer is yet your equal as a gentleman.

10. An officer who has been suspended or whose commission has been broken by a courtmartial for disobedience of orders, providing said disobedience does not involve an accusation of cowardice or gross immorality, will not lose caste as a gentleman, and his cartel will be entitled to attention.

11. As a gentleman, after retiring from your society for the night, and communing with himself, is apter, on reviewing your language and manner, to discover and take exception to things which he overlooked or noted not in your presence, and consequently to make them the basis of hostility toward you afterward, remember at all times to be guarded in your conduct and to keep yourself well upon your center.

12. As you may sometimes meet with a bully even among gentlemen—a rather anomalous thing—and have a difficulty with him, never yield to him in making conditions. If he offer to fight you at five paces, have the distance shortened, if possible, and insist on fighting him muzzle to muzzle.

13. Let the note which you send requiring an apology be couched in firm but gentlemanly language.

14. If a gentleman not intended to act as your second, in case your difficulties should result in a duel, be the bearer of a note demanding an apology, the note must be sealed.

15. Should a note be handed to you demanding an apology, remember to act deliberately; consult previously with a friend, if possible, and request the bearer of the note to call again at such time as you will be enabled to make a suitable reply.¹

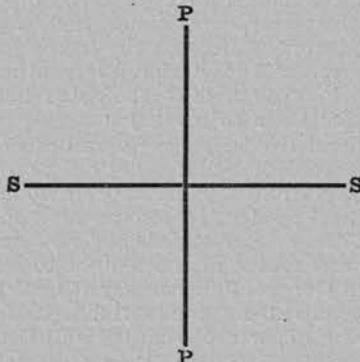
16. The friend whom you consult should have experience in such matters, if possible; and if you both do not differ materially in your consultation, you had better be guided by him.

17. Any correspondence and arrangements which subsequently take place must be conducted by your friend and that of your opponent.

18. It may sometimes happen that, from being among strangers, you will be obliged to correspond with an opponent's friend over your own signature. In that case, and your difficulty is necessarily about to merge in a duel, you will proceed directly to the nearest naval or military station, or, if there be none such within convenient reach, to the most select hotel or boarding house in your neighborhood, and make confidential inquiry of its conductor where a suitable person can be found for your purpose, taking care not to disclose to any other than the gentleman volunteering himself your second when and where the rendezvous is to take place, for fear of interruption.

19. You cannot be too particular, generally speaking, in the choice of a friend. Some, from want of sufficient firmness, may compromise your honor; others, from the false ambition—a fault of many young men—of having their names associated in any manner with dueling, may precipitate matters unnecessarily.

20. The positions of the parties on the field will be as in the diagram below, P denoting the position of the principals and S that of the seconds.



21. Either second can measure the distance determined on by the challenged party, the latter also having the choice of weapons.

22. Remember to receive your weapon from the hand of your own second only.

¹ Should you receive a peremptory challenge to fight, give the address of your friend at once.

23. Your second must be cautious not to place you facing the sun, or a strong wind, nor with any object, such as a cow, or horse, or house, or rock, or tree, ranging rearward of you within the distance of 200 yards.

24. Your second must permit no interference on the part of bystanders, except the manifestly irregular conduct of your antagonist's second, make it necessary that he (your second) should confer with some one of said bystanders competent to give advice.

25. After taking your place, you will salute your antagonist with a distant but not discourteous inclination of the head.

26. Your second must see that your antagonist deliver his fire within the time, and be ready to support you should you stagger from the effect of your antagonist's ball.

27. Avoid all harsh language toward your opponent on the ground. Gasconading before or after you deliver your fire is highly contemptible.

28. After the duel, apply no recriminating or disparaging language toward your late antagonist. If you cannot speak respectfully of him, speak not of him at all. You called him out to render you satisfaction, and after granting you the rendezvous, if you did not hit him, it was not his fault.

29. After the duel listen but little to the impertinences of that tribe of diminutive heroes who traffic in apocryphal gossip; who wink and nod and snigger and shake the head in ominous and terrible meaning of what they would have done, etc., and who, altogether, comment with most voluble balderdash on every duel that occurs, or has been likely to occur. The totality of such things had as lief achieve a summersault into Avernus, as look into the muzzle of a dueling pistol.

30. Never give an opinion, if possible, to the disparagement of parties who have decided their differences out of rule, provided the manner of their combat has not been barbarous, for courage is respectable almost under every appearance when exercised for the protection of honor and in behalf of acknowledged rights.

OPERATION OF THE N.R.A.

Mr. NYE obtained the floor.

Mr. HATFIELD. Mr. President, will the Senator yield to me in order that I may suggest the absence of a quorum?

Mr. NYE. I yield for that purpose.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following

Senators answered to their names:

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

Mr. LEWIS. Mr. President, I desire to announce that the senior Senator from Louisiana [Mr. LONG] is necessarily detained.

Mr. FESS. I desire to announce that the Senator from Pennsylvania [Mr. REED], the Senators from Rhode Island [Mr. METCALF and Mr. HEBERT], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. NYE. Mr. President, on last Thursday, in a full spirit of helpfulness, cooperative desire, and friendliness, I undertook here to voice some of the complaints which have been made by smaller units of business throughout the country respecting the hardship that was being visited upon them by reason of the N.R.A. codes under which they were being asked to operate.

On the evening of that day the Senator from Idaho [Mr. BORAH], who had also spoken on the subject, and myself were very severely taken to task in an address delivered by Gen. Hugh S. Johnson, the Administrator of N.R.A., in New York. In this New York address we, who had hoped that we were helping and were cooperating, were charged in quite direct manner with being dead cats, chiselers, and whatnot.

I find it necessary at this time, no matter how distasteful it may be to the ear of the Administrator of N.R.A., again to beat the tom-toms, as he likes to refer to it, regarding some of these N.R.A. codes.

It was clear from the general's address in New York that far in advance of his engagement there he had undertaken to anticipate what was going to be said here on the floor of the Senate in criticism of certain phases of his administration of N.R.A. It is clear from a reading of his address that he came far, far from hitting the mark or guessing at what was going to be said. My colleagues will recollect that the general's name was not mentioned once during my discourse; that there was no reference by anyone on the floor that was discourteous or to the discredit of General Johnson; yet he made there his speech, and I think in all fairness to him and to the Senate that his remarks as released to the press ought to be printed in the RECORD.

I ask unanimous consent, Mr. President, that this address by Gen. Hugh S. Johnson, Administrator of the N.R.A., may be printed in the RECORD following my remarks.

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

(See exhibit A.)

Mr. NYE. Mr. President, in the light of the spirit of the criticism that was offered here on the floor on last Thursday, it was difficult, needless to say, to understand General Johnson's attitude. It was not in any sense an answer to what had been charged here on the floor during that afternoon; and when I read his speech I was somehow taken back to the volume entitled "The New Freedom", written by Woodrow Wilson, for reference to a little story that I thought he had there told of an engagement in which he had once participated, involving a debate. The henchmen of his opponent had gathered together in the hall where the debate was to be held and were ready, if need be, to make trouble in defense and in support of their friend who was debating with Mr. Wilson that night. The debate had not progressed very far before the friends of the one observed that Mr. Wilson was putting it all over his opponent; whereupon these gangsters in the gallery got their heads together, agreed upon a course, and finally sent up the shout for their champion down on the platform to call him a liar and make it a fight.

Quite often men who are hard pressed for an adequate answer to any charge or suggestion do like to make it a fight. However, in the general's speech in New York there was really but one serious charge. That charge was to the effect that certain Senators who are now critics would not play ball with General Johnson's administration of N.R.A. The charge was made that some few of us were inclined to like to criticize, but, instead of getting down in the arena and fighting where fight was needed, we sat along the side lines and beat the tom-toms.

I think perhaps it would be well to quote some of the language resorted to by General Johnson in that connection. I find him saying early in his address:

I asked the very gentlemen who are now concerning themselves with this kind of problem to sit in here and try to see that only good results. They did not accept. I conjecture that they did not want to because a contrary course is the reason for their being. I believe that they preferred to sit aside and conjecture evil. So long as they both shall live they will have to answer as to why they did not consent. That circumstance discounted 50 percent of what they now say. They could have cooperated. They elected otherwise.

Mr. President, it is not my desire to reveal any of the intimate details concerning the contacts which I have had with General Johnson, very friendly contacts, during the last 2 months, but his charge necessitates such explanation as I am sure the story which I am about to tell will make available.

Sometime during December I went personally directly to General Johnson concerning the hardships which the so-called "National Electric Manufacturers Association" code was imposing upon certain independent small business houses in the country. I received at General Johnson's hands very serious consideration. I thought, and still be-

lieve, that he was then appreciative of the spirit in which such criticism as I was offering was presented. In any event, here was a case of small independents who were being virtually put out of business by reason of codes which had been drafted by the monopolistic end of the electrical manufacturing business, and not only that, but codes being administered by the monopolists within the industry. The independents were seeking to accomplish consideration by N.R.A. of a supplemental code having to do with that particular industry. General Johnson at the time gave every assurance that there would be reconsideration, that they were going to do the right thing with respect to that particular code.

In connection with the criticism concerning the great amount of complaint that was reaching me regarding the difficulties which independents were having in all lines, I indicated to General Johnson a grave need for the creation of some body within the N.R.A. that would afford an outlet for these independents, some such set-up as would give these independents a chance to be heard, to have their difficulties studied, and, if these studies revealed grave injustices under the code, then there should follow recommendations for changes in the code.

General Johnson and Mr. Richberg at the time took very kindly to my suggestion that a board be created, to be made up of men who are outstanding defenders of small business, men in whom small business would have the utmost confidence, men who could be approached by these independents with an assurance that they were going to have a friendly hearing, and such friendly action as that hearing would warrant.

It was 10 days later when General Johnson called me to advise me that he had laid my suggestion before the President, and that the President had just advised him that afternoon of his hearty concurrence in the suggestion I had made. He advised me that he was prepared to appoint such a board, and asked me if I would serve upon it. He indicated at the time that he was making a like request upon our very able colleague, the Senator from Idaho [Mr. BORAH].

I begged for opportunity to consider the matter. I advised General Johnson that, approaching as we were a new session of the Congress, I could not very well see how I could take on an additional burden as work on such a board would entail. But, as I have said, I asked for a chance to consider the matter, and while considering it with the Senator from Idaho, General Johnson seemed to have developed a larger conception of the field to be covered by the proposed board. He called, advising me, in effect, that it was his wish to have something in the nature of a congressional board, which could act as a go-between between Congress and the N.R.A. congressional committee within the N.R.A. Whereupon I straightaway advised General Johnson that I would not undertake to assume that I could speak the mind of Congress, that I could reflect the mind of Congress, and that until Congress acted upon some such a proposition, I could not accept appointment at his hands. I pointed out to him that he might expect that every other Member of Congress would look upon it in the same light, if he was thinking of asking them to participate.

After the general had given every assurance that he saw the point, and agreed that that could not very well be done, he set to work to bring the Senator from Idaho and myself together with the President to discuss what might be done. Such a conference was arranged, but not since that time has there been any repeat of the request to serve upon any board, and when General Johnson says that I have declined to serve upon a board, he knows full well that he speaks what constitutes a departure from the actual truth.

There really is but one serious charge involved in General Johnson's address in New York, and to that I have just referred. But the brunt of his New York argument was this, that it was nobody's business but his own to have any concern at all with what N.R.A. was doing. He said quite emphatically, though I will not undertake now to quote him, that our criticism involved what constituted no business of ours

as Senators or as private citizens. He said, among other things, that we did not know the first thing about business. When I observe the practices to which business has resorted in these last 10 or 15 years, I think perhaps I had better agree that I do not know much about business. I never have been connected with business whose main purpose was that of looting the public in the matter of the sale of securities. I have not been associated with business that has spent its time primarily in watering stocks and looting the public. But be that as it may, for the sake of the argument I am going to confess that I do not know anything about business. Yet, thus admitting, I am not ready to sit down and say that I have no right to criticize some of the practices which have been resorted to under the administration of the N.R.A. by General Johnson. I feel that I still have the right to criticize, whether I know anything about business or not.

I am reminded somehow of the case of that individual who one day stepped into an art gallery and beheld upon the wall an exhibit of paintings by one particular artist. He walked along and gazed upon each picture, and finally at one he paused longer than he had at others. The painter saw the visitor pause there and observed him shake his head. He saw upon the visitor's face a look which said, "I do not like that picture."

The artist went up to him and said, "What is the matter?"

The visitor said, "I just do not like that picture at all. I do not think it squares off with the rest of the things around here at all."

"What is wrong with it?"

"Oh, I do not know," he said, "but I do not like this, and I do not like that."

The artist said, "Are you an artist? Do you do any painting?"

The fellow said, "No; I never thought of it before. I do not know the first thing about it."

Then the artist said, "Why in the world do you undertake to criticize my work?"

Whereupon the visitor responded, "Well, not being a painter, maybe I have no right to criticize; but I am not a hen, either, and yet I know a rotten egg when I see one." [Laughter.]

So it is, Mr. President, with respect to some of the features of codes which have been approved under the administration of Gen. Hugh S. Johnson; there are among them some very rotten eggs, and I want to discuss a few of them this afternoon.

The general told us in his address in New York that we did not know what we were talking about. He said—and I quote him now:

I think these critics do not realize that what they want is to turn the clock back 5 years to exactly the same formula of rugged individualism lately propounded by men with whom they probably would not sit in the same room. It all gets down to what is said in Proverbs: "As the dog returneth to his vomit, so doth the fool to his folly."

I think perhaps we had better not dwell upon that particular subject longer than to say that Proverbs also says something about refraining from answering according to his folly, lest he turn again and rend you.

Be that as it may, Mr. President, I insist that I do know what I want in connection with such criticism as I have offered of N.R.A. I want primarily two things. First, I want the new deal divorced from the leadership of those industrial pirates who broke America—broke her in an economic way—and destroyed her confidence in business quite completely.

Second, I know that I want help for those who are being oppressed by these codes. Men who will play fair, men who have known but the most honorable intentions, are every bit as deserving of such limited championing as has been afforded them in connection with the codes under which they have been operating.

I believe in that connection that there should be a resort by N.R.A. to a program, not one that is of aid to monopolies, but one that will help break the hold which monopolies have upon business in America today. I say that these

things can be had under N.R.A. if the N.R.A. develops the proper administrative hand.

General Johnson likes to quote President Roosevelt. I wonder, following President Roosevelt as I have, why General Johnson does not follow the President as well as quote him. In his campaign Mr. Roosevelt said, among many other fine things, this:

No industry has ever been known to purge itself of its own iniquities.

Yet, Mr. President, the N.R.A. administration by Mr. Johnson places the authority to administer codes in the hands of big business itself, which in its appetite for greater and ever greater profit sees one great need, and uses its code to wipe out their little competitors and leave a clean field for profiteering to be regulated by the code authority—to be regulated, in other words, by big business itself.

As I shall show, I hope, today, big business is in the saddle by reason of the N.R.A. codes in a greater degree than ever it has been before. I am not going to dwell at great length today revealing just how thoroughly it is in the saddle, but I do want to deal primarily with one specific industry.

Before doing that, I want to define what I believe to be the real issue in this controversy today. That issue is involved in this question: Does N.R.A. favor and help monopoly? I say it does under the manner in which it is being administered. General Johnson insists that it does not. In any event, that is the real question.

In proof of my contention, I am going to bother the Senate to go back and follow very briefly over ground that I covered on last Thursday relating to the code of the National Electrical Manufacturers Association. Just what was done under these codes is a matter which can wait a few moments while we ascertain just who wrote the codes. I would remind the Senate that when they were ready to receive codes there was one who formerly had been employed by the General Electric Corporation, who retired from the General Electric Co., came to Washington, was given an office in N.R.A. headquarters, where he advised those who had the electrical code in hand. After the code had been approved he retired from N.R.A., and becomes now the secretary of the code authority, administering the code that was adopted, and having coverage over all manufacturers of electrical machinery in these United States.

The General Electric Co.—big business, if ever there was such an institution—in the electrical manufacturing field is dictating every rule to be pursued in the conduct of the administration of that code.

Mr. President, we hear a good deal these days about government by intimidation. I wish to read two letters which have come to me within the last 48 hours, one dated January 18, the other January 20, indicating strongly what sort of intimidation exists in the business world; and then I stop to ask: Are those who are intimidating Government perhaps the same forces at work intimidating the smaller units of business in the country?

L. M. Speery, of St. Louis, Mo., writes me as follows:

I wish to express my congratulations and sincere appreciation of your courageous stand against the monopolistic manufacturers, especially the General Electric Co. I believe these monopolies are the cause of our economic break-down.

Having spent at one time 30 years as agent for the General Electric Co., 5 of those years not knowing I was working for them, I am in a position to give you some facts as to methods they used in monopolizing the lamp industry; how they put on a lamp war to force factories to sell out to them; how the factory I worked for lost \$20,000 in 1 year trying to meet their ruinous competition before they had to capitulate (other factories had the same experience). Then they called themselves the National Electric Lamp Association, their purpose being to maintain prices.

So it devolved on Mr. Wickersham, then Attorney General, to bring to light the fact that it was all owned by the G. E. Co., causing them to readjust their business and carry consigned stocks in the hands of their agents in order to maintain prices to the extent of nine or ten millions of dollars.

How they obtained the patents of all those whom they bought out and how they worked the Patent Office to perpetuate their monopoly you, of course, know.

According to their own statement they sold in 1930 356,000,000 lamps and because the Jewel Incandescent Lamp Co., with whom I am now connected, sold about 10,000,000 lamps they put up the hue and cry "ruinous competition."

From up in Bridgeport, Conn., comes a letter from which I quote the following:

I read in the newspapers that you are charging the General Electric Co. with a monopoly on lamps under the N.R.A. and the National Electrical Manufacturers code.

This letter, I would point out, shows how the General Electric Co. has forced the importation of the product of Japan; how General Electric Co., though it may today put up a hue and cry about these importations, are themselves responsible for them. The writer of this letter says:

What I would like to call to your attention is the Christmas-tree lamp situation. We have been manufacturing Christmas-tree lighting outfits for the past 15 years and consume approximately 3,000,000 Christmas-tree lamps per year. We secured the Christmas-tree lamps years ago from the General Electric Co. under a miniature Christmas-tree lamp contract. One nice morning we received a letter from the General Electric Co. informing us that they were discontinuing our contract for the Christmas lamps, not giving any reason whatsoever. This, of course, left us without any lamps, and what we had to do was to import the Christmas lamps from Japan to assemble in the Christmas-tree lighting outfits which we manufacture, and had to start to create a demand for the Japanese lamps, not because we wanted to do so, but we were forced to it by the General Electric Co. on account of not supplying us with the Mazda Christmas-tree lamps.

Today the General Electric Co. is complaining about the importation of Japanese lamps, for which they themselves forced us to create the demand and are still stubborn about giving contracts for the Mazda Christmas-tree lamps to independent manufacturers. There are about 14 Christmas-tree lighting outfit manufacturers in the country and only 3 manufacturers are obtaining the Christmas-tree lamps under such contracts with which to supply the entire country with Christmas-tree lamps. There are approximately 75,000,000 Christmas lamps sold a year in the United States.

Under the N.R.A. we feel that every manufacturer, whether large or small, should be on an equal basis; otherwise the small manufacturer is compelled to go out of business, as the demand for American-made merchandise has been greatly increased.

By supplying the Christmas Mazda lamps to all the Christmas-tree lighting outfit manufacturers the demand for the imported lamps would cease and there would be more work for the American workman.

We are taking the liberty of writing you this letter to bring the matter to your attention, so that it may be taken up at the hearing of the National Electrical Manufacturers Code.

Here is another letter revealing the jokers that have been written into the code which is under consideration, revealing the deadly weapons that are being placed in the hands of monopoly by reason of these codes. This letter, coming from New Orleans, says in part:

The code drawn up by the National Electrical Association for the electrical contracting industry is a glowing example of just such an attempt to squeeze the little fellows out of business by means of controlling regionally the most vicious weapons in the codes.

At another point the writer says:

You will note that we have only protested three specific conditions, but the code is full of jokers which would prove deadly weapons in the hands of unscrupulous local or regional code authorities who would be vested with the power to annihilate the small contractors and exploit the buying public.

From Providence, R.I., comes perhaps the most revealing letter of them all. This letter shows how General Electric, through N.R.A., is rewarding its own selfishness and greed; how it is undertaking to wipe out all competition; how it continues to entertain the attitude of "community be damned, humanity be damned, profit is the thing and the only thing to be considered"; revealing further how the General Electric Co. in prosecuting their program of eliminating competition have made purchases of competing plants, and then have resorted to the plan of dividing the purchase price paid for the plant over a long period of years so that the seller could escape the income-tax laws. Let me read this letter:

An article in the New York Times this morning attracted my attention in regard to your complaint against the General Electric Co.

May I state that, as a former agent of this company, I could show you some harrowing situations here in New England as a result of their merciless greed and selfishness.

Plant after plant has been closed down by them all over this country. It was my job to try and dispose of some of them.

Our own firm bought one and showed what could be done with them.

In the little city of Central Falls, which adjoins Providence, the General Electric Co. gobbled up an independent plant making light bulbs, a plant to which the town had granted a 10-year tax exemption to nurse along a new industry. The General Electric Co. closed it up and cast all the help adrift. The town still has an empty plant after more than 10 years of idleness. This was a serious blow to a small municipality depending for taxes on only a few industries. Within the past year it has not been able to pay its firemen and policemen.

In the case of the D. & W. Fuse plant in Providence, this company owned certain patents which the General Electric Co. wanted. They bought out the plant, closed it up, and extended the payments for it over a period of 10 years to help the seller cheat the Government out of income taxes. It is still vacant after 13 years of idleness.

In the city of Taunton, Mass., 16 miles from here, another plant, manufacturing small motors, was closed and the help cast adrift as usual. All this happened before the depression, when there was still a demand for manufacturing space from small manufacturers who could not afford to build a plant but who were willing to pay rent. Would the General Electric lease it? They would not. Reason? To keep out competition.

Now, here is a clear case where capital, in the form of bricks and mortar, could have been used by people who were willing to pay a fair price for it, and reemploy those set adrift. But what does a huge corporation care about human beings? They are too far away to hear their cries of anguish and see their sufferings as they wander from place to place seeking work.

Furthermore—

That is a political reference which I think had better be left unsaid here at this time. However, this and the other letters go to show, Mr. President, that big business, personified as it is by the General Electric Corporation, is interested not in mankind, not in the welfare of workers, not in affording work for men, but is interested alone in profit, profit, and more profit. Yet today, under the N.R.A. codes, that same type of big business men are having placed in their hands the weapons which they are using to drive whatever remains of competition out of their respective fields.

General Johnson refers to those who criticize this situation as men who are entertaining "subtle, political designs." I deny that there is any subtle political design in such purpose as is mine in presenting these cases; but after the demonstrations which we have had—demonstrations like those to which I have called the attention of the Senate, such demonstrations as General Electric has staged—I do not, Mr. President, for one, want to be led to national recovery by such men as have headed General Electric in its years of greedy war for profit and more profit. Yet here they are, these very same men, leading as code authorities back to their kind of green pastures. Here we are being led back to prosperity by these representatives of big business, who never have had vision that would let them see beyond their own noses or deeper than their own purse—these men whom the President says have never been known to purge themselves of their business iniquities—here they are, these same men, the rulers over their lines of industry today.

I must repeat, Mr. President, briefly the statement that the General Electric Co. had its men on the job writing the code, pushing it through, forcing it through, and accomplishing its approval almost before the independents competing with General Electric knew what was going on.

Just how the code which was accomplished under such an arrangement is operating, I think, is best revealed by a letter coming to me from Crescent Automotive Cables, located at Providence, R.I. I am not going to take the time of the Senate to read that letter, but I am going to urge every Member of this body to give heed to it when it appears in print in the RECORD, and I ask that it may be printed in full at this point.

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

The letter referred to is as follows:

PROVIDENCE, R.I., January 19, 1934.

Senator NYE,

Senate Office Building, Washington, D.C.

DEAR SENATOR NYE: I have been following your efforts on behalf of the smaller manufacturers who are being handicapped by the operations of the various codes.

We are especially interested in the electrical code as administered by the National Electrical Manufacturers Association, par-

ticularly clause no. 10, which is the price-fixing clause under the guise of the open-price plan.

Our particular company was formed in 1917 and for the last 8 years has been making automotive wire and cable exclusively, selling it for replacement repair purposes through wholesale accessory supply houses throughout the United States.

In the intervening 8 years this company has grown slowly and steadily along conservative lines.

Our competition comes from 4 very large manufacturers, 3 of whom are subsidiaries of very large firms in the automotive field; the fourth company is a very large electrical wire manufacturing company with an automotive wire department.

These four companies were all selling their products on an equal basis at very high prices, using every known form of selling, such as consigned stocks—ledger balances, missionary men in the field to do the actual selling for the jobber, heavy advertising, etc.

There are four smaller companies who have not been competing on an equal price basis with the four mentioned above, because they have not been furnishing the services mentioned, nor were they soliciting accounts ordinarily sold by the above four.

These smaller companies were soliciting business from the smaller accounts in the automotive accessory jobbing field.

Then there are 10 small or medium-size companies who are not manufacturers but who are assemblers (sometimes known as "superjobbers"), who would buy wire from manufacturers making ordinary electrical wire and reboxing this material under their own brand and posing as manufacturers and selling it to small jobbers and chain stores.

After the N.E.M.A. code became effective all manufacturers in this industry (whether manufacturers or assemblers or superjobbers) grouped themselves into what is known as the "automotive replacement wire and cable subgroup", working under N.E.M.A., and became a part of the electrical industry, whereas we are really an automotive product, pure and simple under N.E.M.A. we were obliged to go on the open-price plan and publish our price sheet.

The four leading manufacturers immediately put in secondary, or lower-priced, lines to compete on an equal price basis with all of the other manufacturers in the field, but first inducing all others to raise the prices of these secondary lines more nearly in line with their advertised and first-quality line.

Of course, the effect of this was simply that the four largest manufacturers did not have to increase the prices on their leading lines but did have the rest of us raise our prices on competitive lines so that the difference in price between the two lines is now very small, and, in addition, they also have the competitive line and they are now soliciting business from all classes of trade, some part of which did not even interest them prior to the code.

Another feature of the operations of the price agreement, or code open-price policy, was to raise all prices to such a margin as to permit anyone posing as a manufacturer to buy at one level and resell to the jobbing trade at a higher level and the price set-up is such that the ordinary replacement-parts jobber is paying about 50 percent more, or at least 33½ percent more, for replacement wire and cable parts than is necessary.

Competent manufacturers such as ourselves could supply the market at much lower prices than at present with a very satisfactory profit and paying full code wages and working the proper number of hours under the code.

Smaller manufacturers are going to be forced out of business because the four leading manufacturers are usurping the entire field now on an equal-price basis.

This company, and others, are interested in having clause no. 10, or the open-price plan, taken out of the N.E.M.A. code; we are perfectly agreeable to comply with all fair-trade practices and labor provisions, but we reserve the right, or we should have the right, to contract with our customers on a basis that will give us a fair profit, enable us to run our factory in an efficient manner, and give our help an opportunity to work.

The open-price policy is working a hardship on the smaller manufacturers, who do not have the advertising expense or the missionary men in the field to do their selling for them.

When the N.E.M.A. code comes up for rehearing—I do not know the date that is scheduled—but when it does come up for rehearing, if I can be of any help in testifying I shall be very glad to come to Washington, and I will be grateful for a word from you in regards to any of the points that I have raised.

Cordially yours,

CRESCENT BRAID, INCORPORATED.
MILTON C. SAPINSLEY,
General Manager.

Consumer—Milwaukee experience. Independents woke up in September.

Mr. NYE. Mr. President, after the adoption of the so-called "N.E.M.A. code" the independents finally awakened to what was being done and what had been done to them. They scampered about, organized themselves, agreed upon the need of a supplemental code, and drafted such a supplemental code, which was intended to wipe out the injustices that General Electric had forced into the code. That was in September. Through September, October, November, and December the independents rapped, rapped, rapped at the door of the N.R.A. asking for consideration. It was in September or October that I indicated interest in the matter to

N.R.A., and was assured by the authorities there that there would be consideration given to the supplemental code.

Mr. DICKINSON. Mr. President—

Mr. NYE. If the Senator will permit me to complete this point, I will then be glad to yield to him. As I was saying, the N.R.A. authorities assured me they would give heed to the supplemental code that was being requested; and lo and behold, in December there came word that N.R.A. had finally decided that they could not consider the supplemental code; that the only form in which they could consider it would be in that form which would prevail if the supplemental code were to be submitted to the N.R.A. by the code authorities which had been appointed to administer the electrical manufacturers code. In other words, if the General Electric Co. would say to N.R.A., "We wish you would consider this code", then N.R.A., said, in effect, "We will consider a supplement, but until then our hands are tied; we are helpless; we cannot do a thing." I now yield to the Senator from Iowa.

Mr. DICKINSON. I should like to inquire whether or not the Senator has considered the question of what organizations in these respective lines or trades were able to pay dividends and whether or not the dividends were not all or practically all paid by the larger organizations that are doing the very things that the Senator says they are doing—that is, fixing up these codes so as to assure them profit even if they have not any business turnover whatsoever?

Mr. NYE. I must confess a lack of knowledge concerning the dividends that might be involved in the cases of these various corporations, but I am quite certain that what the Senator is saying will be thoroughly borne out by the facts.

Mr. DICKINSON. The report of the various companies, not only in the electrical line but in many other lines where the large concerns are in control of the codes, bears out the contention of the Senator that they are in control; they know why they are there, namely, that they are there for the selfish purpose of making profits and not of employing more labor or relieving suffering among the workmen.

Mr. NYE. I thank the Senator from Iowa for his observation.

When N.R.A. declared that they could not touch the supplemental code of which the independents were asking consideration, I wrote an extended letter to General Johnson setting forth step by step the experiences with which the independents had met. After sending that letter I was absent from the city for a matter of about 10 days. Upon my return I found upon my desk a letter from the attorney for N.R.A., Mr. Donald Richberg, denying most emphatically that the operation of N.R.A. was one encouraging monopoly, but saying nevertheless that what I said regarding the so-called "N.E.M.A. code" was justified; that in that case my criticism was justified. Two days later came a letter from General Johnson concurring in what Attorney Richberg had said regarding that matter.

Then there followed most delightful action and consideration by N.R.A., which accomplished, among other things, the reopening of the electric manufacturers industry code and hearings were set for the 4th or 5th day of January of this year. When that day arrived the hearings were undertaken. General Johnson, Mr. Richberg, and other authorities of N.R.A., sat in listening to the testimony that was then and there offered.

There was every reason to believe there would be a reopening of that code and the insertion of provisions that would be a defense to the independents; that would curb the monopolistic tendencies of the General Electric Co. itself. But, lo and behold, after 2 days of those hearings, and in the face of the frightful information that was there placed before them, instead of taking action, instead of setting aside the code and saying, "Wait, you are not going to make that operative for a while; wait until we consider this", they postponed the hearing until the 29th day of January of this year. Since I have taken the floor word comes to me that N.R.A. has today postponed the hearing from January 29 to February 8. How many more times they will postpone it no one knows.

In any event, this terrible delay which the small industry is suffering is all but crucifying and destroying what remains of the independent industries in the country. The small fellow, if I may be permitted to use that expression, is being crushed by monopoly as he has never been crushed before because of the manner in which N.R.A. codes are being administered. Yet when one makes that contention there comes back the charge "dead cats." A man talking about "dead cats" while Rome burns!

Mr. President, on Saturday the President issued an Executive order which, it is alleged, gives the independents something that they have needed, something they have not had before. The Executive order brings the Federal Trade Commission and the Department of Justice into the picture in a way. But I wish to point out that the Executive order has not altered the set-up in the least. There is no change, by reason of the Executive order, in the order that existed Friday, the day before the order was issued.

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

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Iowa?

Mr. NYE. I am glad to yield.

Mr. DICKINSON. I want to make the suggestion that under the Executive order the Federal Trade Commission is just about as far away from the small business man in Fargo, N.Dak., as the consumers' counsel is away from the customer who is buying merchandise in Fargo, N.Dak., and there will be no chance for them to come down here and have their complaint heard. Therefore they will be crushed just as they were before.

Mr. NYE. I am not going to agree with the Senator altogether upon that statement. I think the Federal Trade Commission as constituted at the present time is ready to function in a way that will give more direct response to the interests and the needs of the smaller units of business than they have ever had before. However, that is neither here nor there. All the privilege the independent has under the Executive order of Saturday is the privilege which he had on last Friday and every day before that. He has always had access to the Federal Trade Commission. What the Executive order says to the complaining small business man is, "Take your case to N.R.A. If you are displeased by the disposition N.R.A. makes of it, then take it to the Federal Trade Commission."

In the particular case of the electric manufacturers' code, lo and behold, hearings are postponed from day to day, from week to week, from month to month, and there is no assurance when the N.R.A. is going to dispose of the case. Must the independents wait until N.R.A. has said "yes" or "no" to the supplemental code that has been submitted? They do not have to do so. If I could make my voice heard by all the independents today, I would say this in no uncertain terms, "You do not have to carry your complaint to N.R.A. You can carry your complaint, if you will, directly to the Federal Trade Commission." Then if the Congress will awaken to the fact and awaken to its responsibility, it will appropriate such sums of money for the Federal Trade Commission for the next year as will enable them to do this job of looking after the interests of the small business man.

Mr. DICKINSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Iowa?

Mr. NYE. I am glad to yield.

Mr. DICKINSON. I want to make the suggestion that I have faith in the Federal Trade Commission, and I approve of what the Senator said with reference to them. But that does not dissipate the fact that the little business man is all alone who is a thousand or two thousand miles away from Washington. He will just close up shop and quit rather than spend all of his capital investment coming down here trying to make a showing to the Federal Trade Commission or anybody else.

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

Mr. NYE. I am glad to yield to the Senator from Minnesota.

Mr. SHIPSTEAD. In view of legislation enacted last spring, the Recovery Act, abolishing the Sherman anti-trust law, by authority of what law would the Department of Justice intervene here? I should like to have some lawyer explain that, because as I understand it they can do all these things without violating the Sherman antitrust law because its operation is suspended.

Mr. NYE. I am not prepared to discuss that particular point as intelligently as it ought to be discussed, but I understand that within a day or two it is going to have a very complete discussion here on the floor at the hands of men who do understand the law very thoroughly.

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

Mr. NYE. I am glad to yield.

Mr. FESS. The question that was asked by the Senator from Minnesota is a question that has been in my mind. The Federal Trade Commission can be authorized to investigate and probably expose. I do not know, under the suspension of the antitrust laws, what else they could do. That is the query in my mind.

Mr. NYE. That is what the Federal Trade Commission can do now, is it not?

Mr. FESS. Yes.

Mr. NYE. It did not require any Executive order to accomplish it.

Mr. FESS. No.

Mr. NYE. I happen to know of a case directly in point where N.R.A. knows the opinion expressed by the Federal Trade Commission with respect to one code and persists in ignoring the word that the Federal Trade Commission gave. It involved the so-called "N.E.M.A. code". It appears very clearly from this experience that N.R.A. has absolutely no respect for the Federal Trade Commission. Whether it has any respect for the Department of Justice I do not know, but the attitude of N.R.A. seems to be that which declares, "We are holier than thou. We are beyond the reach of anything that exists in the way of governmental agency. We are beyond criticism, and, most of all, there should be no criticism from Congress or from any Member of it."

But, Mr. President, I invite attention to the fact that experience shows there is absolutely no respect on the part of N.R.A. for the Federal Trade Commission or its opinions. On the 29th day of December, 5 or 6 days before the N.E.M.A. hearing was to be conducted, an N.R.A. authority, whether it was General Johnson himself I do not know, requested the Federal Trade Commission to give consideration to the N.E.M.A. code and report to N.R.A. on their findings. On the 2d day of January the Federal Trade Commission made its report, and among other things the Commission said was this with respect to the electrical manufacturers' code:

The price-fixing provisions of article X—

That is, of this N.E.M.A. code—

necessarily result in depriving the independent manufacturer or small enterprise of whatever economic advantage it enjoys by reason of its efficiency in operation, low overhead, including low executive salaries, etc. To the extent that this occurs there is a resultant increase toward monopoly.

This opinion from the Federal Trade Commission continues:

There are several provisions of the code for the electrical industry, as approved on August 4, 1933, which in practice may tend to eliminate or oppress small enterprises, discriminate against them, and thus promote monopolies, all of which results the N.I.R.A. expressly prohibits.

Mr. President, with that kind of an opinion before them on the 2d day of January, with hearings pending 2 days later upon this specific code, with that information before them, I ask, why would N.R.A. dare to postpone hearings to the end of the month and then on into February, as they have done today? Because they have no respect, because they have not a care about the opinion of others, and partly, I think, because they want to show their most complete and utter defiance of any authority other than themselves.

Yet up in New York the other day General Johnson, during the course of his address, made a statement as to which I am wondering if by any chance it has relation to this

particular report from the Federal Trade Commission. He said at that time—and I cannot conceive what other report he may have had reference to—

But it is still said that I suppressed a report of the Federal Trade Commission to the President on the operation of N.R.A. I asked the Federal Trade Commission to send a man over here to see if we were doing properly what we had to do. He came, but he never said a word to me. I now understand that he did report to the Commission in a paper marked "confidential"—one of those X-21 confidential spy reports which no one had the courtesy to discover to me. There is suppression for you. I now learn that somebody sent it to the President. But I never heard of that report until last night, when a self-invited counter-espionage agent told me of its subject matter.

If he is referring to the particular Federal Trade Commission report to which I have just made reference, I would ask General Johnson this question:

Have you made any effort to ascertain who in your organization, what stool pigeon in your organization, withheld that report from you?

I would ask him:

Have you fired anybody for keeping that report away from you?

I would do that, but for the fact that there comes word this afternoon that not only has that hearing been postponed to the 29th of January, but today N.R.A. calls for a further postponement to the 6th or 8th day of February.

Mr. President, I must confess that I do not longer enthuse about the prospects for large success through N.R.A. under the leadership and under the administrative hand of Gen. Hugh S. Johnson; and I say that, fine as his work has been in connection with certain phases of the early part of this recovery program.

General Johnson says he did not know about this report. Then someone within his organization has betrayed the trust that has been placed in him. Root him out.

Some few weeks ago I said, personally, to General Johnson, "You have leaks within this organization. Small business has filed complaints here. Those who have complained have been assured that they would not be compromised; and, then, within a matter of hours after they had filed their complaint, their big brother monopolistic competitors not only have known who made the complaint but have known what was in the complaint, and have proceeded to make life that much more unpleasant for the struggling little independent unit."

General Johnson challenged me at once on that statement and charged me for the moment with alleging that N.R.A. was big business' agent. I said I did not mean anything of the kind; but what I did mean was that having built up, as he had built up, that gigantic N.R.A. organization almost overnight, it was inevitable that there should be within the organization men whose principal task was that of carrying messages to their monopolistic agents or employers in this line of business and that line of business. General Johnson did not disagree. He agreed that there probably were stool pigeons within the organization, but what is being done to get rid of them? That is the question I should like to have answered for my own satisfaction today.

Perhaps the answer will be that there has not been time to act on the evidence that has been presented in the hearings conducted in the reopening of this so-called "N.E.M.A." code. No time to act? No; seemingly not where the General Electric is involved, where big business is involved, but plenty of time to go out into Indiana and down into Oklahoma and find some little 2-by-4 restaurant owner who has violated in some respects the code under which he has been operating and he has had his blue eagle taken away from him.

Oh, if only there could be one good example made of one real big business institution in this country! If only Uncle Sam would show himself with the strength and the courage to take, for example, this browbeating pirate organization of General Electric, shake it up, and put it in its place, what a blessing, what a lesson, what an example it would be!

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

Mr. NYE. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Does the Senator claim that the General Electric Co. has violated its own code?

Mr. NYE. No; not at all; but I am contending that the General Electric Co. supervised the writing of a code that is in direct violation of the antitrust laws.

Mr. SHIPSTEAD. Well, that was the purpose of the act, was it not?

Mr. NYE. No; it was not. The act quite clearly declares that it was not.

Mr. SHIPSTEAD. I understood that we had to abolish the antitrust acts in order to permit business to do the things they are doing now, and that was the reason why I voted for the Borah amendment.

Mr. NYE. That was the reason why we all voted for the so-called "Borah amendment", I am sure; but be that as it may, Mr. President, the fact nevertheless remains that where flagrant violations of the spirit of the law are revealed, when the one against whom there is reflection is a great giant industrially, he goes scotfree. He has no difficulty in winning endless time, in accomplishing procrastination in consideration by N.R.A.; and every minute of that delay means death or a chance to continue life to these struggling small ones.

Mr. SHIPSTEAD. Mr. President, will the Senator yield further?

Mr. NYE. I am glad to yield.

Mr. SHIPSTEAD. The Senator speaks of the violation of law. What law have they violated?

