By Mr. KELLER: Joint resolution (H.J.Res. 224) to retire George W. Hess as Director emeritus of the Botanic Garden, and for other purposes; to the Committee on the Library.

PETITIONS, ETC.

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

1514. By Mr. BACON: Petition of sundry citizens of New York, opposing any change in immigration quotas to permit the entry into the United States of political refugees from Europe; to the Committee on Immigration and Naturalization.

1515. By Mr. BURNHAM: Petition from the San Francisco Junior Chamber of Commerce, protesting the pay freeze in the naval and military service of the United States; to the Committee on Appropriations.

1516. Also, petition signed by 51 residents of National City and San Diego, Calif., urging the restoration of pensions, hospitalization, and care of veterans of the Spanish-American War as same existed prior to the enactment of Public, No. 2, Seventy-third Congress; to the Committee on Pensions.

1517. By Mr. CARTER of Wyoming: Memorial from the Twenty-second Legislature of the State of Wyoming, memorializing the President and the Congress of the United States to enact legislation prohibiting or curtailing the importation of canned beef; to the Committee on Foreign Affairs.

1518. By Mr. CULLEN: Petition that the New York Detachment; Hudson Detachment, Jersey City, N.J.; Captain Burwell H. Clarke Detachment, Newark, N.J.; Bergen County Detachment, Hackensack, N.J.; and the Morristown Detachment, Morristown, N.J., in joint conference unanimously approve the report made to Congress by Gen. Ben H. Fuller, major general commandant of the United States Marine Corps, in which he recommends that the strength of the corps be increased by 2,000 and that promotion of officers be made more rapid commensurate with the length of service, and that Congress be urged to enact such laws which are necessary to place in effect the recommendations so made; to the Committee on Military Affairs.

1519. Also, petition of the New York State Historical Association, requesting the Congress of the United States to arrange and support with suitable appropriation of funds a sesquicentennial celebration in honor of the Federal Constitution, to be held throughout the country in the year 1937; to the Committee on the Library.

1520. By Mr. GLOVER: Memorial of the House of Representatives of the State of Arkansas; to the Committee on Appropriations.

1521. By Mr. JOHNSON of Minnesota: Resolution by the Women's Cooperative Guild of Zim, Minn., urging adequate food and drug laws; to the Committee on Agriculture.

1522. Also, resolution of protest and urge of repeal of the Economy Act by the Teonka Post, No. 2633, Veterans of Foreign Wars; to the Committee on Appropriations.

1523. Also, resolution by the Detroit Lakes (Minn.) Farmer-Labor Club, urging the immediate passage of the Lemke-Frazier bill for agriculture; to the Committee on Agriculture.

1524. Also, memorial of the State Senate of Minnesota (the State House of Representatives concurring therein), memorializing Congress to enact legislation designed to secure fair prices for agricultural products for the producer; to the Committee on Agriculture.

1525. Also, resolution by the State house of representatives, urging the release of Mooney and Billings from a California prison; to the Committee on the Judiciary.

1526. By Mr. KVALE: Memorial of the Legislature of the State of Minnesota, memorializing Congress to enact legislation designed to secure fair prices for agricultural products for the producer; to the Committee on Agriculture.

1527. By Mr. LAMBERTSON: Resolution adopted at the regular meeting of the Woman's Christian Temperance Union, of Nortonville, Kans., urging favorable consideration of the Patman motion-picture bill, H.R. 6097, providing higher moral standards for films entering interstate and international commerce, signed by the president, Mrs. Hannah E. Maris, and secretary, Mrs. Lillias Tate, also the corresponding secretary, Mrs. C. D. Stillman, of Nortonville, Kans.; to the Committee on Interstate and Foreign Commerce.

1528. By Mr. MEAD: Petition of the Ninth Ward Citizens and Taxpayers Association, Buffalo, N.Y.; to the Committee on the Judiciary.

1529. By Mr. RUDD: Petition of Western Union Cable Employees Association, New York City, opposing mergers of telegraph and cable companies; to the Committee on Interstate and Foreign Commerce.

1530. Also, memorial of National Association of Letter Carriers, M. T. Finnan, secretary, Washington, D.C., urging the repeal of the salary reduction as authorized by the so-called "Economy Act"; to the Committee on Appropriations.

1531. By the SPEAKER: Petition of the city of Manitowoc, Wis., regarding the continuance of the F.C.W.A.; to the Committee on Ways and Means.