Mr. NYE. The Senator from Minnesota is contending for a point which I think I am going to have to concur with him about; namely, that perhaps there has not been strict violation of the law.

Mr. SHIPSTEAD. Of what law?

Mr. NYE. Of the antitrust laws, until we amend the law by adopting the amendment which the Senator from Idaho [Mr. BORAH] is proposing at this time.

Mr. SHIPSTEAD. If the Senator will permit me, I do not see how they could violate a law that has been suspended, and does not now exist.

Mr. NYE. Let me make my point clear to the Senator. The N.R.A. officials, chief among them General Johnson himself, have said, time and time again, "If these codes are found to be aiding monopoly in enlarging or continuing its monopoly, we are going to correct those codes." When the General and his subordinates down there are shown by the Federal Trade Commission and by others that there is a direct effect that is enlarging upon monopoly, then we get delay; we get the postponements of hearings from day to day, and from week to week.

Mr. SHIPSTEAD. And reluctance to change.

Mr. NYE. And a reluctance—yes; something more than a reluctance to change. Now, why the reluctance, Mr. President? What is wrong down at N.R.A.? Is N.R.A. afraid of big business, or is N.R.A. big business itself?

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

Mr. NYE. I am glad to yield to the Senator.

Mr. FESS. Is not the situation as we now see it operating something as follows?

Every President since President Woodrow Wilson, including Woodrow Wilson, up to the present time recommended to Congress, in some form or other, an amendment to the antitrust laws. Congress never responded to any one of these recommendations.

Mr. NYE. That is true.

Mr. FESS. Is it not true that in the face of that opposition, as expressed by a refusal to take it up, the same thing has been done by the delegation of power that permits agreements through which the thing that it is desired to get rid of is gotten rid of by suspending it?

Mr. NYE. That is right.

Mr. FESS. I think that is the dangerous part. We are suspending a law that we could not amend; and it seems to me that we very likely will suffer from the very things of which we are complaining under their interpretation of the law.

Mr. NYE. We are bound to suffer.

Mr. FESS. I assume that General Johnson claims that he is following the spirit of the whole thing.

Mr. NYE. Well, that is not altogether true.

Mr. FESS. I do not think he is, but I think he may assume that he is.

Mr. NYE. Mr. President, reviewing how the General Electric Co. has accomplished the making of its code, how it sits in the seat of the mighty to enforce and administer that particular code, I desire to ask, and perhaps the Senator from Nebraska [Mr. NORRIS] can satisfy my question, Why is it that N.R.A. has not invited Samuel Insull to come back here and supervise the manufacture of this public utilities code that is now under consideration? [Laughter.] Is Samuel Insull any worse than men who have led in this campaign of General Electric through the last 15 years of crushing out every sign of competition that they could lay their hands on? What is the difference between their record and that of Samuel Insull? Both of them were aiming to but one end—more money; more profit; get it, no matter what method you must resort to in order to get it!

O Mr. President, I wish that we might at this time, presumably a time of enlightenment concerning the past record of big business, move in a direction that would accomplish a divorcement from that order which places recovery, which places our destiny, in the hands of the Swope, the Young, the Grace, the Schwab, the Mitchell, and the Sinclair type of business leaders, with whom we are so well acquainted here in the United States. What these men want to do, what they are using N.R.A. for, is to get back to the delightful position they occupied in 1928, before the crash came, when they were able to pay dividends upon their swollen, watered stocks, when they were able to pay themselves bonuses as executives beyond even what they were paying to the common stockholders as interest upon the money which those stockholders had invested.

Mr. Grace, of the Bethlehem Steel Corporation, likes N.R.A. He is not ashamed, he is not afraid, to tell the world that he likes it, and he wants more of it, and he hopes it is going to become permanent. Grace is the same man who sat behind closed doors with other executives of the Bethlehem Steel Corporation back in 1917, without the knowledge of the stockholders of the Bethlehem Steel, and devised a plan to get something more than their salaries for their services, devised that there should be bonuses paid to the executives. From 1917 to 1930 the Bethlehem Steel Corporation paid in bonuses to those executives \$31,000,000, and during the same period of years the common-stock holders in that corporation got only \$40,000,000. From 1925 to 1928 the poor Bethlehem Steel Corporation could not pay any dividend on its common stock at all; but, as I recall the figures now, it paid to this handful of executives, never numbering over 22 or 23 in a single year, something like \$6,000,000 in bonuses, and in one lone year Mr. Grace, who now loves N.R.A., because he is permitted to lead in the game that is being played under N.R.A. as it relates to his particular industry, drew, in addition to his salary, a bonus of \$1,600,000.

They would like to get back to those days when it was so easy to mislead and to loot the American public and their own stockholders. They would like to go on with the privilege of earning on the basis of the fictitious watered valuations which have been written into the capitalization of Bethlehem Steel and other like corporations during these many years.

On Sunday, Mr. President, the Baltimore Sun carried an editorial entitled "Mr. Grace's Contribution", which I am going to ask to have incorporated at this point in my address.

The VICE PRESIDENT. Is there objection?

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

[The Baltimore Sun, Jan. 21, 1934]

MR. GRACE'S CONTRIBUTION

It is very interesting, in the midst of the warm debate between Senators BORAH and NYE, on the one hand, and General Johnson,

on the other, as to the effects of N.R.A. in depressing the little man and in promoting monopoly, that Eugene G. Grace, president of the Bethlehem Steel Corporation, should come forward in an article in Scribner's in defense of the N.R.A. in its effects on industry. Mr. Grace believes N.R.A. has taught industry "a great deal which can be and must be preserved for the future."

And what is it in N.R.A. that gives the head of Bethlehem this joy? It appears that industry has been given "an opportunity to act in unison in the interest of public policy without being handicapped by competition of the chiseling type." Industry has been freed from the shackling effect of the antitrust laws. "The new conception is that of a basic industry working along cooperative lines." In his own steel industry, Mr. Grace finds that public price fixing has prevented cut-throat competition.

What we should like to know from Mr. Grace is the date on which the steel industry was subject to the "cutthroat competition" which he says N.R.A. has prevented. Our impression had been that, antitrust laws or no antitrust laws, the steel industry had been, long before N.R.A. was ever mentioned, the last place in these United States to look for any form of "cutthroat competition." We had been under the impression, which nobody ever really tried to dispel, that steel has been for years a recognized de facto cartel.

Hence, the suspicion arises that what Mr. Grace really is giving three cheers about is the fact that N.R.A. permits the steel industry under the law to do things it always has done regardless of the antitrust laws. It is true that the collusion of the steel companies on rail prices recently led Coordinator Eastman to drag the magnates before the President and to force somewhat lower prices (still uniform), but evidently that slight mishap is in Mr. Grace's opinion a small price to pay for the new freedom legally to fix prices.

As for the benefits to the public of suppression of competition, it would be helpful if Mr. Grace would explain why public price fixing will bring us blessings when private price fixing failed to do so. If suppression of competition in the steel industry and permission of price fixing are a godsend, why were we not restored to prosperity long ago? For it is a fact, written and discussed a million times, that steel prices were held up by artificial methods against the terrific downward trend of the price level as a whole since 1929.

In fact, not only among old-fashioned liberals, but among the new liberals who support the "new deal", the disparity between high fixed prices in a few monopolized industries like steel and the low general level of prices has been cited as one of the serious obstacles to recovery. How, it has been asked, over and over, could industries which use steel get started again if, while themselves operating on a low-price level, they had to pay high prices to the Steel Trust for their materials?

Mr. Grace is a gentleman who knows exactly what he wants, but, like many gentlemen who know exactly what they want, he is none too subtle. For General Johnson's sake, in the latter's debate with Senators BORAH and NYE, it is a pity that Mr. Grace has offered at this time his particular bit of ballyhoo. There may be a little sense of humor left in the country.

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

Mr. NYE. I am glad to yield.

Mr. SHIPSTEAD. Under the codes, these industries are prohibited from selling at prices below cost of production. In figuring their costs of production, industries like the Bethlehem Steel, heavily watered, their capital structures watered many times over, these industries having obsolete plants which they do not use any more but still carry on their backs, all figure these "dead dogs" in their costs of production. How does the Senator expect that they can pay dividends on all this dead capital unless they are permitted under the N.R.A. to charge the public such prices as they can collect?

Mr. NYE. Mr. President, the Senator voices a question that is in my mind. Of course, big business sees under the N.R.A. program as being administered now an opportunity to get back to those fine green pastures which they enjoyed so tremendously a few years ago.

Mr. President, I want to appeal to the Senate in all good faith. I want to appeal particularly to that portion of the Senate which is representative of the prevailing administration. There is no doubt in my mind that if it is true that N.R.A. is operating in the interest of monopoly today, it is not at the wish and by the consent of the President, nor do I believe that it is with or by the consent of the majority Members of this body, or of the body at the other end of the Capitol. I appeal to minority Senators particularly to exercise that leadership today which will bring reforms, which will bring a reversal of policies within N.R.A., which will insure the safety and well-being of these smaller units of business.

The platform of the Democratic Party, less than 2 years old, declares very plainly what I think it is fair to assume

has the sympathy of the majority Members of this body. The platform states:

We advocate strengthening and impartial enforcement of the antitrust laws, to prevent monopoly and unfair trade practices, and revision thereof for the better protection of labor and the small producer and distributor.

I believe in what are generally understood to be the principles of the N.R.A. Yet criticism from that background invites invariably the very kind of bombast of which the N.R.A. chieftain delivered himself last Thursday night in his New York speech; the same kind of bombast and "cracking down" which has thus far frightened small business men into aiding monopoly to dig a grave for its small competitors, and who, while so digging, dare not voice complaint or even suggest it to General Johnson.

The N.R.A. principle, as I understand it, was best enunciated by President Roosevelt when he said:

We are seeking the encouragement of small local industries, thus furthering the principles of a better-balanced life.

I repeat, "the encouragement of small local industries." That principle does not appear to be as clearly in General Johnson's mind as it should be. If the better things possible under N.R.A. are to be realized, it might not be the Nation's misfortune if General Johnson were to realize that dream of which he spoke in his recent address, when he said he could "whistle to the dog and walk out of the N.R.A. door when the going got too rough."

What N.R.A. needs now is less of the uncompromising, Prussian, militaristic spirit and "cracking down" policy and more of readiness, more of willingness, to look for and correct those blunders which, if left to stand, will most certainly destroy whatever chance exists today for economic and national recovery.

EXHIBIT A

ADDRESS OF NATIONAL RECOVERY ADMINISTRATOR HUGH S. JOHNSON BEFORE THE NATIONAL RETAIL DRY GOODS ASSOCIATION, PENNSYLVANIA HOTEL, NEW YORK CITY, JANUARY 18, 1934, 10 P. M. (EASTERN STANDARD TIME). BROADCAST OVER NATIONAL BROADCASTING CO. NETWORK

This is a breathing-spell in N.R.A. First in the public prints we were too violent. Then the editorials screamed "one month—one code"—we were too slow—so slow that we could never do the job. Then, due to the avalanche of codes and our efforts to accommodate them, the papers said we were men in a daze from overwork—"Exalté", as Mark Sullivan said—working 18 hours a day, punch-drunk or worse—incompetent, irrelevant, and perhaps immaterial. Now again, they say, we are dragging our anchor and that there is a bureaucratic delay in codes. It only goes to show how little you can depend on the appraisals of men who have to produce news every day. Criticism is always news, and we have no chance to answer. Considering it all, the most encouraging thing is that half of the reports say we have sold out to labor and about exactly an equal number that we have sold out to management. At least it shows if we are not good we are at least impartial. I know of no better test.

But generally speaking, the dead cats are fewer in number and have lost some of their ripeness and velocity. The criticism is more measured and benign. It is, perhaps, only another aspect of the many we have seen, but, in view of the coming of Congress, it is a welcome breathing spell—it gives us a chance to pause, get our shoes shined, our hair cut, and prepare our answers to such tremendous charges as that, in this administration of Government which pays the most meagre scale of salaries, we do pay \$5,000 to a chief of staff who has challenged the attention of the whole town and most of industry and labor for downright merit, devotion, and effectiveness, and who has heretofore received and is now tendered much more than her salary in this temporary assignment—and other characteristic and weighty questions of statesmanlike disquisition. It is like asking an embattled army at a critical stage why they wear periwigs. I am fully aware that General Dawes gave the appropriate answer once and for all, and that is "Hell 'n' Maria", but I think he has a copyright on that.

But a storm is brewing—a typical attempt to whip up opposition where it may count among the greatest numbers. I refer to the claim that N.R.A. oppresses the "little fellow" and promotes monopoly. If this claim resided in code provisions that looked to suppression of earnest individual endeavor, I would not only approve it, I would lead it. That there are some few such provisions in 200 hastily assembled codes I have no doubt. For that reason we have already opened up four suspected codes to public hearing. For the reason that there are these and many other inconsistencies in these 200 codes, we are going to have all the 200 codes opened in one of the most significant of public conferences ever held, sometime in February. But an earnest seeking after truth—"honor and faith and a sure intent; a caulking rather than a scuttling of the ship"—is not what gentlemen of this ilk desire. Deserting sideline conjecture and getting down into the sawdust to make a

success of a great sociological experiment by curing its few defects by constructive action and patient sweat and effort is not what these gentlemen want. They are sideline beaters of the tom-tom of public incitement and doers of nothing whatever except the composition of diatribe. That is the way they make their living and maintain their place in life. They are welcome to it, but let us appraise their work for exactly what it is.

Every time I have heard a criticism of this kind I have used a constant formula: "Well, if there is anything wrong here, come in and help us fix it. We will give you every authority, access to every act and record." With an ingenuous and sincere layman it always works, and he remains or goes away as an enthusiast or even a zealot. I made the offer in this case. But you can't do this with a politician. It is not politics to find that things are right. It is politics only to assert that they are wrong, and then, without regard to eternal verity or the laws of libel, to crouch behind official immunity and keep on so asserting. As I said, I made the offer to these gentlemen and, for one reason or another, the simple fact is that they are not here. They are still on the sidelines and their tom-toms are in perfect working order.

I thank God that the strength of my official position here is that I am without political ambition, and am free to close the window, whistle to the dog, and finally walk out the private door of my office any day that this kind of despicable thing becomes too much for my self-respect to bear. There is another strength in that, as I said would be the case; this job has been done in a goldfish bowl and there is nothing here to hide. Blunders there are here—errors of judgment and action. It may also be that, tucked away in the hurly-burly, somebody has tried to put something over. But nobody will find here a substantive or covinous fundamental error of policy, and now let us take up this "oppression of the little fellow."

Formerly, when a man went bankrupt, people generally said it was because he did not run his business well. Now, he and his friends may say, and some of these tom-tom beaters do say, "Oh! that is N.R.A." It would be a matter of indifference to these gentlemen, but the fact is that insolvencies of the little fellow led the general decline that began with a recession in bankruptcies which became marked when N.R.A. started. What I have just said is nothing more nor less than orderly, effective, and irrefutable proof of the error of the entire assertion, and any thoughtful man would put an absolute stop to its utterance; but I predict that this irrefutable fact will be a matter of complete indifference to the gentlemen who are now keening around the moorlands wailing that N.R.A. oppresses small enterprises.

If N.R.A. oppresses anybody, it does not do so by monopolistic tendency. It may do so for another reason. I can tell you the single reason and then prove it to the smoking hilt. It oppresses people who are not willing to afford decent wages and proper hours to human labor, and I am willing to take any man to the hustings on that statement, including these professional dialecticians. But they will not dare go there with me, none of them. The facts are against them and these facts are of such a nature as to put them on a very hot spot.

These people say that the big fellow does this, but I say to you that the big fellow has nothing to do with it—the law does it. The President's policy laid down the rule for N.R.A.—and lest there be the slightest question about that, I want to read to you from the President's statement of instructions, aims, and purposes, of June 16, which laid down our policy. We started then to follow it, have been following ever since, and will continue to follow it in spite of all these orators. Here it is:

"In my inaugural I laid down the simple proposition that nobody is going to starve in this country. It seems to me to be equally plain that no business which depends for existence on paying less than living wages to workers has any right to continue in this country. By 'business' I mean the whole of commerce as well as the whole of industry; by 'workers' I mean all workers—the white-collar class as well as the men in overalls; and by 'living wages' I mean more than a bare subsistence level—I mean wages of decent living.

"Throughout industry the change from starvation wages and starvation employment to living wages and sustained employment can, in large part, be made by an industrial covenant to which all employers shall subscribe. It is greatly to their interest to do this, because decent living, widely spread among our 125,000,000 people, eventually means the opening up to industry of the richest market which the world has known. It is the only way to utilize the so-called 'excess capacity' of our industrial plants. This is the principle that makes this one of the most important laws that ever came from Congress, because before the passage of this act no such industrial covenant was possible. On this idea, the first part of the act proposes to our industry a great spontaneous cooperation to put millions of men back in their regular jobs this summer. The idea is simply for employers to hire more men to do the existing work by reducing the work hours of each man's week and at the same time paying a living wage for the shorter week."

I believe in that statement implicitly. I have carried it out as a sort of religion. Carrying it out is the real oppression of small enterprise, of which men complain, and I am still willing to leave this policy to the verdict of the country.

The question about these complaints of the small employer is neither difficult nor obscure. It is simply as to the place of the greater amount of human suffering and oppression—an employer who chisels on this rule or his workers. It is whether the small employer of 5 to 30 employees who complains now to these champions (and who is the greatest chiseler under N.R.A.), or his work-

ers are the most to be pitied. The answer is that, in spite of all that he can and has put in charges to the consumer (usually about three times what N.R.A. has cost him), he is not in distress. We know that he used to say, in 1918, "It is the war." He now says, "It is N.R.A."—just as the bankrupts do. We have heard of all the stingy, sleazy, and sweatshop products he sells as genuine. We know of the youth and leisure and laughter he has coined into greasy nickels. We know that, in spite of all this, he is not satisfied with his profits. Who is the more oppressed because he is now asked to pay wages high enough to allow his people to raise their heads in human decency? Is it he that is responsible for the happiness of his 5 to 30 employees, or of the 10 to 100 people dependent on them, whose leisure and laughter he has coined? If the answer is he, then these critics are correct and this law ought to be amended. But if the answer is that it is they who are to be considered, then these gentlemen should not prevail. But, as champions for the "peepul", it would be well for these men to consider painfully just who they do represent—labor or the bourgeois small employer. I will take issue with them on either supposition. In a distressed democracy, they might be making one of the greatest of political mistakes.

The true "small enterprise" in this country is the man who has no more capital than his courage, no more machinery than his brawn, and no more establishment than the loved few that rely on his efforts. Do these critics propose to ally themselves with the worker or with the employer, large or small?

Generally speaking, there has been nothing but benefits from these codes to small enterprises. Chain stores have been curbed in their attempt to come in and whipsaw them. The big fellow has been stopped from looking them over and hitting them in their weak spots. Their prices have been stabilized, and old assaults—like the "stop-loss leader"—have been eliminated from the competition against them by the big fellow. You never hear them complaining of the protection that has been given to their income. This whole talk of oppression relates to the fact that they have been required to increase their outgo for the purpose of creating employment and increasing wages. And again, I say that if that be oppression, it is not oppression due to monopolistic tendency, but oppression due to the national policy of spreading employment and creating buying power by relieving human beings of that wage slavery which well nigh destroyed this country. If that be monopolistic, let these Palladiums make the most of it. If these tom-tom beaters want to make an issue of this, my room is 4850, Department of Commerce, and the door is always open for any information or attack they want to make. They have not been here in any honest quest.

There will be a distinct movement to repeal this act under this slogan of "oppression of small enterprise." It won't be a forthright and open motion for repeal. These gentlemen do not dare to do that. Some of this will be done by a Senator whom I love for his instinctual fortitude perhaps more than any Senator other than CARTER GLASS, but yet I shall oppose him on this paradox as long as breath within me lies. It will be an attempt to put in the act about three lines forbidding action by any industry in unison and, in effect, substituting the Federal Trade Commission for the N.R.A.

Now, I yield to no man in my admiration for the Federal Trade Commission, but at this crisis we must look facts in the teeth, and by moving in to control this administration it will kill the recovery program. That Commission was set up to do exactly what N.R.A. was set up to do—to improve our industrial condition by letting industry act in unison under the supervision of the Commission. It was created against the background of a law saying to industry, "If you do act in unison, you will be hung, drawn, and quartered." Industry naturally asked, "What can we do?" and the reply to that was, in effect, "That is a secret. Go ahead and act. After you act we will tell you whether you can do it or not, and if you have guessed wrong, the 'auto de fe' will commence." Even the actual practice of asking what industry had done was an economic Spanish Inquisition or a Mark Twain version (under modern Talbots and Bishops of Beauvais) of the trial of Joan of Arc, sometimes lasting a year, at terrific expense and continuous uncertainty.

The net result was failure of the original purpose—dismal and complete—and, in my opinion at least, a negative cause of the depression of 1929. There was, and there is, about as much cooperation between the Federal Trade Commission and the industry as there is between a lion tamer and a black-snake whip, a revolver, and a strong-backed chair, standing in a cage with six great jungle cats snapping and snarling on six star-spangled hassocks. That is their version of economic planning and industrial self-government. Yet that is the condition that these economic geni want to restore. My respects to them, because I admire them, but they know about as much about industry as I know about the queer ichtology of the great Pacific Deep.

I have said that I think this theory ruined the country in 1929. I think I can say without presumption that I studied the causes of that depression and foresaw it, and I believe that the failure of purchasing power to absorb the products of industry began in 1926 and 1927 and that the system they proposed was responsible for it. If there is one thing that we have learned, it is that price cutting by one device or another, whether exploitation or technological development, is paid for by wage cutting and unemployment and that the inevitable resulting descent by a downward spiral into an economic hell, by cities, by regions, by industries, and at last by nations at large, is due to this contraction of purchasing power. This must be so not as a matter of conjecture but by certainty. The sum total of national income in

last analysis is wages; indeed, I will go a step further and say that the total national income is wages of one kind or another and that the only way cost is cut—at long last—is by wage cuts. It is by lower total wages for human labor that recessions and depressions occur. On the other hand, the only way to keep production up is to keep wages up and this, as the preacher in Ecclesiastes says, is the end of the whole matter.

The net and final result is the destruction of purchasing power (and so of industrial activity and eventually the cause of economic collapse)—the destruction of wages. That is exactly what happened in this country beginning in 1926 or 1927, and it culminated in the smash-up of 1929. With industry and labor in complete disorganization, due to the theory now proposed, they were powerless to prevent this result by united action, and the reason they were powerless was the very law and the very administrative action under it which are now proposed to be restored.

In the language of the pundits it was the doctrine of laissez-faire. The outward and visible signs of that doctrine were the law as it stood before N.R.A. and the governmental method and organization created by the law set up under it.

The change of N.R.A. said in effect, "Now we will at least tell you what you can do. If what you do has none of the evil, but only the good effects at which we aim, we will let you do it. If it turns out that evil predominates good, we will restrict or modify what you do until only good remains." In order that this very result should ensue I asked the very gentlemen who are now concerning themselves with this kind of problem to sit in here and try to see that only good results. They did not accept. I conjecture that they did not want to because a contrary course is the reason for their being. I believe that they preferred to sit aside and conjecture evil. So long as they both shall live they will have to answer as to why they did not consent. That circumstance discounted 50 percent of what they now say. They could have cooperated. They elected otherwise.

I understand that they now say that I suppressed certain reports in this connection. If I repressed reports it was not that I refused anything to them, because I offered them open access to everything, as I now offer open access to any responsible person. But they also say I repressed certain reports to the public. I ask every newspaperman to bear witness—they through these halls—that I never suppressed a routine report on one of these codes. What I ask these newsmen to say is whether there was ever any refusal of access to any action or record in this administration.

But it is still said that I suppressed a report of the Federal Trade Commission to the President on the operation of N.R.A. I asked the Federal Trade Commission to send a man over here to see if we were doing properly what we had to do. He came, but he never said a word to me. I now understand that he did report to the Commission in a paper marked "confidential"—one of those X21 confidential spy reports which no one had the courtesy to discover to me. There is suppression for you. I now learn that somebody sent it to the President. But I never heard of that report until last night when a self-invited counterespionage agent told me of its subject matter. There was nothing in it but a charge that we have made mistakes. Nobody is louder in that assertion than am I. Apparently the President—gentleman that he is—ignored it. But these critics do not ignore it. I submit the bona fides of that kind of action to the public conscience. It in such business as, unfortunately, goes on all too frequently in this great whispering gallery where men are prone to prostitute their duty to play the game and "crook the pregnant hinges of the knee where thrift may follow fawning." I knew personally of one instance during the war where one high official put a dictagraph on the private telephone of another and then tried to present the record to Woodrow Wilson. He did what 95 percent out of 100 of you would do. He turned on his heel and walked away. There is no need for any of that sort of thing here. We have no secrets. Between the middle and end of February (as I said before) we are going to have a public conference on every approved code, and then the world and his brother—anybody who has the slightest grievance—will have his day in court with everything wide open.

There remains the charge that divisional chiefs and deputies are industrially minded. Of course, most of them are. How else are the problems of industry to be considered? But this is a balanced organization—balanced throughout. And not a code has gone through that has not had the scrutiny of labor, economists, industry, and consumers. Scarcely one code has been signed which does not have the written approval of each division. Of course, none can dominate because responsibility for final action is mine, to me, and I have stated publicly the faith that is in me. It is to raise wages and spread employment as an economic doctrine and in spite of anything. It may be wrong, but I believe it is the President's faith. To raise them higher and to spread them further is one of the objects of the February conference. If this be treason, make the most of it. If I should be gotten rid of, now is the time to do it. There are two alternatives: one is to go back to the old system (and God help the country if we do). The other is to put another man in my job. Doubtless there are thousands who could do it better. But if he be a protagonist of some of the ideas I am attacking, this program will collapse.

It is important what is written into the codes, but far more important is what comes out of them. I think the Good Master said something about the differences between what goes into the mouth of a man and what comes out of it—and of scribes, Pharisees, and hypocrites. If evil comes, we will repress it. If good comes, everybody will benefit. But as long as I stay here, people actively under my supervision need no longer act in fear of any-

thing but their good faith and they will not act in peril of this kind of sniping. They will get a square deal. All we ask is that they act in the open and with every affected interest fully heard.

I am informed that I am assailed as a tyrant. Well, there are tyrants and tyrants. There is such a thing as a tyrant speaking for a highly vocal political minority. Perhaps the worst type of tyrant is the one who gets his power from a sanction which nobody can defend because the sanction rather than the tyrant is inherently tyrannical. I ask you to observe all this and tell me which is the real tyrant—the man who is down in the arena of general popular appraisal or the man who speaks from the rostrum of an assailable minority. These men have really nothing to support them but the width of their mouths and the volumetric capacity of their lung power. I think I am able to take my part in respect of this issue on any stage where the test is logic and merit.

They have nothing to offer except their own concept of *laissez-faire*, and I readily concede that I have nothing to offer except that the concept of economic planning should be substituted for the old thesis. In the process some chiselers must go and, whether they be big or little, I believe that the country will be the better for their leaving.

On thoughtful canvassing of the whole subject, and in view of all of these considerations, especially the vital one, I think these critics do not realize that what they want is to turn the clock back 5 years to exactly the same formula of *laissez-faire* and rugged individualism lately propounded by men with whom they probably would not sit in the same room. It all gets down to what is said in Proverbs: "As the dog returneth to his vomit, so doth the fool to his folly." As in 1929, and all that has passed since, so they unwittingly want to revisit those noisome scenes and to do so in company with the most reactionary critics of the President's program. They do not want to do that. The fact is that they do not know what they want, and men in that condition ought not to speak at all. We have had enough of blind leaders of the blind.

I want to get back now to a favorite subject of mine—the Blue Eagle. He is, above all, the modern symbol of popular and local self-government. There is nobody within the sound of my voice who isn't as familiar with the more prominent issues at the Capital as anybody here and who does not have some judgment on them. Does it make much difference what legislators think of the President and his recovery program as long as the people think what they may? Well, the blue eagle offered a way in which people could add to all that Government might do to enforce the recovery program—a force more potent than any at the Government's command, than any law, proclamation, or statement—the force of public opinion.

You know, without any formality of public hearing or ceremony, whether an employer is living up to his obligations. Why, then, do we have to invoke a machine to determine such questions? The blue eagle is enough.

He means public cooperation and public determination. And if this is true, why is there any hesitation?

We can set up machinery until we are purple in the face. But this law is for you. It is entirely in your hands. If you ignore the blue eagle, so will employers ignore it. If you insist on the blue eagle, so will they, with all that it implies. The President's employment program was not designed for employees. It was designed for the people and the blue eagle as a badge for those for whom the law was invented. Exact it from every manufacturer, every merchant, every person whom you patronize. If you do that it means that you also support what the President is doing. If you neglect it, it means that you do not care whether people are exploited.

It is of the very essence of the new deal. If you do not keep it flying, nobody can. I adjure you to exact it. Those who are not with us are against us, and the way to show that you are part of this great army of the new deal is to insist upon this symbol of solidarity as followers of Peter of the Keys drew a fish on the sand and Peter the Hermit exacted the cross on the baldric of every good man and true.

It is a new thing. It is the difference between direct and representative government. It was not so long ago that the people could not elect a President. It was a lesser time since that people could not elect their Senators. We have come to the time that people are invited to enforce their laws. The exponents of an elder era do not at all want this. Most income in the United States is less than \$1,800 a year. That is what makes prosperity. The question of whether it shall be maintained or not is in your hands; and the way to enforce what you want is not to write letters that go either to the waste basket or a form clerk, but to insist on the blue eagle. It means something and it is going to mean more. As the Angel of Death, at the Passover, omitted those houses that showed no crimson palm mark on the lintel, so do you pass by any shop window or advertisement that does not display the eagle—and that recalls another story about people who ease their indignation by writing letters: Casper Milquetoast, in a fit of public spirit, wrote to the Pullman Co. about insects in his berth and promptly received a complimentary and apologetic letter two pages long. He proudly displayed this to his friends as proof that corporations do have souls, until some cynic discovered and pointed out to him a faint penciled note on the back "Send this S.O.B. the bug letter."

So do not swallow the "letter system." Stick to the blue eagle. There are teeth in that. It is the first time that you have ever been given a direct voice in the execution of a law in your favor.

All this brings one to the question of sweat shops. There is no law on earth—there is only one power on earth—that can stop a man from taking advantage of poverty and destitution via

the sweat shop. It is the only way to protect childhood—to sew the blue eagle in a garment. That subject has been fully canvassed and it is beyond argument. The blush of shame, the sense of having participated in a conspiracy against youth and decency, must flush the cheek and perch on the pillow of any American who will purchase or use anything to go on his body which does not have this stamp of humanity toward employees. It is so effective that the opponents of it are contesting it in the courts and we now have a case that might well be captioned "*Sweatshops v. N.R.A.*" It is in favor of these small employers and other rugged individualists that the present attack (and small employers are generally sweatshops) is being made. I leave judgment and action to you and all you have to do is to exact the blue eagle.

The whole secret of recovery is to maintain the buying power of workers everywhere. It is just as necessary to maintain the buying power of our agriculture, and we have not done that. But Henry Wallace—and there is no greater exponent of the new deal—will tell you that farm prices for all but export surplus commodities, go up and down precisely with the wages of labor.

A man who knows more about the Northwest than anyone I know, told me yesterday that more money had gone in there under the new deal recently than twice the value of their crops. The South is humming with what they have received. The Midwest has lagged slightly but is now getting theirs. The Pacific coast is slightly behind but, combined with what Henry Wallace has done for the farmer and what we have done for workers, buying power has been created, and there is no question that both commerce and industry are in for as active a business as they have ever enjoyed. It is no time for critics to croak. Business is on its way. The missing link has been supplied by the President's monetary plan for stabilization and, with that, there is nothing left to croak about. Part of this aid is artificial—has been supplied by governmental distribution.

The gamble is whether, after starting the upward spiral by whatever means, it will continue. I think it will. I think that what was needed was confidence and that it has come.

Normal turn-over in this country is over \$80,000,000 and most or all of it is wages. In its wildest dreams Government could not spend, for business activation, more than 10 billions. All it can do is to prime the pump with a pint for the purpose of producing gallons. In my opinion those gallons are on their way and, if you will permit me, I felicitate you.

I am speaking to a congress of retail dealers. You have a code. The good that may come from it is in your hands. Will you use it for exploitation or for the real purpose for which it was intended? That purpose was fair dealing among yourselves and toward the public. It was not to give you any more advantage than what the best of you had always done and the whole question now is whether you will so use it. If exploitation is your purpose, I want to tell you now that you cannot get away with it for long. You might for a little while. But those of you who have been in close contact with this administration know that, sooner or later, you would be caught and when caught justly castigated. The good that you can do by sticking to a process of absolute nonchiseling is immense. The bad that you can do by furtive and smart-aleck attempts to get away with something is beyond my expression.

The net result would be complete loss of public confidence and perhaps withdrawal of your code. It would be repudiation by you of the President's confidence in you and withdrawal of public support which at present is high. There is no way to appraise these intangibles, but I do not need to. Industry is on test and knows it. I know, beyond peradventure, that you will meet that test. The President went all the way in stating his belief. At the risk of a considerable prolixity I want to read what he said about that too, and especially in view of the infinitesimal political attack which has recently been made. This is what he wrote when he gave us our marching orders:

"It is a challenge to industry which has long insisted that, given the right to act in unison, it could do much for the general good which has hitherto been unlawful. From today it has that right."

"Many good men voted this new charter with misgivings. I do not share these doubts. I had part in the great cooperation of 1917 and 1918, and it is my faith that we can count on our industry once more to join in our general purpose to lift this new threat and to do it without taking any advantage of the public trust which has this day been reposed, without stint in the good faith and high purpose of American business."

Today a manufacturer in whom I have the utmost confidence told me about a wholesaler with a magnificent order who brazenly asked him for a secret rebate several percent below his principal competitors, and the manufacturer's answer was, "Give me that in writing, because I want to crucify you." That is the kind of cooperation we need to put this thing over—and to justify the belief that confidence can be put in the good faith of American business.

One of the great troubles of our present situation is that industry may persist in thinking of the Government's recovery program with no more perception of its general purpose and effect than a bee working on the construction of his own honey cell thinks of the Federal tariff on honey.

Industry is so accustomed to doing its thinking in watertight compartments with an eye single to immediate advantage of itself, that it is difficult to get over the habit even when its own welfare, if not its own existence, depends on the success of the

whole venture. The real difference between critics and the administration is that they think industry can never do it and we, at least, are sure it will.

Take you retail dealers, with your worries about increased costs to you individually, consequent to N.R.A., our insistence on shorter work hours—and we are going to insist on shorter ones—and a minimum wage for your various branches of service. How shall you compensate? There are two ways—a flat mark-up and a more or less stationary price relying on increased volume to take up the difference. On those questions you again have a direct Presidential request. Let me read once more from our Bible and yours—dated June 16—the President speaking:

"I am fully aware that wage increases will eventually raise costs, but I ask that managements give first consideration to the improvement of operating figures by greatly increased sales to be expected from the rising purchasing power of the public. That is good economics and good business. The aim of this whole effort is to restore our rich domestic market by raising its vast consuming capacity. If we now inflate the prices as fast and as far as we increase wages, the whole project will be set at naught. We cannot hope for the full effect of this plan unless, in these first critical months, and, even at the expense of full initial profits, we defer price increases as long as possible. If we can thus start a strong, sound upward spiral of business activity our industries will have little doubt of black-ink operations in the last quarter of this year. The pent-up demand of this people is very great and if we can release it on so broad a front, we need not fear a lagging recovery. There is greater danger of too much feverish speed."

This request was not at first generally heeded and the effect was a little-buyers' strike. Your part in helping the President to bring back recovery is not to kill the goose that lays the golden egg. If I had only nine words with which to address you, I could do it with more substantial and worth-while effect than all these 27 pages. I would rise here and say:

"Keep prices down. For God's sake, keep prices down."

That and that alone is the royal road to recovery.

In closing, I want to quote to you one of the most inspiring pronouncements that ever dropped from the lips of man. Up to the advent of the President he was my particular idea of what a man can and ought to do in public service. He had grievous faults, but they were characteristic American faults, and in a moment of inspiration he said words that might well have come from the mouth of John Bunyan, and they were these. I commend them to my chief critics who from time to time refer to him as their mentor and friend. They never qualified on this prescription by their ideal. I quote—

"It is not the critic who counts, not the man who points out how the strong man stumbled or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood, who strives valiantly, who errs and comes short again and again, because there is no effort without error and shortcoming; who does actually try to do the deed; who knows the great enthusiasm, the great devotion, spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement; and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who know neither victory nor defeat."

AGREEMENTS UNDER AGRICULTURAL ADJUSTMENT ACT

Mr. SMITH. Mr. President, a day or two ago I attempted to have considered Senate bill 2284, relating to contracts and agreements under the Agricultural Adjustment Act, the object of which is to exempt certain Senators and Representatives who unfortunately own farms, and who, under the criminal and civil law, may not enter into contracts with the Government to reduce their acreage, as the Government is trying to get other farmers to do.

At the suggestion of Members of the House and of the Senate and of certain members of the administration, I have introduced this bill exempting from the operation of the laws to which I have referred those Representatives and Senators who, by virtue of owning farms, cannot comply with the law. It applies only to acreage in production.

I ask that the Senate proceed to the consideration of the bill at this time.

Mr. McNARY. Mr. President, when this matter was called up Friday, I objected to immediate consideration. I have expressed myself many times as being opposed to the practice of taking up a measure on the calendar when the calendar is not being called unless great emergency exists. At the time the Senator called up the measure and asked consent for its immediate consideration, I could not see that any emergency was involved. I am not admitting that there is any emergency now.

Mr. SMITH. Mr. President, contracts are being let now, and the time for their consideration will close on the 31st of January. If we are to comply at all, we will have to enact legislation of this character.

Mr. McNARY. I know of the very great and proper interest of the Senator from South Carolina. I am not going to object at this time. I wish to ask the Senator a question, however. Am I correct in understanding that the bill exempts Members of Congress from the operation of an old statute?

Mr. SMITH. Only as to this particular matter.

Mr. McNARY. That is exactly what I said. I wanted the Senator to make it clear that no general exception is made, but the bill is applicable only to the A.A.A. and the operation of that organization, and is limited to Members of Congress.

Mr. SMITH. That is correct.

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

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the provisions of section 3741 of the Revised Statutes (U.S.C., title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States (U.S.C., title 18, secs. 204 and 205) shall not apply to any contracts or agreements heretofore or hereafter entered into under the Agricultural Adjustment Act.

HOME OWNERS' LOAN CORPORATION

Mr. RUSSELL. Mr. President, I ask unanimous consent for the present consideration of Senate Resolution 148, which was submitted by me this morning.

The resolution (S.Res. 148) was read by the Chief Clerk.

Mr. McNARY. Mr. President, I am familiar with the main purposes of the resolution. I have no objection to its present consideration.

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

Mr. RUSSELL. Mr. President, this morning the Senator from Washington [Mr. DILL] asked that the resolution go over temporarily in order that some modifications or amendments might be made thereto. In deference to his wishes, I should like to modify the resolution by adding to the first paragraph thereof the following:

And salaries paid State managers, State attorneys, and State chief appraisers.

I also ask to modify paragraph 4 by adding after the first semicolon:

The number in process of consideration; the number not yet taken up for consideration; the number of.

The Senator from Arkansas [Mr. ROBINSON] suggested that some specific date be included, and I therefore add to the first paragraph of the resolution:

As of the close of business January 15, 1934.

The VICE PRESIDENT. The question is on agreeing to the resolution as modified.

The resolution, as modified, was agreed to, as follows:

Resolved, That the Federal Home Loan Bank Board be, and is hereby, directed to furnish to the Senate the following information concerning the operations of the Home Owners' Loan Corporation as of the close of business January 15, 1934:

1. The number and location of State and District agencies (including the District of Columbia) of the Home Owners' Loan Corporation and salaries paid State managers, State attorneys, and State chief appraisers.

2. The number and location of branches and branch agencies in each State employing salaried representatives.

3. The number of salaried employees of the Home Owners' Loan Corporation in each State, listed by States, including salaried employees or agents in branches or branch agencies, and the total amount expended in each State by the Home Owners' Loan Corporation for personal services; traveling expenses, and office expenses, from the date of the creation of the Home Owners' Loan Corporation.

4. The number of applications for loans received by each of the several State agencies, listed by States; the number in process of consideration; the number not yet taken up for consideration; the number of loans which have been closed in each State; the total amount of the loans closed in each State, whether cash loans or closed through the issuance of bonds, and segregated so as to show the total amount of cash loans and those closed by the exchange of bonds of the Home Owners' Loan Corporation for mortgages or other liens on homes.