1532. Also, petition of the city of Cleveland, Ohio, regarding the enactment of an antilynching law; to the Committee on the Judiciary.

1533. Also, petition of Jesse C. Duke, regarding *Impeachment Charges* v. *F. Dickinson Letts*, an Associate Justice of the Supreme Court of the District of Columbia, and against Leo A. Rover, United States attorney for the District of Columbia; to the Committee on the Judiciary.

SENATE

WEDNESDAY, JANUARY 10, 1934

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

Almighty God, creator of all things, by whose eternal thought the worlds are upheld and of whose infinite bounty we all partake, make our hearts simple and trustful, that in the brightness of this new morning we may share with Thee in humble fellowship Thy majesty and glory.

Give us this day, O Father, life that is strong and triumphant, life that is joyous and free, that fearlessly and honestly we may seek the truth and by our high endeavor master the difficulties of these overburdened hours.

Thou who art Lord of every land and tongue, give to all the nations prosperity and peace; teach us by Thy spirit the universal language of Thy love, that every corner of the earth may be filled with light and gladness, and at the door of every heart the King of Glory may find entrance. We ask it in the name of Him who is Thy love made manifest, Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of Monday, January 8, 1934, when, on request of Mr. ROBINSON of Arkansas and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. I make the suggestion of 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	Copeland	Hayden	Pope
Ashurst	Costigan	Hebert	Reed
Austin	Couzens	Johnson	Reynolds
Bachman	Cutting	Keyes	Robinson, Ark.
Bailey	Davis	King	Robinson, Ind.
Bankhead	Dickinson	La Follette	Russell
Barbour	Dieterich	Lewis	Schall
Barkley	Dill	Logan	Sheppard
Black	Duffy	Lonergan	Shipstead
Bone	Erickson	McAdoo	Smith
Borah	Fess	McCarran	Steiwer
Brown	Fletcher	McGill	Stephens
Bulkley	Frazier	McKellar	Thomas, Okla.
Bulow	George	McNary	Thomas, Utah
Byrd	Glass	Murphy	Thompson
Byrnes	Goldsborough	Neely	Trammell
Capper	Gore	Norris	Tydings
Caraway	Hale	Nye	Vandenberg
Carey	Harrison	O'Mahoney	Van Nuys
Clark	Hastings	Overton	Wagner
Connally	Hatch	Patterson	Walsh
Coolidge	Hatfield	Pittman	Wheeler

Mr. HEBERT. I wish to announce that the following Senators are unavoidably detained from the Senate: The senior Senator from Rhode Island [Mr. METCALF], the Senator from South Dakota [Mr. NORBECK], the Senator from Connecticut [Mr. WALCOTT], the Senator from Maine [Mr. WHITE], the Senator from Vermont [Mr. GIBSON], the Senator from New Jersey [Mr. KEAN], and the Senator from Delaware [Mr. TOWNSEND]. I ask that this announcement may stand for the day.

Mr. OVERTON. I desire to announce that the Senator from Louisiana [Mr. LONG] is necessarily detained from the Senate.

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

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.

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. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, in which it requested the concurrence of the Senate.

CONTROL OF ALCOHOLIC BEVERAGES IN THE DISTRICT

The VICE PRESIDENT. The Chair lays before the Senate a bill coming over from the House of Representatives, which will be read by its title.

The bill (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia was read twice by its title.

Mr. KING. Mr. President, with respect to the bill just received from the House of Representatives I move that it be referred to the Committee on the District of Columbia.

The motion was agreed to.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY—INDIVIDUAL VIEWS (EXEC. REPT. NO. 1, PT. 3)

As in executive session,

Mr. WAGNER. Mr. President, I ask unanimous consent, as in executive session, from the Committee on Foreign Relations, to file a minority report, being my individual views in reference to the Great Lakes-St. Lawrence Deep Waterway Treaty.

The VICE PRESIDENT. As in executive session, the minority views will be received and printed.

BOARD OF VISITORS TO NAVAL ACADEMY

The VICE PRESIDENT, in accordance with the provisions of the act of August 29, 1916, appointed Mr. MCGILL, Mr. RUSSELL, Mr. METCALF, and Mr. GOLDSBOROUGH as members of the Board of Visitors on the part of the Senate to visit the United States Naval Academy at Annapolis, Md.