5. The total number of employees, by States of residence, employed in the central office of the Home Owners' Loan Corporation in Washington, and the total amount paid for personal

services, traveling expenses, and office expenses by the central office of the Home Owners' Loan Corporation since the approval of Public, No. 43.

6. The total number and amount of applications for loans finally rejected by the Home Owners' Loan Corporation or its branches by States.

7. The amount of the capital stock of the Corporation subscribed by the Secretary of the Treasury on behalf of the United States, as provided in subsection B of section 4 of Public, No. 43.

HISTORY OF COMMODITY INDEX

Mr. DAVIS. It must be evident to all that we are entering into a period such as St. Paul referred to when he said:

Old things are passed away; behold, all things are become new.

I have been talking at considerable length recently with Dr. Ethelbert Stewart, formerly Commissioner of the Bureau of Labor Statistics. Dr. Stewart and I were closely associated during the 10 years that I was Secretary of the Department of Labor. He has been highly respected as a statistician and economist, serving with our Government for nearly half a century. Without question, he has had a more intimate association with the development of the commodity index of the Department of Labor than any other person. He is a notable authority in this field.

In these days when the thought of all of us has been directed to a close study of price levels, unusual consideration has been given to the commodity index of the Department of Labor, which is now generally recognized as the most comprehensive and authoritative price index in this country.

In my recent interviews with Dr. Stewart we have been talking over the history of the commodity index. In view of the fact that there is so much current reference to a commodity dollar, I desire to review the development of the commodity price index, explain what it is and what it is not; why it was developed and how it was developed; what it means, and, incidentally, something of the struggle passed through by the Bureau of the Department of Labor which was entrusted with the problem.

For very many years farsighted economists have realized that there was some sort of relation between the volume of money in circulation and the price of commodities. Of course, the experts in this field have not altogether agreed. I know of no subject upon which they do agree. For centuries, at least, there have been two schools of thought—those who adhered to the quantity theory of money, and claimed that the volume of money had nothing to do with the price of things purchased; the others who held to the price theory of money, or that prices are more or less related to the volume and availability of the circulating medium.

Probably the first attempt to measure changes in the commodity price level was that made by the Italian, G. R. Carli, whose work was published in 1784, or 150 years ago. His purpose was to measure the effect upon the purchasing power of money caused by the discovery of America, and the consequent inflow of gold and silver into Europe through Spanish channels. His methods were very crude. He secured the prices paid for grain, wine, and oil in the year 1500, and figured the percent of change in price upon these things in 1750. Then he added these percentages together, and divided the total by three. It would not be conceded by any economist today that his results were very conclusive, however startling they might be.

The second index was developed by Sir George Schuckburg-Evelyn in England in 1798, using at first the methods of Carli, but later much enlarging his group of articles and improving his method of computation. The school of thinkers who created the classical political economy were deeply interested in the violent fluctuations in prices which accompanied the Napoleonic wars. Several attempts were made to measure these fluctuations.

In 1833 G. Poulett Scrope suggested the establishment of a "tabular standard of values."

Again, after the gold discoveries in California and Australia—that is to say, in the forties—there was a great rise in prices. Prof. W. S. Jevons in England, and Adolph

Soetbeer in Germany, added much that was really worth while to both the theory and the practical compilation of index number of prices.

Up to this time the methods had been applied, at least for the most part, to the explanation of rising prices, but with 1873 began a prolonged period of falling prices which developed the subject from a different angle. During this period the British Association for the Advancement of Science appointed a committee with Prof. F. Y. Edgeworth as secretary and directing force. The committee was appointed—

For the purpose of investigating the best methods of ascertaining and measuring variations in the value of the monetary standard.

By the very language constituting the committee, therefore, there was an attempt to make the issue regarding the question of value the monetary standard, or the medium of exchange, instead of making the issue the exchange of articles. The British and to a great extent the American school of alleged thinkers have consistently adhered to this point of view ever since.

One of the oldest of the index numbers still in existence is that of the London Economist, which began in 1869 to compute what can be fairly considered an index from the prices it had been gathering from 1864.

The Sauerbeck English index dates from 1836.

In Germany, Conrad developed an index series in 1837, though using and in a sense making his work a continuance of the work of the investigations begun in 1864 by Laspeyres.

The American Bradstreet index began in 1897.

In 1891 a committee of the United States Senate, usually referred to as the Aldrich committee, authorized the then Department of Labor, now the Bureau of Labor Statistics, to make a huge collection of price quotations, extending back to 1840. The number of items covered varied for different years. For instance, they carried the prices of 85 commodities from 1840 to 1891, while from 1860 to 1891 200 commodities were carried. This was an "unweighted" index, and the commodities carried were selected largely on the basis of the ease with which prices could be secured. It was figured upon a 10-year basis; that is, the average price for the 10 years from 1830 to 1839, inclusive, was considered to be 100.

Meantime, in 1881 Mr. H. C. Burchard, the then Director of the Mint, compiled an index covering the years 1825 to 1880 from price quotations that had been printed in the reports of the Secretary of the Treasury, supplemented by such prices as he could secure from New York newspapers.

In January 1901 Dun's Review began publication of its index numbers, which is gradually carried back to 1860. The Bureau of Labor Statistics, at the conclusion of the work it did for the Aldrich committee, organized a continuing index, published first annually, then semiannually, then quarterly, and finally monthly. This, as stated, was not a "weighted" index in the present sense of the word until 1913, when the entire method of computation was revised, a thoroughly comprehensive system of weighting was adopted, and a reliable form of wholesale-price index numbers established.

Now, let us see exactly what an index number is. Former Commissioner of Labor Statistics Ethelbert Stewart says:

The price-index number is an attempt to express in a single figure the average of a number of price changes at some definite time in relation to some other definite time designated as the base.

Prof. Irving Fisher says:

An index number of prices, then, shows the average percentage change of prices from one point of time to another. The percentage change in the price of a single commodity from one time to another is, of course, found by dividing its price at the second time by its price at the first time. The relation between these two prices is called the "price relative" of that one particular commodity in relation to two particular times. An index number of commodities is an average of their price relatives. (Irving Fisher, *The Making of Index Numbers*, p. 3.)

This index of 1913—and, incidentally, I think 1913 was chosen because the figures for that year were the latest

price quotations available; it was the full year last past when the compilations were made—ran on until the year 1927. Commissioner Stewart on several occasions took the matter up with me concerning an entire revision of the wholesale-price index number. His position was that a great many new commodities had entered the markets; that the weightings were out of date and no longer accurate; that the base of 1913 was antiquated; that in his judgment pre-war conditions would never return; and that we needed to measure from a present living standard and not from a standard which was dead and could never return; also, that the index as then carried probably had an oversupply of agricultural products, of raw materials, and that finished manufactured products were probably not fairly represented in the list, and he therefore wished to increase very materially the number of articles carried. I agreed with him, and the work was started.

Now let us see what happens. The first and most serious problem is to decide as to what commodities to include in the index. In the index compiled in 1913 the Bureau made a rule that it would include all items of which \$1,000,000 worth or more entered into the markets of the United States, provided, of course, a definite unit could be devised and continuous prices could be secured. By 1927 there were so many articles of which we produced more than \$1,000,000 worth that this hard and fast rule had to be abandoned. Again our products had become so complicated that it was not always possible to fix upon a practical unit upon which to base price. To illustrate what I mean, let me add that it is perfectly safe to say that a bushel of hard winter wheat is a bushel of wheat; that a bushel of no. 2 corn is a bushel of corn; by a little stretch of the imagination we can say that a pair of shoes is a pair of shoes; but it must be obvious that a woman's hat means nothing, and a very great number of articles of everyday commerce, the volume of which is very important in the country's trade, must thus be excluded from any index because of the impossibility of establishing a unit. Secondly, after having agreed on a unit, there must be some way of determining the number of those units produced and entering into the commerce of the country. In the early days the census compiled this information upon pretty broad lines and general classifications. Even when it had the figures as to total production, it was not always possible to tell what proportion of the total product entered into the world markets. How much grain, for instance, was fed to hogs and cattle and how much was sold as grain? That which was fed to hogs entered the world markets as livestock and was priced as hogs on foot, not as grain by the bushel. When this preliminary work was done, it was found that 550 commodities were available. The matter of selecting these commodities was not done by the Bureau of Labor Statistics without the fullest, most thorough consultation and cooperation with those bodies, both governmental and private, which were in best position to understand the matters in hand. Not only the selection of agricultural products was made in consultation with the Department of Agriculture but the markets from which the prices were to be secured were all discussed and agreed upon by the various governmental bureaus and organized agencies, whether public or private, that could furnish the most dependable information.

In 1931 revision increased the number of commodities to 784. These are weighted at present by the amounts of each article entering into commerce as shown by average of the census of 1927 and 1929 plus imports when there are any imports. The value of these combined weights in the market at the average price in 1926 was \$54,717,380,000, or nearly \$55,000,000,000. This, it must be admitted, is a pretty fair-sized sample. These 784 commodities are divided into 10 groups. Group 1 is farm products, with a weighting value in 1926 of \$9,413,212,000, or 17.2 percent of the aggregate weights. Group 2, foods, with a value in the index of \$13,288,643,000, or 19.4 percent of the whole. Group 3, hides and leather products, \$1,653,409,000, or 3.02 percent. Group

4, textile products, \$5,444,979,000, or 9.95 percent. Group 5, fuel and lighting, \$8,054,211,000, or 14.72 percent. Group 6, metals and metal products, \$8,470,623,000, or 15.48 percent. Group 7, building materials, \$4,454,884,000, or 6.34 percent. Group 8, chemicals and drugs, \$967,209,000, or 1.62 percent. Group 9, house-furnishing goods, \$1,638,551,000, or 3 percent. Group 10, miscellaneous, \$5,048,711,000, or 9.23 percent. These groups are divided into subgroups as the material will permit. Anyone wishing to see how each item is weighted and the relation of each item to its group and the whole can find all these details published by the Bureau. (See Bulletin 572, pp. 92-110.) All must agree that this Bureau deals in the open, puts all its cards on the table face up, and plays no favorites.

The market centers from which to secure prices were selected after most careful consideration in conference with those most able to advise. The Department of Agriculture, for instance, agreed on seven types of wheat, and upon Chicago, Kansas City, Minneapolis, Portland, and St. Louis as being the localities from which prices should be secured. Wherever commodities had a central controlling market, such, for instance, as leather in Boston, prices were secured there. Cotton prices were secured from Galveston, Tex., New Orleans, and New York. In the manufacturing groups prices were secured whenever possible from the point of manufacture, from the manufacturers themselves, and are the first sale price. In the case of agricultural products, livestock, and so forth, this was utterly impossible for the Bureau of Labor Statistics to accomplish, and hence the warehouse price, or first sale beyond the farmer, was taken as the price.

I have given some intimation as to how the weighting was secured. In the revision of 1913 the method of arriving at the weights was to take the average production as shown by the census or such other sources of information as could be secured for a period of 5 years, using as a weight the average of 5 years' production. In the revision of 1927 and the subsequent revision of 1931 the average of two census periods was taken as the measure of weighting. For instance, the yield of grain might be unusually high, or in the census year taken the crop of grain, because of drought or some other reason, might be abnormally low, and it was thought best to use an average of 2 census years as the basis of weighting. Of course, the fight was on the base price line of 1926. Neither Commissioner Stewart nor the Bureau of Labor Statistics have at any time said that 1926 was normal or that 1913 was normal. They have persistently disavowed any thought of connecting the base line index year with normalcy in any manner whatsoever. The Bureau took the position that the base line was simply a point from which to cite, a target, something to compare with; the more definite that target was, the more clear statements based upon it would be. Of the various indexes compiled throughout the world, very few yield to the illusive delusion of a broad base. The United States Bureau of Labor Statistics index is the average price by months for the year 1926.

In Austria the federal statistics bureau, carrying but 47 commodities, has a base period of January and June 1914. Belgium has as its base period the prices in April 1914. Canada, like ourselves, has the year 1926. China, copying after our older index, carries 147 commodities with a base price as of February 1913. Czechoslovakia has July 1914. Denmark carries the year 1913; Finland the year 1926. France is practically carrying two indexes composed of 45 commodities; its two base periods, one the spread of 10 years from 1901 to 1910, inclusive, and another of the single month of July 1914. However, more recently she has established a new series, carrying 126 commodities, with the year 1913 as a base. Germany has a base year of 1913. India has a base of July 1914. Italy is carrying two bases, 1913 and 1926. Japan is carrying two bases, October 1900 and July 1914. The Netherlands and New Zealand are on the wide base, although the former has also a 1-year base. Norway and South Africa

have a yearly base of 1910 and 1913. Sweden has a yearly base of 1913. Switzerland has a base of 1914 and another computation on the 2 years' base of 1926 and 1927. Great Britain, after having changed her base of 1913 to comport with the Bureau of Labor Statistics index, is now computing it on the year 1924, carrying both bases.

From about 1927, or even a little before that, it began to be very apparent that the wholesale-price index number or the measure of price levels of commodities in the wholesale market was to assume a very important role in the discussion of the world's financial affairs. Criticisms of the Bureau's index number began to arise from various quarters. It was claimed that this work should not be done by the Bureau of Labor Statistics. In the first instance it was claimed that it should be in the Department of Commerce because it was a measure of commercial transactions and had nothing to do with labor.

Some of the most feeling conferences between Commissioner Stewart and myself were over this proposal. He claimed, first, that the Bureau had made a more thorough and unbiased study of the subject, had had more experience and drill in methods, was not acting for any commercial interests or class, that it had developed the scheme from a time when it was not considered of great importance and had perfected it to a point and carried it over into a time when its real value and importance were beginning to be appreciated, and that therefore it should remain in the Bureau of Labor Statistics undisturbed. Again I agreed with him. Nevertheless, the Department of Commerce, Bureau of Foreign and Domestic Commerce, did put out a series of what purported to be index numbers. A committee was formed to try to harmonize what seemed to be a duplication of work.

The Department of Commerce at that time was getting its information largely through industrial associations. It was adopting many changes in methods which seemed to give it a right to continue to work. For instance, it quoted the prices of building material—lumber, we will say—laid down on the site of the building, while the Bureau of Labor Statistics figures were wholesale prices at the most general wholesale markets. Stewart was able to show, however, that many of the Department of Commerce prices were secured through the associations; were not, from his point of view, prices at all but were what is known as "sales realizations."

Let me illustrate with the matter of lead pencils alone. The association which controls the sales and production of lead pencils get reports from all sorts of qualities of pencils. Lead pencils wholesale from 10 cents to \$1.10 per dozen, according to the quality. The association reported the total sales per month in dollars and cents, that is to say, the sales realization. Stewart pointed out that one month two large concerns, like the United States Steel Corporation, might buy a thousand gross of grade 1 pencils at \$1.10 a dozen, while the sale of cheap pencils would remain practically the same, and the report would show a very great increase in money receipts from pencil sales, whereas there had been absolutely no change in price of pencils. The Department of Commerce insisted that precisely what it wanted to know was the amount of money that entered into commercial transactions. The Bureau of Labor Statistics insisted that what it wanted to know was the price of commodities. So for the time being, at least, the matter was more or less harmonized and both continued the work.

The Department of Agriculture proposed to start an index of its own on the ground that what it wanted was the price the farmer received for his produce on the farm. The Bureau of Labor Statistics did not pretend to obtain the price that the farmer received for fat cattle. It quoted the price paid for fat cattle in slaughtering centers. The Department of Agriculture also insisted upon knowing what the farmer paid for agricultural implements on the farm, while the Bureau of Labor Statistics figures showed the price at which they sold at the factory. Conflicts not only of jurisdiction but of interpretation naturally grew up. The Department of Agriculture saw butter as a house product made

on the farm; the Bureau of Labor Statistics saw it as a purely factoryized commodity made in creameries located in the cities or towns.

Perhaps the worst assault came from the Federal Reserve Bank Board. They wanted not only a broad base, which, from Commissioner Stewart's point of view, utterly obscured the facts, but were insistent upon divisions and subdivisions of the classes of commodities into capital goods, consumers' goods, raw materials, goods in process. At last the whole theory was attacked by the statistician of the Federal Reserve bank on the ground that it did not carry sales of bonds and stocks, mortgages, real estate, and so forth.

One can readily see what could be done with an index number upon which volume of the circulating medium was to be based if the construction of that index number were in the hands of the interests controlling the volume of circulation. There were some earlier conflicts which seemed to have some basis in reason, as when the War Industries Board insisted upon getting out its own wholesale price index, as it stated, for the purpose of seeing how the fluctuation in prices occasioned by the war was operating in the interest or to the detriment of certain groups of industries. This index, which was probably very fairly handled, ceased to exist, of course, with the repeal of the act creating the War Industries Board.

A more recent revision of the index of 1931 was the result of the continual hammering of certain groups, principally directed by the Department of Commerce, that the index was still overbalanced by farm products, raw materials, and had too small representation of so-called "consumers' goods or finished products." Commissioner Stewart increased the number of commodities from 550 to 784, most of the increase being in the so-called "groups of finished or consumers' goods."

Every manner of impossible suggestion was poured in from every conceivable source. It was insisted that locomotives and all types of railroad equipment, shipbuilding, and many such industries should be incorporated in the group from which the index was compiled, and considerable of time and money was spent by the Bureau in trying to satisfy people, who, as it seemed to me, were simply suggesting difficulties and impossibilities—not that they had any interest in industries, but the interest was in breaking down the compilation of any index by the Bureau of Labor Statistics, which had so little means to expend in this direction. It does so happen that locomotives were estimated for and built by the ton, which would seem to give the unit. Ships are built by the ton of finished product, and on the face of the thing a ton is a reasonable unit of price, but, as might be expected, when the Bureau of Labor Statistics began to investigate, the ton price on a locomotive was based upon plans and specifications of the amount of machine tooling and work that had to be done to conform to certain specifications, with the result that the ton did not mean the same thing upon any two engines or any two boats. I simply refer to this as an example of the extent to which the Bureau was driven in its attempt to satisfy everybody.

The Bureau of Labor Statistics has throughout its entire history had a well-deserved reputation for being absolutely impartial in its collection and its presentation of facts. It certainly has no ax to grind; and from my long contact with it, it seems to be reasonably free from bias.

To show the danger of any selective process in the compilation of index prices, let us take any month. Take the months of September and October 1933: Of the 784 commodities carried in the index, there was a general increase in price index from 70.8 for September to 71.2 in October; but of the 784 commodities, 199 increased in price, 185 decreased in price, while 400 remained unchanged.

How easy for a person or persons, corporations, or groups to carry back this thing for the series of years, as can be done from the Bureau of Labor Statistics figures, and select a group, the prices of which are generally upward throughout a long period of time, and make the kind of an index of wholesale prices that will show a gradual trend upward.

Or how easy in the case of another group to select commodities that have for several years been tending downward and construct a wholesale commodity price index that will show over a series of years a general decline, and from this group of 400—over half the commodities carried by the Bureau for the months indicated—which showed no change, how easy it would be to construct an index which would show that the waters were perfectly calm.

All around us is discussion about basing a commodity dollar upon a price index, and all around us are commodity indexes, the fathers of which would each be willing to have the child of their brain selected as the basis for whatever of fluctuation in the form of currency the Government may be able to effect.

I am glad to say that in the last few weeks the argument in favor of bringing in various other indexes has very much subsided. The general opinion now seems to be, and Prof. Irving Fisher has definitely said that the best index is that of the Bureau of Labor Statistics. If we are to try a financial experiment as hazardous as this one will be at best, certainly we should at least attach it to an index compiled with consummate honesty and sincerity, compiled without bias, and with as great a degree of sincere, intelligent application and efficiency as it is possible under present conditions to secure.

I have conferred with Prof. Irving Fisher and other exponents of the commodity dollar, but as yet have not been able to bring myself to accept this position. However, even though I do not advocate the commodity dollar, if we are to attach our monetary system to a commodity index, I wish to say emphatically that the one which has been developed by the Bureau of Labor Statistics should be definitely and specifically named in the law; and the finances of that Bureau should be definitely and permanently strengthened to enable it to keep this index up to its present degree of excellence. While most of the men with whom I was closely associated in that Bureau are no longer there, my interest in the work which they started will continue. I know the work the Bureau has done; and the record of nearly half a century of absolute squareness and fair dealing should be kept in mind.

I have today talked only of the wholesale price index. Later I want to take a few minutes on retail price and the cost-of-living indexes.

GOLD VALUATION OF THE DOLLAR

Mr. FESS. Mr. President, I had intended to address the Senate this afternoon, but I find I shall not have an opportunity to do so. I desire to announce that I shall address the Senate tomorrow as soon as I can get the floor.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. KING in the chair), as in executive session, laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

ADJOURNMENT

Mr. ROBINSON of Arkansas. I move that the Senate adjourn.

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

The motion was agreed to; and (at 4 o'clock and 30 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, January 23, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 22 (legislative day of Jan. 11), 1934

SUPERINTENDENT OF THE MINT

A. Raymond Raff, of Philadelphia, Pa., to be Superintendent of the Mint of the United States at Philadelphia, Pa., in place of Freas Styer.

MEMBER OF THE CALIFORNIA DÉBRIS COMMISSION

Maj. Elroy S. J. Irvine, Corps of Engineers, United States Army, for appointment as a member of the California Débris Commission, vice Lieut. Col. Henry A. Finch, Corps of Engineers, relieved.

APPOINTMENT IN THE REGULAR ARMY

DENTAL CORPS

To be first lieutenant with rank from January 1, 1934
First Lt. H. Beecher Dierdorff, Dental Corps Reserve.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO AIR CORPS

First Lt. James Frederick Phillips, Corps of Engineers, with rank from September 28, 1927.

HOUSE OF REPRESENTATIVES

MONDAY, JANUARY 22, 1934

The House met at 12 o'clock noon.

The Reverend Dr. Raphael H. Miller, pastor of the National City Christian Church, Washington, D.C., offered the following prayer:

O Lord, in whose hand our breath is and whose are all our ways, we approach the duties of each adventurous day in the recognition of our humble dependence upon Thee. We thank Thee for the exacting tasks and perilous choices that make us men and pray that Thou wilt heighten and inform our human faculties with the divine spirit of understanding and of power. Help us this day to find temporal meanings in Thy everlasting word, save us from cynicism and despair in the presence of tasks that are too great for us, and lift up our eyes to see the eternal background against which all our acts find worthy and enduring meaning. Rekindle upon the vacant altars of our hearts the fires of moral passion and spiritual hope that our spirits may not falter before Thy divine requirements nor our vision contract before the urgent needs of men. Renew within us this day, O God, the sense of a reality of Thyself and sustain us from the unfading resources of Thy love and care. Amen.

The Journal of the proceedings of Saturday, January 20, 1934, was read and approved.

NAVY DEPARTMENT APPROPRIATION BILL—FISCAL YEAR 1935

Mr. AYRES of Kansas, from the Committee on Appropriations, presented a privileged report from that committee on the bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes, which was read the first and second time and referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. SWICK reserved all points of order on the bill.

THE DEVALUATION OF THE GOLD DOLLAR AND THE RESTORATION OF NORMAL PRICE LEVELS

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my own remarks by including therein a speech which I delivered on yesterday over the radio on the gold bill.

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

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following radio address delivered by myself from station WJAS, Pittsburgh, January 21, 1934:

Last week was a momentous one for the Congress of the United States. Fundamental principles concerning the currency of the United States, the possession and ownership of all monetary gold in the United States, and the future of our trade, both foreign and domestic, were involved.

On Monday, January 15, shortly after the opening of Congress, a message arrived from the President of the United States, requesting legislation to improve the financial and monetary system of this country.

President Roosevelt and former Presidents of the United States have sent many messages to the Congress, but few have been as important and have dealt with such fundamentals as did this one.

In the message the President declared that "the issuance and control of the medium of exchange which we call money is a high prerogative of government." The President asked Congress to enact a law which will vest in the Government of the United States the title to and possession of all monetary gold within the United States, so that the gold could be used as a permanent and fixed metallic reserve.

The Constitution provides in article I, section 8, that "the Congress shall have power to coin money and regulate the value thereof." The power of Congress to pass this legislation is therefore clear.

THE PROVISIONS OF THE BILL

Let me explain to you the most important features of the bill. They are as follows:

Under our present law there are 25.8 grains of gold in each gold dollar, or, to put it in a different way—an ounce of monetary gold has a definite value, fixed by a previous act of Congress, of \$20.67. Under this bill the President is authorized to change the content of gold in a gold dollar, and is directed to reduce that content by not less than 40 percent, and by not more than 50 percent. That is, the President is given the power to give a new value to the dollar by reducing its content of gold 40 to 50 percent. If the reduction is 50 percent, then monetary gold will have a value of double the present amount; that is, it will be worth \$41.34. As a result the dollar will be depreciated in terms of gold, or gold will be appreciated in terms of the dollar.

Of course, that does not mean that the unit of the dollar, as such, will be changed. A dollar will still be a dollar and still have 100 cents. Let me repeat, the gold content of the dollar will be changed, thus bringing about a substantial change in prices, in wages, and in salaries, but the dollar as a unit will, of course, be the same.

PRESENT ABNORMAL VALUE OF THE DOLLAR

The purpose of these provisions is to restore the dollar to a normal purchasing power. In the last few years the purchasing power of the dollar has increased enormously. In 1933, for instance, a dollar would purchase much more goods than it did in 1929. Another way to express the same thing is by saying that the price of commodities or goods has been greatly reduced. If you consider 1926 as a normal year and compare it with 1933, you will find that the commodity price index, which was 100 in 1926, was only 60 in March 1933. That means that something which sold for an average of \$1 in 1926 only brought 60 cents in March 1933.

You might think at first glance that cheaper prices for the goods which you buy are desirable. That is not so when there is a general fall in prices, because the tremendous fall in the prices of all goods and commodities was responsible for throwing millions and millions of our people out of employment and for bringing about a tremendous reduction in the salaries and wages of those who were still employed. The restoration of normal prices will go a long way towards creating jobs for those who are now unemployed and for increasing the wages and income of everyone.

THE BURDEN IMPOSED BY THE ABNORMAL PURCHASING POWER OF THE DOLLAR

The swollen purchasing power of the dollar, as it exists today, has made the burden of debt upon the home owners, the farmers, and the middle class wellnigh unbearable.

Here is what it does:

The dollar of today as compared with the dollar of 1926 has a purchasing power of \$1.43. So that, if in 1926 you incurred a mortgage debt on your home of \$5,000 and must repay that mortgage today, you are not repaying \$5,000 but \$7,150 in terms of real purchasing power. Father Coughlin is entirely justified when he says that such a dollar is not a sound dollar nor an honest dollar. It is a dishonest, a cheating dollar.

The present dollar cheats every person who owes money. It cheats the wage earner and the salaried employee, because the low prices of goods and commodities have forced down wages and salaries.

At this moment I might say that every precaution should and, I trust, will be taken so that prices of goods will not rise quicker than the earnings of the wage and salaried men and so that consumers will be protected.

A \$2,000,000,000 STABILIZATION FUND

The bill before Congress also creates a \$2,000,000,000 stabilization fund, a fund which the American Government will use to defend us against depreciated currencies of foreign nations. Many foreign countries have depreciated their own currencies in order to receive a part of the foreign trade which we have heretofore enjoyed. This must be prevented in the future. The stabilization fund will be used to protect our foreign trade and to preserve our currency at a level which will serve the best interests of the United States and of our people. This fund will be useful in attack as well as in defense.

THE FEDERAL GOVERNMENT WILL ACQUIRE TITLE TO ALL THE GOLD

Another section of the bill takes all the gold now owned by Federal Reserve banks, amounting to 3½ billion dollars, and vests the title and ownership of such gold in the Government of the United States. You will remember that several months ago private persons who owned gold coins were required to deposit their gold

holdings in Federal Reserve banks and received in exchange for their gold coins circulating bank notes.

At that time it seemed a grave injustice that gold should be taken from individuals and should be given to the Federal Reserve banks, which are owned by the banking interests of the United States. That injustice has now been remedied. With the passage of this bill—and the bill was passed by the House of Representatives yesterday—the gold will be taken from the Federal Reserve banks and will hereafter belong to the United States as a whole. At last all the monetary gold in the United States—the gold that is necessary for a permanent and fixed metallic currency reserve—has been taken from the hands of the bankers and has been placed into the ownership of the Nation as a whole—something which should have been done a hundred years ago.

LIBERATION FROM THE DOMINATION OF WALL STREET BANKERS

Through this ownership of gold Wall Street bankers have dominated the financial, the business, and the industrial life of the country.

At last the step has been taken—fundamental and far-reaching—a step that will remove the iron grip of financial giants from the throats of our people; a step that will bring a more stable dollar, a sound dollar, a dollar that will not be too high and unfair to the debtor, nor too low and unfair to the creditor.

A step has been taken to lessen the burden of debt, a debt which has become unbearable for the home owner, for the farmer, and for the middle class. The basis has been laid to bring about, to restore, the normal value of the dollar, to stimulate our trade—both foreign and domestic—and to bring better times.

And on the pages of history will be written in indelible letters the name of Franklin D. Roosevelt, for if he accomplish nothing else, America will never forget that it was he who freed the American people from the domination of greedy and selfish bankers. It will never forget that Franklin D. Roosevelt returned to the people the essence of government, and that which has always been rightfully theirs.

PERMISSION TO ADDRESS THE HOUSE

Mr. GUYER. Mr. Speaker, I give notice that I shall ask unanimous consent on January 29, the anniversary of the admission of the State of Kansas into the Union, to speak for 20 minutes upon the career of John James Ingalls, the one hundredth anniversary of whose birth occurred on December 29.

Mr. SNELL. Mr. Speaker, I desire to announce that at the proper time I shall make unanimous-consent request that the gentleman from Michigan [Mr. DONDERO] address the House on Lincoln's Birthday on the life and character of Abraham Lincoln.

NAVY DEPARTMENT APPROPRIATION BILL—FISCAL YEAR 1935

Mr. AYRES of Kansas. 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. 7199, making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes; and pending that motion I should like to inquire of the gentleman from Pennsylvania [Mr. SWICK] what requests he has for time under general debate?

Mr. SWICK. I have requests for about 3 hours.

Mr. AYRES of Kansas. I think there are requests for about 3 hours' time on this side. Suppose we just carry on general debate this afternoon?

Mr. SWICK. That will be entirely satisfactory.

Mr. AYRES of Kansas. Mr. Speaker, pending the motion I ask unanimous consent that general debate continue this afternoon, the time for general debate to be equally divided between, and controlled by, the gentleman from Pennsylvania [Mr. SWICK] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Kansas [Mr. AYRES].

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. 7199, the Navy Department appropriation bill, with Mr. LANEHAM in the chair.

The Clerk read the title of the bill.

Mr. AYRES of Kansas. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

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

There was no objection.

Mr. AYRES of Kansas. May I ask the gentleman from Pennsylvania [Mr. SWICK] if he desires to yield some time at this time?

Mr. SWICK. I will yield 30 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I have taken some time at this point for the purpose of calling the attention of the House and the country to certain facts that I believe are of the utmost importance.

In the first place, I want to call the attention of the House to the fact that under the Constitution the Congress is delegated the authority to appropriate money. Through the entire history of the country we have very assiduously guarded our rights under that authority. For the purpose of showing to the House and to the country how necessary it is that we maintain that right and that authority I want to recite to you a little of the history of the last 8 months. I want to recite to you some of the things that have been done in the name of emergency and in the name of relief. I want to show to the House and to the country how necessary it is, if we are to preserve an ordered Budget in this country and proper appropriations, that the House of Representatives continue to lay out these appropriations and to originate them. What an impossible situation we get into when we turn that authority over to the bureaucrats.

You will all remember that last June we were called upon to appropriate \$3,300,000,000 to the Executive, to do with just as he pleased, practically—that is the way it was laid out—to allot and to appropriate, and regardless of whether or not those items were for things that the Congress itself would authorize and appropriate for if it were brought up square-toed before the Congress. That appropriation was supposed to take care of relief. Just by way of prefacing, let me say to you in a general way that \$1,500,000,000 of that \$3,300,000,000 was allocated by the bureaucrats to be used at a time subsequent to the 1st of July 1934, and of that \$1,500,000,000, \$300,000,000 was allocated to be used subsequent to the 1st of July 1935, one year and a half from now; and very substantial proportions of that \$300,000,000 were allocated to be used after the 1st of July 1936, at a time when those in authority now tell us the depression would long since have been over, and in face of that allotment of one and one half billion dollars to be used after the 1st of July we are now being flooded with propaganda to appropriate more money for relief, when there is a billion and a half allotted by the bureaucrats to periods beyond the time when they tell us it is not going to be necessary.

Mr. KVALE. Will the gentleman yield?

Mr. TABER. I yield.

Mr. KVALE. It occurs to me that perhaps a large share of that \$300,000,000 authorized to be spent subsequent to July 1, 1935, is for the completion of projects which are now being begun and which cannot be completed in 1 year's time, such as the upper Mississippi waterway development. Would that be true?

Mr. TABER. Well, now, it is true that those projects cannot be completed within that time, but they were not relief projects. They were propaganda projects, and the bureaucrats were catering to the propagandists.

There possibly is not anything that could better demonstrate to this House the absolute necessity of allocating all the funds that we appropriate.

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

Mr. TABER. I yield.

Mr. BYRNS. The gentleman, as I understand, takes the position that Congress should have allocated the entire sum of \$3,300,000,000.

Mr. TABER. If it was necessary to appropriate it at that time.

Mr. BYRNS. Yes; I so understood the gentleman. Now, of course, the gentleman knows that Congress has been working under unusual conditions and circumstances. This money was appropriated primarily for the relief of the unemployed with the idea that when expended it should be expended in some constructive way so that those receiving

relief would be rendering some service to the Government rather than be given doles.

Now, I ask the gentleman, would it not have been absolutely impossible for Congress to have allocated the \$3,300,000,000 to the various projects covering construction of small and large projects as the gentleman indicates should have been done? The gentleman knows if that had been proposed his committee would necessarily have had to consume not weeks but months in undertaking to say whether or not those particular allocations were proper. The delay would have defeated the whole purpose of the appropriation.

In the very nature of things, I may say to the gentleman from New York, it was necessary to intrust the expenditures of these funds to some officers of this Government in whom the people had placed their confidence.

Mr. TABER. I may say to the gentleman from Tennessee that it would not have been impossible for Congress to have done that. It would not have been impossible for the Congress in the space of 2 weeks to have covered this picture.

Now, I shall go through the list; and when I get through, I shall be glad to have the gentleman point out to me those projects that Congress at that time was not competent to pass upon.

Mr. BYRNS. Will the gentleman permit me to make this one other observation, because I do not want to interrupt his remarks. The gentleman recalls, of course, what was called the "Garner bill", introduced at the last session of the Seventy-second Congress.

Mr. TABER. I do.

Mr. BYRNS. If I recall correctly, I think the gentleman himself was one of the most severe critics of the proposal for the construction of certain buildings.

Mr. TABER. It was a "pork barrel" bill.

Mr. BYRNS. And I assume that if the allocations had been made as the gentleman says now should have been made with reference to this fund, it would have had, perhaps from the gentleman himself and from other Members of the House, considerable criticism as to the manner in which it was to be expended.

Mr. TABER. I may say to the gentleman from Tennessee that I believe now, and believed at the time the Garner bill was introduced, that it was a "pork barrel" bill. It transcended almost anything we had dreamed of up to that time; but the pork-barreling of the bureaucrats is so far beyond it that there is no comparison. The bureaucrats can go so far beyond Congress in pork-barreling money that there is absolutely no argument on the subject.

Mr. BYRNS. I understand the gentleman does not complain of the amount which was appropriated, but that his complaint is directed solely to the way in which it was done.

Mr. TABER. I do complain of the amount which was appropriated, because I do not believe that a lot of these projects which were in contemplation provided substantial employment to justify them or that the projects justified themselves; and I do not believe that anywhere near so much money was necessary to provide the actual relief that was necessary. That is my position.

Mr. BYRNS. That is a matter of opinion.

Mr. TABER. That, of course, is a matter the gentleman can discuss and about which he can hold his own opinion; but I am stating what I believe. I am making the same statements today that I made here the 10th of June.

Now, I shall say one or two words by way of preface before I run through the list. It has always been customary for the Congress in making appropriations to provide in the current fiscal year funds to be used in the succeeding fiscal year.

For instance, it provided sometime in 1933 the funds to be used in the fiscal year 1934, except for minor deficiency items. Following the usual custom, we at this session should provide funds to be used for the fiscal year 1935; and the funds which are to be used in the fiscal year 1936 would be provided in the next session of Congress. However, instead of waiting for the legislative appropriation bill of this

year—and I direct attention to pages 80—A and 81—A of the Budget message—there was allocated for the completion of the Library of Congress Annex, \$2,300,000. This could just as well have waited and been carried in the legislative appropriation bill this year. There was no excuse for putting it in an allotment of this fund which was to provide relief.

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

Mr. TABER. I yield.

Mr. COCHRAN of Missouri. Had Congress already authorized the construction of the annex to the Library of Congress?

Mr. TABER. Yes; my understanding is that it had.

Mr. COCHRAN of Missouri. That being the case, why should they not allocate money to go forward with that work, thus providing employment, instead of waiting until next year?

Mr. TABER. They did not provide for work, because the work is not going to come until after the 1st of July next.

Mr. COCHRAN of Missouri. They have cleared the site. Somebody had to work to clear the site.

Mr. TABER. That was a small item. Little less than \$500,000 was spent.

Mr. COCHRAN of Missouri. But it helped the unemployed. They are probably working on plans, and this gives employment to draftsmen and architects. The purpose in allocating the money was to give people work now, not next year.

Mr. TABER. It should have been done in the proper manner. This money should have been allocated by Congress to the specific purpose.

Mr. COCHRAN of Missouri. That is a poor excuse. Congress is responsible for the completion of this annex, for Congress authorized it. What difference did it make in what manner the money was secured? If men could be given work while Congress was not in session, I think we should commend those responsible rather than condemn them.

Mr. TABER. But Congress should not delegate authority for a bureaucrat to abuse.

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

Mr. TABER. I yield.

Mr. BLANTON. I think the gentleman is about the most valuable man his side of the House has in Congress today. But I want to tell him that if he will go and look behind the present Library Building, he will find that all those old brick buildings covering that entire block have been razed to the ground, have been removed, and that the block of ground is clear now for the new building he is speaking of and about which he is arraigning Congress. Money had to be appropriated before the above could be accomplished.

Mr. TABER. I do not believe in segregating money to things that do not provide for relief out of so-called "relief appropriations" and then being out of money to take care of your relief obligations.

Then there are a great number of allotments for independent establishments. I shall not mention the real small ones, but I shall go down the line on the big ones.

There is an allotment of \$65,190,000 to the Civilian Conservation Corps to be used after July 1 next. There was absolutely no excuse for that, because it does not represent the continuance of a contract; it was an item that could well have been taken care of in the current appropriation bill.

There was an allotment to reserves of \$30,000,000.

There was an allotment of \$31,000,000 to the Tennessee Valley Authority. Unquestionably this could have been taken care of in the regular appropriation bills to come along in this session of Congress.

There was an allotment in the Department of Agriculture of \$6,000,000 for physical improvement, tree diseases, and so forth, that could well have been taken care of in our regular Agricultural appropriation bill.

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

Mr. TABER. I would rather wait until I finish this list, if the gentleman will permit. Then I shall be glad to yield.

There was an allotment of \$215,000,000 for Federal-aid highways. This has always been taken care of as the money was going to be used. This is not available for expenditure until after July 1.

There was an allotment for forest highways of \$7,500,000—and these are the ones available after July 1, 1934—an allotment for forest roads and trails of \$6,200,000.

There is an item for public-land roads of \$1,500,000, an allotment for animal-industry construction of \$490,700, for plant industry \$1,000,000, and miscellaneous items totaling for the Agricultural Department allotment beyond July 1, 1934, \$238,321,800.

For the Department of Commerce there was an allotment for the Coast and Geodetic Survey of \$6,000,000, which has been withdrawn. There was an item for construction and repair of lighthouses, vessels, and aids to navigation, of which \$2,153,000 was available in the fiscal year 1934, which we are now in, and \$2,925,000 will be available in the fiscal year 1935 after July 1 next, and will operate largely to reduce the regular appropriations for the year 1935 which we are making here and covering mostly items which have heretofore been taken care of in the regular annual appropriation bill. There was also available approximately \$300,000, which is not to be reached until after the 1st of July 1935.

In the Department of Interior there were allotments totaling \$197,500,000, of which \$58,400,000 were available in 1934, \$111,300,000 in 1935 after July 1, next, and \$27,500,000 not until after July 1, 1935.

When we have given contract authorization or otherwise, we have never appropriated money until it was to be spent. We have sometimes given contract authorizations, but we have not made the funds available.

I come now to the Labor Department, and find for immigration stations—mostly small items that can be built quickly; there was \$1,500,000 available in 1934, the current fiscal year, and practically \$400,000 available in 1935 after July 1, 1935.