REPORTS OF LIBRARIAN OF CONGRESS AND REGISTER OF COPYRIGHTS

The VICE PRESIDENT laid before the Senate a letter from the Librarian of Congress, transmitting, pursuant to law, his annual report, together with the report of the Register of Copyrights, for the fiscal year ended June 30, 1933, which, with the accompanying reports, was referred to the Committee on the Library.

COST OF CARRYING THE MAILS

The VICE PRESIDENT laid before the Senate a letter from the Postmaster General, transmitting, pursuant to law, the cost-ascertainment report showing the cost of carrying and handling the several classes of mail matter and of performing the special services under the Post Office Department for the fiscal year ended June 30, 1933, and stating that the appendix to the report would be submitted later, which, with the accompanying report, was referred to the Committee on Post Offices and Post Roads.

REPORT OF CHESAPEAKE & POTOMAC TELEPHONE CO.

The VICE PRESIDENT laid before the Senate a letter from the president of the Chesapeake & Potomac Telephone Co., transmitting, pursuant to law, the annual report of the company for the year ended December 31, 1933, the results of the operations for December being estimated, which, with the accompanying report, was referred to the Committee on the District of Columbia.

REPORT OF GEORGETOWN BARGE, DOCK, ELEVATOR & RAILWAY CO.

The VICE PRESIDENT laid before the Senate a report of the Georgetown Barge, Dock, Elevator & Railway Co., transmitted, pursuant to law, for the year ended December 31, 1933, which was referred to the Committee on the District of Columbia.

ANNUAL REPORT OF FEDERAL RADIO COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Radio Commission, transmitting, pursuant to law, the annual report of the Commission for the fiscal year ended June 30, 1933, which, with accompanying report, was referred to the Committee on Interstate Commerce.

COMPENSATION OF OFFICIALS OF NONMEMBER BANKS

The VICE PRESIDENT laid before the Senate a letter from the secretary of the Reconstruction Finance Corporation, transmitting, in response to Senate Resolution 75, agreed to May 29, 1933, a report showing the compensation of executive officers and directors of 3,433 banks not members of the Federal Reserve System, which, with the accompanying reports, was referred to the Committee on Banking and Currency.

RURAL POST ROADS AND NATIONAL FOREST ROADS AND TRAILS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, transmitting, pursuant to law, a report (in two sections) for the fiscal year ended June 30, 1933, concerning the appropriations for the construction of rural post roads in cooperation with the States, the Federal administration of that work, and the survey, construction, and maintenance of roads and trails within or only partly within the national forests, which, with the accompanying report, was referred to the Committee on Post Offices and Post Roads.

SALES OF WASTE PAPER BY DEPARTMENT OF AGRICULTURE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, transmitting, pursuant to law, a report showing the proceeds of sales of waste paper and useless documents by the Department of Agriculture during the fiscal year ended June 30, 1933, which, with the accompanying report, was referred to the Committee on Appropriations.

REPORT OF THE PANAMA RAILROAD CO.

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Interstate Commerce, as follows:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, the Eighty-fourth Annual Report of the Board of Directors of the Panama Railroad Co. for the fiscal year ended June 30, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 10, 1934.*

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Spokane Public Forum of Eastern Washington, of Spokane, Wash., favoring an investigation and audit of the United States Treasury and urging the return to the Treasury of money alleged to be taken fraudulently by the Federal Reserve Board and the Federal Reserve System, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the Pittsburgh Central Labor Union, of Pittsburgh, Pa., favoring the repeal of title 2 of the so-called "Economy Act", authorizing salary reductions for Government employees, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Chamber of Commerce of Woodward, Okla., protesting against the abandonment of any part of the agricultural field station at Woodward and favoring greater financial support for its operation, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Olympia (Wash.) Chamber of Commerce, favoring the construction of a canal from Puget Sound to Grays Harbor and thence to the Columbia River and the establishment of proper facilities to eliminate flood damage, which was referred to the Committee on Commerce.

He also laid before the Senate a petition of sundry citizens of the State of Louisiana, praying for the expulsion from the Senate of Hon. HUEY P. LONG and Hon. JOHN H. OVERTON, which was referred to the Committee on Privileges and Elections.

He also laid before the Senate a telegram in the nature of a memorial from the Citizens Democratic Association, by Milton R. Dereyna, president; the Jefferson Democratic Association, by Nicholas G. Carbajal, president; and the Louisiana Democratic Association, by Dr. Joseph O'Hara, president, of New Orleans, La., remonstrating against the activities and efforts of Mrs. Hilda Phelps Hammond in connection with senatorial election investigations in the State of Louisiana, which was referred to the Committee on Privileges and Elections.

Mr. HALE presented a memorial of the Legislature of the State of Maine memorializing the President of the United States and the Congress to do all in their power to further and assist in the creation of the gateway to Acadia National Park, which was referred to the Committee on Public Lands and Surveys.

(See memorial of the Legislature of the State of Maine printed in full when laid before the Senate by the Vice President on the 4th instant, p. 51.)

Mr. WHEELER presented the following house joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Agriculture and Forestry:

STATE OF MONTANA,
DEPARTMENT SECRETARY OF STATE,
Helena, December 23, 1933.

Hon. BURTON K. WHEELER,
United States Senate, Washington, D.C.

SIR: In accordance with the mandate of the extraordinary session of Montana's Twenty-third Legislative Assembly, I have the honor to enclose a certified copy of House Joint Memorial No. 4.

Yours very truly,

SAM W. MITCHELL,
Secretary of State.

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "House Joint Memorial No. 4—A memorial to the President of the United States and Congress of the United States relating to the condition of agriculture within the United States", enacted by the extraordinary twenty-third session of the Legislative Assembly of the State of Montana, and approved by F. H. Cooney, Governor of said State, on the 22d day of December 1933.

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

Done at the city of Helena, the capital of said State, this 23d day of December, A.D. 1933.

[SEAL]

SAM W. MITCHELL,
Secretary of State.
By CLIFFORD L. WALKER,
Deputy.

House Joint Memorial 4, a memorial to the President of the United States and Congress of the United States relating to the condition of agriculture within the United States

Whereas a most critical condition exists in the United States, many farmers in this State are in grave danger of losing their homes; the condition of the agricultural interests of the United States are in so grave a condition as to amount to a national calamity; and

Whereas the products raised by the farming population of the State of Montana and other States of the Northwest are only produced at a loss by such farmers; and

Whereas we believe that the condition can only be remedied by some action upon the part of the President of the United States and the Congress of the United States to the end that prices of agricultural commodities be fixed at a price at least equal to the cost of production and enough profit that those engaged in farming may live; and

Whereas it appears that the various industries of the United States are being organized under codes to protect the rights of such industries and the workers in the same: Now, therefore, be it

Resolved by the House of Representatives of the State of Montana (the senate concurring), That the President of the United States and Congress take such steps as may be necessary to secure the adoption of a code for and by farmers which will permit the fixing of prices so as to relieve this very serious condition; and that if same cannot be done without further legislation, that Congress shall pass such legislation as will enable the agricultural interests to combine under a code and into an association or associations that the price of our agricultural products may be fixed for the welfare of the agricultural population and the entire Nation; and be it further

Resolved, That the secretary of the State of Montana transmit a copy of this memorial to the President of the United States and that he also transmit copies thereof to each Senator and Representative at Washington from the State of Montana.

D. A. DELLWO,
Speaker of the House.
R. PAULINE,
President pro tempore of the Senate.

Approved December 22, 1933.

F. H. COONEY, *Governor.*

Mr. WHEELER also presented the following house joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Irrigation and Reclamation:

STATE OF MONTANA,
DEPARTMENT SECRETARY OF STATE,
Helena, January 4, 1934.

Hon. B. K. WHEELER,
United States Senate, Washington, D.C.

SIR: In accordance with the mandate of the extraordinary session of Montana's Twenty-third Legislative Assembly, I have the honor to enclose a certified copy of House Joint Memorial No. 5 and express the request that you render all assistance possible to the end that this matter be brought to the personal attention of the President of the United States.

Yours very truly,

SAM W. MITCHELL,
Secretary of State.

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "House Joint Memorial No. 5", a memorial to the President of the United States of America requesting an investigation of water control of the Yellowstone River in Yellowstone Park, enacted by the extraordinary twenty-third session of the Legislative Assembly of the State of Montana, and approved by F. H. Cooney, Governor of said State, on the 4th day of January 1934.

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

Done at the city of Helena, the capital of said State, this 4th day of January, A.D. 1934.

[SEAL]

SAM W. MITCHELL,
Secretary of State.