We come to the Navy Department. The Navy Department report is probably right in front of the gentlemen. Please turn to page 4. You can see how that was allocated. There was \$53,000,000 out of \$274,000,000 allocated for the fiscal year 1934, which we are in now. There was \$146,000,000 allocated to be spent in the fiscal year 1935, \$69,000,000 allocated to be spent in the fiscal year 1936, and \$5,000,000 to be spent after the first of July 1936.

Mr. GOSS. Nineteen hundred and thirty-seven.

Mr. TABER. Nineteen hundred and thirty-six. That is the fiscal year 1937.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. TABER. Not until I finish with all these bureaus.

In the State Department there was a total of practically \$2,000,000 allocated, of which \$1,200,000 was available currently, and \$750,000 available after July 1 next.

For the Treasury Department there was allocated to the Coast Guard \$24,800,000, of which \$13,693,000 was available in 1934 and \$11,000,000 was not available until after July 1 next. There was allocated to public buildings \$39,000,000, of which \$10,000,000 was immediately available, \$22,000,000 not available until after July 1 next, and \$7,000,000 not available until after July 1, 1935.

For the War Department there was \$7,500,000 allocated to airplanes, of which \$3,500,000 is available in this year and \$4,000,000 not until after July 1, 1934.

For construction of buildings there was allocated \$57,000,000, and that was largely for buildings which the Congress and the departments had been asked for previously. There was allocated \$35,000,000 for use immediately, \$19,750,000 for use after July 1, and approximately \$2,000,000 for use after July 1, 1935.

For seacoast defenses there was \$1,750,000 for use after July 1 next. For ammunition, \$5,500,000 currently and \$500,000 after July 1. For roads and drainage in Puerto Rico, \$950,000 for use currently and \$540,000 for use after July 1.

For flood control there was allocated \$37,000,000 for use currently and \$6,694,000 for use after July 1. For the Winoski River Dam, \$360,000 for use currently and \$1,195,000 for use after July 1. For rivers and harbors there was allocated \$40,000,000 for use currently and \$27,000,000 for use after July 1 next and \$6,600,000 for use after July 1, 1935.

For the Missouri River the allotment was practically all for use currently. For the upper Mississippi River there was allocated \$16,000,000 for use currently and \$16,000,000 for use after July 1, 1935. For the Bonneville Dam in the Columbia River there was allocated \$10,000,000 for use currently and \$7,000,000 for use after July 1 next and \$3,000,000 for use after July 1, 1935.

For the Fort Peck Dam in Montana there was allocated \$8,000,000 for use currently, \$15,000,000 for use after July 1, and \$7,000,000 for use after July 1, 1935.

For projects for State and municipalities there was allocated \$203,000,000 for use currently and \$182,000,000 for use after July 1. For railroad projects there was allocated \$83,000,000 for use currently and \$93,000,000 for subsequent use.

Of the total altogether, including projects that had been allocated between current use and use subsequently, there was allocated for use currently \$1,836,000,000, leaving \$1,173,000,000 for use in the fiscal year 1935 and approximately \$300,000,000 for use after July 1, 1935.

In making those allocations, very largely items have been entered into which have been accustomed to appearing in the annual appropriation bills and which cut down the bills that we are now considering.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 5 minutes.

Mr. FITZPATRICK. Will the gentleman yield now?

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

Mr. FITZPATRICK. The gentleman is not finding fault with the amount appropriated for the different items but is finding fault with the method of appropriating, as I understand it.

Mr. TABER. I am finding fault both with the method and, in many cases, with the amount.

Mr. FITZPATRICK. Which ones, for instance, does the gentleman find fault with?

Mr. TABER. Well, I would not allocate any \$70,000,000 for the irrigation project on the Columbia River.

I would not allocate at the present time, frankly, more than enough money to begin construction on one of the 6-inch-gun cruisers, because I believe—and I have always believed on the Appropriations Committee—we ought to build one and get it right before we go ahead. After we get it right, I would be in favor of going ahead just as fast as we can. I am afraid we will get into the same difficulty we did with the 8-inch-gun 10,000-ton cruisers, where in the first block they found so many defects in them that they have not yet been able to correct all of them.

Mr. FITZPATRICK. The gentleman has read, probably, three or four dozen items, and out of that number the gentleman picks one or two that he criticizes.

Mr. TABER. Oh, I could pick hundreds of them. I would not go along with two thirds of them.

Mr. BLANCHARD and Mr. PIERCE rose.

Mr. TABER. I yield first to the gentleman from Wisconsin.

Mr. BLANCHARD. I want to get some information, if I can, on the C.W.A. In all of these sums allocated for expenditure after 1934 and 1935, is there anything to prevent reallocation of some of these amounts for use in the extension of the C.W.A. activities?

Mr. TABER. I would not want to pass on the legality of that, but I will just call the gentleman's attention to the fact that an allotment of \$6,463,000 was made to the Coast and Geodetic Survey and was withdrawn. Therefore, I believe that portions of these allotments should be withdrawn, and if it were necessary to continue real relief work, that should be done.

Mr. ARNOLD. Will the gentleman now yield?

Mr. TABER. I yield to the gentleman from Illinois.

Mr. ARNOLD. The burden of the gentleman's argument is that these allocations out of the \$3,300,000,000 fund were made sooner than is necessary, and then the gentleman states, in reply to the gentleman from New York [Mr. FITZPATRICK], that he would not approve two thirds of the projects. The gentleman, of course, is a very profound student and has made a careful study of this matter of unemployment relief. If we eliminated two thirds of the projects, which the gentleman has said should be done, how is he going to take care of the unemployment problem and the relief problem in this country, unless we resort to the dole system?

Mr. TABER. If the gentleman will go into the question, he will find that until we started the C.W.A. proposition, except where that has made more difficult the problem of private employers who were trying to give employment, that has been a good thing.

Out of that \$3,300,000,000 only \$400,000,000, according to the information that is in the Budget, was allocated to the C.W.A. or to direct relief work which provided substantial employment. This means that, perhaps, one eighth of the total money that we threw into the pot last summer has been used for what we supposed it was going to be used—the purpose of relief—and most of the rest of it has been used for the promotion of pet projects.

Mr. ARNOLD. Does the gentleman mean to say that the building program, outside of the C.W.A. work, is not an employment program or a relief program?

Mr. TABER. I mean to say that very largely it is not providing sufficient employment from a relief standpoint to justify the amount that we are putting into it.

[Here the gavel fell.]

Mr. SWICK. Mr. Chairman, I yield the gentleman from New York 5 additional minutes.

Mr. ARNOLD. Will the gentleman yield further?

Mr. TABER. I yield.

Mr. ARNOLD. With the vast fund of knowledge at the gentleman's command, I think it would be very enlightening to the House and to the committee if he would outline to us just how he expects to handle this unemployment and relief program if he is not satisfied with the program that has been laid out under the \$3,300,000,000 appropriation. I think constructive criticism from the gentleman would be helpful.

Mr. TABER. I may say to the gentleman that as a relief proposition most of these public buildings are not relief projects. They provide a very small amount of employment considering the amount of money they cost. I made an investigation with the information I could obtain from the Supervising Architect's Office 2 years ago, and I found it was costing \$5,400 to put one man to work for a year in that work, and the other problems were somewhat similar. River and harbor projects at that time were costing \$4,800 to put one man to work and public roads \$3,600. It is now a little less, but the amount is very substantial. These things do not result in putting people to work the way they should be if we are operating this as a relief proposition.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. TABER. I yield.

Mr. CHRISTIANSON. Can the gentleman tell us about how much money has been expended on irrigation and reclamation projects?

Mr. TABER. Yes; substantially. Does the gentleman mean the entire amount during the history of the work?

Mr. CHRISTIANSON. No; I mean during the last year.

Mr. TABER. In this operation?

Mr. CHRISTIANSON. Yes.

Mr. TABER. There was \$51,000,000 allocated for immediate use in the 1934 operation, and that item includes, for the Bureau of Reclamation, \$15,000,000, and for a lot of other items that go along with it, probably \$4,000,000 or \$5,000,000, that you would call irrigation. Then, for the next year, 1935, there is \$60,000,000, and for the following year \$22,550,000; that is, after July 1, 1935.

Mr. CHRISTIANSON. What does the gentleman think of the policy of spending upward of \$100,000,000 or more for

reclamation and irrigation to bring more land into cultivation while we are spending several hundred million dollars to induce the farmers to withdraw lands from cultivation?

Mr. TABER. That is in line with the policy of the bureaucrats of pulling both ends against the middle until the middle gets "powerful" thin.

Mr. ARNOLD. Will the gentleman yield there?

Mr. TABER. Yes.

Mr. ARNOLD. I regret the gentleman has not answered to my satisfaction the question I propounded a few moments ago, or I think to the satisfaction of the Members here. It is very essential we have constructive criticism and not destructive criticism of these matters.

Now, if the gentleman can give to this House and the country another plan for taking care of the unemployment situation, and relieve unemployment throughout the country, I think here and now is the time to do it.

Mr. TABER. I am sorry that the gentleman from Illinois has not been listening to what I have said. I am going to call the gentleman's attention again to what I have said, and say it over again. Out of the \$3,300,000,000 which has been made available, only \$400,000,000 has been allotted to provide some sort of relief among the people. These other problems of employment do not yield much employment for many. The employment in the C.W.A., if the schedule is kept down to what it has been revised, would probably provide some employment to take care of the worthy. The other things do not take care of the worthy, but by tremendous Government expenditures have prevented the resurrection and revival of private industry.

I hope the people will follow along some line which will stop this tremendous expenditure, far and away beyond the purpose for which it was supposed to be used.

Mr. ARNOLD. The gentleman objects to the allotment of \$400,000,000—

Mr. TABER. In proportion to the other allotments; yes.

Mr. ARNOLD. How much does the gentleman think should have been allotted?

Mr. TABER. I do not think two or three hundred million more would be excessive. This can be had by withdrawing allotments from unnecessary projects where the money is not to be spent before July 1, 1934.

Mr. BLANTON. Will the gentleman yield?

Mr. TABER. Yes.

Mr. BLANTON. The gentleman knows that in the 12 years of the Harding-Coolidge-Hoover regime hundreds of millions of dollars were expended for irrigation and reclamation. Why did not our friend from New York stop it?

Mr. TABER. We were stopping the expenditures for that purpose under Mr. Coolidge and Mr. Hoover.

Mr. PIERCE. Will the gentleman yield?

Mr. TABER. I yield.

Mr. PIERCE. The gentleman said that \$70,000,000 had been allotted for the Columbia River. I want to say that \$20,000,000 was allotted for navigation and power and ultimately there may be irrigation there.

Mr. TABER. The total cost of that Columbia River irrigation project is estimated by the Bureau of Reclamation to be \$115,000,000.

Mr. PIERCE. But not on the Columbia River.

Mr. AYRES of Kansas. Mr. Chairman, I should like to preface what I have to say by acquainting any of you who may not know with the names of my new colleagues on the naval subcommittee. On the minority side, Dr. SWICK, of Pennsylvania, and Mr. BUCKBEE, of Illinois, have been my collaborators, while on my own side I have had the assistance of Mr. CARY, of Kentucky, and Mr. HART, of Michigan. I consider myself fortunate, indeed, to have had such able, industrious, and genial coworkers.

Sixteen years have passed since my party completely sponsored a naval appropriation measure. Much has transpired in that space of time touching the Naval Establishment.

It was my privilege, back in 1918, as a member of the Committee on Naval Affairs, then led by that great naval

authority the late Lemuel P. Padgett, of Tennessee, to have had a part in shaping that last measure.

We were then at war. Two years previously we had authorized the largest naval-construction program ever projected by any power. That program was in course of construction, though progress on the larger units had lagged owing to the imperative need to build destroyers and submarine chasers for combating enemy submarines.

The consummation of that program, which would have entailed some further authorization to give a proper balance between the several combatant units, would have placed our country foremost in naval strength among the maritime powers of the world.

We were committed then to a navy second to none.

Our great war-time President, Woodrow Wilson, in the course of a speech at St. Louis, Mo., on February 3, 1916, was the first Chief Executive to give public utterance to that long-cherished aspiration of the Naval General Board in these words:

There is no other navy in the world that has to cover so great an area of defense as the American Navy, and it ought, in my judgment, to be incomparably the most adequate navy in the world.

I should like to appropriate them as an expression of my own views, then and now, and I should hope of all within the sound of my voice. Paraphrased, they find expression in the published United States naval policy in these words:

To create, maintain, and operate a navy second to none and in conformity with treaty provisions.

If we were headed for naval supremacy well beyond a decade ago, what has transpired in the interim to reduce us, not to an equable status with the foremost naval power today, Great Britain, but all things considered, to a questionable second position in the ratings of naval powers? Let us see.

In the first place, there was convened in Washington on November 11, 1921, a conference on the limitation of naval armament. Out of that conference came a treaty between the United States, the British Empire, France, Italy, and Japan, halting the competitive construction of capital ships in the navies of such powers.

Times were hard then. Taxes were oppressive. The promise of lighter tax burdens dominated public sentiment and the treaty at the time may be said to have met with popular approval. I have never thought a clear understanding of its terms generally prevailed. It was widely believed at the time that the 5-5-3 ratio applied to all categories.

The treaty fixed our gross tonnage of capital ships, reducing us to parity with Great Britain and establishing a 5-3 ratio as to such units as between our own and the navy of Japan. It provided specifically for the replacement of allowed capital-ship tonnage. It also limited the unit and gross tonnage of aircraft carriers, establishing a 5-5-3 ratio as between the navies of Great Britain, the United States, and Japan, respectively. In lighter categories, while a maximum unit tonnage was established, the door was left wide open as to the number that might be built.

To adjust our capital-ship tonnage to the treaty-allowed strength, we were required to and did scrap vessels built and building roundly 840,000 tons.

That briefly explains the first phase of our relinquishment from the leadership that was within our grasp.

Now, the second phase: Following the Washington Conference, we immediately proceeded upon the theory of disarmament by example. That is to say, of not building to limits in restricted categories or keeping apace with the programs of cotreaty powers in categories unrestricted as to gross tonnage, in the hope that by such a course such powers would refrain from building, other than as they saw fit to replace over-age tonnage, and simply maintain proportionately the number of units within the several categories.

Mr. Chairman, disarmament by example has proved a dismal failure. Despite the proof thereof which we had abundantly prior to the second conference held in London, from which ensued the so-called "London Naval Treaty"

concluded in April 1930, we continued to mark time, or relatively so, right down to the summer days last past.

Despite the need for lighter tax burdens, a nation can ill afford to gamble with its national defense. It is not prudent economy. It is not good statesmanship to neglect the Navy even when the international horizon is clear, and certainly not when storm clouds are brewing.

However, Mr. Chairman, that is the course that has been steered, and it is because of it that we find ourselves today, nearly 4 years since the conclusion of the London Treaty and 12 years since the conclusion of the Washington Treaty, in an inferior position in the ratings of naval powers.

What do the figures show? As of December 5, 1932, as to combatant vessels: (1) Laid down and completed, (2) building, and (3) appropriated for but not building, since the Washington conference, the unit totals were 36 for the United States, 113 for Great Britain, and 128 for Japan.

As of about the same date we were short of treaty strength in under-age tonnage, roundly, 240,000 tons, as against 63,000 tons for Great Britain. Japan, I am advised, has perfected plans to be completely current with the treaty maxima in the several categories, all under age, upon the expiration of the treaty in December 1936. That is an indication of what limitation by example has done for us.

Mr. Chairman, I am a firm believer in limitation; but I believe that when we enter into such a compact we should do so with the firm intention of attaining and maintaining the exact ratios fixed in the agreement, either completely or in the same measure as other treaty powers.

I have heard and you have heard the Washington Treaty severely condemned. Possibly the best arrangement it was practicable to conclude emanated from that conference. I have felt that our representatives could have written that treaty in terms that absolutely would have preserved to us complete parity with our British friends across the sea.

However, despite the sacrifices that it entailed, it did have its compensations, and, in my judgment, very large and momentous ones. The principle of noncompetitive building was the creature of that conference, and, for the first time, the principle of limitation was given recognition. My quarrel is not so much with the scrapping that immediately ensued but with the policy of inaction that later ensued.

Unfortunately, Mr. Chairman, the action of governments do not consistently represent the popular will. The course that has been pursued under the leadership of our Republican brethren no doubt was in harmony with the popular will throughout the countries of the world, but the popular will, in my judgment, has not dominated the naval policies of the governments of our cotreaty powers.

Instead, those governments have harkened to the urge of selfish interests; to false propaganda thus inspired. Why, even to the well-known English naval writer, Bywater, has been attributed the statement that the sole effect of naval treaties to date has been to emasculate the British Navy and to rejuvenate other fleets. Bywater is too well informed to write that sort of stuff. I have shown you—I have given you the figures of what Britain and Japan have done while we have sat by and watched. How absurd they make Bywater's alleged statement. Fellow Members, it was nothing but the rawest kind of propaganda for home consumption; and, judging by what has been done, I have no doubt that it is owing to just that sort of buncombe that the sorely oppressed peoples of other lands have been milched to build navies larger than necessary to maintain reduced treaty ratios.

It is unfortunate, my friends, that we must thus be influenced to vote larger outlays upon our naval arm, but equality with the best we must have, and I am confident we will have under the leadership of that splendid man who now occupies the office of President of these United States.

I am not what is generally referred to as a big-navy man. I am for the smallest, best Navy we can possibly get along with, but my yardstick is the best Navy elsewhere maintained. I believe we can do much to control that mode of measurement. I believe that the peoples of the world over-

whelmingly are in favor of limitation. For economical reasons alone, when we meet in another naval conference in 1936, I do not believe that the spokesman of any nation will have the temerity sincerely to propose a return to the old order.

I sincerely hope and trust that out of that conference will come another treaty, equally as circumscribed as the London Treaty, but providing for decidedly less tonnage in the several categories, and if, perchance, capital ships as now defined are not to be completely eliminated, that such replacement units as may be agreed upon will be very materially reduced in tonnage and gun power.

Mr. Chairman, if the world knows that America is determined to live up to the letter and spirit of its own United States naval policy—to the letter and spirit of a Navy as envisioned by the immortal Wilson—these hopes, these aspirations, may not be in vain.

Under the leadership of President Roosevelt, we will sit at the next conference table with a full-treaty Navy, built and building. We may have some over-age tonnage in the destroyer category. We shall have replacement for much of it under way. In my judgment, in no other way may we look to continued limitation or to a reduction within the existing limitations.

Paradoxical as it may seem, although we are well on the road to a realization of treaty strength at this particular moment, the appropriation bill that I am presenting calls for a smaller appropriation than has been provided at any time since the Washington conference in 1922. Of course, the explanation is that in consequence of the authority contained in the National Industrial Recovery Act, the construction has been undertaken of 32 naval vessels under an allotment of \$238,000,000 of the appropriation authorized by that act.

These 32 vessels, plus the 22 vessels under way out of regular appropriations, will bring us current with treaty limitations in all combatant categories, completely ignoring tonnage that is classed as over-age, except one 8-inch gun cruiser, which may not be commenced under the terms of the London Treaty prior to January 1, 1935 (the middle of the next fiscal year), and three 6-inch gun cruisers of 10,000 tons each.

The Budget includes \$400,000 for commencing the last 8-inch gun cruiser. Our bill goes further and includes \$1,200,000 for commencing the three 6-inch gun cruisers, so that once more we find ourselves approaching a proper balance in the international naval scales.

Of course, practically every destroyer we have today, not building, technically is over-age, but I rather think provision soon will have been made for their replacement as well as other construction of a replacement character. We have 10 light cruisers approaching the age limit; and our submarines, in various tonnage increments, will be reaching the age limit commencing in the calendar year 1935. Over-age units of 3,000 tons or less may be laid down 2 years before such class of vessels actually become over-age.

Mr. Chairman, before turning to other phases of the pending measure, perhaps I should give a summation as regards the funds that the bill proposes shall be made available, contrasting them with the available funds the present year.

For the current fiscal year, including all appropriations, reappropriations, diverted funds, and unexpended balances, but excluding the so-called "permanent annual and indefinite appropriations", which occur automatically, the Department has available for obligation a total of \$347,431,837.

For next year, upon the basis of the bill we are presenting, it will have available for obligation approximately \$314,000,000.

Of the amount currently available, owing to impoundments in consequence of economy legislation, such as non-filling of vacancies, automatic increases in compensation, and the pay cut—in fact, the pay cut very largely—\$22,150,285 will not be expended, and owing to administratively imposed economies \$46,270,052 will not be expended.

Of the amount that will be available next year, it is not expected at this time that more than \$310,000,000 will be expended.

So, looking at the current and projected naval Budgets from the expenditure standpoint, the comparison is \$279,011,500 for 1934 with \$310,000,000 roundly for 1935.

Our bill is \$1,585,148 less than the Budget total, so under our bill the 1935 cash expenditures will be a portion of that reduction under the Budget program of \$310,000,000.

The Bureau of the Budget has placed currently-available funds, and is expected to do likewise as to projected-available funds, upon a cash-withdrawal basis. That applies to the entire Federal service. Therefore, the appropriations we are called upon to make present the actual amount of cash that will be needed within the confines of the fiscal year 1935 to operate the several spending agencies of the Federal Government. I personally feel that the cash-withdrawal system is logical and sound and that under a well-organized Budget system is at all times quite necessary.

On page 3 of the report on the bill I have attempted to set out the principal factors contributing to the amount by which cash withdrawals during 1935, under the Budget, are expected to exceed the cash withdrawals during 1934. I shall not take the time to repeat them here.

Now, reverting to the bill, divorced from such things as carry-overs, indirect appropriations, and cash withdrawals; in other words, merely the direct appropriations which only enter into the total of a purely appropriational statement, our proposals call for a total of \$284,747,244 against the Budget total of \$286,332,392, or a reduction, and it is a net reduction, of \$1,585,148.

In the first place, let me say that only in a few isolated cases do the estimates as to individual appropriations exceed the current appropriations. Generally speaking, where that occurs, the increase is practically negligible.

The estimates, contrasted with the current appropriations as reduced by reason of legislative and administrative action, represent quite a substantial advance, which results from a general liberalization in the current year policy, by which practically all appropriations were in effect reduced by the imposition administratively of obligation limitations, and, among others, to the factors to which I have already referred on page 3 of the report.

Now, if you will turn to page 5 of the report you will find a complete exposition commencing thereon of our action upon the Budget estimates touching money phases.

I shall not attempt to discuss them all. Some of them need no further explanation. Some of them, however, I feel that I should enlarge upon.

In the list there are six items all related. They total \$376,697.

The Department closed the Great Lakes Training Station this year as a measure of economy. The San Diego station is now doing all of the recruit training. The Norfolk station is in a stand-by status, ready to resume on short notice. The Norport Training Station also has been closed.

The number of first enlistments are now exceeding last year's estimate, and the Department looks for a larger number next year. So much so that San Diego's capacity alone (2,100) will not be sufficient to accommodate them. Norfolk, with a capacity of 1,342, and San Diego, of course, could without any difficulty. However, we should not lose sight of some of the harmful consequences resulting from dispensing with the interior training station at Great Lakes.

This training station was established in 1904. Up to this fiscal year it has been continuously operated. It is the only Naval Establishment in the interior of the country. It affords the only naval contact for a very considerable portion of our citizenry far from either seaboard. Its discontinuance would not only interfere with the continuance of the long-established policy of endeavoring to maintain a nationally representative enlisted organization, but it would also upset the practice or create discrimination in the practice of permitting recruits to visit their homes, at their own expense, upon conclusion of their training and prior to being sent to sea. This practice has been responsible

for fewer desertions and, therefore, has saved an indeterminate amount of money and, obviously, has contributed to improved morale and greater efficiency.

The naval subcommittee considered the matter very carefully. We took up the question directly with the Secretary of the Navy. The Secretary's position is that the station should remain closed for reasons of economy. We do not propose to compel him to do something against his judgment, but we question the wisdom of keeping Great Lakes closed and we simply are making it possible for the Department to reopen it, if, upon further reflection, it should decide to pursue that course.

Aside from the considerations I have stated, we have an investment out there of roundly \$26,000,000. For the upkeep of this investment the Budget includes \$25,818. For less than 1½ percent of the investment the station may be reopened, appropriately maintained, and resume the training of recruits.

Then you will see an item showing an increase under the Naval Reserve of \$183,518.

The appropriation for this component for the current year is \$3,346,960. In consequence of legislation and administrative action but \$2,064,509 of this sum may be obligated. The reduction is being met by decreasing the number of officers and men on active duty, the number of pay drills from 48 to 24—none for the Marine Corps Reserve—by eliminating training for student aviation pilots and for aviation officers of the volunteer branch, and by reducing the number of flying hours from 45 to 30.

For 1935 the Budget includes \$2,561,991, which, while under the current appropriation, is roundly \$500,000 in excess of the amount which may be obligated the present fiscal year.

The estimate contemplates 36 pay drills for the Naval and Marine Corps Reserve, the same as for the National Guard, and some slight expansion in Reserve aviation expenditures, although holding to 30 hours' flying time for aviation officers.

There seems to be a unanimity of judgment among regular naval aviation officers, including the Chief of the Bureau of Aeronautics, that 30 hours are entirely inadequate, and recommendation has been made by such official and other officers that provision be made for not less than 45 hours. The committee, concurring in that view, has made provision for 45 hours of flying time and for giving training to 280, instead of 250, Naval Reserve aviators; and 80, instead of 40, Marine Corps Reserve aviators, which has occasioned the addition of \$183,518 to the Naval Reserve appropriation and \$5,739 to the Marine Corps Reserve appropriation. The larger numbers are the numbers who will be eligible to receive aviation training. Providing for a lesser number would result in spreading the increase in the number of flying hours over all, and thereby defeat what is sought to be accomplished, namely, to give these men training adequate for the maintenance of their military flying efficiency. Otherwise the money would be wasted.

I might say, further, that there is considerable agitation, apparently fostered by the Naval Reserve Officers' Association, to increase the number of drills to 48. As I said before, the Budget is based upon 36 drills for all civil components, naval and military. We have held to 36, assuming that the House would be guided by the Budget recommendations.

Still referring to the table commencing on page 5 of the report, we approach a series of reductions.

The first grows out of the refusal of the committee and the House, in connection with the independent offices appropriation bill, to reinstate automatic promotions for the Army, Navy, and Marine Corps.

The Budget included \$2,673,327 for the Navy and \$299,130 for the Marine Corps, looking to the restoration of automatic promotions. As the independent offices bill passed the House it provided for no automatic promotions throughout the Federal service; but it did provide that officers of the commissioned services embraced by the joint pay act of 1922, upon advancement in rank, should receive the pay prescribed for such rank by such pay act, continuing the freeze, however, as to base pay within a rank and the tri-

ennial 5-percent automatic increases, commonly called "fogies."

The amendment occasioned an added expense of \$946,584 for the Navy and \$48,038 for the Marine Corps but permits a reduction for the phases denied of \$1,726,743 from the Navy estimates and \$251,092 from the Marine Corps estimates.

Next comes flying pay, which has been a bone of contention for a number of years.

Members will recall that section 10 of the independent offices appropriation act, fiscal year 1934, vested in the President authority to suspend the extra pay or reduce the rate of extra pay allowed to flying personnel while on flying duty, and to distinguish between degrees of hazard in various types of flying duty and make different rates of extra pay applicable thereto. Up to this time no change has been ordered by the Chief Executive in consequence of such authorization. The committee has concluded, therefore, to provide the funds to pay the number of recipients contemplated by the current appropriations, both for the Navy and Marine Corps—\$1,170,297 and \$141,306, respectively. Unless some adjustment downward is made by the President some of the personnel now drawing flying pay, listed on pages 252-255 of the hearings as to the Navy, will need to have their flying orders revoked in order that the limitations will be adequate to take care of the appropriate number of student aviators and new officer graduates of the flying school.

Flying pay for enlisted men is the next item and the reduction results from holding to the present year number—1,682. The Department wanted to raise the number to 1,746.

The next item, touching the pay of medical officers, I probably should enlarge upon.

When Veterans' Administration patients were evacuated from naval hospitals the Navy was left with considerable personnel that had been commissioned or enlisted solely because of the demands of such patients. This situation later became further aggravated by the contraction of certain naval activities. Then came the demand of the Civilian Conservation Corps for medical personnel, and surplus medical officers were assigned to that activity, which assumed the cost of their pay and allowances. On the 4th of January 1934, 200 naval medical officers were so employed. Other classes of medical personnel rendered surplus by the action with respect to veterans have been or will be eliminated either through resignation, retirement, expiration of enlistment, or transfer to other ratings. Of the 200 officers now on detail, the Navy has a present need for 57. If the Coast Guard should become a naval corps, it is estimated that 79 of the remaining 143 will be needed to care for Coast Guard personnel. That would leave a surplus of 64, and for this number the committee is providing furlough or one-half pay, permitting a reduction in the pay estimate of \$175,765. The Budget carries funds for the full pay and allowances of the entire number.

The reduction on account of clothing outfits is self-explanatory. The number of new recruits very largely is a guess. There were 7,061 in 1932 and 4,572 in 1933. It is true that the rate of reenlistments lately has begun to decline. Pay cuts, taking away reenlistment gratuities, and the suspension of automatic promotions very probably are reflected in the increase.

The pay of enlisted men also was cut 15 percent this year. Previously they had been exempted. Then, according to their rating, normally they receive a cash gratuity of either \$50 or \$25 for each year of their last expiring enlistment. That has been taken away. In addition, under the pay law they received an increase of 5 percent of their base pay for each 4 years, but not to exceed a total of 25 percent. That has been frozen as of June 30, 1932. I have never been in sympathy with economizing at the expense of the enlisted personnel; certainly not of those in the lower pay brackets. I think that course was and is a very great mistake.

Running down through the remaining items on page 6 of the report, I see no occasion to burden you at this time

with any further explanation. I have already spoken of the amount we have added for commencing three 6-inch-gun cruisers, and in speaking of new ship construction I referred to the large program now under way out of an allotment made to the Navy Department by the Public Works Administration.

The Department has received other allotments from that source, and I feel that I should not close without drawing them to your attention.

To date, according to my information, all such allotments total \$274,765,924. You will find a statement on page 4 of the report of the several allotments and the general purposes. Passing over the first item in that statement, to which I have already referred, the next five all relate to what we usually speak of as public-work projects. They total \$25,917,527, divided \$7,702,935 for reconditioning work and \$18,214,552 for new construction. Every item contributing to the total is listed in the hearings commencing on page 496.

The aviation allotment, the last in the table, will be used in this way:

Navigational equipment.....	\$213,250
Radio equipment.....	457,759
Maintenance, repair and operation, stations and aircraft	714,600
New aircraft completely equipped.....	6,114,391

In view of the fact that something has been said here about the N.R.A. I shall refer to that matter at this time; and, in referring to the several allotments generally, it is questionable, in my judgment, if any better way existed for complying with the spirit of the National Industrial Recovery Act of getting money into the hands of wage earners in return for valuable and useful services rendered, both from the standpoints of promptness and ratio of labor to material and either by contract or navy yard or station labor. Approximately 85 percent of appropriations for the construction of ships, it has been calculated, goes to the payment of salaries and wages in producing and fabricating raw materials gathered practically in every State of the Union. Approximately 73 percent of the pending naval budget goes directly into salaries and wages. Considering the labor incident to the several stages of putting materials into the yards for fabrication, finishing, construction, or installation, it is easy to see how the 85-percent figure may be about the general average.

The committee has given consideration to the details of the several allotments embraced by the table on page 4 of the report. In no instance did it find a purpose that needed authorization, or further authorization, or a purpose for which an appropriation previously had been refused. Of course, all of the projected expenditures apply to objects, the Budget approving, for which the Congress sooner or later would have been called upon to appropriate. Whether or not it would make the appropriations or in as great or lesser measure would be mere conjecture. Suffice to say, it would seem that the Navy was ready to go forward with projects in conformity with the spirit of the National Industrial Recovery Act and in directions that will materially promote its efficiency and effectiveness.

May I express the hope that those of you who were not present at the time will read the able speech delivered in the House on February 22, 1932, by the distinguished Chairman of the Committee on Naval Affairs, the Honorable CARL VINSON. It leaves no doubts as to the efficacy of naval building for creating a maximum of employment reaching into every corner of the country.

Before concluding, Mr. Chairman, there is one other matter I wish to dwell upon for a moment.

We are rapidly approaching full treaty strength. I think unquestionably we will reach that status as rapidly as the President may be able to accomplish it consistent generally with the public interest. With that in mind, I call your attention to my observation expressed to the Secretary of the Navy, commencing on page 651 of the hearings, with respect to the cost of maintaining a treaty navy. We must not lose sight of that factor. There is no use building ships if we are not going decently to maintain them and ade-

quately man them. The total annual maintenance cost we can do much to control. We must resist adding expenses not of an essential character, however, or by whomsoever urged, and we must search out and eliminate existing expenses that may be dispensed with without detracting from the efficiency and effectiveness of the Naval Establishment.

My hope is that before we shall be called upon to provide for the maintenance of a full-treaty navy the nations of the world will have solemnly covenanted to continue complete limitation of naval armament, substantially reduced in all of the several categories.

The peace and happiness and prosperity of mankind depend very largely upon such a course.

I thank you. [Applause.]

Mr. SWICK. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, I come before you this morning to call attention once more to a usurpation of power at the hands of a Federal judge. It so happens that in the State of Minnesota our banking situation is tied up with the same nefarious group, namely, the Chase National Bank of New York, the Wiggins gang, and for the past several years they have been organizing chain banks throughout the State of Minnesota. They had quite an organization orgy there in which they mulcted the people out of hundreds of millions of dollars. Their stocks were selling for several hundred dollars a share and those stocks have now come down to five or six dollars a share. Widows and orphans were asked to take the money they had on deposit by the presidents of these banks, especially by E. W. Decker. I put heat enough under him in the last 2 months so that he resigned as president of this bank. He is the man who secretly connived with Mr. Wiggins, of New York, of the Chase National, to defraud the people of the State of Minnesota out of thousands and millions of dollars. The State of Minnesota, through an executive order of the Governor, demanded an investigation of their method of selling stock. Their stock is worth from six to seven dollars a share on the market at the present time. The State Commerce Commission of the State of Minnesota was authorized to proceed with this investigation, which they started. The money was appropriated under the blue-sky laws of the State of Minnesota to make the investigation, and this last week, this group of highbinders and racketeers, international and local crooks, headed by E. W. Decker, the Northwest Bank Corporation, and the First National Corporation of St. Paul, went to a Federal judge, Judge Molyneaux, and got out a restraining order, restraining the State of Minnesota from proceeding in any manner against these organizations, either criminally or civilly, making it a sweeping mandate of hands off. In other words, this Federal judge has stepped in and assumed the position of dictator and is denying the right to the State of Minnesota to bring to the bar of justice these criminals for their criminal acts in the State of Minnesota.

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

Mr. SHOEMAKER. Yes.

Mr. WOODRUFF. What has the State of Minnesota done in view of the action of this Federal judge?

Mr. SHOEMAKER. I am coming right now to that, because of requests from the State of Minnesota, if you please. There is only one thing which the State of Minnesota can do, and that is to appeal to Congress to take the power away from some of these judicial despots who have been wrecking our Government and absolutely reducing the opinion of our American court system to zero, and the only voice that the State of Minnesota has here is the voice of its Representatives in Congress. The only solution to this proposition is in the House of Representatives, if you please.

Mr. WOODRUFF. I am very glad that the gentleman is giving the House the facts that he is today. May I call his attention to one thing that occurred in the State of Michigan: When the Federal Radio Commission denied the right of that great State to install a radio system for the use of the police of the State, do you know what Governor Green,

of the State of Michigan, did? He installed the radio system without regard to the law or wish of the Federal authorities; the larger cities in the State followed suit; other States did the same thing; until today practically every State is able, through its radio, to communicate with its law-enforcing agents almost instantly, wherever they may be. Criminals are apprehended, and punished, who, under conditions existing prior to the installation of the police radio, would go unpunished. The courageous action of that Michigan Governor was a very decided contribution to law enforcement in this country. Had Federal authority had its way, this contribution would not have been made. There are certain rights in this country that inherently belong to the State, and if this Federal judge is guilty of what you outline here, he has gone far beyond the right or power of any Federal judge; he has denied the right of a State to throw the mantle of protection around its citizens. The gentleman from Minnesota is to be congratulated upon presenting these facts to the House.

Mr. SHOEMAKER. Mr. Chairman, I am glad to hear that, and I am glad to hear that the Governor of the State of Michigan had the manhood to go ahead. The people of the State of Minnesota have a right to be protected, and the Constitution of the State of Minnesota provides that they shall be protected against criminals of whatever nature.

I think the time has come when we may as well do something here in Congress, and do something at once, to show these despots, these representatives of big business, and this judge particularly, who has been the tool and puppet of the Power Trust and the Railroad Trust and the milling interests and the big business organizations in Minnesota in general a number of years, that they have gone too far. We have two judges of that kind in Minnesota. The other is John H. Sanborn, and I shall take care of his case later.

Mr. Chairman, I do not think there is anything more that is necessary for me to state at this time in respect to this matter. I ask unanimous consent to extend my remarks by the insertion of some telegrams and letters between the attorney general of the State of Minnesota and others as well as myself and also of a resolution which I shall introduce today.

The CHAIRMAN. Is there objection?

There was no objection.

The matter referred to follows:

MINNEAPOLIS, MINN., January 18, 1934.

F. H. SHOEMAKER,

1005 House Office Building, Washington, D.C.:

Judge Molyneaux signed order today restraining Minnesota Commerce Commission from proceeding with investigation of Northwest Bancorporation. Commission also is restrained from starting any action, civil or criminal. Suggest you demand a Federal investigation Bancorporation affair and acts of Judge Molyneaux interfering with sovereign powers of Minnesota.

F. T. WOLF.

NOVEMBER 30, 1933.

Hon. H. H. PETERSON,

Attorney General Minnesota, St. Paul, Minn.:

Please wire immediately Senator FLETCHER, Chairman Subcommittee on Banking and Currency, demanding investigation of Northwest Bancorporation and First National Corporation. Your support in my efforts will be appreciated and a great help toward eliminating like conditions in the future throughout the Northwest.

F. H. SHOEMAKER,
Member of Congress.

THE STATE OF MINNESOTA,
OFFICE OF ATTORNEY GENERAL,
St. Paul, December 1, 1933.

Hon. F. H. SHOEMAKER,

Member of Congress, Washington, D.C.

DEAR FRANCIS: In answer to your telegram of Saturday, I beg to advise you that today the Commerce Commission of the State of Minnesota started an investigation of the Northwest Bancorporation and the First National Corporation pursuant to instructions issued by the Governor a couple of weeks ago. I presume that you were aware of this fact.

I should like to know why you want me to make a request upon Senator FLETCHER, Chairman of the Subcommittee on Banking and Currency, demanding an investigation of the Northwest Bancorporation and the First National Corporation in view of the pending investigation before the Minnesota Commerce Commission.

If you will advise me as to the facts that make this desirable at this time I will be very glad to join in your request. I think

that I should be in possession of information that will enable me to back up the action which I take, because undoubtedly I will be asked to explain why I have joined in such a request.

With best wishes and sincere regards, I am,
Yours very truly,

HARRY H. PETERSON,
Attorney General.

DECEMBER 4, 1933.

HON. HARRY H. PETERSON,
Attorney General, St. Paul, Minn.

DEAR MR. PETERSON: Referring to your letter of December 4, addressed to Congressman SHOEMAKER in connection with the investigation of the Northwest Bancorporation and the First National Corporation.

Mr. SHOEMAKER is now in Panama and will not be back until the first of the year. Having discussed the subject with Mr. SHOEMAKER, I take the liberty of submitting what we consider not only substantial but vital reasons why an investigation of the Northwest Bancorporation and the First National Corporation should be by Federal rather than by Minnesota authority.

The Northwest Bancorporation is organized under the laws of Delaware. It has 139 affiliated institutions, serves 115 distinct communities, and operates in 8 different States; namely, Minnesota, North Dakota, South Dakota, Iowa, Montana, Nebraska, Washington, and Wisconsin. It has been shown by Federal investigations already made that there has been a close connection between Wiggins, deposed and discredited president of the Chase National Bank, and Mr. E. W. Decker, president of the Northwest Bancorporation, Northwestern National Bank, and Minnesota Loan & Trust Co. The tentacles of this huge corporation reach over such a vast territory that it is beyond the limited power of a single State to show the danger lurking in interlocking directorates. You, of course, realize that Minnesota has no power to subpoena a witness beyond its own territorial limits, and any attempts to develop real testimony from without the State can be easily evaded.

We are of the opinion, therefore, that a State investigation would be a mere gesture without power of enforcement and would prove little but the futility of the effort. Whereas a Federal investigation has full power behind it to cover all interstate matters. A trained set of investigators are now employed by the Senate committee which is now in action and stripped for battle. A Senate investigation would receive national publicity which the State investigation would not receive, and if the State investigation should fail by reason of lack of enforcement powers, it would do more harm than good.