House Joint Memorial 5, a memorial to the President of the United State of America requesting an investigation of water control of the Yellowstone River in Yellowstone Park

To the honorable PRESIDENT OF THE UNITED STATES OF AMERICA:

Whereas during parts of the months of June and July of each year the flow of water in the Yellowstone River is greatly augmented by the melting of snow, causing serious damage to farms bordering on said river by the washing away of the banks and encroaching on valuable tillable land, the menacing and destruction of irrigation headgates, bridges, and other structures along the course of said Yellowstone River, and adding to the excessive flow of the Missouri and Mississippi Rivers during the high-water stage of same; and

Whereas if the flow during the period mentioned could be partially impounded and allowed to escape at a later period, it would very largely prevent the damage as before related; and

Whereas if the waters of Yellowstone Lake were held at a fairly constant level and allowed to flow at the period when the flow of the river is lowest, namely, during the later days of July and all of August, it would add greatly to the beauty of the falls, and would make the lake more attractive by keeping mud banks covered with water; and

Whereas we, your memorialists, believe that an investigation by competent engineers will corroborate our belief and show that such works are feasible and can be constructed at moderate cost: Now, therefore, be it

Resolved by the house of representatives (the senate concurring), That the President of the United States be, and hereby is, respectfully urged to consider the facts set forth herein, that same be investigated promptly, and that such action be taken as you may deem wise and proper; be it further

Resolved, That the secretary of state of Montana transmit a copy of said memorial to the President of the United States, and

that he also transmit copies thereof to each Senator and Representative at Washington, D.C., from the State of Montana, with a request that they cooperate in seeing that this matter be brought to the personal attention of the President of the United States.

D. A. DELLWO,
Speaker of the House.
R. PAULINE,
President pro tempore of the Senate.

Approved January 4, 1934.

F. H. COONEY, *Governor.*

Mr. WHEELER also presented the following senate joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Mines and Mining:

STATE OF MONTANA,
DEPARTMENT SECRETARY OF STATE,
Helena, December 23, 1933.

Hon. BURTON K. WHEELER,
United States Senate, Washington, D.C.

SIR: In accordance with the mandate of the extraordinary session of Montana's Twenty-third Legislative Assembly, I have the honor to enclose a certified copy of Senate Joint Memorial No. 1.

Yours very truly,

SAM W. MITCHELL,
Secretary of State.

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "Senate Joint Memorial No. 1", a memorial to the President and to the Congress of the United States, requesting the establishing of an assay office at some appropriate point in the State of Montana, enacted by the extraordinary twenty-third session of the Legislative Assembly of the State of Montana and approved by F. H. Cooney, Governor of said State, on the 22d day of December 1933.

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

Done at the city of Helena, the capital of said State, this 23d day of December, A.D. 1933.

[SEAL]

SAM W. MITCHELL,
Secretary of State.
By CLIFFORD L. WALKER,
Deputy.

Senate Joint Memorial 1, to the President and to the Congress of the United States, requesting the establishing of an assay office at some appropriate point in the State of Montana

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

We, the members of the Twenty-third Legislative Assembly of the State of Montana, do hereby respectfully represent that:

Whereas Montana has been one of the large gold-producing States and the decline in the marketing of gold which resulted in the removal of the old assay office in Montana was general throughout the United States because of interest for many years being centered in the mining of other metals and the mining of gold was not generally profitable, and

Whereas since the beginning of the present economic crisis, and especially since the release of the embargo upon the marketing of gold, the mining of that metal has become more profitable and is now of especial importance as an occupation for thousands of unemployed, during the past seasons, and more particularly at the present time, hundreds of men and boys, and even women, have engaged and are now engaged in placer mining with a shovel and pan or with other crude methods handed down from the early placer miners and have thereby been able to take from the soil free gold in quantities ranging from a few cents in value up to substantial amounts, these people have been able to keep partially or entirely out of the bread line, and it is in keeping with the spirit of the National Recovery Act to afford to them every opportunity to gain an independent livelihood in this manner, and

Whereas in marketing their product through the avenues now open to them these miners are deprived of a great deal of the benefit of their industry in that there are weeks of delay in obtaining settlement for their product. Forms which baffle even a lawyer must be filled out and are usually returned two or three times for correction, or the miner must find some other method of marketing his product which also deprives him of the full benefit of the Government price, and

Whereas under the existing regulations which limit the purchase by the Government to 2 ounces of fine gold in one shipment, a man producing less than that amount must combine with others or wait for weeks or months to accumulate 2 ounces of gold before they can receive any benefit from it, or he will dispose of it for what he can get quickly, as he needs the money for immediate necessities, and

Whereas these considerations also apply to the small operators who are employing men and are seeking to establish mining operations on a larger scale and who are recovering their gold in bulk or bullion form. The ready sale of their product is necessary to maintain their operations and there is no reason why they should not receive the full Government price for their metal instead of being subjected to the charges of intermediary purchasers or sales agents amounting to around 10 percent as a rule: Now, therefore, be it

Resolved by the Senate of the State of Montana (and by the house of representatives concurred) That appropriate action be taken by Congress, if necessary, and by the President if he is now authorized to do so by law, for the establishment at some appropriate point in Montana most convenient to the gold-producing territory, an assay office where gold in quantities from half an ounce up may be sold by producers to the Government at the full market price and settlement therefor made promptly as in the days when the United States assay office was maintained at the capital of the State: Be it further

Resolved, That the secretary of state of the State of Montana is hereby directed to forward to the President of the United States and to the Senators and Representatives in Congress from the State of Montana copies of this memorial.

R. PAULINE,
President pro tempore of the Senate.
D. A. DELLWO,
Speaker of the House.

Approved December 22, 1933.

F. H. COONEY, *Governor.*

Mr. WHEELER also presented the following senate joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Banking and Currency:

STATE OF MONTANA,
DEPARTMENT SECRETARY OF STATE,
Helena, January 3, 1934.

Hon. B. K. WHEELER,
Senate Office Building, Washington, D.C.

SIR: In accordance with the mandate of the extraordinary session of Montana's Twenty-third Legislative Assembly, I have the honor to enclose a certified copy of Senate Joint Memorial No. 3, and express the request that you render all assistance possible to the end that the Civil Works program within the State of Montana continue its program of civil works in the national forest within the State of Montana during the present winter, and employ as many men as is possible from the State of Montana in said work during said period.

I remain,

Yours very truly,

SAM W. MITCHELL,
Secretary of State.

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "Senate Joint Memorial No. 3, a memorial to the President of the United States, the Secretary of Agriculture of the United States, and Chief Forester of the United States", enacted by the extraordinary twenty-third session of the Legislative Assembly of the State of Montana, and approved by F. H. Cooney, Governor of said State, on the 1st day of January 1934.

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

Done at the city of Helena, the capital of said State, this 3d day of January, A.D. 1934.

[SEAL]

SAM W. MITCHELL,
Secretary of State.
By CLIFFORD F. WALKER,
Deputy.

Senate Joint Memorial 3, a memorial to the President of the United States, the Secretary of Agriculture of the United States, and Chief Forester of the United States

Whereas it appears that the allocation of men to civil-works projects on national forests has so far been confined by the Civil Works Administration at Washington to 25 men; and

Whereas we are informed that it had been previously estimated that nearly 12,000 men would be employed in Montana, northern Idaho, eastern Washington, and western South Dakota, and that this order was made in the belief that by reason of the civil-works program in Montana work in the forests would not be necessary; and that

Whereas after all men now receiving relief are employed, which will be employed under the civil-works program, there will remain 4,000 men in the State of Montana unemployed who are now on relief and 30,000 men out of employment registered with the employment service and seeking employment, and most of whom will require employment or relief during the winter; that

Whereas several thousand of these men would be employed on civil-works projects in national forests within the State of Montana if said work were not discontinued, and that it is necessary in order to provide work, food, and clothing for men within the State of Montana that said work in the national forests be continued during the coming winter, and that plans of the Forest Service have already been completed so that these men might be immediately put to work in such Service: Now, therefore, be it

Resolved by the Senate of the State of Montana (house of representatives concurring), That the President of the United States, the Secretary of Agriculture, and the Chief Forester of the United States are respectfully urged to revoke the order discontinuing said civil works on national forests within the State of Montana, and that said works continue as heretofore planned, and that during the coming winter there be employed in said projects

within the State of Montana as many men from said State as can be employed to carry out said projects planned; be it further

Resolved, That the secretary of state of Montana transmit a copy of said memorial to the President of the United States, to the Secretary of Agriculture, and to the Chief Forester of the United States, and that he also transmit copies thereof to each Senator and Representative from the State of Montana at Washington, D.C., with a request that they render all assistance possible to the end that the civil-works program within the State of Montana continue its program of civil works in the national forest within the State of Montana during the present winter and employ as many men as is possible from the State of Montana in said works during said period.