There is a nigger in the woodpile, and we suggest that the effort should be made by those in authority in Minnesota to enlist the other seven States interested; to join in a demand on the Senate committee through its chairman, Senator FLETCHER, to hold a speedy senatorial inquest which will be thorough and help to loosen the choking grip the Northwest is struggling under.

Yours very truly,

F. H. SHOEMAKER,
By OWEN M. LAMB,
Secretary.

House Resolution 233

F. H. SHOEMAKER submitted the following resolution, which was referred to the Committee on the Judiciary and ordered to be printed:

Resolved, That the Committee on the Judiciary is authorized and directed, as a whole or by subcommittee, to inquire into and investigate the official conduct of Joseph W. Molyneux, a district judge for the United States District Court for the District of Minnesota, to determine whether in the opinion of said committee he has been guilty of any high crime or misdemeanor which in the contemplation of the Constitution requires the interposition of the constitutional powers of the House. Said committee shall report its findings to the House, together with such resolutions of impeachment or other recommendation as it seems proper.

SEC. 2. For the purposes of this resolution the committee is authorized to sit and act during the present Congress at such times and places in the District of Columbia and elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearing, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony as it deems necessary.

Mr. CARY. Mr. Chairman, I yield 30 minutes to the gentleman from Georgia [Mr. VINSON].

Mr. VINSON of Georgia. Mr. Chairman, I feel that the House is exceedingly fortunate in having in charge of naval budget matters my distinguished colleague, the Honorable WILLIAM A. AYRES, of Kansas.

Like myself, he has consistently stood for a Navy in accordance with our United States naval policy, but ever watchful to see that the cost is confined to absolute essentials and held to the lowest figure consistent with economy and efficiency.

The bill that he has presented to the House today, like similar measures he has presented in former years, well demonstrates his sound judgment touching naval matters.

I have examined his bill and I have read rather thoroughly his hearings and report, and I propose to give my support to his bill in all its various phases.

It calls for a total of \$284,747,244 of direct appropriations, as against \$308,669,562 for the current fiscal year. However, at this time it is not my purpose to speak to you with reference to the various provisions of the naval appropriation bill but to call to your attention the general condition and needs of the Navy.

Mr. Chairman, the fundamental naval policy of the United States, which has been affirmed for many years is, "To maintain the Navy in sufficient strength to support the national policies and commerce and to guard the continental and overseas possessions of the United States." Please note clearly that the protection against invasion of our continental territory is only one of the obligations which has been placed on our first line of defense. It may well be that the protection of outlying possessions and the support of our policies and commerce will prove the more difficult parts of the task.

It is important to recognize that, for it will help to clear away the statement which is made so frequently that the United States needs a navy for defense only; that is, for the defense of the coasts. It is to be hoped that the United States will never engage in war except for the defense of her rights, her obligations, or her essential interests. In that sense, our policy is purely defensive but, since we have vast interests beyond the seas, it follows that the Navy cannot be limited to coast defense. And it must be added as a military axiom that war, however defensive in moral character, must be waged aggressively if we are to hope for success.

For national security, it is not sufficient to have the will to enforce a principle which is firmly held and avowed. There must be a clear expression of national purpose accompanied by evident and sufficient means to carry it into effect. Provided the policy is maintained with a courteous consideration of the rights and susceptibilities of other nations, this will afford the surest safeguard against war. On the other hand, no condition is more hazardous than the existence of the dormant popular feeling which may be fanned to fever heat by a moment of great passions but behind which lies no organized power for action.

At the end of the World War the United States was about to become the dominant naval power of the world. When the Washington Conference assembled in the fall of 1921, we possessed a naval force, built and building, which was stronger than that of any other power. This had been created in accordance with our announced policy to maintain a navy second to none, which policy came into being because of the fact that during the World War we were unable to maintain neutrality and did not have the power to compel it. We felt deeply that our interest demanded this protection and it was obvious that the wealth and industrial resources of the United States made it possible for us to provide it.

No doubt, every Member of this House remembers the result of that conference. As an altruistic contribution to world peace, we took the unprecedented course of surrendering voluntarily the naval supremacy which we then possessed. We agreed to scrap 11 of the most powerful battle-ships and battle cruisers which have ever been designed. They were then approaching completion and had cost \$94,757,000. When finished they would have aggregated 465,800 tons. In addition, we agreed to scrap 20 completed battle-ships. Further, we agreed not to increase the strength of our naval bases or fortifications in the Pacific, except on the coasts of the United States, Alaska, the Aleutian Islands, Hawaii, and the Canal Zone, and not to establish new bases or fortifications in insular possessions which we then held or might acquire. In doing all this, we had announced to the world, in the most unmistakable terms, that we were willing to forego supremacy and that we would be content with strength equal to that of Great Britain but measurably greater than that of any other power.

No other country made a contribution to the cause of disarmament which can even be mentioned in the same

breath. Not only did we give up much more at that time than did any of the others, but, in addition, in the following years we were very slow to build anything else, whereas each of the other great navies was built up very actively in the classes which had been left unlimited. Within the space of 10 years, Great Britain provided for 134 new combatant ships, Japan 130, France 166, and Italy 115. By contrast, the United States provided for but 34. This culminated in the 4 years of the Hoover administration during which not one new ship was authorized for the United States Navy.

At the Geneva Conference of 1927 and at the London Conference of 1930 we were not in a position to make a similar sacrifice again and none of the others was willing to do so. Geneva was a complete failure and London arranged for no scrapping except that the disposal of a small number of the older battleships, which had been agreed upon at Washington, was somewhat expedited. There was, however, an agreement to limit the strength in each category which previously had been unrestricted but the percentage allotted to Japan in the lighter vessels was appreciably higher than that granted to them in capital ships and aircraft carriers at Washington. Since then Japan has made it clear that she is dissatisfied with any limitation below the strength permitted the United States and Great Britain, and it seems likely that she will refuse to continue the present ratios after the end of 1936, when the current agreement expires.

At the time of the conference, the belief throughout our country was that the ratio of 5-5-3 having been fixed, we would continue to maintain our Navy substantially at the specified level. Without doing so, it would be impossible either to guard our interests or to discharge our responsibilities. Instead of maintaining parity with Great Britain and a superiority over each of the other powers, we have let our strength in the lighter categories, that is, in the light cruisers, destroyers, and submarines, slip to fifth place and a very poor fifth at that!

When President Roosevelt entered the White House our prospective shortage, on the date that the treaty is to expire, amounted to the staggering total of 135 ships. To attempt to make up this great deficiency in the short time of less than 4 years then remaining was beyond the realm of possibility. However, a start could be made. The National Industrial Recovery Act authorized the President to undertake the construction of naval vessels and aircraft required therefor within the terms and limits of the London Treaty. Six weeks after this act had been approved and in accordance with its provisions, contracts were awarded for the construction of 32 ships of 120,600 tons. Besides these, in accordance with previous authorization and appropriation acts, contracts were let for 5 ships aggregating 17,400 tons.

The 37 ships so contracted for are the following:

	Tons
1 10,000-ton cruiser with 8-inch guns.....	10,000
4 10,000-ton cruisers with 6-inch guns.....	40,000
2 20,000-ton aircraft carriers.....	40,000
8 1,850-ton destroyers.....	14,800
16 1,500-ton destroyers.....	24,000
4 1,300-ton submarines.....	5,200
2 2,000-ton gunboats.....	4,000
37	138,000

Every single one of these vessels is desperately needed by the Navy. However, to provide against the remote possibility that the United States might enter into an international agreement for the further limitation of armament, the President is authorized by the National Industrial Recovery Act to suspend, in whole or in part, any naval construction undertaken under the provision of this act. A conference to consider naval armaments is scheduled to meet in 1935, but it is a fact that the United States is so far short of the limits provided by the London Treaty that it is utterly inconceivable that the navies of the world will be reduced to a point which would make any part of our new construction unnecessary. The Geneva Conference of 1927 and the London Conference of 1930 made it perfectly clear that no other nation is willing to scrap ships as we did by the Washington

Treaty in order to reduce its strength to that of the United States.

The primary purpose in building warships is to provide means for protecting our interests and for supporting our policies. In addition to this, however, the effect of shipbuilding as a stimulus to industry cannot be overemphasized. In the first place, the recent contracts assured employment for many thousands of skilled artisans, whose special training and abilities are essential to our continuance as a seafaring nation. Until August 1933 it had seemed certain that they would be forced into the ranks of the unemployed. In the second place, the building of a ship is a truly national undertaking, to which every State of the Union contributes a share. Steel, lumber, paint, machinery, electrical equipment, metal fittings, furniture, and so forth, come from widely separated sources and in great quantities. The assembly and transportation of these materials provide occupation for additional thousands, with the accompanying circulation of wealth, which recently has been so badly out of adjustment.

Then, when she is completed, each ship will require great quantities of fuel, food, ammunition, and other supplies of many kinds. Almost all these come from domestic sources, even when the ship is cruising in foreign waters. As an example, when the fleet made a goodwill cruise to Australia and New Zealand in the summer of 1925, the entire force of 25,000 men was entirely subsisted, fueled, and supplied from home ports for a period of 5 months, an undertaking which many had previously considered entirely impracticable.

In view of our inability to make up our great deficiency in under-age tonnage prior to the end of the London Treaty, it becomes necessary to extend the life of our present ships by making such repairs and alterations as may be necessary to keep them in a satisfactory material condition. Of course, it must be recognized that no amount of modernization can make an old ship equal to a new one. The art of designing and building has advanced so rapidly that that is not possible. Furthermore, the cost is high for the results achieved. It can be justified only on the ground that it is the best way out of a bad situation. We are unable to replace all the over-age units now, partly because of the excessive drain on the Treasury in a short time and partly because of the lack of sufficient shipbuilding capacity and finally because it is very important to spread out the program so as to make it as nearly uniform as possible. A steady work load is essential to economical construction as well as to the best design.

It is a fact, too, that any appreciable variation in the rate of building is apt to bring accusations that we are starting an armaments race. Nothing is further from our minds and there is no justice in the charge. It is but necessary to point out how very short we are of treaty limits and how very slow we were to build cruisers and destroyers and submarines after the larger categories had been limited, whereas Great Britain, Japan, France, and Italy strained every nerve to increase their strength. In spite of these facts, however, the announcement of our intention to commence part of the long-deferred building brought many allegations both from foreign sources and from some misguided Americans that this would be an unfriendly act and that it would compel corresponding action abroad. Such statements are absurd and they collapse as soon as the facts are known, but you may expect similar propaganda whenever we attempt to correct weaknesses which have been allowed to develop in a period of laxity.

Approximately 3 years will be required to complete the vessels which are now building. As the time approaches for the launching of each, we must be ready to lay down another so that the objective of a steady continuous program can be attained. We must break away from the old hit-or-miss system with alternating periods of intense activity and complete idleness with which we have been plagued in the past. Feast is almost as undesirable as famine. By holding to a steady work load, our ships will be cheaper and vastly better. They will be better designed and better built. I urge that

the United States adopt now a fixed policy of building its Navy substantially to the limit in each category which has been or may be prescribed by international agreement. This objective could be attained, without any unusual effort by the year 1939. When that objective has been attained, steady replacement of over-age ships should be provided for so that at all times we will have a Navy which is equal to its responsibilities. In this way, the welfare and security of our country will depend upon ourselves and not upon the generosity of any foreign power.

Most of you realize probably that a fleet is a very complex organization. No one type of vessel or weapon, in whatever numbers or of whatever excellence, is able to assume the entire burden of guarding our interests in the event of hostilities. Each has its special function which no other can discharge so well. Each has certain limitations which might prove fatal unless that blind spot were protected by the appropriate means. Yet we have insistent propaganda by some enthusiasts that our entire reliance be placed on one type, to the exclusion of all others. At one time it was fire ships, at another frigates, later on torpedo boats, to be followed in turn by submarines, and finally by aircraft. Still another school of thought insists that we abandon all else and entrust our homes and our loved ones solely to the protection afforded by a sense of our own altruism and righteousness.

Not at all! I maintain that our sure shield is an active, well-trained, fully manned fleet; made up of all types in the proper proportion. It is unnecessary to provide any one kind of equipment to excess, but we are faced with grave danger when one or more are allowed to become deficient.

What the proper proportion is may vary from time to time and is determined by many technical considerations, including our geographical situation and the strength of possible opponents. We must, of course, and we have every intention to adhere strictly to the limitations which are set by treaty. However, we have learned to our sorrow that a high-minded, self-sacrificing contribution to disarmament cannot be expected to influence any other nation to take a similar course. Consequently, we are forced to bring our strength in the several categories substantially to the level which has been agreed upon. In doing this, we cannot be justly accused of participating in an armament race or of planning to attack a neighbor. We are a peaceful people and would much prefer never to be drawn into war. At the same time one cannot fail to take note of the tense situation that exists throughout the world, and it would be foolhardy in the extreme not to make reasonable preparations against possible eventualities. Never was the maxim—"Trust in God but keep your powder dry", more apt than at the present.

A navy, to be of any use in times of emergency, must be maintained throughout the intervening times of peace. However patriotic our citizens or whatever effort they may be prepared to make, their exertions will be largely ineffective if they are delayed until the last minute. Even with unlimited money, the building of a ship requires a long time and a very expert organization. Then, when she has been completed, another long period of intensive training of her crew is required before she can be considered ready to take her place in the battle line. During the World War the United States suspended all other building for the Navy in a superhuman effort to turn out destroyers with which to fight the U-boats. A hundred and seventy-one of this type were laid down, but only 38 of them were completed and only 27 reached the war zone prior to the armistice. And a destroyer is a small ship which can be built more quickly than any other type. In general, it may be accepted as true that a naval war must be fought with the vessels on hand at the outbreak of hostilities. Woe betide that nation which delays its preparation until the hour of need!

By the London Treaty the United States, Great Britain, and Japan agreed not to lay down any replacement battleships until after 1936. In 8-inch-gun cruisers, we are allowed 18, of which the seventeenth will be commenced in 1934 and the eighteenth can be started in 1935. In the

6-inch-gun cruiser category, however, we will be 33,000 tons short of our allowance, even after the four 10,000-ton units recently contracted for have been built. This shortage is important and must not be forgotten.

In the air our Navy has been a pioneer. Perhaps we have gone farther in that field than any other power. Certainly there is throughout the Navy a very thorough realization of the importance of fleet aviation. All concerned are determined to maintain and to develop this arm. Until now the great need has been for additional aircraft carriers. Under the Washington Treaty we are allowed 135,000 tons of carriers. We have completed 2 of 33,000 tons each and 1 experimental carrier of 11,500 tons, which may be replaced at any time, and we are building 3 which will aggregate 53,800 tons. The first of these, the *Ranger*, which will be commissioned next spring, is the first carrier which we have designed originally for that purpose. The *Lexington* and *Saratoga* were converted from battle cruisers, and the *Langley* originally was a collier. Since carriers are such a new type, it would seem wise to delay using up our remaining tonnage in this category until the *Ranger* has been in commission for a time. It is important to test her thoroughly so as to be sure that we know just what features should be incorporated in future designs.

In destroyers our situation is vastly different. Indeed the United States is shockingly and dangerously deficient in this category. By treaty we are allowed 150,000 tons of them. A casual examination of the Navy list might lead one to think that our situation is satisfactory, for it now shows a total of 251 destroyers of 267,470 tons. The "nigger in the woodpile" is that every last one of them will have become over-age within the next few months, and their military usefulness is about at an end.

Mr. WOODRUFF. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. WOODRUFF. As a matter of fact, have not a large majority of these destroyers been tied up at the docks for a number of years, out of commission?

Mr. VINSON of Georgia. That is correct.

Mr. WOODRUFF. Is it not a fact that a ship out of commission deteriorates much more rapidly than one in commission?

Mr. VINSON of Georgia. The gentleman is entirely correct about that.

Mr. WOODRUFF. And it is for that outstanding reason that it is important to replace these destroyers at the earliest possible date?

Mr. VINSON of Georgia. That is right.

Mr. COCHRAN of Missouri. Will the gentleman yield right there?

Mr. VINSON of Georgia. I yield.

Mr. COCHRAN of Missouri. I wonder if the gentleman or his committee has given any thought to the dieselization of some of these ships? With all other nations dieselizing their merchant marine and navies, the United States seems, for some reason or other, to eliminate the diesel engine entirely, especially from use on battleships. There is no sound reason for this.

Mr. VINSON of Georgia. I may state to my colleague that is a technical engineering matter that is better passed on by the technical experts than by us laymen on the committee; but we all recognize in a general way the great usefulness and advantage of the diesel engine over some other types of engine, and it is to be hoped that the Navy will use that type of engine if they find it satisfactory.

Mr. COCHRAN of Missouri. I am very glad to hear the gentleman say that, but I wish to say to the gentleman that the trouble with the technical men in the Navy is that they are afraid to recommend dieselization of the battleships, because they say it is experimenting. It is not experimenting, because other nations of the world have done it with success. All other nations cannot be wrong and the United States right. The diesel engine should be installed in some of these ships.

Mr. VINSON of Georgia. I do not agree with the gentleman that the technical experts in the Navy Department are

afraid to blaze out on new untired pathways or trails; but it is purely a technical matter as to the character and type of machinery used on the various types of ships and it must be handled by technical experts. Now, let me call attention again to the situation of the destroyers.

Mr. COCHRAN of Missouri. I do hope the Naval Affairs Committee will give this matter some thought. The diesel engine industry is needed in time of war. Every other large Government is helping the industry, but the United States at this time does nothing. It is essential that something be done. Let them put diesel engines in tankers, airplane carriers, mine layers, and so forth, if they do not want to place them in battleships. If this were done, the Navy would learn how valuable these engines are.

Mr. VINSON of Georgia. They were built as a part of our effort in the World War, and the last of them were completed in 1922. From that year until 1932 we laid down not a single unit of this type, whereas in the same period Great Britain laid down 36, Japan 43, France 55, and Italy 39. Even if our war-time destroyers were as well designed as those recently built by foreign powers, which they most certainly are not, their very age would place them at a most serious disadvantage in action. One might as well expect a model T Ford which has been on the road for 10 years to give the same service as the latest V-8. A start has been made, under the leadership of President Roosevelt, toward remedying this bad situation. We now have under construction 32 destroyers which will aggregate 50,800 tons. However, this program must be recognized as a start only, and it is imperative that we continue uniformly.

In submarines our position is somewhat better, though far from satisfactory. The United States, Great Britain, and Japan are allowed to have 52,700 tons each in this category. At the end of the London Treaty the under-age tonnage remaining to each from those now in commission will be:

Country	Subma- rines	Tons
United States.....	18	24,810
Great Britain.....	30	38,400
Japan.....	38	52,272

In addition to the above, we have under construction 6 submarines of 7,460 tons, Great Britain 7 of 7,805 tons, and Japan has 6 of 8,200 tons. Besides these, Japan has appropriated for 9 more of 11,000 tons. Provided all of the above are completed, it is easy to see that our total of under-age tonnage at the expiration of the treaty will be 20,430 tons less than permitted, whereas Japan will have an excess of 18,772 tons. This excess is allowable under the provision of the treaty which authorizes the laying down of replacements 3 years in advance of the year in which the unit to be replaced becomes over-age. It emphasizes, however, the Japanese determination to keep right up to the treaty limits in contrast with our complete failure to do so. Also it should be remembered that the signatories are not required to reduce to the limits set until December 31, 1936. Until that date any excess tonnage which happens to exist may be retained.

There is a grave misunderstanding in our country as to what a Navy must be in order to exert its full influence for peace. Almost invariably, naval strength is spoken of in terms of the numbers of ships built and building, without consideration as to whether they are manned or whether it is possible to obtain trained crews for them. Some people seem to think that a ship is always ready whether she is manned or not.

At the time of our entrance into the World War, the United States possessed a highly trained battleship force, but little else. It became necessary immediately to expand the Navy very greatly, to provide armed guards for merchant ships, to train crews for the troop transports, without which our armies could not reach the scene of action; to man destroyers and submarine chasers and mine layers and con-

verted yachts. But, to do these things trained men must be provided in great numbers, and there was no reservoir from which they could be drawn.

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

Mr. AYRES of Kansas. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. VINSON of Georgia. We were fortunate indeed that the battleships were not required to engage in battle at once. By turning them into training schools and by placing each trained man where he would be most useful, it was possible to instill in many thousands of new men the rudiments of their naval duties. The task was accomplished and brilliantly, but please do not forget that it completely destroyed for the time being the readiness for action of a force which a few months before had been prepared for any emergency.

Mr. GOSS. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. GOSS. Is the gentleman planning to offer an amendment to the pending bill which will increase the building program?

Mr. VINSON of Georgia. Of course it would not be in order. I will say that the Naval Affairs Committee is holding hearings today, and I hope during the week to report out a bill authorizing Congress to bring the Navy up to treaty strength.

Mr. GOSS. It is too bad the gentleman cannot give us that authorization while the bill is pending.

Mr. VINSON of Georgia. The bill will probably be pending, because we hope to get it out of committee this week.

Mr. HEALEY. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. HEALEY. I observe that the item for pay, subsistence, and transportation is less in this bill than it was in the 1934 estimate. Does that mean it is contemplated to operate the naval vessels with a complement less than 100 percent?

Mr. VINSON of Georgia. That is exactly it. I am coming to that right now.

Mr. MOTT. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. MOTT. In view of what the gentleman just stated about the need for increased personnel for the Navy, what is the gentleman's opinion as to the bill that was offered by the administration at the last special session, and passed, providing that only one half the graduates of the Naval Academy should be commissioned?

Mr. VINSON of Georgia. I was thoroughly in accord with the bill, because we had more officers than we had ships. Now, we are building the ships and as soon as we get the ships we will have to have officers. We do not want the officers until we get the ships for them.

Mr. MOTT. That is true.

Mr. VINSON of Georgia. And if the gentleman will help us get the ships, then we will have sufficient officers to man them.

Mr. HEALEY. Will the gentleman answer my question now?

Mr. VINSON of Georgia. I only have a few minutes remaining, I must finish first and then I will answer questions.

The problem then becomes largely that of providing in sufficient numbers the officers and men without whom the material is worthless. They must be especially trained in many fields. In the recruit, it takes a long time to acquire not only familiarity with the use of a particular weapon or instrument or piece of machinery but also with the habits and customs of the organization which he has joined. He must learn the relationship of the other parts of the ship to his own so that he may be able to take over the duties of someone else who has been disabled.

To develop such proficiency requires much time and still more is needed to retain it. After a thoroughly efficient man-of-war's man has been developed, you cannot store him as you do with guns and ammunition. To retain his skill, continued practice is demanded. That is why there

must be a succession of maneuvers and drills and gunnery exercises.

The personnel of the Navy is not surpassed in excellence or in technical skill by any corresponding body of men in the world. Time after time, from the earliest days of the Republic, this branch of the service has faced crises and emergencies with never an incident of which we should not be proud. It will be many a long day before the cities of southern California forget the quickness and resourcefulness and general competence with which the battle fleet brought order out of the chaos caused by last spring's earthquake at Long Beach. The Navy develops good citizens and it instills loyalty, devotion to duty, and energy in officers and men alike.

The difficulty is that we have not enough of such men. In the attempt to reduce governmental expenditures, the number of enlisted men has gradually been reduced until now we have somewhat less than 79,000 instead of the number of 137,485 which is authorized by law. This has made it necessary to reduce the complements of ships below the danger point. Ships are being operated with crews that are entirely inadequate. The guns are not properly manned and the ships cannot steam at their maximum speed. Because of insufficient personnel, we are now operating some 30 destroyers with only 40 percent of the proper complement, in what is called a rotating reserve. The larger ships in active commission now have about 80 percent of their assigned complements.

Of course it is obvious that we cannot, in time of peace, maintain the Navy on a war footing. I feel strongly, however, in the present state of world affairs, that the ships of the active United States Fleet must have sufficient personnel to be ready to meet an emergency. This means that they must have not less than 85-percent complement, and they must be trained to the highest state of efficiency. To do this will require for the fiscal year 1935 a minimum of 85,000 men. For 1936 to provide for ships now building, which will then be ready to go in commission, that number must be increased to 93,000 men; for a peace-time treaty Navy, with only the minimum of auxiliary vessels, somewhere between 105,000 and 115,000 men. Then, if the need for mobilization should come, expansion could be carried on without destroying the readiness for battle which had previously been developed. Unless trained crews are made available, the building of ships is a futile gesture, misleading to our own people, and of very doubtful support to the national policies. Never again can we count on the assistance of some other fleet for a year or more while our own is being made ready. [Applause.]

Mr. MOTT. Will the gentleman yield there?

Mr. VINSON of Georgia. I yield.

Mr. MOTT. In view of what the gentleman has just stated, does the gentleman still say it was proper to pass that bill at the last session, reducing the number of officers that could be commissioned in the Navy by one half?

Mr. VINSON of Georgia. I do, for the simple reason that we had no place for them. When we get the new ships we will have places for them.

Mr. MOTT. What is the gentleman advocating now in regard to increased personnel?

Mr. VINSON of Georgia. I am advocating that the enlisted strength be brought up to 85,000 men, and that we have sufficient officers to man the ships in existence today.

Mr. HEALEY. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. HEALEY. Will the appropriation contained in this bill supply sufficient money to maintain 85,000 personnel with competent naval officers?

Mr. VINSON of Georgia. I do not think so. I think it has got to be increased.

Mr. DOCKWEILER. What is the consensus of opinion in the Committee on Naval Affairs with respect to the order of the President bringing the fleet from the Pacific to the Atlantic coast at this time?

Mr. VINSON of Georgia. The Committee on Naval Affairs does not delve into departmental matters. That is

purely a question of policy. Of course, the people on the west coast want the fleet there all the time and the people on the east coast want it here; but let me say the Navy is not based on the west coast or is not based on the east coast, but is sent where national needs require it. [Applause.]

Mr. SHOEMAKER. Mr. Chairman, I ask unanimous consent to incorporate in the RECORD a resolution I introduced in the House.

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

There was no objection.

Mr. SWICK. Mr. Chairman, I yield 30 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, first I desire to compliment the distinguished gentleman from Georgia [Mr. VINSON] on the speech he has just made. I think it is the best big-navy speech that has been made in the House in several years [applause], and I am very glad he made the speech today because he has the confidence of the Chief Executive. Any measure introduced by the gentleman from Georgia will receive kindly consideration at the hands of the distinguished gentleman now in the White House, I am sure.

The casual reader of the CONGRESSIONAL RECORD tomorrow morning when he goes through that speech will wonder just why or how under the name of Heaven a country so enlightened as ours, a country so progressive as ours, a country so rich as ours, could allow itself to fall into such decay in its national defense through the past 15 or 20 years.

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

Mr. BRITTEN. I yield.

Mr. EAGLE. Why did it do so? I am like the casual reader; I should like to know why it did.

Mr. BRITTEN. In the first place, President Harding was completely deceived by Prime Minister Balfour, who came over here in 1921 for the first disarmament conference. The pacifists of the world were calling for disarmament. Well-intentioned people everywhere were calling for military disarmament. We had, as the gentleman from Georgia so properly said, the greatest, the strongest, the heaviest-hitting group of ships the world had ever known before and we were proceeding with their construction in an orderly manner. Well, the statesmen of England—and they are great statesmen; and the diplomats of France—and they are foxy and deceitful—devised what was called the Washington Disarmament Conference. President Harding and his group of statesman swallowed the conference bait, hook, line, and sinker—someone says including the bobbin and pole. He must be a fisherman!

I recall distinctly we agreed to scrap, to destroy the very backbone of our Navy in big ships. I remember distinctly Prime Minister Balfour, a tall handsome gentleman, when we had agreed on the 5-5-3 ratio for battleships and for tonnage on airplane carriers, nothing else; Balfour stood up in the hall of the Daughters of the American Revolution and slapped his hands on his chest like this, thoroughly pleased with what he had accomplished, and he said, "This 5-5-3 ratio is going to apply in principle to all the other categories."

Mr. Chairman, they did not get together definitely on cruiser tonnage, on destroyer tonnage and on submarine tonnage because that was not what England and France wanted; they did not want to get together on those categories because in this direction they were already vastly superior to us on the seas. So the thing to do was to clip our wings where we were becoming strong, and this was in the first-line ships, the big battleships. However, following the question of the distinguished gentleman from Texas [Mr. EAGLE] Balfour had barely gotten back to England after suggesting that the 5-5-3 ratio would in principle prevail in the building of all new warships, when the British Admiralty started building more cruisers. In 7 years their cruiser tonnage was so preponderous, so superior to ours, that we were ridiculous on the high seas as far as a well-balanced first-class navy was concerned. The Washington

Conference positively wrecked the American Navy in prestige as well as in real fighting value.

President Coolidge followed President Harding. The French and British kept telling us to wait with our cruiser plans until the Disarmament Conference in Geneva had a chance to determine on cruiser tonnage. All the time they were building more cruisers, more submarines, and more destroyers of the very latest type, built after the war and, of course, incorporating in their construction the lessons learned from the experience of the war while our poor old destroyers, a couple of hundred of them, had been built in any kind of a shipyard, in very short time, and under wartime conditions, not, of course, equal to the ordinary cruiser or destroyer which we could have built under different circumstances. Most of them were used in convoying troops and supplies to France. The disarmament preparatory conference, the disarmament conference, and various conferences have been going on between 9 and 11 years, never accomplishing anything but always handing out as bait to these misguided pacifists, men and women, that it would be foolish to spend money for warships now because that conference is going to take place next year in Geneva—always next year in Geneva. Finally Calvin Coolidge, who thought he was a great trader—and I think he was—a very great President, a very sincere man, and a man who was led by high ideals of disarmament and economy, believed what they said when they told him they would meet next year in Geneva and determine upon the proper limitation for cruisers, destroyers, and submarines. He was so convinced in the matter that he provided for no new construction whatever during that period.

The Coolidge Geneva Conference met and, like all of its predecessors, was a dismal failure. The President was sure he had been tricked by the European diplomats. He was bitter toward the entire outfit. He called our dear old friend Tom Butler, then chairman of the Navy Committee, down to the White House and he said: "Introduce a bill tomorrow morning to bring the Navy up to treaty strength." I do not know how many hundreds of millions of dollars that program was to cost. John Pugh over there can probably tell us. It ran about \$800,000,000. President Coolidge wanted the authorization passed at once, he was so miffed, so hurt by the deceit that was practiced upon him by these foreign powers; he was prepared to show the world that he meant business; and Butler introduced that bill.

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

Mr. BRITTEN. I yield.

Mr. McFADDEN. I happened to be in London when the bill was introduced. The headlines in the London paper said it was a \$2,000,000,000 program. The British at that time were very much disturbed about it.

I hope the gentleman will get enough time to tell the House, in the same lucid manner that he is now speaking, how we were let down at the London Conference.

Mr. BRITTEN. Yes; I am coming to that.

At the time Coolidge's enormous bill was presented the country was startled by the fabulous sum suggested for the construction of warships by this economical President. Nothing came of that bill because it was what might almost be termed a spite bill—and I do not mean that in any derogatory sense to President Coolidge, but his feelings were terribly hurt.

France and England had definitely led him to believe they were prepared to agree with the United States on cruiser and destroyer and submarine tonnage at a forthcoming conference. They led him to believe that they were going to reduce armaments, at least as far as the Navy was concerned, but they had not the slightest intention of doing that any more than they have of paying their debts unless we insist upon their doing so. They do not do business that way.

Then along came Mr. Hoover, completely mystified and deceived by these proposed conferences, each succeeding

one sinking our Navy into further depths and utterly out of balance.

I talked with Mr. Hoover one day before he took the oath of office. He sent for me, as he sent for other chairmen of important committees, in order to talk about matters affecting their particular jurisdiction in the House. I had the same ideas about the Navy then that I have now. The gentleman from Georgia and I have always been together on these bills, our desire being to build up this great right arm of the national defense to a point where it is commensurate with our Nation's position in world affairs. The gentleman from Georgia [Mr. VINSON] has always been for that and so have I.

I talked with Mr. Hoover about construction. He said he had just talked with Ramsay MacDonald, the great labor leader of England, and that while he did not tell me so, the new President was of the opinion that Ramsay MacDonald was going to control the British Admiralty and that Mr. MacDonald, being of a pacifistic trend himself and being an economist, would certainly see that the British Admiralty recommend a reduction in ships and in expenditures for the Navy. I said: "Mr. President, I do not believe that will transpire. I am satisfied that as in the past the British Admiralty will still control the British Nation, at least insofar as building warships is concerned, because they know more about its importance than Ramsay MacDonald does." He said, "Congressman, you do not know their new form of government."

This is what led me to believe what I have just told the House. What transpired? When he became President, Mr. Hoover was so certain that Ramsay MacDonald and the rest of those Britishers would agree upon reduction of armament and would live up to their promises that he did not authorize a single new ship during his tenure of office. Franklin Roosevelt did more, as I said the other day, with the scratch of a pen for the American Navy and the national defense than has been done by all of the rest of them put together in the past 14 years. [Applause.]

Let me suggest this thought to you. Take the greatest statesmen and leaders of the world today, men like Mussolini, Hitler, and Stalin. What do they say about the prospect of war? I do not mean a war between any particular two peoples. I mean a great conflagration that is likely to be as bad or even worse than the World War. Those men and their enunciations are what is responsible for the President's remark when he came here the other day and said that he could not view with any optimism the future of world peace. The President was not optimistic concerning that possibility. Why? No one in the United States should know more about world conditions than our President does. He has a very keen, up-to-date, alert mind. He is not being bamboozled by what these fellows on the other side say, but the great statesmen of the world say that within 12 months there will be a war and that the United States will become embroiled in it; in other words, that we will not be able to keep our country out of it.

We cannot pooh-pooh what they say and conjecture: What does that Frenchman know about this situation? Or what does that Britisher know about the situation? They study world politics much more deeply than we do.

If there is anything dangerous in the atmosphere today we certainly should not neglect our first line of defense. We have the money. We are spending \$1,000,000 an hour in all sorts of artificial endeavors to kill this depression. Think of it, \$1,000,000 an hour! We are spending that much money as I talk, for various artificial means to destroy the depression and correct this terrible situation of unemployment.

Mr. ALLGOOD. Will the gentleman yield?

Mr. BRITTEN. Yes; I yield to the gentleman from Alabama.

Mr. ALLGOOD. The gentleman is an authority, I know, on naval affairs. What is the life of a first-line battleship, usually?

Mr. BRITTEN. Between 20 and 22 years, depending upon its upkeep and all. They regard it usually as 20 years.

Mr. ALLGOOD. So we have saved by carrying out the program of not building battleships during the last 14 or 15 years?

Mr. BRITTEN. Yes; we have saved money because since the World War we have not built any of those ships.

Mr. ALLGOOD. And in that way we have saved money to be applied on the national debt.

Mr. BRITTEN. For 10 years we reduced the national debt about \$1,000,000,000 a year.

Mr. ALLGOOD. And has not the perfection of the bombing plane shown the futility of spending millions of dollars on battleships?

Mr. BRITTEN. No; that statement is entirely erroneous.

Mr. ALLGOOD. I wish the gentleman would explain that statement. I have always thought that the perfection of bombing planes had kept down such a building program. I am for national defense, but I have always thought that the development of the bombing plane has shown the futility of spending millions of dollars for battleships.

Mr. BRITTEN. We are spending now \$1,000,000 an hour for artificial stimulation of trade and we are spending this money on matters of much less importance than the national defense. National defense, after all, is our very life. It is everything we have in the world, and surely nothing could be more important; and, as the gentleman from Georgia [Mr. VINSON] has very clearly pointed out, every dollar that goes into a battleship goes into some State for rubber, furniture, paint, steel, and practically everything that is manufactured in the United States, and, of course, the matter of employment of labor is also involved.

Without throwing a scare into the world that we are aiming at offense, the time to carry on this program is right now.

No nation on earth has anything that we desire by conquest. We are building 54 ships at the present time in our various Federal and private yards. Let us appropriate now more money for more ships and let us not think of saving money, as my good friend from Alabama [Mr. ALLGOOD] said a few minutes ago. While we wait on such construction we might be saving a little money, but we might be saving it at a tremendous future cost, because we need a Navy now that is completely up to date. [Applause.] You cannot make an officer in a day or in a year or in 10 years. You can prepare one for one of the lower grades, but you cannot make an officer who can go on a ship and be worth much in less than 10 years. Is war going to wait for 10 years on us?

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

Mr. BRITTEN. Yes.

Mr. McFARLANE. Does not the gentleman believe that some of the best money our country has ever spent was expended in building up the Navy to its proper strength during the administration of Theodore Roosevelt, and in the taking of our Navy around the world to let others see our first line of defense? As a peace gesture or as a matter of insurance, was not that worth more to our country than, perhaps, any other expenditure by our Government?

Mr. BRITTEN. I think it was worth 10 times what it cost.

In Europe and in Asia commerce and power go by "face", as they call it, and when they saw our great fleet, it gave them the impression that America was 10 or 15 or 20 times stronger than they had actually believed us to be. Millions of people in Europe and in Asia think we are still a young country, loaded with gold but with not much sense—and, because of our diplomacy, you can hardly blame them for feeling that way about it.

Our diplomacy during my lifetime has been exceedingly weak. I think I have known every Secretary of State in the last 22 years rather personally, and I think I have known most of the Under Secretaries and Assistant Secretaries of State. With one exception, and only one exception in my mind at the present moment, they were a lot of

polite, bowing, intelligent, more or less humble individuals; and I am referring to the Department of State as it is made up now. I am not including Secretary Hull, because he has not been there long enough to indicate what he is going to do; but everybody in the State Department under Secretary Hull is too polite to even think of Japan or think of France or think of England in harsh terms. This would not be diplomatic, and we must not do it. We might not be invited to the next dinner at the Embassy if we said anything that would lead our President to say something harsh, and this would be terrible. My young friend here, the gentleman from Missouri [Mr. COCHRAN], who knows everything, says I am scratched off the French list already [Laughter.] So are you, Jack.

Mr. COCHRAN of Missouri. I never was on the list.

Mr. BRITTEN. Neither was I.

We have a President in the White House who will think for himself and who is thinking for himself, and, unless I miss my guess, he is going to tell France and Belgium and Italy and England in no uncertain language just what we expect of them. [Applause.]

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

Mr. BRITTEN. I yield to the gentleman from Illinois.

Mr. PARSONS. Will the gentleman support him in the election next fall and support his program?

Mr. BRITTEN. I have been supporting his program on the floor here as strongly as has the gentleman; in fact, much stronger, because the gentleman from Illinois has not got on his feet and talked for his President as I have. [Laughter and applause.]

While I am not prepared to go into the details of the matter now, I am going to say what I intended to say at some time later in the week.

There is a clause in every one of our war-debt-funding treaties which provides that the debtor nation shall issue to the United States at any time or from time to time, at the request of the Secretary of the Treasury of the United States, in exchange for all of the bonds proposed to be issued hereunder and held by the United States, definitive engraved bonds in the form suitable for sale to the public, in such amounts and denominations as the Secretary of the Treasury of the United States may request, in bearer form, and otherwise on the same terms and conditions as to dates of issue and maturity, rate or rates of interest, exemption from taxation, and the like, as the bonds surrendered on such exchange, except that the bonds shall carry such provision for repayment of principal as shall be agreed upon; provided, that if no agreement to the contrary is arrived at, any such bonds shall contain separate provision for payments before maturity, conforming substantially to the table of repayments of principal prescribed by paragraph 6 of this proposal and in form satisfactory to the Secretary of the Treasury of the United States, such payments to be computed on a basis to accomplish the retirement of any such bonds by 15th of December 1934. The debtor nation shall deliver definitive engraved bonds to the United States in accordance herewith within 6 months of receiving notice of any such request from the Secretary of the Treasury of the United States and pending the delivery of the definitive engraved bonds shall, at the request of the Secretary of the Treasury of the United States, deliver temporary bonds or interim receipts in a form to be agreed upon within 3 months of the receipt of such requests.

Mr. Chairman, I now call upon the Secretary of the Treasury, Mr. Morgenthau, and I now call upon President Roosevelt to request of all our European debtors that the billions we now hold in our vaults in large notes, be exchanged for their bonds of small denominations which we may from time to time sell at the world market price when they become due and payable. It is not my expectation that we would ever destroy the French or the British bond market but on the contrary we would carefully preserve that market for its own best interests. The world could easily absorb the French and British annual war debt payments without the slightest effect upon their bond markets if the matter were judiciously handled.

Mr. McFARLANE. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. McFARLANE. Does not the gentleman believe we should now appoint a fact-finding commission to investigate the ability to pay of all defaulting nations?

Mr. BRITTEN. No; I think President Roosevelt will do that. I am willing to take my chances on his judgment. He is forceful and he has today the respect of the entire world. He will get all the money if it can be done, and he will get it if he insists on the exchange of the large notes that we now hold for bonds of small denominations—\$50, \$100, \$500, \$1,000.

Mr. McFARLANE. The gentleman thinks that will be done?

Mr. BRITTEN. Yes; I do. I hope it will be done, and I now call upon the President in this rather unprepared manner, because I expected to talk later in the week about it—I am calling upon him to request the exchange of these notes and use those new bonds as the very foundation for our financial structure. It can be done—let him demand the exchange, and each year as the 50, 60, or 70 million dollars comes due, let us sell the bonds somewhere at the regular market price. Sell the bonds of small denominations in Paris or Belgium or Italy. I hope Mr. Morgenthau will call upon the debtor nations for exchange of our large notes for small-denomination bonds, so that we can dispose of them in the open market. [Applause.]

[Here the gavel fell.]

Mr. AYRES of Kansas. Mr. Chairman, I yield 30 minutes to the gentleman from Mississippi [Mr. COLLINS].

Mr. COLLINS of Mississippi. Mr. Chairman, very high regard is accorded party nominations throughout the South. Nominating contests are spirited and oftentimes bitter, but when nominations are made our citizens then forget party differences and go to the polls and vote for party nominees.

Our people have felt that party responsibility is essential and must be maintained. Accordingly every Southern State has set up ways and means of nominating candidates. In comparatively recent years the instrumentality used is the party primary. The qualifications to vote in these primaries are the same generally as the qualifications of electors prescribed in general election laws, with the added essential that the voter must be a member of the political party at whose primary he offers to vote. In most, if not all, States the State or district party committees have the right to add additional qualifications to vote in such primaries.

Party primaries came into existence because of the abuses that grew out of the old convention system. Circumstances arise, however, now and then where it is difficult, if not impossible, to use the primary to nominate party candidates, and in such cases the method used is left entirely to the governing party authority. Such statutes have been found necessary because it is believed necessary that a political party or parties have a candidate in every election whom all party affiliates can support as the party nominee.

In my own State, full respect by members of my own political party was accorded party nominations and the findings of legally constituted party organizations until the general election of 1932 for Members of Congress.

The Legislature of Mississippi passed a redistricting act. Many of our citizens were dissatisfied with it because it did not place in each of the congressional districts of the State an equal number of citizens. The validity of this law was immediately attacked in the courts. The Supreme Court of the State of Mississippi upheld its validity. Certain United States district judges held that it violated Federal statutes. The State Democratic executive committee accepted the views of the State supreme court and ordered congressional primaries by congressional districts, and congressional primaries were held by districts, and the Members of the delegation from Mississippi in this House were nominated by the voters of their respective districts.

Immediately after the holding of the primaries candidates holding themselves out as Democrats announced as candidates for Congress from the State at large in the general election in November. They contended there was no pri-

mary and criticized severely the action of the State Democratic executive committee in calling the primaries by districts. Then we saw in Mississippi a controversy arise that would have destroyed all respect for party responsibility and for party nominations in the future. Fortunately the Supreme Court of the United States advanced the case and decided it prior to the elections upholding our redistricting act.

I am firm in the belief that full respect and confidence must be accorded our party State organizations and their findings, otherwise party nominations are worthless and party organizations are useless.

With my own distasteful experience fresh in mind, upon learning of the congressional contest in the State of Louisiana I determined to investigate the facts in the controversy and the Louisiana law to satisfy myself if this case was at all similar to my own.

The essential facts relating to this contest are as follows:

Hon. Bolivar E. Kemp died June 19, 1933. About 10 days later Mrs. Kemp, his widow, announced that she would become a candidate to succeed her husband for his unexpired term. Immediately upon making this announcement her friends circulated petitions asking her to become a candidate and pledging her their support. About 35,000 persons signed these petitions. About 25,000 of them, with their addresses, were published in one or more newspapers of general circulation in the State of Louisiana. The persons signing these petitions constitute a very large part of the electorate of the district, for at the primary in which Mr. Kemp was nominated the total vote cast was 42,104.

Sometime after Mrs. Kemp's announcement, Mr. Sanders, Jr., Mr. Whitman, Mr. Silvert, and Mr. Nelson announced themselves also as candidates. Upon her announcement Mrs. Kemp requested the Governor of the State to set a date for the filling of the existing vacancy.

I have been told that the Governor stated that there would be an election held in Louisiana at an early date at which time the people of Louisiana would vote on the question of repealing the eighteenth amendment, and that when the date was fixed for this election that he would call a special congressional election for the same date.

The special election was not immediately called. Thereupon a petition for mandamus against the Governor was filed in the Federal court for the eastern district of Louisiana to compel him to call a special election to fill this vacancy. The district judge before whom the case was heard dismissed the proceedings with the announcement that the Constitution and laws of the United States impose upon the Governor full and complete discretion and authority to issue writs of election to fill such vacancies and that the courts were without jurisdiction.

At a later date a petition signed by several thousand citizens of the district was presented to the Governor, requesting and demanding that he order an election to fill this vacancy "in order that the Sixth District may have a Representative in the coming session of Congress."

After a lapse of a few days the Governor called the election. His proclamation was dated November 27, and the date set to hold the election was December 5. In calling the election it is presumed that the Governor acted upon advice of the attorney general—and I am advised that the attorney general, or one of his assistants, so testified.

Immediately upon the proclamation of the Governor the congressional executive committee, which is a subcommittee of the State central committee—an elective body—was called together for the purpose of selecting the Democratic nominees for the special election to be held December 5. The committee met in New Orleans at the headquarters of the State Democratic executive committee. A majority of its members were present in person or by proxy, and Mrs. Kemp was chosen by said committee as the Democratic nominee.

In the election of December 5 Mrs. Kemp's name appeared on the ballot as the regular Democratic nominee. No other name appears on said ballot, but there was a space on the ballot where the name of any other could be written in or voted for by the voters participating in the election.

An election was held in 9 of the 12 parishes. It was not held in 3 of them because an injunction was issued by Judge Tycer, of the Twenty-first Judicial District Court of Louisiana, enjoining the election officials from distributing the ballots. Other efforts were made to discourage the voters from participating in the election in many of the parishes comprising the district. An excess of 5,000 votes was polled, practically all of them voted for Mrs. Kemp. In such elections the vote is rarely as much as 5,000, and has been as low as 3,000, so I am advised. Mrs. Kemp having received the greatest number of votes cast in said election, and the result having been certified to the secretary of the State, the Governor issued his certification of election of Mrs. Kemp to the Clerk of the United States House of Representatives.

Certain citizens of the district, constituting themselves into an organization known as the "Citizens' Election Committee of the Sixth Congressional District of the State of Louisiana", called an election to fill the same vacancy and fixed the date for their election at December 28, and at this citizens' election committee's election Mr. J. Y. Sanders, Jr., received the largest number of votes cast in the election, and the citizens' election committee transmitted to the Clerk of the United States House of Representatives a certification of election of Mr. Sanders.

These are the facts as they have come to me. The only ones that are of prime importance are:

First. That the election was called November 27.

Second. That the date of the election was fixed at December 5.

Third. That on November 27, at 4 p.m., the congressional executive committee, a subcommittee of the State central Democratic executive committee, met in the city of New Orleans, at the headquarters of the State Central Committee, and selected Mrs. Kemp as the Democratic nominee to be voted for in the special election to be held December 5.

Fourth. That the ballots issued in the special election provided space on which the name or names of other candidates could be written in and voted for.

Fifth. That certain citizens of the district ordered another election to fill this vacancy and certified the result of said alleged election to the Clerk of the United States House of Representatives.

Section 31 of the Revised Statutes of the United States is as follows:

Before the first meeting of each Congress the Clerk of the next preceding House of Representatives shall make a roll of the Representatives-elect, and place thereon the names of those persons, and of such persons only, whose credentials show that they were regularly elected in accordance with the laws of their States, respectively, or the laws of the United States.

Accordingly, the Clerk of the House made a roll of Representatives, and the name of Mrs. Kemp appeared upon the roll as the Member-elect from the Sixth District of Louisiana. Upon the convening of the House, however, Mrs. Kemp's name was not called, nor was it included in the list of Members-elect furnished to the Speaker in a communication from the Clerk of the House, dated January 3, 1934. In another communication to the Speaker, the Clerk of the House transmitted a certificate of election of Mrs. Kemp and also transmitted a communication from the so-called "Citizens' Election Committee." This letter is as follows:

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

DEAR SIR: I transmit herewith a certificate of election of Mrs. Bolivar E. Kemp, Sr., to fill the vacancy caused by the death of Hon. Bolivar E. Kemp, from the Sixth Congressional District of the State of Louisiana, attested by the seal and by the secretary of state of the State of Louisiana.

I also transmit herewith a communication from the Citizens' Election Committee of the Sixth Congressional District of the State of Louisiana, in the form of a certificate of election of Hon. J. Y. Sanders, Jr., to fill the vacancy caused by the death of Hon. Bolivar E. Kemp, from Sixth Congressional District of the State of Louisiana.

Yours very truly,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

After the reading of this letter the following resolution was offered and adopted and referred to the Committee on Elections No. 3:

House Resolution 202

Resolved, That the question of prima facie as well as the final right of Mrs. Bolivar E. Kemp, Sr., and J. Y. Sanders, Jr., contestants, respectively, claiming a seat in this House from the Sixth District of Louisiana, be referred to the Committee on Elections No. 3; and until such committee shall have reported in the premises and the House decided such question, neither of said contestants shall be admitted to a seat.

On Saturday last, January 20, the Chairman of the Committee on Elections No. 3 filed the committee's report. The report in substance denies to Mrs. Kemp the right to be treated as a Member-elect and sworn in as a Member upon her certificate of election from proper authority. It also holds that the election was not properly called, and is therefore null and void. It makes certain criticisms of the manner of calling the election and the constituted authorities of the State. It also denies to Mr. Sanders a seat and holds that the so-called "election" held by the citizens' committee was no election and therefore is null and void.

In presenting what I consider the law in this case, I shall discuss only the legal phases of the controversy. I am in nowise concerned with factional differences that concern the people of Louisiana. The membership of this House wishes to do equal and exact justice by each of these contestants and at the same time uphold the precedents of this House in its consideration of such cases.

Under the terms of the resolution there are two questions to be decided: I. The prima facie right of Mrs. Kemp to be sworn in as a sitting Member of this House. II. The final right of Mrs. Kemp or Mr. Sanders to be seated as a Member of this House.

I

The first of these questions is of the utmost importance to the membership of this House. To my knowledge, it has been an unbroken custom of the House, except for a short time during the Civil War period, to seat a Member-elect upon a prima facie showing after the certificate was shown complete and legal. Mr. William McKinley, of Ohio, in the case of Ezra B. Taylor, seated by the House on December 13, 1880, stated that Mr. Taylor's "prima facie right to be sworn in was perfect, the certificate raising no doubt as to its completeness and legality." The only cases to be found where Members-elect with proper credentials were denied seats as sitting Members are those (1) where the qualifications of the Members-elect were questioned, or (2) their loyalty to the Government of the United States attacked in times of war, or (3) because of other personal ineligibilities. Even the Civil War cases cannot be properly cited in this case.

In these cases Confederate troops occupied a large part of the territory where the elections were held and the House of Representatives was of the opinion that under such circumstances the credentials were not in proper form, were from improper persons, and perhaps were issued under fear and coercion. No such question is involved in this case.

I invite the Membership of this House to investigate Hinds' Precedents of the House of Representatives on this subject, and especially pages 766 and 767 of volume 6. In one instance the House gave prima facie effect to credentials, although there appeared a question as to the regularity of the writs of election (vol. 1, sec. 328).

Another case holds a vacancy in a contested seat being filled by a special election, the House seated the new Member on his credentials, but held that his final right must depend on the issue of the contest (vol. 1, sec. 735).

Another is to this effect: The Senate gave immediate prima facie effect to regular credentials, although a memorial impeached the regularity and legality of the election (vol. 1, sec. 551).

There is only one safe policy for this House to pursue, and that is to accept the Governor's certificate. The Governor is the State's chief executive. He is usually a man of high standing and character, and therefore no better authority can be selected upon which to issue these certificates.

Grave dangers will arise if we depart from the unbroken custom of this House and put the responsibility for the seating of Members in the discretion of a Clerk whose very position as Clerk can depend upon the rolls of the House that he is charged with preparing. It is far better to leave the responsibility of issuing certificates of election to the Governors of our respective States and then give full force and credit to these certificates. If it is found that fraud has been practiced in an election a majority vote of the House can later unseat the Member.

If the practice of denying a seat to Members whose credentials are in proper force is begun, a minority membership of this House, with a friendly Clerk can, under certain contingencies, prevent an organization of the House by the majority. This House does not want to bring about a situation which will permit such misuse and abuse of authority.

Mr. GIFFORD. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield to the gentleman.

Mr. GIFFORD. I would like to ask the gentleman if it was not proper for the House itself to determine the prima facie question on the first day of the session, and if it is not a fact that the committee were instructed to determine the prima facie question as well as the ultimate right?

Mr. COLLINS of Mississippi. I believe the House should have seated Mrs. Kemp upon her prima facie showing. Her credentials were in regular form.

II

Permit me now to talk to you about Mrs. Kemp's final right to retain a seat in this House.

Upon the death of Congressman Kemp a vacancy in the House from the Sixth District of Louisiana occurred. The Constitution of the United States, clause 4 of section 2 of article I, provides that—

When vacancies happen in the Representatives of any State, the executive authority thereof shall issue writs of election to fill such vacancies.

Section 2713 of the Louisiana General Statutes provides:

In case of vacancies in said office of Representative in Congress between the general elections, it shall be the duty of the Governor, by proclamation, to cause an election to be held according to law to fill such vacancies. Elections shall be held in the precincts and at the polling places hereinafter defined and hereinbelow directed to be established (act 1916, no. 130, sec. 6).

Mr. WILSON. Mr. Chairman, will the gentleman yield? I think the gentleman has misquoted the law.

Mr. COLLINS of Mississippi. I am reading it just exactly as it is.

Mr. WILSON. The gentleman says that the Governor shall call the election according to law, and it does not specify the time. It is according to the law of the State, which provides it shall be preceded by a primary.

Mr. COLLINS of Mississippi. The Constitution of the United States and the laws of Louisiana nowhere require nominating primaries in such cases as this. The gentleman does not properly interpret the statute he has in mind. It merely provides that when primaries are ordered 10 days must elapse between the call and the election. This cannot mean there must be a primary.

Mr. WILSON. The gentleman will have to show something absolutely contrary to the law in the State of Louisiana.

Mr. COLLINS of Mississippi. There is no restriction upon the Governor in calling elections to fill vacancies in Congress. He can call the election when he sees fit. The 10-day provision that the gentleman has in mind relates to the first primary. There could be a second one, and, in all, 62 days would be the required time that should elapse, if the gentleman's contention is correct.

It will be observed that both the Constitution of the United States and the Louisiana election laws confer upon the Governor complete authority to issue writs of election to fill vacancies in Congress. There is no restriction whatever upon the executive. He can call the election at any time that he sees fit. There is no authority conferred by the Constitution of the United States or the statutes of Louisiana upon any other person or persons whatsoever to call elections

to fill vacancies in Congress. In the instant case, because the Governor of Louisiana failed to immediately call an election to fill the vacancy of Congressman Kemp, one of the candidates filed a petition for mandamus before a Federal district judge in New Orleans to compel the Governor to call an election to fill such vacancy. The district judge, recognizing the plain language of the Constitution of the United States and the election laws of the State of Louisiana, dismissed the proceedings, holding that both the Constitution and the laws of Louisiana confer this duty exclusively upon the Governor, but without mandate as to when he must act. My own opinion is that even if the Louisiana election laws did require the Governor to call an election within a given period of time, the election laws would be in conflict with the provisions of the Constitution of the United States and therefore null and void.

The Louisiana election laws dealing with vacancies in the office of Representatives in Congress are in no wise in conflict with the provisions of the Constitution of the United States but follow the language of the Constitution. It is the opinion of every court or authority that has given the question any serious study, that the Governor can call an election in 2 days, a week, a month, 3 months, or within any other time that suits him. It is even contended that he could refuse to call an election at all, and this has been done in many instances. The objection that has been raised by the House committee, if I understand the language of the report, is that sufficient time was not given for the holding of the election so that a primary could be held between the date of the proclamation of the Governor and the date of the holding of the election. This contention is wholly without merit as will be observed by an examination of McCrary on elections, paragraphs 185 and 186, as follows:

In the case of McKune against Weller, the question whether a proclamation giving notice of the holding of a special election held to fill a vacancy caused by the death of an incumbent was necessary to the validity of such election is discussed at length. The authorities upon the subject are there reviewed with care, and the conclusion is reached that there is an important distinction to be observed between general and special elections. The time, place, and manner of holding the former being fixed by law, the electors may and indeed must take notice of them, and as to such elections the statutory requirement of public notice by proclamation or otherwise may be regarded as directory only. But it was held that the statute requiring the Governor to issue his proclamation of election "to fill vacancies" which occur not in the ordinary way by the expiration of the term, but by death or resignation before the term expires, is mandatory and an essential prerequisite to all such election.

It was held by the House of Representatives of the United States, after an exhaustive discussion, that where the legislature of the State has failed to provide the time, place, and manner of holding an election to fill a vacancy occurring in the House, that the Governor of such State, upon being informed of the vacancy, may issue a writ of election and therein fix the time and places of holding such election. (See case of John Hoge of Pennsylvania, Clarke and Hall. Contested elections in Congress.) The power given to the Governor by the second section of the first article of the Constitution of the United States to issue writs of election to fill vacancies carries with it the power to fix the times and places of holding such election in cases where such times and places are not fixed by law.

It is, of course, desirable, and indeed necessary, that the proclamation be made of such election, or that it appear that it was generally known for a reasonable length of time, though in the case just referred to, it was held that a very short notice (only 2 or 3 days) was sufficient, when it appeared that the election was fixed for the same day as the election for President and Vice President of the United States, and where it was evident that the great mass of the electors were in fact apprised of it, and participated in it. (McCrary on Elections, 4th ed., pp. 138-139.)

In the instant case I dare say that everybody in the Sixth Congressional District of Louisiana knew that an election for Congressman was to be held on December 5, 1933. The newspapers were filled with news about it. The very fact that one of the judges issued an injunction against the holding of the election in three parishes of the district was itself evidence of the wide-spread interest the notice of the Governor's proclamation received. The judge's action in swearing in several hundred deputies to enforce his order was also well known by everybody in the district. Every citizen of the district had an opportunity to go to the polls and vote, except where prevented by said injunction, and had ample notice of the date of the election.

The Governor had the exclusive power and authority to call this election and to fix the time and places for the holding of the election. It is also plain that he had the authority to call the election within 1 week after the issuance of his proclamation. It is also equally plain that there is no other authority that has any control whatever over the matter or over his acts.

I now direct your attention to the action of the congressional executive committee in naming Mrs. Kemp as the Democratic nominee for Congress from the Sixth Congressional District of Louisiana. Under the Louisiana primary election laws a nominating primary to fill a vacancy cannot be held unless 10 days elapse from the date of the proclamation of the Governor ordering the election and the date of the primary. (Acts 1922, no. 97, sec. 9, and also sec. 2659 Louisiana General Statutes.)

With the proclamation of the Governor issued November 27, the earliest possible date that a primary could be held was December 8. There were five candidates for this office. The probabilities are that no one of the five candidates would have received a majority of the votes cast in the primary election. Under the Louisiana primary election law if one of the candidates fails to receive a majority of the votes cast in the said primary, then a second primary is ordered at which the two leading candidates become the candidates in the run-off.

Under section 2677, Louisiana General Statutes (act 1922) no. 97, sec. 27), it is provided that—

In all elections where returns are by this act provided to be made to the secretary of state, he shall immediately proceed to tabulate and compile the same, and shall within 8 days after the date of said primary election promulgate same in the official journal of the State, and shall forward under a special stamp a certified copy thereof under his signature and seal of office to the chairman of the committee ordering the primary.

This same section provides further that the second primary—

Shall be held with the same election officers and at the same places as the first primary was held 5 weeks from the date of the first primary: *Provided*, That if this day should fall on Mardi Gras, then the second primary shall be held 6 weeks from the date of the first primary.

There must elapse after the second primary sufficient time for the votes to be counted and canvassed and a report made to the secretary of state, so that he can be advised who has finally been nominated. Under this same section, 8 days is allowed for this purpose. It will be seen therefore that at least 62 days must elapse between the proclamation of the Governor calling a special election to fill the vacancy in Congress and the date set for said election before nominating primaries could be held in the State of Louisiana.

The Governor evidently realized that it was impossible for the primary to be held prior to January 1, 1934. He knew that he had only 33 days in which an election could be held to fill this vacancy.

Under the laws of the State of Louisiana a new registration of voters is automatically made every 4 years. Section 2629, Louisiana General Statutes (acts no. 1921, no. 122, sec. 15; 1926, no. 269, sec. 1), in part is as follows:

The registration of voters for each and every parish throughout the State, Parish of Orleans excepted, shall make a new and complete registration of the qualified voters of their respective parishes every 4 years, commencing on the 2d day of January 1922.

This section requires a new registration throughout the State in the year 1934. Under the Louisiana Statutes 30 days is permitted to carry out this registration. The law also provided that no person shall be permitted to register within 30 days of any general or primary election (*ibid.*).

The earliest date when an elector could be qualified in Louisiana, outside of the Parish of Orleans, would be at best March 2. Add to this the 62 days necessary for holding the primaries, we find that if the Governor waited until after the 1st of January that the earliest possible time a successor to fill this vacancy could be named would be during the early days of May, and Congress will likely be in adjournment at that time.

The Governor, of necessity, had to call an election before January 1 if one was to have been called. It is also plain that primaries could not have been held between November 27 and January 1.

How, then, did Mrs. Kemp receive her nomination, and was her nomination regular and in compliance with Louisiana primary election statutes? Acts, 1922, no. 97, section 31 (2681 Dart.), is as follows:

That all vacancies caused by death or resignation or otherwise among the nominees selected by any political party, under the provisions of this act, shall be filled by the committee, which has jurisdiction over the calling and ordering of the said primary election, and in the event that no person shall have applied to become a candidate for a political office within the time fixed by law, or the call of the committee ordering the primary, or in any other event wherein the party shall have no nominee selected under the provisions of this act, the committee calling the primary shall select the nominee for any position named in the call of the committee and shall have full authority to certify said name as the nominee of the said party: *Provided, however*, That wherever, for any reason, any contest filed in court shall not be finally decided in time to print the name of the nominee of the party upon the ticket at election, then the political party committee shall certify the name of the person who is the contestee in the suit filed, and the name of the said contestee shall be printed upon the ticket as the nominee of said political party, and no court shall have jurisdiction to enjoin such action.

Acting under the provisions of this section, the chairman of the State central committee issued his call to the congressional executive committee, which met in New Orleans at 4 p.m., November 27. Louisiana, like every other Southern State, has made provisions for the nomination of candidates by primary; but realizing that there are cases exceptional in their very nature where candidates cannot be nominated in primaries, as was so in this case, statutes have been enacted to take care of such eventualities. This section provided for (1) the filling of vacancies that have been caused by death, resignation, or otherwise after nominations have been made by primaries and before the general election is held; (2) it also provides for the nomination of party candidates where no person has offered himself as a candidate in a primary; (3) it also recognizes that there are other contingencies that can arise, so it provides "in any other event where the party shall have no nominee selected under the provisions of this act, the committee calling the primary shall select the nominee", and so forth.

It is contended by some that under the provisions of this statute a primary must have been held or called before a nomination could be made by the committee. The act does contemplate such cases. It goes further and takes care of those cases where the party does not have a nominee at all. If the contention of the gentlemen who are urging that this section is applicable only to those cases where nominees have died, and so forth, or where no persons have filed as candidates, then it would be useless and foolish to use the further language, "or in any other event wherein the party shall have no nominee selected", and so forth. We may as well recognize that the plain intendment of this section is to provide that a political party in Louisiana shall have under any and all circumstances in every election, general or special, a party nominee whom the members of that party can support in the election.

It has been stated that the language describing the committee shows that the purpose of this statute is to restrict committee nominations to vacancies occurring after nominations have been made or where no party candidates have filed as candidates. I insist that the words "calling the primary" is merely descriptive of the committee whose duty it is to make the nomination. Were it not for this descriptive language, some other congressional committee might claim the right to make the nominations.

It is plain that the committee under the circumstances had the right to make a nomination. There were five candidates. One of them had petitions filed in her behalf signed by 35,000 people asking her to become a candidate. There were about 60,000 registered voters in the district. There were 42,000 who participated in the last Democratic primary. Under the circumstances, therefore, since it is necessary for the Democratic Party to have a nominee, there was only

one choice that the committee could logically make, and that was to select Mrs. Kemp as the party nominee, and this was done, and under the circumstances I think as long as it is the committee's responsibility as the governing authority of the party that no one could complain.

The committee is an elective body, voted for as other candidates. They are public officers within the meaning of Louisiana law for party purposes. Furthermore, this same statute provides that no court shall have jurisdiction to enjoin their action. The statute was passed in 1922 by the Legislature of the State of Louisiana, and it is a valid statute, and in the instant case its provisions have been followed.

In the special election no one was denied the right to become a candidate for Congress. There was ample space upon the ballot where the name or names of candidates could be written in and voted for. The setting aside of this space on the ballot was not an accident; it is provided for under Louisiana law. Section 2780 (acts 1916, no. 130, sec. 73; 1932, no. 160, sec. 1) provides that for a voter—

Desiring to vote for a person other than the nominee of a political party, he must write in his own hand the name of such person in the space provided for such purposes—

And so forth.

The person desiring to become a candidate by this method must announce himself as a candidate at least 3 days before the election, and he must file with the clerk of the court of the parish in which he resides a statement that he is a candidate.

Similar statutes appear in the laws of many States. Frequently candidates are elected in such ways. I remember very distinctly down in Memphis in the early political years of my good friend Congressman ED CRUMP that he and his friends elected in this way a candidate named Reight. For a long number of years afterward he and his associates were referred to by their political enemies as "Reight writers."

The election called by certain citizens of this district under which Mr. Sanders claims a seat was without any legal authority whatsoever. The Constitution of the United States reposes this duty and responsibility exclusively in the Governor.

I do hope that my colleagues will investigate for themselves the facts and the law in this case. There are too many serious questions involved in this contest. Our own right to be seated after proper credentials have been presented by us is one of them. The others are equally serious and outstanding.

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

Mr. AYRES of Kansas. Mr. Chairman, I yield the gentleman 1 minute more.

Mr. COLLINS of Mississippi. I now yield to the gentleman from Louisiana [Mr. WILSON].

Mr. WILSON. I just want to ask the gentleman relative to the certification by the committee of a nomination on a ticket, whether in every exception he read there, if that did not occur after the primary had been ordered according to law.

Mr. COLLINS of Mississippi. No.

Mr. WILSON. And no name appearing on the ticket?

Mr. COLLINS of Mississippi. I do not understand the gentleman.

Mr. WILSON. Where the democratic committee certified a nominee on a ticket, every exception was after the primary had been called, and there was no nominee on the ticket. Is not that what the law says?

Mr. COLLINS of Mississippi. No.

Mr. WILSON. The gentleman did not read the law.

Mr. COLLINS of Mississippi. The gentleman is very much mistaken. I imagine I know as well as anyone the law in this case. I have dispassionately discussed it and other Louisiana laws. I am not concerned with factional differences in Louisiana.

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

Mr. SWICK. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I listened with a high degree of interest to the rather distressing prophecies made by my genial colleague from Illinois relative to the next war, and I have listened to his solicitude for a Navy second to none. I am in accord with his sentiment, but I am wondering, after all, whether in dealing with millions and millions of dollars to fabricate instrumentalities of death, the human heart has gotten so encrusted that we cannot think a little bit about those who are going to be the victims of those instrumentalities of destruction. I refer particularly to the controversy that began in the morning press in Washington between the distinguished general who presides over the destinies of the Veterans' Bureau and the national commander of the American Legion. I want to relate it briefly to the independent offices appropriation bill, with a legislative section, that was passed in this chamber a week or two ago.

I understand there has been introduced in the body over at the other end of this Capitol, a bill by Senator GEORGE embodying the 4-point program of the American Legion. At the same time there has been introduced over there an amendment by Senator REED, of Pennsylvania, that embodies the same program. I understand also that the Parliamentarian of the Senate has indicated that it is perfectly proper to introduce the Reed amendment to the independent offices appropriation bill, provided the subject matter of that amendment is germane to the bill. In the event the Vice President or the Presiding Officer overrules the contention that it is germane, he can, in turn, be overruled by that body, by a simple majority. In a secret poll that was conducted in the Senate on the 18th of January, I understand there are enough votes in the Senate to overcome any adverse ruling by the Presiding Officer; so that, in substance, a simple majority will be able to write the Reed amendment into the independent offices appropriation bill. That may have been the reason why the majority leader of the Senate rushed to the White House on the afternoon of January 18—

Mr. BANKHEAD. Mr. Chairman, I rise to a point of order against the speech being made by the gentleman. I do not want to disturb him. The gentleman may not be familiar with the rules, and I mean no discourtesy, but it is clearly in violation of the rules of the House for a Member either in the House or in Committee to refer to votes or actions or positions of Senators in the other end of the Capitol.

Mr. DIRKSEN. That part of my remarks may be expunged if it is not in accord with the rule, but it simply gives the background to what I am leading up to.

The CHAIRMAN (Mr. LANHAM). The Chair will read the provision in Jefferson's Manual with reference to this matter:

It is a breach of order in debate to notice what has been said on the same subject in the other House, or the particular votes or majorities on it there; because the opinion of each House should be left to its own independency, not be influenced by the proceedings of the other; and the quoting them might beget reflections leading to a misunderstanding between the two Houses.

The Chair is constrained, under these circumstances, to sustain the point of order. The gentleman will please proceed in order.

Mr. DIRKSEN. Very well. That is only a background to the thing I have in mind, and that is the subject matter of the Reed amendment, which embodies the 4-point program, designed first of all to restore pay to service-connected disabled veterans who have been cut off under the provisions of the Economy Act; secondly, to restore, or rather, in the first instance, to grant to widows and orphans, irrespective of whether they are widows and orphans of those who died from service-connected disability or not, of a Federal pension; and, third, the program of hospitalization, whereby those ex-service men who are in distress and have no money with which to pay for hospitals, shall have a right to go to existing facilities, irrespective of that fact and irrespective of whether their disabilities are service-connected

or not; and, finally, the fourth point of that program is to reestablish service connection for those presumptive cases that were wiped from the rolls through the instrumentality of the Economy Act. General Hines takes exception to the program, and he has submitted a brief of figures. The American Legion leadership has submitted a brief of figures, and apparently there is a variation of several million dollars. I am not going to be so ungracious as to publicly characterize General Hines as an unmitigated liar, even though I believe so, but I do believe that he has been so grossly careless with figures that he might qualify as a charter member of the Ananias Club. [Applause.]

When the program of the American Legion has figures that have been submitted, and we compare them with the figures that emanate from the Veterans' Bureau, showing that General Hines has made a mistake before the joint committee before, of millions and millions of dollars, I submit that we have a right, as a matter of fact, to cherish some incredulity as to the figures that come from the Veterans' Bureau now.

Now, that is the program of the American Legion. Let us look at the regulations that were issued by the White House last Saturday afternoon to ascertain precisely how close they come to it. It seems to me we have been asking for a dog from the White House and we got a tail. That is about all, that is represented by the twenty-one-odd million dollars, supposedly allocated to veterans' benefits, starting, first of all, with the restoration of the basic pay in all grades; from nine to ten dollars, from eighteen to twenty dollars, and from ninety to a hundred; but I submit, and I want it clearly borne in mind by everyone in this chamber, that that provision does not restore a single disabled ex-service man to the disability rolls; not one. If you had gotten that idea about it from those regulations, you might just as well dismiss it from mind, because not a single soldier is going to be restored to the rolls, nor are they going to repay or reimburse them for the 25 percent that was taken away from the service-connected veterans under the provisions of Public, No. 2, better known as the Economy Act.

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

Mr. DIRKSEN. I yield.

Mr. SHOEMAKER. Does the gentleman know that out of this \$21,000,000 the pension is to be increased to the officers' widows but not to the widows of privates?

Mr. DIRKSEN. I understand that is true. Now, item no. 2, of significant import where veterans of the World War are concerned, is the so-called "hospitalization feature." Let me impress upon you now that this additional regulation does not give the veteran a single thing he does not already enjoy under present regulations. All it does is to make available an additional \$8,000,000. For what purpose? Why? Simply to give transportation to those who may be admitted to hospitals under present regulations; but in this respect it does not broaden the hospitalization privileges the veteran already enjoys.

One other thing in the program: They increased the burial allowance from \$75 to \$100. There is something ironic to me about that, because they wait until the veteran is taken from the face of the earth before they allow an additional \$25 to take him away in a rough box, something altogether ironical, I should say about this \$21,000,000 veterans' provision that it is expected to appease them at the present time for all the losses they suffered under Public Act No. 2.

There is also a provision that total permanent service-disabled veterans need not particularly prove 90 days of service to get the \$30 per month. How generous, I should say, to those who are infirm in mind or body, from whom has been taken away total capacity to earn a living! We are going to say to them: "You do not have to prove 90 days of military service in order to get a niggardly \$30 a month under this additional regulation." This is expected to appease the ex-service man and probably allay some of

the hostility and the growing resentment that may have appeared in both bodies here on Capitol Hill.

Let me refer just once more to this hospitalization feature because those regulations will appear in the pages of the metropolitan press and the readers will say, "Well, what the devil does the ex-service man want now; has not the President been liberal; has he not given him additional hospitalization facilities; has he not given him an increase in pay?" And the undiscerning person, unfamiliar with the intricacies of veterans' regulations, will read these new regulations on the front pages of the newspapers and then consider the veteran an ingrate without analyzing just how far these new regulations go.

You remember what our President said before the American Legion Convention in Chicago. He stood there and said:

No man, because he wore the uniform, shall be the special beneficiary of this Government.

To elaborate, he said that they must exhaust first of all every opportunity for local and State relief before they can knock on the door of the Federal Government and say, "Oh, Uncle Sam, please come to the rescue." What does he have to do even now under this extended regulation? He must virtually take an oath that he is a pauper. Mind you, the defenders of the Nation have got to go down and grovel abjectly in the dust and say, "Uncle Sam, I have been to the municipality where I was born and reared and they are out of money; I have been to the State where I was born and reared and to which I owe allegiance and they are out of money. They are out of relief funds; and so now I come, somehow sublimating all self-respect, and say I am a pauper; and now, please, Uncle Sam, will you aid me?"

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

Mr. DIRKSEN. I yield.

Mr. LUNDEEN. Will the gentleman please insert in the Record Theodore Roosevelt's statement?—

War veterans have a greater claim upon us than any other class of our citizens.

Mr. DIRKSEN. I would gladly do it, but I may say to the gentleman from Minnesota that I prefer not to make a partisan issue of the desires of the veterans. That is not fair; why should they be sacrificed upon the altar of partisanship?

I yield to no one in my loyalty to the infirm man who sits in the White House and presides over the destinies of this Nation, but is that any reason why we cannot criticize if we honestly believe that we have not been securing justice for the defenders of the Nation, whose memories are sacred to every man who wore the uniform and soldiered for that flag over on the other side of the ocean? I do not want to bring Theodore Roosevelt into it, irrespective of what his opinion might have been.

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

Mr. DIRKSEN. I yield.

Mr. WEIDEMAN. Will the gentleman not also add that General Hines was not a product of this side of the House?

Mr. DIRKSEN. I hold no brief for General Hines, I may say to the gentleman from Michigan.

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

Mr. DIRKSEN. I yield.

Mr. SHOEMAKER. Does the \$21,000,000 include anything for Spanish-American War veterans and their widows?

Mr. DIRKSEN. Yes; it provides for \$15 per month where he has had 90 days' service and can show an honorable discharge, which, as a matter of fact, was no improvement over present regulations; and it also provides \$15 per month where his service was less than 90 days and where he shows a 50-percent disability. The only thing that is changed over and above the old regulation is the fact that he does not have to show that he is 55 years of age. However, it does provide a little something additional for the Spanish War veteran, I should say.

I am kicking very particularly because it is such a meager response to the demands and to the needs of the veterans of the Nation, and I have a right to believe in my own heart that it is given as something of a sop to head off the growing revolt. But let me say to every Member in this Chamber if he thinks for a minute that the veterans of the country are simply going to supinely accept these little gratuities which fall like crumbs from the table to Lazarus, that he will be sadly mistaken. These piecemeal extensions will be the greatest incentive that the Nation's veterans ever had to fight for the things they deem just and right and to demand rather than petition in behalf of the widow, the orphan, the service-disabled veteran, and particularly for hospital treatment for the one whose disabilities are nonservice connected and who has no funds with which to pay for hospital treatment.

We made a survey of some hospitals in Illinois. There were 1,800 veteran patients. We found about 1 percent who had the money to pay for private care or for private hospital treatment.

When the body is torn with pain and anguish, what comfort is it to the man who wore the uniform to have Uncle Sam say: "I know how you languish and suffer; I know you have no money with which to have pain assuaged or secure adequate treatment, but what do I care? The war was fought 15 or 16 years ago and has become a second-hand memory to those of this generation, to be read of in history books and schoolbooks. I have forgotten all that, and you must find help the best you can, even though you may be one of the 10,000,000 or 11,000,000 who belong to the great distressed army of unemployed."

I want to summarize. I want this kept clearly in mind. Understand that these regulations that were issued Saturday do not put a single additional veteran, outside of a few Spanish-American War veterans, back upon the roll. They do not restore any of the \$57,000,000 that was taken away under the Economy Act. It does nothing for the widows and orphans of the non-service-connected cases, the widows and orphans who are to be found on the highways and byways and who are in need. It does not enlarge any authority that the veterans have at the present time under existing regulations so far as hospitalization goes. So when you voice approval for that additional \$21,000,000, be not misled that it will do anything material for the veterans.

[Here the gavel fell.]

Mr. AYRES of Kansas. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. LANHAM].

Mr. LANHAM. Mr. Chairman, it has been my pleasure on several occasions to speak in this Chamber concerning some of the unique and entrancing features of the history of Texas. The story of that Lone Star State is one of mutual interest to us all because its destiny as a Republic and as a State was wrought by citizens from all sections of the United States as the United States then existed. In the July 1933 number of the United States Naval Institute's proceedings appears an illuminating article by Mr. Robert Foster Carter with reference to the navy of Texas. In my judgment, the results of his research should be given wider publicity and included in the annals of our sea experiences. I can think of no more appropriate place for remarks concerning this article to be inserted than in the record of the proceedings of the House of Representatives in the consideration of the naval appropriation bill.

Texas has been governed under six different flags—those of France, Spain, Mexico, the Republic of Texas, the Southern Confederacy, and the United States. It is my purpose to speak of the navy of that great State, especially during the time when Texas was a Republic, because it was then and then only that it could have and maintain its own separate naval force.

In its experiences with Mexico, Texas had suffered many indignities. It looked to the ascendancy of Santa Ana as a source of relief from those indignities, but unfortunately the massacres and atrocities which followed his induction into office, and continued for many years, left those Texans,

Americans from all sections of our land, in a worse condition than that which prevailed under the previous tyrant. This led, as you know, to their declaration of independence and to the subsequent establishment of that independence upon the field of battle.

In the latter part of 1835, Mexico, having rather a large navy for a country of its importance, because of the fact that although it had established its independence of Spain, the desire still lingered in the hearts of those of the mother country to recapture this great territory, sent out a Mexican vessel of war named the *Correo Mexicana* for the purpose of enforcing revenue laws. That vessel was sent to Anahuac on the Bay of Galveston, but the Englishman in charge of it soon overstepped his orders and his ship became a privateer. It made an attack upon the American brig *Tremont*, which was defenseless and which was engaged in unloading lumber at one of the ports on the Gulf. A Texan-owned ship, the *San Felipe*, flying, of course, the Mexican flag, went out to the relief of the *Tremont*. The *San Felipe* appeared to be an ordinary vessel of the sea, but when it turned about and disclosed its armament it was a veritable gunboat, and succeeded in conquering the Mexican vessel engaged in this piratical cruise.

About this time, Texas, because of the indignities heaped upon it, began to promote the establishment of its independence from Mexico, and shortly thereafter at San Jacinto, after the massacres at Golead and the Alamo, made that independence a positive fact. So Texas became a republic, and for 9 years it maintained that status.

One of the first acts of the Republic was to increase the naval forces which had been provided by the provisional government in 1835. In addition to this captured Mexican ship, the provisional government purchased four fighting schooners, the *Liberty*, the *Independence*, the *Brutus*, and the *Invincible*, small to be sure, but they proved their worth in many serious naval engagements. When the Republic was established, 10 or 15 additional ships were added to the naval force. But shortly thereafter and despite the fact that \$280,000 had been appropriated for still other fighting vessels, the Congress of the Republic ordered the entire navy to be retired.

It so happened that for a time this could be done without serious consequence, because France, holding certain debts against the Mexican Government, blockaded its coast until the payment of those debts was insured. In 1839, when that blockade was lifted and Texas as a Republic again became menaced by Mexico, because it was always seeking to reclaim that vast empire as its own, Texas joined forces, morally at least, with Yucatan, which, following the example of Texas, sought also to establish its independence. Nominally, Texas could aid only morally by reason of the fact that commissioners were then in Mexico negotiating a treaty of peace, but that moral limit, sometimes overstepped, was of great interest and advantage to Yucatan and some funds were forthcoming from that country to help the Texans in maintaining their fleet. So the previous order of the Congress of the Republic to retire the navy was disregarded, and President Mirabeau B. Lamar, in a message to the Congress, made this significant statement, which I am sure will be interesting to such friends and colleagues of mine in the House as the gentleman from Georgia [Mr. VINSON] and the gentleman from Illinois [Mr. BRITTON]:

The naval equipments of a country, and especially of this country, are essentially different in the facility of their organization from the military power. Competent officers and soldiers to constitute an army may at any time be selected from the body of the population, but seamen and efficient naval officers are not to be found among a rural people; they belong to the element on which they serve, and are nurtured only on the ocean waves.

So by reason of the trouble in Yucatan, in which those people were aided and abetted by the moral support and the naval force of the Republic of Texas, the new Texan nation was saved from further encroachment by the Mexican Government.

Then came the third period in the history of the Texan Navy. In 1845, the Republic was admitted to the United

States as a State of the American Union and, as showing the universality of the importance and interest of Texan history from an American standpoint, the man most responsible for that annexation was the last president of the Republic of Texas, Anson Jones, who hailed from Massachusetts. In my judgment, his policy of apparently and ostensibly seeking to join Texas either with France or with England as a dependency of one or the other country, led the United States to claim that vast domain as its own, and since that time it has been a State of the American Union.

When Texas entered the Union, it retained its land; but it ceded to the Union its Navy, with all the appurtenances thereunto appertaining, its fortifications, and its barracks; and a controversy then arose as to whether or not the officers went with the ships and thereby became officers of the American Navy. The sentiment in Congress, originally and primarily, was to the effect that they should become officers of the American Navy, but some of those of high rank in naval circles protested against this and formed an adverse lobby because of the fact that certain officers of the Texan Navy had formerly held much inferior rank in the American Navy, and they did not wish them transferred with the high rank to which they had ascended in the regime of Texas. As a consequence, the ships only, without the men, became a part of the Federal Navy, but in 1857 the Congress of the United States did recognize for the American Government the worth of the service which had been rendered and granted 5 years' pay to the officers of the Texas Navy. In addition to this, the Republic of Texas—and after Statehood the Legislature of Texas—gave certain financial and other recognition to these valiant men.

Though these ships were small, they contributed some very interesting chapters to the naval history of this country; and manned as they were by red-blooded Americans from every section of our land, they proved valiantly in many encounters the stern stock from which they sprang, winning victories over forces apparently overwhelming, just as they did on land when at San Jacinto a little handful of men under Gen. Sam Houston established the independence of Texas.

It is worthy of note in this connection that during the time the Texan Navy, which subsequently became a part of the Navy of the United States, was operating, Mexico was unable to land from its vessels one single soldier on Texas' shores or to unload supplies for its vastly more numerous army, but the ammunition and the various supplies sent by water to the Texan fighters from various parts of the United States arrived safely; and so, added to the great American triumphs on land in this Lone Star State, we have equally significant, although relatively unknown, triumphs by sea; and in view of the fact that from your section, whatever that section may be, brave men came to make these victories possible, and in view of the fact that the accomplishments of that small navy were American accomplishments, I thought it quite worth while to insert in our proceedings with reference to the naval appropriation bill this interesting bit of Texan and American history. [Applause.]

Mr. SWICK. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey, [Mr. SEGER].

Mr. SEGER. Mr. Chairman, ladies and gentlemen of the Committee, the gentleman from Illinois, answering a question today, agreed that an ocular demonstration is most effective to carry a point. I believe this is emphasized in a letter I have recently received from a Jerseyman anent the St. Lawrence waterway project. I believe it to be of interest to the House, and especially my colleague from New York, our minority leader, who is a leading exponent of this project and who last week rejected many of the arguments advanced against the waterway project by the Atlantic deeper waterways convention at Philadelphia, whose 500 delegates came from a territory embracing two thirds of our country's population and 80 percent of its taxpayers. My correspondent is Maj. Leslie E. Molineux, of Metuchen, N.J., and the theme of his epistle is: "We should keep our eyes open." The letter is short. I read it with your indulgence:

METUCHEN, N.J., January 16, 1934.

Hon. GEORGE N. SEGER,

House of Representatives, Washington, D.C.

DEAR CONGRESSMAN: An Associated Press dispatch reports that you oppose the Great Lakes-St. Lawrence Deep Waterway Treaty. It is hoped that you will be successful in defeating it.

There are two strong natural obstacles to the project; fog and ice. Navigation from Montreal to Europe is difficult all of the year on account of fog in the long run down the St. Lawrence River to the open sea, some 800 to 1,000 miles. The port of Montreal is closed during the winter months on account of ice. Have these two objections been brought to the attention of the House Committee with the strength they deserve?

The story is told that years ago when the subject of a canal across the Isthmus was before Congress there was a strong difference of opinion whether the canal should be on Colombian or Nicaraguan territory. An objection was made to the latter on account of the liability of earthquakes and volcanic eruptions. This was ridiculed by the advocates of the Nicaraguan Canal. On the morning that the vote was to be taken in the House, each Congressman received a letter containing nothing but a Nicaraguan postage stamp. The stamp showed a volcano in full eruption. The vote following was in favor of Panama.

Photographs of the ice-bound port of Montreal would be of interest. We are learning more and more through the eyes.

Yours respectfully,

(Maj.) LESLIE E. MOLINEUX.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. SEGER. I will.

Mr. CHRISTIANSON. The gentleman understands that the fog is in the lower part of the St. Lawrence?

Mr. SEGER. I am not familiar with the locality; I am only giving you this letter.

Mr. CHRISTIANSON. Well, I will inform the gentleman that that is the case. The ice and fog are in the lower part of the St. Lawrence, and it has not prevented the use of that part of the St. Lawrence River for all these years. If that is true, why should the people tributary to the Lakes beyond Montreal be prevented from reaching the ocean?

Mr. SEGER. I have not the time to go into an argument with the gentleman, but I am in favor of an all-American canal.

[Here the gavel fell.]

Mr. AYRES of Kansas. Mr. Chairman, how much time has been used on each side?

The CHAIRMAN. The gentleman from Kansas has used 2 hours and 1 minute, and the gentleman from New York has used 1 hour and 37 minutes.

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

Mr. REED of New York. Mr. Chairman and members of the Committee, I have the honor to represent a district which has diversified interests. We have one section devoted to fruit growing and one section devoted largely to dairying. I am interested in any legislation that will bring relief to the dairymen.

The dairy farmers throughout the United States have been suffering from low prices for their products for several years. Federal relief has been extended to the producers of cotton, corn, wheat, rice, and tobacco.

The effort to assist the dairymen has been nullified in a large degree because of the imports of oils and fats which have displaced dairy products in the American market. The injury these imported oils and fats are inflicting on our domestic dairy products has been called to the attention of the Secretary of Agriculture; furthermore, extensive hearings have been held at which the dairy interests have appeared before the House Ways and Means Committee, and they have shown to what extent the imports are breaking down the dairy market.

Further delay in applying a remedy will endanger the effectiveness of the relief planned under the Agricultural Adjustment Act.

Before discussing the extent to which imports are affecting the dairy market, I wish to stress the importance of the dairy industry to the country as a whole.

There are 4,615,529 dairy farms in the United States. The total number of dairy cows in this country is 24,379,000, valued in 1932 at \$965,758,000. The latest figures I have been able to obtain show that the value of dairy products

per year in the United States aggregates \$1,663,772,000. The investment of the dairymen of the United States in dairy cattle, dairy farms, and dairy machinery amounts to \$6,135,887,000.

I am presenting these figures to show the magnitude of this particular farm activity with the hope of convincing the Secretary of Agriculture and the Members of this House as to the vital necessity of taking some action to protect this great farm industry from ruinous exploitation by foreign competition. I have the honor to represent a district in which the dairy industry is of paramount importance to the economic life of a very large area. To permit this industry to be destroyed by foreign competition would be a major disaster not only in the congressional district which I represent but also to the other dairy sections of the country.

Without going into great detail as to the rapid increase of competing imports from abroad, let me visualize the situation by reading these figures:

Imports

	Palm Oil	Cocoanut oil	Whale oil
	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>
1920.....	41,948,224	216,327,103	
1925.....	139,178,587	2,333,174,452	85,495,290
1928.....	169,227,565	290,636,702	68,385,503
1931.....	258,144,600	325,174,500	139,692,757

These imports come from the tropical countries where labor receives only a few cents a day. There is no class of labor in this country that could possibly exist on such wages. Each of these commodities comes into direct competition with butter facts. To put our dairy farmer in competition with such labor at any time is indefensible and to do so when he is so hard pressed is to beat him over the head when he is down and out.

For years the dairy farmer has had to compete with the imported dairy products from Canada, Denmark, and New Zealand. Finally, the Hawley-Smoot Tariff Act greatly reduced this competition. It is to be hoped that the protection given under that tariff act will not be reduced or relaxed under any trade treaty.

There is a great surplus of dairy products in foreign countries seeking entrance into our market should the opportunity be offered. To permit the entrance of foreign butter, cheese, milk, and cream would mean to utterly destroy the last hope of the dairymen.

The rapid increase in the use of foreign fats and oils in this country is daily aggravating the desperate plight in which the American dairy farmer finds himself. [Applause.]

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

Mr. REED of New York. Yes.

Mr. FISH. The gentleman is a distinguished member of the Committee on Ways and Means. Would it not be in order for his committee to consider placing an embargo on these oils and fats and substitutes for butter and dairy products?

Mr. REED of New York. As I understand the situation at present—and this has occurred within a very few days—the Secretary of Agriculture has appointed a committee in the Bureau of Economics dealing with dairy questions to consider the whole question and to determine just how far the Secretary of Agriculture can go under the present legislation to meet the situation. It is my opinion that he will find that he has not the power to give the relief which the dairymen desire. I believe it is imperative, if we are going to save the dairy industry from complete ruin through these imports, to take some action at this session of Congress.

Whether the Ways and Means Committee will feel that it can put on an embargo or whether it can put on some form of excise tax, the committee has not yet decided; but that legislation is sorely needed, there can be no question. Not only that, but take the men who are collecting the fats from the butcher shops all over the country. Their business is being ruined, and they buy direct from the farmer. I believe most of the Members here have received petitions

and letters from that class. They take up a great deal of the fats and waste matter from the butcher shops. I have not given the whole picture. There is sesame oil imported from the Orient. The seeds are small, both white and black, and when pressed they yield at least half their weight in oil. It is an oil that does not become rancid, no matter how long it is kept. It comes into direct competition in various salads mixed with other oils, and the imports of sesame oil are increasing. Throughout Florida and many States of the South these seeds could be produced in great quantities, but it is utterly impossible to produce them with labor that receives as low a wage as labor is paid abroad. As a matter of fact these and many of the other oils, coconut oil, are produced by people who work for wages as low as 2 cents a day. Those people require practically no clothing, except possibly a breechclout; no shoes. They live on almost nothing; yet the farmers of this country, with our standard of living, are brought into direct competition with that cheap labor.

Mr. FISH. Has the gentleman's committee taken under consideration the danger to the dairy industry from the use of oleomargarine?

Mr. REED of New York. It has been called to the attention of the committee. I might say to the gentleman that in Canada during the war a law was passed prohibiting the manufacture of oleomargarine in Canada. That law is still in force. Not only that; they had a trade treaty with New Zealand and even modified that, because it was found that even New Zealand, some 2,000 miles away, was able to undercut the Canadian farmer by shipping dairy products into Canada.

Mr. FISH. Is it not a fact that oleomargarine is a considerable menace to the dairy industry?

Mr. REED of New York. There is no question about that, and that was brought out in the hearings before our committee. But that is not the whole picture. Some of the States are now producing sunflower seed in large quantities. Take also the matter of peanut oil. That is being menaced by these foreign cheap oils and seeds. Mind you, there was a tariff put on the seeds, but the hole that was left there was that foreign countries were able to bring in the seeds and press them out here. In the State of Minnesota, for instance, they have gone into the sunflower business in a large way. Russia has gone into that, and she is shipping her sunflower seed here at the present time in competition with our farmers.

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

Mr. REED of New York. Yes.

Mr. CHRISTIANSON. Is it not true that the cotton farmer of the South would also profit by an embargo on vegetable oil from the Philippines?

Mr. REED of New York. The gentleman is correct, and at this particular time the cottonseed-oil interests have appeared before the Ways and Means Committee and have shown the disaster that importation of oils is bringing to the cotton farmer. The cottonseed oil is the one cash item that a strictly cotton farmer gets from his crop. This competition is ruining his business, and they are joining with the dairy interests to get relief.

Mr. CHRISTIANSON. Does not the gentleman feel that the present effort to secure a reduction of acreage by paying the farmer is due to our leaving the sluiceways open for the entrance of competing products from abroad?

Mr. REED of New York. Absolutely, and the same is true in regard to the dairyman. Soon there will be a plan to reduce the amount of dairy products by limiting the amount each can produce; and just as long as the foreign countries can ship in the things that will displace our dairy products, it is doomed to failure.

Mr. CHRISTIANSON. As a matter of fact, what we are doing is to place a tax on the American consumer to subsidize agricultural production abroad.

Mr. REED of New York. Yes, and even more, because if we let them come into our market, they will disorganize our business at home and we may never get it back again.

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

Mr. REED of New York. Yes.

Mr. HART. Up to the time of the passage of the Fordney-McCumber Act was there not a restriction upon duty-free fats and oils from the Philippines?

Mr. REED of New York. Not to my knowledge. Permit me to say to the gentleman that the one and only hope the dairyman has had during the whole depression has been the high duty placed upon dairy products of foreign countries. Were it not for that, Canada would simply have flooded us with dairy products. Dairy imports would have come from Denmark and New Zealand. I want you to remember this: They can ship butter from New Zealand into New York or into San Francisco at less cost, as far as transportation rates are concerned, than they can ship it from Wisconsin to New York.

Mr. HART. Will the gentleman yield further?

Mr. REED of New York. I yield.

Mr. HART. Was there not also a restriction on the importation of sugar, duty free, from the Philippine Islands until the passage of the Fordney-McCumber Act?

Mr. REED of New York. I am not familiar with that, and I am not concerned about it.

Mr. HART. We are, out in Michigan.

Mr. REED of New York. What I am concerned about is this, that there is a group of islands not far from the Philippine Islands where they have been raising spices. They have now found it more profitable to ship their oils to this country, so they have displaced thousands of acres of spice lands and are putting in the coconuts. In the Philippine Islands they are developing coconut growing at an alarming rate. A coconut tree will produce a hundred pounds of coconuts per year. They cost very little to plant. They will come into bearing in 5 or 6 years. Unless we stop this thing now it will get such a hold that our dairymen will be ruined.

The Federal Government has spent millions of dollars to eradicate bovine tuberculosis. In my particular district they have cooperated until our herds are practically all certified herds. That has been expensive. They have fine barns; they have the dairy machinery; they have been a prosperous lot of people, but today they are confronted with ruin because of these importations.

Mr. HART. I am a dairy producer.

The CHAIRMAN. The time of the gentleman from New York [Mr. REED] has again expired.

Mr. AYRES of Kansas. I yield the gentleman 5 additional minutes.

Mr. KLEBERG. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. KLEBERG. I would like to ask my distinguished colleague whether it has ever occurred to him that possibly this whole business of the tariff may have brought us into the position which now confronts us, not only with reference to the Philippine Islands, the Virgin Islands, the isle of Guam, and other countries where we have at one time or another exercised what might be called a protectorate.

Mr. REED of New York. If I had my way and were to establish a policy for this Government, the tariff would not be as low as it is now. It would be higher, and we would live more within ourselves than we are at the present time. I do not believe the tariff has brought about this situation at all.

Mr. KLEBERG. I do not believe my friend got exactly what I was driving at. The suggestion of a tariff, or rather the use of the word tariff, in the first place, in my opinion, might possibly have been an error. In my opinion, a nation should be willing to pay contribution toward the support of a market in any other country which they seek to use, just as one who sets up a market place and offers stalls for rent expects the individual or agency that uses one of those stalls to pay for it. In the case of a tariff structure, we cannot ask a contribution from the Philippines, because we cannot tax, through a tariff, those who are under our protection, if you please.

Mr. REED of New York. I will say to the gentleman that I voted for Philippine independence. That is one reason, and only one of several, why I voted for it, because I wanted to protect our farming interests. I believe if they come into our market they should pay for the use of it, but there is no reason for their coming here at all with their fats and oils.

Mr. KLEBERG. Suppose we were to change this tariff set-up that we have in this country and proceed to establish a policy whereby all nations are invited to use our markets, provided they pay the fixed overhead and charges which our producers are called upon to meet and contribute a little additional to the support of those markets?

Mr. REED of New York. I believe we can supply all of our needs along dairy lines from our own farms in this country if we will protect this market as we go along.

Mr. KLEBERG. The gentleman would not agree to a policy whereby you can call upon any nation to pay the fixed charges and a little additional, for the use of these markets?

Mr. REED of New York. I would make it so hard that it would be practically an embargo.

Mr. KLEBERG. We are not talking about what we would make it. We are talking about a policy. We could expect a contribution from every country in that way, including the Philippines, and so forth. To explain my thought: If we could throw overboard and do away with what we call "our tariff policies" and set up a policy in its stead which would provide that all countries outside of continental United States would be called upon to contribute toward the maintenance of our markets—markets that are erected and maintained by our Government for our people, and paid for by our people—other countries should, if the use of our markets by them is desired, be willing to meet the overhead fixed charges and cost of production to our producers by contributing in accordance with them toward the maintenance of such markets as well as paying the additional burdens which their added use of the market brings about. While this would in effect in most cases be the same in effect as some of our tariffs, still the idea of embargo is not of the essence.

Mr. REED of New York. I will follow any policy that will keep our markets for the dairymen of this country.

Mr. WEARIN. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. WEARIN. Can the gentleman give the House any information as to what percentage of fats and oils that are being imported into the United States at the present time now come from the Philippine Islands and our various island possessions?

Mr. REED of New York. I gave the amount that is coming in. I cannot give the exact percent. I did not go into that detail here. It is all disclosed in the hearings. Later on I shall go into the details further, when time will permit. There is talk that this session of Congress will not last very long. We are setting up codes for the dairymen and doing things to aid him. The only thing is to take action in time so that they are not allowed to push in boatload after boatload of these oils and fats and put down the man we are trying to aid.

Mr. WEARIN. Does not the gentleman think, however, that the policy with reference to limitations on oils depends a good deal upon the percentage of them that comes from our island possessions?

Mr. REED of New York. Yes; undoubtedly it does.

Now, discussing this question a little further, from the viewpoint of these other countries, let us consider the situation in Denmark. Denmark has a very great surplus of butter at the present time. Butter is strictly an article of export in Denmark. Through their cooperatives they make oleomargarine and the farmers eat oleomargarine to have more butter to export. They can sell their butter on our market in New York at a transportation rate which is about equal to the rail transportation rate from western New York to New York City, and this gives them a great advantage.

Let us consider also the situation in New Zealand. In New Zealand are three islands well adapted to the raising of

cattle. It is not necessary to house the cattle, for the climate is very mild. There is an abundance of moisture in that country. That makes it ideal for producing hay. They raise all sorts of turnips and herbs that the cattle eat. It is strictly an export country and its government goes throughout the world spending literally hundreds of thousands of dollars a year advertising their products, setting up their stores wherever they can. Fortunately, they cannot get into our market at the present time, because the tariff keeps them out.

While we have kept these exporting nations out, I still appeal to the Members to consider the facts with regard to the quantity of oils coming in. The testimony of the dairy interests is to the effect that imported oils are breaking down the price of dairy products in this country.

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

Mr. REED of New York. I yield.

Mr. SHOEMAKER. Would the gentleman be interested to know that the butter that is being used by our Army, by our Navy, and by the Government establishment in the Panama Canal Zone comes from New Zealand instead of from our own country?

Mr. REED of New York. I thank the gentleman for his contribution.

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

Mr. SWICK. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Chairman, I am sure most of the Members of this House will remember a story which they read in their youth, Charles Lamb's Dissertation Upon Roast Pig. One day a Chinaman went away from home, leaving the house in charge of his young son. The boy was careless with fire, with the result that the building burned down. After the flames had wrought their work of destruction the boy remembered his favorite pig which had been kept in the house. Concerned for its welfare and safety he went to the smoking ruins saw the pig, grabbed it by a leg to rescue it from the flames. He burned his fingers and put them in his mouth. For the first time a Chinaman had discovered how tasty and delectable roast pig may be, and from that time on almost every day some Chinaman's house burned down.

This afternoon, when I heard the gentleman from New York [Mr. TABER], who is a member of the Committee on Appropriations, make certain statements about the effort to cure unemployment by engaging in public works, I recalled this story; and the question arose in my mind whether we are not much like the Chinamen who burned their houses down to get roast pig.

For instance, the gentleman told us that it costs the United States Government \$5,400 to keep one man employed 1 year at constructing public buildings. It seems to me the time has come when the Congress should begin to consider very seriously whether its attempt to relieve unemployment by the very expensive and extravagant method of erecting bigger and finer post offices and courthouses is justified, and whether we are making the money go as far as it should. I am strongly of the opinion that too large a proportion of the \$3,300,000,000 we appropriated for public works during the special session will enrich contractors and material men instead of buying bread, fuel, and shelter for the hungry men and women of America.

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

Mr. CHRISTIANSON. I yield.

Mr. FISH. From what the gentleman says, it seems apparent to me that the policy of the administration has been to save a few drops at the spigot but to open up the bung-hole to a flood of expenditures which have not served any too good purpose. Is not that what the gentleman believes?

Mr. CHRISTIANSON. Answering the gentleman from New York, I will say that it is not my purpose to direct any attack against the administration. I believe in Franklin D. Roosevelt. His objectives are, in the main, my own, and I have voted for most of the measures he has sponsored. When policies miscarry, when they fail to bring the bene-

ficial results anticipated, let us as Members of Congress admit our share in the responsibility. I did not vote for the public-works program for the reason that England's experience had proved that it would fail as a means of unemployment relief and for the reason that it would put a heavy burden upon the taxpayer and therefore operate as a brake on industry. I did not vote for it because I feared that labor would get only the crumbs that fell from the table. However, with all my misgivings as to the P.W.A., I believe thoroughly in the C.W.A. I believe in it because it relieves distress and makes it possible for millions of people to eat and to provide themselves with clothes, fuel, and shelter. I believe in it for the reason that it puts almost every cent of every dollar of money expended by the Government into the hands of men who will at once put it into circulation.

In fact, my purpose in rising was to say that we should now take some of the P.W.A. money that has been allotted for public works, available on July 1 of this year, money which it is proposed to use for erecting buildings of doubtful necessity and utility, and definitely withdraw it, and recognizing the duty of Congress to share with the administration the responsibility of government, reallocate it to C.W.A. work, so that the millions who are living on C.W.A. funds at this time may continue to have employment, at least until the snow leaves the ground.

In Minnesota the situation is serious. We live in a northern climate. Winters are long. Our people have to burn coal often until the first of May; and the Federal Government must not, it cannot afford, to discontinue giving them and others in similar circumstances the opportunity to earn a living, to provide the necessities of life, between now and that time. I do not know the situation in the South. Spring comes earlier there, and the most urgent need will therefore end sooner; but I do know that in my section of the country, and I have been informed that in New England, in fact, in all the States of the North, a very serious condition will arise unless C.W.A. work is continued, and it is the duty of this Congress to provide the means whereby it may be continued. I deny that this is exclusively the responsibility of the President of the United States; it is our responsibility too, and unless adequate funds are reallocated within the next week I would suggest that the Committee on Appropriations should bring in a bill authorizing and directing such reallocation or providing other funds by which C.W.A. work may be continued.

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

Mr. CHRISTIANSON. I yield.

Mr. BYRNS. Of course, the gentleman realizes that in the construction of public buildings and the prosecution of river and harbor works and these various activities that are going on, it is necessary to purchase material and this alone carries with it an unnamed number of men who are engaged in the fabrication of the material used. So the number of men employed cannot be confined simply to those who are actually upon the Government pay rolls.

No one has a higher respect for the gentleman from New York [Mr. TABER] than I, nor greater confidence in him; but I myself am not prepared to admit that his figures are entirely correct with reference to the amount of money needed to put one man to work on these various projects.

May I say also, if the gentleman will pardon me, with reference to his suggestion that the Appropriations Committee should get to work and allocate these funds, the gentleman knows very well that were such a practice followed it would entail not only unlimited delay with reference to the expenditure of the funds, but all over the country would go up the cry of pork-barrel methods. It would be difficult to keep that out of the picture if Congress undertook to allocate the funds in the manner suggested by the gentleman from Minnesota and the gentleman from New York.

Mr. SWICK. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. CHRISTIANSON. I will say in answer to the distinguished majority leader that, in my opinion, if an outcry came against allocating P.W.A. funds to the C.W.A., it would

come from those throughout this country who are interested in pork, not from those whose interest is in giving workingmen employment. In fact, the very thing I proposed was to take some courthouses and post-office buildings out of the pork barrel and reallocate the money so that it may be used to relieve distress at this time, when such relief is sorely needed.

Answering the gentleman's question whether I know that in the erection of public buildings others besides those who lay one brick upon another get employment, I will say that I am very well aware of that fact. Of course, there must be factories to produce the raw material. Structural steel must be manufactured; stone must be cut and fabricated; portland cement must be made. But I have visited portland-cement factories and have found that the whole process of manufacturing cement is mechanical. A few men can turn out enough cement for construction involving the expenditure of hundreds of thousands of dollars. I know that in the limestone quarries of Indiana most of the work is done by machines. I know that mechanization has been developed to the *n*th degree in the steel mills of Cleveland, Pittsburgh, and Gary. If it is our desire that the money we have appropriated shall be spent in such a way as to give the maximum relief to the workingmen whom we profess to wish to aid, I suggest that we see to it that the money is so used that as many cents as possible of every dollar shall go to buy bread, shelter, and fuel.

In that connection let me add that, insofar as it is advisable to spend money for public works to relieve unemployment, I believe it should be spent for roads rather than for public buildings, because, according to the statement of the distinguished minority member of the Appropriations Committee, in road work it does not cost more than \$2,400 a year to keep a man employed. I would also make the suggestion that if we are sincere in our profession that it is our purpose in appropriating money for public works to provide the necessities of life for workingmen and their families, we might consider taking some of the machinery off the road jobs and returning to the process of building roads by methods that will require more manual labor. I think the money we appropriate for unemployment relief should go not to the owners of machines but to men who will use it to support their families.

The great need of this country is not for more and finer post offices and courthouses. We are overbuilt now. We are erecting post offices at crossroad villages that represent an investment several times what any corporation would regard as a prudent investment for housing a business of equal volume. We do not need buildings, but we do need relief for unemployment. Municipalities and counties, and even States, have reached the end of their resources. They are not able to provide more funds, and the only place they can come is to the Federal Government. Personally, I oppose pork. I oppose the bootstrap-lifting process of enriching ourselves by spending money unnecessarily. But to relieve distress I would vote the last dollar out of the Treasury of the United States. I would vote to exhaust its credit if necessary to provide the means of livelihood for the American people, for that is our responsibility. We cannot shirk it. What we should have is less pork for politicians, more relief for the people.

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. CHRISTIANSON. I yield to the gentleman.

Mr. JOHNSON of Minnesota. I want my colleague from Minnesota to understand that I am not against appropriating money for the C.W.A. work.

I believe that the C.W.A. is the one Federal appropriation that should be made immediately so that the millions of persons now engaged in C.W.A. projects can feel secure that their jobs will be safe. This work-relief project has been a boon to business in rural and urban Minnesota, and I am for it. I do say that the appropriations should be made, and I understand such appropriation has already been made for the completion of the post offices contemplated in the State of Minnesota. The post office at the city where the gentleman lives has already been finished. It cost nearly \$5,000,000. There is one in the city of St. Paul costing just about

that amount. I want to ask the gentleman if the people of my district and the people of the rest of the State of Minnesota should not have just about the same rights and privileges as you have in the cities of Minneapolis and St. Paul?

Mr. CHRISTIANSON. I will say to my colleague that I was not a Member of Congress when the Minneapolis post office was authorized, nor have I ever advocated its erection, despite the fact that it is in my city. Frankly, I have questioned, as have many citizens of Minneapolis, whether it was a necessary expenditure of public money at a time when our resources should be used for relieving distress. In any pork which the gentleman may get in any forthcoming appropriation bill, let me say that I am not at all interested. I am surprised at his admission that he is interested, if that is the meaning he intended to convey.

Mr. AYRES of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. RAMSAY].

Mr. RAMSAY. Mr. Chairman, I want to pay my meed of respect and appreciation for the vision and courage of the man of the hour that has instilled new hope and new confidence in the hearts of the people in these States.

In the first message the President of the United States gave to the American people after his election, he said he did not expect to make a home run every time he came to the bat. Since that time, he has taken many healthy swings at the ball, but no pitcher on the team of panic and oppression has been able to slip over even a strike.

I want to praise the wisdom and humanity that instigated the law which took 250,000 boys from the streets, from the pool rooms and dens of iniquity, and placed them on the broad highway of work and opportunity that will later pour them into the marts and trades of the United States, adding new impulse to the business ability and activity of the great American industries.

I also want to thank God for the vision that gave us the N.R.A.—the great keystone of the triumphant arch of the new deal that struck the shackles of industrial slavery from the children of America and turned their faces toward the little red schoolhouse on the hill, where they may learn the history and traditions of a great Nation.

It also revived from ruins and chaos the great industries of America that lay prostrate and helpless from their own folly. It has restored 6,000,000 men to labor and employment and given them a new hope and new confidence in the institutions of this Government. It has given to the laboring man for the first time in the history of any nation the right to bargain and deal for the sale of his only product—his labor.

Someone on the other side of the aisle has said "What about the cost of it all? How are we ever going to pay it back?" We will pay it back by the restoration of business; by the placing of every man in the United States in work and employment at a fair and living wage that will enable him to pay back to the Government a stream of taxes exacted by fair and just laws that will lift the deficit as rapidly as it was placed upon the people in America. And even though it takes years to repay it all back, is it not better to restore confidence in the Government of this country in the breast of the average citizen and restore to him the right to live and raise his family in an orderly and decent manner?

Mr. Chairman, the civilization of this country will not permit us to turn back. Civilization is progressive. Each generation has its rear rank and its front rank, but the march of progress goes steadily onward toward the evolution of God's final purpose. The rear rank of one generation takes its stand upon the ground that was once occupied by the front rank of a former generation, and front rank of the new generation takes its stand far beyond the ken of men of days gone by.

Time was—and not many generations ago—when ordinary men like you and I were considered as mere pawns to be used and cast aside by a man who lived across the seas, who wore a coronet on his brow and held a scepter in his hand. To him the life and welfare of the common man meant nothing. To the common man life held no bright future,

no bright promise to lure him on to noble thoughts and valorous achievements. But, thank God, the best spirit of the world has changed though the eternal battle of life still rages, though the strong continue to oppress the weak. Tears are shed and blood is spilled; yet above the din of strife, above the clash of arms—now strong, now weak, but ever growing more distinct—there comes a harmony of a sweet refrain. It is the world's front rank; it is that mighty advance guard of civilization as it pours forth that wondrous melody, that song of songs—"Equal Rights to All and Special Privileges to None." [Applause.]

Mr. SWICK. Mr. Chairman, I yield 9 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, we have heard a lot said here today about the Navy and about bringing it up to the navies of some of the countries of the rest of the world and about spending a lot of money for weapons of destruction, but I have heard very little said here in favor of doing something that is really constructive.

Under this bill \$295,418,188 is proposed, and added to that is \$278,000,000 of so-called "Public Works funds", which make a total of \$573,418,188 to be spent for the purpose of destruction and not construction.

The Kaiser, for many, many years, propagated the idea that preparedness was the thing that was going to save Germany, and then we had a war to do away with militarism, and, after all was said and done, Germany won. We had a great war for democracy, and all we got out of it was prohibition, influenza, Herbert Hoover, and a depression [laughter], and we are still paying those war debts. This not only got us into this depression but it has put the entire world in a depression, and here we are going to squander money with the rest of the world to fix ourselves up to be in a position so we can have bigger and better and nobler and greater wars and create more catastrophes and cause more destruction; and we try at the same time to call ourselves civilized.

We argue about more men for the Navy, more man power for destruction. I want to say to you that up through the Northern States we have what is known as the "potato-soup line"—little children who are living upon potato soup—potatoes and water; and, thanks to the good Lord, the springs are still running or they might not have the soup—these little potbellies, with sprawly, scrawly limbs and trembling knees—and down through the South we have the scurvy brigade. Our little children are suffering from malnutrition and want of food. There are over 2,000,000 of these little waifs, according to the Department of Labor, who are now out of school, with no shoes and no clothing, with teachers by the thousands being laid off. Many of these teachers are walking the streets unemployed after putting in a lifetime and a small fortune, and, in many instances, a large fortune, into an education so that they might teach our boys and girls of this great land.

Not only this, there are hundreds of millions of dollars in salaries owing at the present time to school teachers, and so religiously and so generously do they give of their time that they go on teaching these little children.

Oh, we talk about men for the Navy. Are you going to make sailors and soldiers out of the potato-soup line of the North or the scurvy line of the South? I want to say to you that this big Navy program is for the purpose of following the American dollar and for the purpose of backing up national imperialism abroad. This is what this is for. It is about time for this Congress to come back to the plans and principles of George Washington, who advised against foreign entanglements and advised us to stay home and take care of our own business.

O Mr. Chairman, how long are we going to allow this suffering to continue? We are appropriating \$573,418,188 so that we can go through one more holocaust of hell such as we went through in the late World War, and do it over again.

William Randolph Hearst goes out here and hires people to take pictures of some Japs taking a picture of some old horse out here on a road in New Jersey and plays it up in

big headlines to fan the flames and try to get our jingoes to go wild here on the floor of Congress. We are going to protect the Philippines, the Hawaiian Islands, and various other possessions in foreign countries, but I believe it is our first duty to protect the children of America, and once again open the door of opportunity which has been closed to them by organized greed, graft, and concentrated wealth in America.

I believe the time has come when if J. Pierpont Morgan wants an army, we should let him recruit his own army and go ahead. The last time we had a war he sent Gen. Hugh S. Johnson over here to run the American World War by having him write up the Draft Act for General Crowder, so we could draft the young manhood of the country into the United States Army to fight for J. Pierpont Morgan. This is the same General Johnson who is drafting the N.R.A. code to protect the House of Morgan and the grafters and the gluttons of gold in this country of ours. Is it not about time that the American people woke up to what is going on and what is being done to them?

Oh, in our State the people are beginning to realize that the only difference between the Republican Party and the Democratic Party is that one of them is a carbunkle and the other is a boil, and both of them are the tools of big business—the gold-dust twins of Wall Street. This is why they send a few of us Farmer-Laborites down here.

Today, in the interest of big business, we are going to rob the suffering children of America and deny them future education; rob our patient, energetic, and religiously sincere school teachers, who follow their profession with such zest that they are compelled to forfeit their future wages so we can build up a navy—build up an instrument of destruction to protect the gods of gold and the gods of mammon.

I want to say to you that if we proceed in the manner in which we are going it will not be long when these two old political parties of the United States, who represent property rights, will be sunk into oblivion, and the great American people will step forward into a political party that represents the human rights of mankind, and we will once more return to the kind of government that we were originally intended to be when we divorced ourselves from the Crown of England and established a government by and for the people, which has now been stolen. [Applause.]

[Here the gavel fell.]

Mr. SWICK. Mr. Chairman, I am today introducing in the House the American Legion's clarified 4-point bill as substitute for H.R. 6215, which I introduced on January 3, 1934, at the request of Otto F. Messner, commander of the Pennsylvania State department of the American Legion and the vice chairman of the American Legion national legislative committee.

The fact that the President signed four Executive orders yesterday which it is said will restore approximately \$21,092,205 annually to veterans and their dependents, is in my opinion an admission on the part of the administration that it acted hastily and unmercifully when it determined on the drastic cuts provided in the Economy Act and subsequent regulations issued by the President.

It now admits that veterans suffering from nonservice diseases requiring emergency or extended care, who are unable to pay for such treatment, should be hospitalized in veterans' hospitals where facilities are available. If that is so now, and I think it is, I cannot understand what conditions have been unearthed since the enactment of the Economy Act that were not known before that would prompt this change in the opinions of the Director of the Budget and others responsible for the order. Can they by Executive order bring back those men who have died because of their previous action through lack of medical treatment, or allay the sufferings of those denied such treatment during the past 9 months?

The President by his orders increases from \$90 to \$100 per month the pensions to veterans suffering from total permanent service-connected disability, with proportionate increases for lesser disabilities. I cannot help wondering what conditions have changed during the past 9 months that

would justify this change of heart. Certainly it cannot be an increased cost of living, which the President denies in his statement denying pay increases.

The Executive order issued yesterday also indicates a change of heart toward veterans of the Spanish-American War, no longer requiring proof of service connection. What information has been received since the enactment of the Economy Act that would cause this order?

Can it be possible that the administration leaders recognize the justness of the Legion's 4-point bill and believe the Members of Congress will insist upon its enactment? Is this change of heart simply designed to defeat favorable consideration of the Legion's program, which proposes to restore eligibility for service-connected disabilities, with actual monetary payments that existed prior to March 20, 1933, with the exception of veterans enlisting after the armistice, where the Government can prove disability occurred before or after service or where service connection had been established by fraud, error, or misrepresentation? The bill would restore hospitalization privileges in the same manner approved by the President yesterday. It would further provide pensions for widows and orphans in need on the same rates and conditions provided for the Spanish-American War under the Economy Act.

I have served on the World War Veterans' Legislative Committee and the Pensions Committee since coming to Congress and have been confronted with the legislative programs of the American Legion and other organizations at various times. I have not always been able to accept them in their entirety, but I believe the 4-point program provided in this bill is the best and most conservative legislation ever proposed by a veterans' organization; it does not repeal the Economy Act nor restore non-service-connected disability compensation. It has the authority of years of experience in veterans' problems behind it and is deserving of the favorable consideration of this Congress. It will restore benefits to those who are justly entitled to them, with the assurance that they will not be disturbed by the whims of individuals not informed on the subject.

It is estimated that the maximum cost of this bill would be \$80,000,000 a year, and in the opinion of the Legion it will not cost more than \$65,000,000 a year, or about the cost of the C.W.A. program for 1 week. As one who supported the President's economy bill, believing that veterans would be dealt with with justice and mercy, I think the enactment of this bill is the only way we can rectify the unjustified reductions made in veterans' benefits by the powers granted the President at that time.

The vice chairman of the national legislative committee of the American Legion, Col. John Thomas Taylor, informed me today that the recent Executive orders were not satisfactory and would not cause a lessening in the Legion's demand for enactment of this bill.

I yield, Mr. Chairman, 10 minutes to the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Chairman, I desire at this time to pay my respects and compliments to the distinguished occupant of the White House, President Franklin D. Roosevelt, also to his far-sighted and competent Secretary of the Navy, Hon. Claude A. Swanson. In their determination to restore to this country an adequate Navy, they are carrying out the policy of one of the greatest Americans in history, Theodore Roosevelt, who, as Assistant Secretary of the Navy and as President of the United States and as a citizen and patriot, never wavered in his demand for preparedness and the necessity for a Naval Establishment of the first magnitude.

In 1903, President Theodore Roosevelt dedicated the Naval Memorial Monument in Union Square in San Francisco. His words of dedication still linger in the minds and memory of those of us who were present on that occasion:

It is eminently fitting—

Said he then—

that there should be here in this great city on the Pacific Ocean a monument to commemorate the deed which showed once for all that America had taken her position in the Pacific. * * * To dedicate the monument would be an empty and foolish thing if

we accompanied it by an abandonment of our national policy of building up the Navy. * * * Applaud the Navy and what it has done. That is first-class. But make your applause count by seeing to it that the Navy is so built up that the men of the next generation will have something to applaud also.

The Nation must have physical no less than moral courage; the capacity to do and dare and die at need and that grim and steadfast resolution which alone will carry a great people through a great peril. * * * Diplomacy is utterly useless when there is no force behind it; * * * an ignoble peace is even worse than an unsuccessful war. We ask for an armament fit for the Nation's needs, not primarily to fight, but to avoid fighting. Peace, like freedom, is not a gift that tarries long in the hands of cowards or of those too feeble or too short-sighted to deserve it, and we ask to be given the means to insure that honorable peace which alone is worth having. * * *

There is no more utterly useless and even utterly mischievous citizen, than the peace-at-any-price, universal-arbitration type of being, who is always complaining, either about war or else about the cost of armaments which act as the insurance against war. In the present stage of civilization a proper armament is the surest guarantee of peace and is the only guarantee that war, if it does come, will not mean irreparable and overwhelming disaster. The huckster or pawnbroker type is usually physically timid and likes to cover an unworthy fear of the most just war under high-sounding names. The large mollycoddle vote * * * consists of the people who are soft physically and morally or who have a twist in them which makes them cantankerous and unpleasant as long as they can be so with safety to their bodies. In addition there are the good people with no imagination and no foresight who think war will not come, but that if it does come, armies and navies can be improvised. I abhor unjust war; I believe that war should never be resorted to when or so long as it is honorably possible to avoid it. I advocate preparation for war in order to avert war, and I should never advocate war unless it were the only alternative to dishonor. * * * There is no surer way of courting national disaster than to be opulent, aggressive, and unarmed.

Mr. Chairman and Members of the Committee, why, may I ask, in this time of unemployment and depression, is there wisdom in constructing unneeded public buildings and folly in building an adequate Navy? [Applause.]

Mr. AYRES of Kansas. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. HENNEY].

Mr. HENNEY. Mr. Chairman and Members of the Committee, I was particularly interested in the remarks of the gentleman from New York [Mr. TABER] this morning in which he, while discussing the appropriations to the Naval Department, stated, in substance, that outside of the four hundred millions used in civil-works projects and allocated out of the three billion four hundred million public-works appropriation a too small proportion of the balance actually went to direct labor. I submit, Mr. Chairman, that, barring the element of graft, or, to use an everyday colloquialism, chiseling, precisely the same percentage of expended funds go to labor in the erecting of public buildings and bridges and constructing battle cruisers as would be possible in the regular C.W.A., C.C.C., or other recognized hand-labor programs, allowing, of course, for the higher wage differential for skilled labor, such as masons, steelworkers, architects, engineers, and so forth, whose services are technical and whose positions cannot be filled by the ordinary pick-and-shovel laborer. The building of, say one of the large governmental buildings in Washington, returns to labor by far the larger portion of the money expended. Leaving out the actual cost of the raw materials in their crude state and deducting the profits to contractors, which, Mr. Chairman, I deplore as having been far and away too lucrative in the past, and which I hope and verily believe in the future under the wise guidance of our great President will be reduced to a minimum—every cent of the balance goes to labor. Take, for instance, a modern road-building project, in which formerly possibly three or four hundred laborers per mile were employed. Today a contractor will move in with a steam shovel, operated by one or two men, and 8 or 10 caterpillar dump trucks and do twice as much work in grading and surfacing a road as the whole three or four hundred hand laborers.

But, Mr. Chairman, it takes hundreds of workers to build these steam shovels, tractors, cement mixers, and so forth. It requires hundreds of men in the mines and in the smelters to produce the steel. Men are employed on the railroads to transport the machines and the cement. Then, again, men are employed in the forests to supply lumber for

the freight cars, railroad ties, and so forth. It calls for men to supply gasoline and transport it; men to build power dams or mine coal to produce electricity used in welding and for power to construct machinery; men to mine and kiln the cement and to dig and transport gravel; and because these men are not out on that particular stretch of road building we are told that there is little direct labor employed; and yet were it not for road building, public and private building, thousands and thousands of men in lumber camps, in mines, on railroads, in machine shops, and in power plants would be thrown out of employment.

And again I submit, Mr. Chairman, that outside of the cost of crude materials such as iron, granite, gravel, and so forth, in its raw state, every penny ultimately goes back to labor and is put into circulation, increasing the purchasing power of the masses whether in one form of public works or another. In the last analysis the money that is being expended is going to the people who need it and who will spend it at the bottom of the economic pyramid and where it will revive the small business man, the country banker, and the professional men and artisans of every hamlet, village, and city in our land. This is not a program of redistribution of wealth, but it is a revaluation of human opportunities and in keeping with our great President's expressed desire that men and women must be paid decent and livable wages. In this connection I have felt that the cost-of-living index during the past 6 months has increased much more than the Department of Labor's figures have shown. This I have adduced from the increased cost of commodities that we purchase in our own homes. Personally I believe they are increased well above 25 percent, and, therefore, I have been particularly interested in the rural carriers of the Postal Department and the postal railway-mail clerks. These men have not only had the regular 15-percent economy cuts but with their furloughs of 2 weeks every 3 months they have had an additional 16 $\frac{2}{3}$ -percent cut. Then in the case of the rural carriers, their maintenance for equipment was cut from 4 cents per mile to 1 cent per mile, 2 cents of which was later remitted to them, making a total of 3 cents per mile or, on the basis of a 30-mile route, 90 cents per day. In starting and stopping their automobiles every few hundred yards, letting their engines idle while making deliveries, and traveling much of the time in first and second gear, I submit, Mr. Chairman, that this will little more than pay for gas and oil or, figuring on another basis, 90 cents per day for 300 days per year amounts to \$270 per year, which is to pay for gasoline, oil, tires, chains, repairs, license fee, insurance, and exchange depreciation on their cars each year, to say nothing of livery hire that those carriers who live in snow-bound States are obliged to pay for 3 or 4 months out of each year.

Mr. Chairman, I ask unanimous consent to have printed in the RECORD a letter which I received from Mr. G. F. Bartelt, president of the Wisconsin Rural Letter Carriers' Association, together with a survey made by his association of the status of rural carriers' expenses in the great State of Wisconsin, which I have the honor of representing as one of its Representatives in the Seventy-third Congress. These statistics and conclusions are startling in what they show and are conclusive proof that this branch of the service, to use modern slang, is "getting the worst of it." I hope our Postmaster General, who, I am glad to say, is giving one of the best administrations of that Department in many years, will see fit to rectify some of the inequities that now exist. Certainly, there will not be much gained by way of rigid economy in this Department, which costs the Government approximately \$30,000,000 per year as against the extravagant, wasteful, and high-binding subsidies that go to the holders of air mail and ocean mail contracts, in which the subsidies alone are equal to the entire cost of the rural-delivery system. The hearings that are now taking place before the Senate committee show conclusively one of the reasons for the huge deficit that has existed in the Post Office Department in the past; and I, for one, believe that the small saving that can be brought about by pinching the rural carriers,

as well as the city carriers, postal railway clerks, and so forth, is infinitesimal when compared to other departmental leaks that have existed in the past. It is the old adage of saving at the spigot and wasting at the bunghole, and I truly believe that when Postmaster General Farley has completed his program of repair, that all these leaks will be stopped and the lowly carrier will come into his own.

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

I append the following letters:

WISCONSIN RURAL LETTER CARRIERS ASSOCIATION,
Marathon, Wis., January 15, 1934.

HON. CHARLES W. HENNEY,
Member of Congress, Washington, D.C.

DEAR MR. HENNEY: It is with a great deal of disappointment that I read of the recent Presidential order continuing the 15-percent reduction in salaries of Government employees for another 6 months.

Let me say that the rural carriers have taken the reduction in salary without complaint; we have taken it in a true American spirit, ready to do our bit in assisting to wipe out the deficit in the Post Office Department; however, we were allowed to hope that such reduction would be but of short duration, we have looked forward to January 1934 hoping that at this time at least a partial restoration in salary would be made. We fear to face the next 6 months with this continued reduction, for we have learned by sad experience that it is impossible to maintain a balanced budget with the present salary.

I believe that of all Government employees the rural carriers are in the worst predicament, although it may seem that the total salary paid is sufficient, the amount is far from being net to the carrier, after paying the expense necessary to render service, there is but a very meager amount left from which it is impossible to maintain our household, at least not according to the American standard of living.

I am enclosing herewith a summary of a survey recently taken among a number of rural carriers in Wisconsin, from all sections of the State. This will give to you a true picture of the average rural carrier and his condition of labor. I sincerely hope that these figures will be of interest to you and worthy of your careful consideration.

Let me respectfully call your attention to a few of the items. You will note that many of the roads over which rural carriers travel are still unsurfaced; in fact, many miles of road are little more than cow paths, the majority, of course, are graveled, and but very few miles hard-surfaced; you will note also that the average rural carrier works well over 7 hours per day, which is considerably more than the few hours we are usually given credit for; notice also the amount of expense in maintaining our equipment and the sum necessary for equipment; please note also the financial standing of the average rural carrier; in fact, after studying this report you will have a true picture of the average rural carrier in Wisconsin and the problems confronting him.

I am also enclosing herewith accurate expense accounts of a number of carriers for the months of November and December. Of course this amount cannot be taken as a monthly average as at this time of year the expense is slightly over average; however, it is the actual amount spent during these months in order to render service.

Being aware of your fair-mindedness and ever-predominant desire to see that justice prevails, we respectfully solicit your support in the interest of the rural service and the rural carrier, to the end that we may get a square deal, and that the net salary to the rural carriers be at least on the level with that of city carriers and post-office clerks.

Again hoping that this information will be of value and interest to you, and sincerely hoping that Congress will see fit to restore at least a part of the reduction in salary retroactive to January 1934.

Thanking you in advance for your assistance, I am,
Very respectfully yours,

G. F. BARTELT,
President Wisconsin Rural Letter Carriers Association,
Marathon, Wis.

Summary of survey among Wisconsin rural-mail carriers

	Total number of replies	Grand total	Average
1. Total length of route.....	463	15, 113. 07	32.64 miles.
2. Various types of roads:			
Hard surface.....	463	1, 844. 62	3.98 miles.
Gravel.....	463	7, 907. 32	17.07 miles.
Dirt.....	463	5, 361. 13	11.53 miles.
3. Number of boxes served.....	463	68, 156	147.20 boxes.
4. Hours used for office work each day.....	462	865. 30	1.87 hours.
5. Time used in care of equipment each day.....	462	552. 70	1.19 hours.
6. Time used to serve route during most difficult road conditions.....	462	3, 641	7.88 hours.
7. Length of time these periods cover each year.....	462	1, 494	3.23 months.
8. Time used to serve route during ideal conditions.....	462	1, 492. 65	3.01 hours.

Summary of survey among Wisconsin rural-mail carriers—Con.

	Total number of replies	Grand total	Average
9. Length of time ideal periods cover each year.	462	4,038	8.74 months.
10. Money spent for auxiliary help each year.	463	\$5,344.08	\$11.54.
11. Number hiring auxiliary help.	463	283	0.50 percent.
12. Number of members in family.	463	1,907	4.09.
13. How many under 21 years.	463	806	1.93.
14. Other dependents supported wholly or in part.	463	433	0.93.
15. Number supporting other dependents.	463	196	0.42 percent.
16. Do you own property?	463	376	81 percent.
17. What is the value?	376	\$1,357,265	\$3,603.54.
18. Part acquired from earnings as rural carrier.	376	\$381,402	\$1,014.10.
19. Part acquired through inheritance.	376	\$191,520	\$509.36.
20. Indebtedness due to mortgage on property.	376	\$357,825	\$951.64.
21. Other indebtedness.	463	\$155,062	\$334.69.
22. What is the original cost of equipment you own?	463	\$456,992	\$987.01.
23. Cost of equipment necessary to carry mail on route under present conditions.	463	\$440,124	\$950.59.
24. Premium paid annually for health, accident, and life insurance.	463	\$62,170.55	\$134.27.
25. Amount spent each year for—			
Taxes.	376	\$27,077.48	\$71.99.
Fire insurance.	463	\$8,184.63	\$17.67.
Auto insurance.	463	\$11,906.12	\$25.69.
26. Money received from investments or labor other than for services as rural carrier.	463	\$17,753.46	\$38.10.
27. Number receiving money from other sources.	463	112	24 percent.
28. Pay docked for noncompletion of service on route during past several years.	463	\$407.98	\$0.88.
29. Number having been docked for non-service.	463	46	9 percent.
30. Amount spent each year for—			
Gas.	462	\$94,620	\$204.80.
Oil.	462	\$12,591	\$27.25.
Tires.	460	\$18,027	\$39.14.
Repairs.	460	\$34,838	\$75.51.
31. Amount spent each year for horse-drawn equipment.	463	\$34,440	\$74.39.
32. Number needing horse-drawn equipment.	463	282	60 percent.
33. Average depreciation on equipment.	461	\$110,390	\$234.45.
34. Equipment necessary to handle route:			
Automobiles.	463	\$522	\$1.12.
Snowmobiles.	463	\$139	\$0.30.
Wagons.	463	\$278	\$0.60.
Sleighs.	463	\$301	\$0.64.
Horses.	463	\$487	\$1.05.
35. Pieces of mail handled on route monthly:			
First-class.	399	1,307,492	3,276 pieces.
Second-class.	399	1,566,976	3,926 pieces.
Third-class.	399	1,065,024	2,744 pieces.
Fourth-class.	399	159,747	400 pieces.
36. Average stamp sale on route monthly.	453	\$11,912	\$27.51.
37. Applications for money orders on route monthly.	431	29,235	67.83 orders.
38. Insured parcels handled on route monthly.	440	8,062	18 pieces.
39. Pieces of registered mail handled on route monthly.	439	3,346	7 pieces.
40. What is your age?	462	19,921	43.11 years.
41. How many years have you carried mail?	462	7,838	16.98 years.
42. Were you appointed as result of examination?	462	444	96 percent.
43. Or were you transferred from some other service?	462	18	3 percent.
44. Are you an ex-service man?	462	186	40 percent.

REMARKS.—All figures shown in average column of summary sheet are plus further fractions. Taking the average time during both ideal and difficult conditions, plus office time and time spent in care of equipment, the average rural carrier works a total of 7.37 hours per day.

Salary (average length of route, 32.46 miles)

Annual salary, 33-mile route	\$2,070.00
Less 3 1/2 percent deduction for retirement fund (\$72.45)	1,997.55
Plus equipment allowance at 4 cents per mile (\$403.92)	2,401.47
Less average expense and depreciation on equipment, not figuring interest on investment	655.53
Net salary to carrier	1,745.94

Since the reduction in Government employees' salary the rural carrier has worked for:	
Less 3 cents per mile equipment allowance	302.94
Less 15-percent reduction in salary	310.50
Net salary to carrier since reduction	1,132.50
Nov. 1, 1933, 2 cents per mile equipment allowance restored	201.96
Net salary to carrier since Nov. 1	1,334.46

Average rural carrier handles 10,346 pieces of mail per month.

Result of the November questionnaire of a number of rural carriers in Wisconsin

	Number of replies	Grand total	Average
Total number of miles traveled per day	460	14,846.95	32.27
Total amount spent for gas	460	\$7,873.94	\$17.11
Total amount spent for oil	460	1,280.91	2.81
Total amount spent for tires	460	2,514.37	5.46
Total amount spent for repairs	460	5,558.67	12.08
Amount for other expenses, such as rented warm garage, antifreeze solution, etc.	460	2,207.89	4.80
Total amount spent for motor delivery	460	19,445.78	42.27
Amount spent for 170 carriers for horse-drawn equipment:			
Total mileage	170	5,162.44	30.37
Amount spent for feed	170	\$2,028.02	\$11.90
Amount spent for repairs on equipment	170	383.73	2.25
Total amount spent for horse-drawn equipment	170	2,411.75	14.12
Total amount spent, both kinds of equipment	460	21,857.53	47.51

This survey taken among 460 rural carriers from all sections of the State of Wisconsin shows what the average carrier, serving a 32.27-mile route, actually spent during the month of November to render service on said route, or an average of \$47.51. This figure does not include depreciation on equipment or new equipment; it represents the actual cash spent for maintenance.

Taking the salary for a 32-mile route, or \$2,040 annually, less 3 1/2-percent deduction for retirement fund, and less the 15-percent reduction in Government employees' salary, leaves the carrier a monthly salary of \$138.55. Add equipment allowance, at 3 cents per mile, 25 days—24.00

Total salary to carrier 162.55
 Less the \$47.51 spent for maintenance and the average monthly depreciation on equipment, as shown by survey of 462 carriers in Wisconsin (\$234.45 annually), or \$19.53 per month, total expense 67.04

Net salary to carrier 95.51

Questionnaires on file in my office and can be attested to before notary public if necessary.

G. F. BARTELT,
 President Wisconsin Rural Carriers Association,
 Marathon, Wis.

Results of the December expense-account survey of a number of rural carriers in Wisconsin

	Number of carriers	Grand total	Average
Total number of miles traveled per day	285	9,148.89	32.10
Amount spent for gas	285	\$5,356.30	\$18.76
Amount spent for oil	285	832.03	2.90
Amount spent for tires	285	1,021.53	3.58
Amount spent for repairs	285	2,949.09	10.31
Amount for other expense, such as rented heated garage, chains, antifreeze solution, etc.	285	979.36	3.39
Total amount spent for motor delivery	285	11,138.31	39.08
Amount spent by 102 carriers for horse-drawn equipment	102	1,732.33	16.98
Amount spent by 22 carriers for hiring auxiliary help	22	143.60	6.52
Total amount spent for both kinds of equipment and auxiliary help—grand total expense	285	13,014.24	45.66

This report shows the amount spent by 285 carriers during the month of December 1933 in maintaining necessary equipment in order to properly render service on their routes, or an average of \$45.66; this figure does not include depreciation on equipment, new equipment, or interest on investment. Reports on file in my office, and their accuracy can be attested to before a notary public.

G. F. BARTELT,
 President Wisconsin Rural Letter Carriers Association,
 Marathon, Wis.

Mr. AYRES of Kansas. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 7199, the naval appropriation bill, and had come to no resolution thereon.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2284. An act relating to contracts and agreements under the Agricultural Adjustment Act.

CONTRACTS UNDER AGRICULTURAL ADJUSTMENT ACT

Mr. JONES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table S. 2284, relating to contracts and agreements under the Agricultural Adjustment Act, a similar House bill having been favorably reported from the committee, now on the calendar.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I think the gentleman should make a short statement of what this is.

Mr. JONES. Mr. Speaker, some years ago a law was enacted forbidding Members of Congress to enter into any kind of contract with the Government, declaring such contracts void, and fixing a penalty. Under the Agricultural Adjustment Act all those who are producing certain basic commodities are permitted to enter into reduction contracts. Under the terms of this old law the Members of Congress who happen to be interested in farming are unable to go along with the program. This permits them, notwithstanding those provisions, to sign these contracts like any other citizen.

Mr. SNELL. And that is all there is to this?

Mr. JONES. Yes.

Mr. SNELL. It does not cover anybody else?

Mr. JONES. No; the original ban was simply on Members of Congress.

Mr. SNELL. And that applies to this individual subject concerning contracts to reduce acreage?

Mr. JONES. Yes; or to reduction of production.

Mr. SNELL. And it is agreeable to the gentleman from Kansas [Mr. HOPE]?

Mr. JONES. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That the provisions of section 3741 of the Revised Statutes (U.S.C., title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States (U.S.C., title 18, secs. 204 and 205) shall not apply to any contracts or agreements heretofore or hereafter entered into under the Agricultural Adjustment Act.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill was ordered to lie on the table.

C.W.A. MUST CONTINUE "FOR THE DURATION"

Mr. KVALE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short editorial from a Philadelphia paper this morning.

The SPEAKER. Is there objection?

There was no objection.

Mr. KVALE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following editorial favoring continuation of C.W.A.:

[From the Philadelphia Record of Jan. 21, 1934]

Don't beat a retreat with the battle half won. Announcement of shortened hours, reduced pay, gradual abandonment of C.W.A. entirely after February 15 is an about face on the most immediately successful offensive of the administration against the depression.

Liberals in Washington must fight for reestablishment of this definite national policy.

C.W.A. must be expanded, not curtailed.

C.W.A. must be continued for the duration of the depression.

When President Roosevelt announced the C.W.A. campaign on November 15, he declared:

"I am very confident that the mere fact of giving real wages to 4,000,000 Americans who today are not getting wages is going

to do more to relieve suffering and to lift the morale of the Nation than anything undertaken before."

The President was right. The American Federation of Labor reports that C.W.A. has absorbed 40 percent of the Nation's unemployed. It has provided more new purchasing power than has the entire increase in private business activity.

Are we to call off our forces just when the enemy line is beginning to waver?

When the President talked about "relieving suffering" did he mean until February 15 only? Is there any difference between suffering after February 15 and suffering before February 15?

Isn't it just as important to "lift the morale of the Nation" after February 15 as before?

The President said C.W.A. would transform millions of Americans into "wage-earning, independent workers, no longer dependent on charity."

How long is "no longer"?

Federal Relief Administrator Hopkins declares no new men are to be hired for C.W.A. jobs; that 1,000,000 are to be dropped every 2 weeks after February 15.

But C.W.A. didn't really get started until near the end of December. Only \$400,000,000 was allotted to it, all told. Only \$216,000,000 has been spent.

It has produced more results, in stimulated consumption and human relief, per dollar invested than any other Federal effort.

Indeed, in view of the tardiness of P.W.A., the logical move for the administration would be to transfer funds from P.W.A. to C.W.A.

The President wants the Nation to spend its way out of depression. C.W.A. and direct relief are the only Federal efforts that have actually succeeded in distributing new purchasing power. P.W.A. has actually spent less than \$250,000,000 of its \$3,300,000,000, exclusive of its C.W.A. expenditure.

To abandon C.W.A. is to call off our strongest regiment.

Unless the President agrees to have C.W.A. continue for the duration of the depression, the depression will continue far beyond 1935, the year he has set as its end.

OLD-AGE PENSION

Mr. ROGERS of Oklahoma. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. ROGERS of Oklahoma. Mr. Speaker, on last Wednesday evening one of my colleagues from Oklahoma [Mr. McKEOWN] spoke over a network of 16 stations, originating in the studios of WOL in Washington, extending from New York to San Antonio, Tex. The subject of this most able address is "Federal compensation for old age". The speaker was introduced by Dr. J. E. Pope, president of the National Old Age Pension Association. I ask unanimous consent to extend my own remarks by including the introductory remarks of Dr. Pope and the address of my colleague.

The SPEAKER. Is there objection?

There was no objection.

Mr. ROGERS of Oklahoma. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

Dr. POPE. In fighting for a principle it gives one courage to contact a man who is a veteran warrior for our cause. We of Oklahoma are proud of our entire State delegation. Especially are we proud of that stalwart, outstanding Member of the National Congress from Ada. Ladies and gentlemen, it becomes my privilege and high honor to present to you one of God's noblemen, that sturdy and courageous Member of the Congress from the Fourth Oklahoma District, the Honorable Tom D. McKEOWN.

Mr. McKEOWN. Thank you, Dr. Pope. Permit me to say that your unselfish devotion to this great cause has endeared you to the hearts of official Washington and to the Nation. Even those who differ with you in opinion are, nevertheless, forced to admire your courage and sincerity.

Ladies and gentlemen, a couple of decades ago if one had suggested old-age security in the United States he would have been immediately branded as the reddest of radicals, but today many of the leading men and women in public life are openly advocating legislation for old-age security. Among the latter is Mrs. Franklin D. Roosevelt, who recently, before a great audience in the auditorium of the United States Chamber of Commerce, speaking on this subject, said that "it is the right of old people who have worked all of their lives and have failed through no fault of their own to make provision, to be cared for in the last few years of their lives. We did it at first in what I believe a terrible way—the poorhouse."

In the early beginning of our colonial life of America there was a great scarcity of labor, and good wages were paid compared to wages paid for similar work in the old countries. Immigration companies in England advertised high American wages. There was such a scarcity of labor throughout the colonial period that it influenced customs and legislation and was the cause of the establishment of securing workers by contract. During this period every effort was made to control labor by legislative action in

order to prevent skilled labor from entering the industry of agriculture due to "the abundance of land and the efforts of companies to plant settlers upon it." In the Colony of Virginia the tendency of skilled labor to become farmers was frowned upon and legislated against, declaring that "it was more to the public welfare and the glory of God to hold them to their trade." It is a long trek from those days when labor was scarce to this period when there is no employment for labor and millions of our people are out of employment. These conditions have been brought about, as all of us realize, by great economical changes due to several causes. The most brutal practice ever inaugurated in industry was inaugurated in the United States—the rule put into effect by several industries that no new employee would be employed that was over the age of 45 years. In other words, 45 years of age was fixed as the dead line over which a worker could not pass in the event he lost his position. It is as a chain that binds him to his doom. It is a gruesome, fatal rule inaugurated by greed and maintained by selfishness. It should be abolished and forever banned from American industry. This rule has added tremendously to the necessity for old-age security.

There is another great group of people in the United States who are now aged and helpless due to the circumstances over which they have no control. After having spent a long life of thrift and saving they placed all their savings in securities that have proven worthless or in banks that have failed. There may be no children upon whom they can depend, and find themselves in extreme want, depending entirely upon the charity of their neighbors. There are some who have been thoughtless and extravagant in the days when they could work and earn their livings, but have lived the lives of honest, respectable citizens. Old-age security should not be limited in its operation to care for the aged, but should also embrace those who are disabled by disease and accident and the unfortunate blind in need.

We have passed humane laws known as "Workmen Compensation Acts", for the benefit of employees who are injured during their employment. Civil damages have always been recoverable by employees for injuries where injuries were due directly to the negligence of the employer, but thousands of employees who were guilty of contributory negligence or the negligence of fellow servants were denied relief.

Many citizens will inquire, Why bring up the question of old-age security at this time when the revenue is at such low ebb and the Treasury so near empty? The answer is the 4 years of severe depression in all lines of business has placed an unbearable burden upon the community where those unfortunate people reside. I would not add to the unfortunate burden of the hard-pressed taxpayer, but it is not fair for the generous-hearted neighborhood friends and citizens to bear this burden all the years; the selfish should be made to contribute their part to this common burden of the American people. There are a number of ways sufficient money can be found to carry this burden without adding additional weight to the hard-pressed taxpayer.

One day in April 1928 I returned to my hotel and found my wife very much upset about an experience she had just passed through. She told me that while on the streets of Washington her attention was attracted by the action of an old couple. The man was looking into a garbage receptacle, and he said to the woman, "I do not find anything." My wife turned immediately and inquired if they had lost something, and then she learned that they were an old, aged couple from a nearby State who had lost their home by foreclosure and having no place to go had come to Washington to find a nephew who lived in the Capital City and, being unable to find him, were without funds or food. He was hunting in the can for something to eat. She administered to their immediate needs and secured a temporary place for them. After she told her story I promised I would do my best to prevent this sort of thing and to lend my energy to the cause of bringing a ray of hope and happiness to the aged and helpless in my country.

As early as May 8, 1928, I introduced in Congress a bill authorizing an appropriation for cooperating with the States granting old-aged and disabled persons pensions, and for other purposes. The committee to which this bill was sent refused to even grant a hearing. That was in the Seventieth Congress, and I followed this again by a bill in the Seventy-first Congress, and it had a similar fate. Again in the first session of the Seventy-second Congress I introduced another bill. In the meantime sentiment for this character of legislation had tremendously grown throughout the United States by the enactment in many States of old-age security legislation.

It has been my contention that it would cost the people of this country very much less to provide and care for the aged, the disabled, and the needy blind through a system where monthly checks could be sent to them than under the present eleemosynary system whereby there is maintained miscellaneous homes for the aged persons. There are at least 10,037 such private homes caring for 68,659 persons at a total cost of \$26,306,477; in addition, there are 2,183 poorhouses in the United States housing 85,889 persons at an additional cost of \$28,740,535, or an average of \$334.64 a person, and with a total investment exceeding \$150,000,000.

The old-age security bill that I sponsored did not interfere in any way with the various organized private homes. An old-age security law properly administered would not encourage the people to abandon thrifty habits, but would assure them contentment and longer lives. It is incomprehensible to me that very many of our people would abandon their efforts to make a liveli-

hood and deliberately place themselves in a helpless financial condition. Old-age security legislation will encourage the self-respect of the citizens because provision is made that whenever one is able to work and can find employment he must earn as much of his living as he can with the assurance that if his earnings fall below \$365 per annum that he is guaranteed at least that much to live on.

A system for old-age security should not only provide for the immediate care of the aged, the helpless, and the needy blind, but should make provisions so that oncoming generations can make provision by contribution from their income to their old-age security. In other words, I would provide for contributions from all persons under a fixed age; or, in other words, extend them an opportunity to contribute to the security of their old age and require their employer, where they are wage earners, to contribute something to this fund and the Government administer the distribution of the same.

Whenever the citizen arrives at the age of 65 years and his circumstances are such as not to require old-age assistance he would be permitted to withdraw in a lump sum his savings with the accumulated interest.

If the aged and helpless people are permitted to receive a monthly check they can then go out and bargain for their immediate necessities and this in itself maintains self-respect and eliminates the harrowing worries that shorten their days on this earth.

The need is great and the urge is strong for this legislation and I hope our wishes shall be materialized in the near future.

If any of my Oklahoma friends are listening in I wish to say I am working hard and feeling fine—I'll do my best.

I wish to express my thanks to Dr. J. E. Pope, who at the present time is making a great fight for old-age security legislation and has many friends in Congress who are with him despite any opposition to his efforts. Good night.

RESIGNATION FROM A COMMITTEE

The SPEAKER laid before the House the following communication:

STARKE, FLA., January 22, 1934.

HON. HENRY T. RAINEY,
Speaker House of Representatives.

MY DEAR MR. SPEAKER: I hereby tender my resignation as Chairman of the Committee on the Disposition of Useless Executive Papers.

Very respectfully yours,

R. A. GREEN,
Member of Congress.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

ADJOURNMENT

MR. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 8 minutes p.m.) the House adjourned until tomorrow, Tuesday, January 23, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON NAVAL AFFAIRS

(Tuesday, Jan. 23, 10:30 a.m.)

Hearing on H.R. 6604.

SUBCOMMITTEE ON PUBLIC HEALTH, HOSPITALS, AND CHARITIES OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA

(Tuesday, Jan. 23, 10:30 a.m.)

S. 1780, alley closing.

H.R. 1578, H.R. 4548, H.R. 5590, old-age pensions.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

302. A letter from the Chairman of the Interstate Commerce Commission, transmitting the 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?"; to the Committee on Interstate and Foreign Commerce.

303. A communication from the President of the United States, transmitting supplemental estimates of appropriations pertaining to the legislative establishment, House of Representatives, in the sum of \$3,250 (H.Doc. No. 222); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. AYRES of Kansas: Committee on Appropriations. H.R. 7199. A bill making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes; without amendment (Rept. No. 335). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. AYRES of Kansas: A bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes; to the Committee on Appropriations.

By Mr. McREYNOLDS: A bill (H.R. 7200) to provide for the addition of certain lands to the Chickamauga and Chattanooga Military Park in the States of Tennessee and Georgia; to the Committee on Military Affairs.

By Mr. RANKIN (by request): A bill (H.R. 7201) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", enacted March 20, 1933, to continue retirement pay to certain emergency officers disabled in line of duty during the World War; to the Committee on Expenditures in the Executive Departments.

By Mr. CONNERY: A bill (H.R. 7202) to provide a 30-hour week for industry, and for other purposes; to the Committee on Labor.

By Mr. BERLIN (by request): A bill (H.R. 7203) 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. JENKINS of Ohio: A bill (H.R. 7204) 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. BLAND: A bill (H.R. 7205) to provide for the care and transportation of seamen from shipwrecked fishing and whaling vessels; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. SNYDER: A bill (H.R. 7206) to amend the Federal Kidnaping Act approved June 22, 1932; to the Committee on the Judiciary.

By Mr. SWANK: A bill (H.R. 7207) to protect labor, granting assistance to old and disabled persons, for the payment of old-age pensions, and for other purposes; to the Committee on Labor.

By Mrs. NORTON: A bill (H.R. 7208) to amend the act entitled "An act to require the erection of fire escapes in certain buildings in the District of Columbia, and for other purposes"; approved March 19, 1906 (34 Stat. 70), as amended by the act of March 2, 1907 (34 Stat. 1247); to the Committee on the District of Columbia.

By Mr. HOEPEL: A bill (H.R. 7209) to provide for citizenship to persons born in the United States who have not acquired any other nationality by personal affirmative act, but who have heretofore lost their United States citizenship through the naturalization of a parent under the laws of a foreign country, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. BLACK: A bill (H.R. 7210) to license barbers in the District of Columbia; to the Committee on the District of Columbia.

By Mr. HOPE: A bill (H.R. 7211) 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. MUSSELWHITE: A bill (H.R. 7212) to remove the limitation upon the extension of star routes; to the Committee on the Post Office and Post Roads.

By Mr. BURCH: A bill (H.R. 7213) to provide hourly rates of pay for substitute laborers in the railway mail service and time credits when appointed as regular laborer; to the Committee on the Post Office and Post Roads.

By Mr. JOHNSON of West Virginia: A bill (H.R. 7214) to provide the same penalties for assaults upon custodians of Government money or property as are now provided for assaults upon the custodians of mail matter; to the Committee on the Judiciary.

By Mr. GASQUE: A bill (H.R. 7215) granting the consent of Congress to the county of Darlington, S.C., to construct, maintain, and operate a bridge across the Pee Dee River; to the Committee on Interstate and Foreign Commerce.

By Mr. STEAGALL: A bill (H.R. 7216) to establish the Federal monetary authority, and to control the currency of the United States; to the Committee on Banking and Currency.

By Mr. RANKIN (by request): A bill (H.R. 7217) to amend an act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933 (Public, No. 2, 73d Cong.), and an 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.); to the Committee on World War Veterans' Legislation.

By Mr. GOLDSBOROUGH: A bill (H.R. 7218) to regulate the value of money in accordance with article I, section 8, of the Constitution of the United States, to reestablish the gold standard, to provide for its maintenance and stabilization, and for other purposes; to the Committee on Banking and Currency.

By Mr. SIMPSON: Resolution (H.Res. 232) authorizing the Committee on the Judiciary to investigate the special, unwarranted, and unusual privileges and liberties accorded Federal prisoners at Federal penitentiaries; to the Committee on Rules.

By Mr. SHOEMAKER: Resolution (H.Res. 233) to investigate the official conduct of Joseph W. Molyneaux, a United States district judge for the district of Minnesota; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial 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 the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of Wisconsin, memorializing the Congress to aid and assist industry, and particularly the small business man; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of Montana, memorializing Congress for a grant of lands for public buildings at the capital of the State in addition to grants heretofore made for that purpose; to the Committee on Public Lands.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. HAMILTON: A bill (H.R. 7219) granting a pension to Evaline Sammons; to the Committee on Invalid Pensions.

By Mr. JOHNSON of West Virginia: A bill (H.R. 7220) for the relief of Mrs. Charles L. Reed; to the Committee on Claims.

By Mrs. KAHN: A bill (H.R. 7221) for the relief of Theodore Reynders; to the Committee on Naval Affairs.

Also, a bill (H.R. 7222) for the relief of Augustus Marcel, alias Thomas Burns; to the Committee on Military Affairs.

Also, a bill (H.R. 7223) for the relief of A. R. Fourmont; to the Committee on Claims.

Also, a bill (H.R. 7224) granting a pension to Guy G. LeMoyne; to the Committee on Pensions.

Also, a bill (H.R. 7225) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Thomas P. McGinn, a former employee of the United States Mint at San Francisco, Calif.; to the Committee on Claims.

Also, a bill (H.R. 7226) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to John F. Considine, a former employee of the United States under the Reclamation Service, Department of the Interior, at Yuma, Ariz.; to the Committee on Claims.

Also, a bill (H.R. 7227) for the relief of Walter Wiess; to the Committee on Military Affairs.

Also, a bill (H.R. 7228) for the relief of Ronald Stern; to the Committee on Military Affairs.

By Mr. O'MALLEY: A bill (H.R. 7229) for the relief of the estate of Victor L. Berger, deceased; to the Committee on Claims.

By Mr. RAMSPECK: A bill (H.R. 7230) for the relief of J. B. Hudson; to the Committee on Claims.

Also, a bill (H.R. 7231) for the relief of James Fred Richards; to the Committee on Naval Affairs.

By Mr. REECE: A bill (H.R. 7232) for the relief of James H. Bell (or James Bell); to the Committee on Military Affairs.

By Mr. THOMASON: A bill (H.R. 7233) for the relief of Douglas C. Pyle; to the Committee on Naval Affairs.

By Mr. TINKHAM: A bill (H.R. 7234) for the relief of Kendrick Welles Diller; to the Committee on Claims.

PETITIONS, ETC.

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

1710. By Mr. BUCKBEE: Petition of Francis S. Klug, city clerk, and City Council of Peru, Ill., asking for continuance of the Civil Works Administration; to the Committee on Appropriations.

1711. By Mr. JOHNSON of Texas: Petition of A. T. Baggett, Jr., president of chamber of commerce, Midlothian, Tex., urging that the Civil Works program be continued; to the Committee on Appropriations.

1712. Also, petition of Wiley J. Flint, adjutant of Nowlin Post, No. 124, American Legion, Mexia, Tex., favoring the four-point bill in behalf of World War veterans; to the Committee on World War Veterans' Legislation.

1713. By Mr. JOHNSON of Minnesota: Resolution by the Stony Run local of the Farmer's Union opposing the proposed 4½-cent tax on wool to be levied by the Secretary of Agriculture; to the Committee on Ways and Means.

1714. Also, petition opposing transfer of Coast Guard Service from the Treasury Department to the Navy Department, by the Board of County Commissioners of Lake County, Minn.; to the Committee on Appropriations.

1715. Also, resolution by the county of Lake, Minn., requesting the payments of acreage taxes on Federal- and State-owned lands; to the Committee on Ways and Means.

1716. By Mr. LAMBERTSON: Petitions of Woman's Christian Temperance Union and the Friendship Class of the Methodist Episcopal Church, of Everest, Kans., urging the passage of House bill 6097, providing for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

1717. Also, petitions of the Central Woman's Christian Temperance Union, of Topeka, Kans.; the Hope Woman's

Christian Temperance Union, of Leavenworth, Kans.; and the Woman's Christian Temperance Union of Hiawatha, Kans., urging the passage of House bill 6097, providing for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

1718. Also, petitions of the Woman's Christian Temperance Union, the Presbyterian Ladies' Aid, the Burden Bearers' Sunday School Class, the Willing Workers' Sunday School Class, and the Young Mothers' Sunday School Class of the Methodist Episcopal Sunday School, all of Mahaska, 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.

1719. Also, letter of the First Baptist Church, of Kansas City, Kans., urging the support of all antilynching bills pending before the Congress; to the Committee on the Judiciary.

1720. By Mr. LINDSAY: Petition of Associated Industries of New York State, Inc., Buffalo, N.Y., urging a qualified congressional committee to report upon employment relations in industry and commerce; to the Committee on Interstate and Foreign Commerce.

1721. Also, petition of Columbia Typographical Union, No. 101, Washington, D.C., opposing continuation of Government pay cut as provided in the independent offices appropriation bill; to the Committee on Appropriations.

1722. Also, petition of the Liquid Carbonic Corporation, Buffalo, N.Y., concerning elimination of tax on carbon gas used for carbonating beverages; to the Committee on Ways and Means.

1723. By Mr. LUCE: Resolutions adopted by Society of Master Painters and Decorators of Massachusetts, Inc., regarding rate of wages paid by Civil Works Administration and Public Works Administration; to the Committee on Labor.

1724. By Mr. RUDD: Petition of Associated Industries of New York State, Inc., Buffalo, N.Y., favoring the authorization of a qualified congressional committee to report on the facts as to the nature of employment relations in industry and commerce, etc.; to the Committee on Interstate and Foreign Commerce.

1725. Also, petition of the Liquid Carbonic Corporation, Buffalo, N.Y., favoring the elimination of the tax on carbonic gas used for carbonating beverages; to the Committee on Ways and Means.

1726. By Mr. SUTPHIN: Memorial by the Rotary Club of Long Branch, Long Branch, N.J., favoring enactment of Senate bill 1944 as specified in attached resolution; to the Committee on Agriculture.

1727. Also, memorial by the Veterinary Medical Association of New Jersey, approving the proposed revision of the Pure Food and Drug Act of 1906; to the Committee on Agriculture.

1728. By Mr. TERRY of Arkansas: Resolution of Arkansas State Senate calling for Federal aid for educational system of State, to assist school children in gaining adequate education in this time of depression; to the Committee on Education.

1729. By Mr. TURNER: Petition of numerous citizens of Franklin, Tenn., protesting against the passage of bill infringing on the rights of citizens to own and possess firearms; to the Committee on Interstate and Foreign Commerce.

1730. Also, resolution from Railroad Employees Pension Association, Chapter 98, favoring the passage of Hatfield-Keller bill, Senate bill 817 and House bill 4231; to the Committee on Interstate and Foreign Commerce.

1731. By the SPEAKER: Petition of the Palihan ng Bayan touching upon the political relation between the United States and the Philippine Islands; to the Committee on Insular Affairs.

1732. Also, petition of the city of Wauwatosa, Wis., regarding the continuation of the Civil Works Administration; to the Committee on Ways and Means.