R. PAULINE,
President pro tempore of the Senate.
D. A. DELLWO,
Speaker of the House.

Approved January 1, 1934.

F. H. COONEY, *Governor.*

Mr. WHEELER also presented the following joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Banking and Currency:

STATE OF MONTANA,
DEPARTMENT SECRETARY OF STATE,
Helena, January 4, 1934.

Hon. B. K. WHEELER,
United States Senate Office Building, Washington, D.C.

SIR: In accordance with the mandate of the extraordinary session of Montana's Twenty-third Legislative Assembly, I have the honor to enclose a certified copy of Senate Joint Memorial No. 4 and express the request that you render all assistance possible, to the end that this matter be brought to the personal attention of the President of the United States.

Very truly yours,

SAM W. MITCHELL,
Secretary of State.

UNITED STATES OF AMERICA,
State of Montana, ss:

I, Sam W. Mitchell, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "Senate Joint Memorial No. 4, a memorial to the President of the United States relating to the administration of Federal farm loans by the Federal land bank located at Spokane, Wash., and other agencies in relation to loans upon farms within the State of Montana", enacted by the extraordinary twenty-third session of the Legislative Assembly of the State of Montana and approved by F. H. Cooney, Governor of said State, on the 1st day of January 1934.

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

Done at the city of Helena, the capital of said State, this 3d day of January, A.D. 1934.

[SEAL] SAM W. MITCHELL,
Secretary of State.

Senate Joint Memorial 4, a memorial to the President of the United States relating to the administration of Federal farm loans by the Federal land bank located at Spokane, Wash., and other agencies in relation to loans upon farms within the State of Montana

Whereas a most critical condition exists in the United States, and many farmers in this State are in grave danger of losing their homes; and

Whereas we appreciate all that the President of the United States is doing in their behalf and we express our full faith and confidence in his aims and program to aid and relieve our farming population; and

Whereas the Federal farm loans in the State of Montana have been made through the Federal land bank of Spokane, Wash.; and

Whereas it appears that said Federal land bank is unjustly discriminating against the farmers and ranchers of the State of Montana in that said land bank has almost ceased to function as an active agency in the State of Montana and has encouraged farmers and ranchers in this State to make applications for loans and such applications have been made at great inconvenience and expense and large numbers of loans have been requested, the security being adequate to warrant such loans, and that said applications have been delayed for long periods of time and finally rejected without any good reason for such rejection; and

Whereas said land bank has adopted a policy of requiring citizens of this State to include within the security given for their loans mortgages on livestock owned by such applicants and has required the execution of mortgages on real estate and chattel mortgages, where loans have been granted, in an arbitrary manner, so as to encumber all liquid assets of borrowers and leave them helpless and unable to proceed in a reasonable manner to support themselves or families; and

Whereas we believe that the regulations and requirements of said land bank as it functions in the State of Montana are wholly unreasonable and discriminatory against the citizens of this State and that same are being administered harshly and with no consideration to the welfare of this State or its citizens, and that by reason of the fact that the Federal land bank is located without the State and is not interested in the welfare of the citizens of this State, and that the law authorizing these Federal farm loans as at present administered within the State of Montana is of no benefit to the citizens of this State: Now, therefore, be it

Resolve by the Senate of the State of Montana (the house of representatives concurring), That the President of the United States be, and hereby is, respectfully urged to consider the facts set forth herein, that same be investigated promptly, and that an agency be established within the State of Montana to serve the people of this State, and that the Federal land bank at Spokane be required to modify its rules and regulations to permit such consideration as is within the purpose and intent of the law and the liberal policy advocated and approved by the President of the United States; and be it further

Resolved, That the secretary of state of Montana transmit a copy of said memorial to the President of the United States and that he also transmit copies thereof to each Senator and Representative at Washington from the State of Montana, with a request that they cooperate in seeing that this matter be brought to the personal attention of the President of the United States.

R. PAULINE,
President pro tempore of the Senate.
D. A. DELLWO,
Speaker of the House.

Approved January 1, 1934.

F. H. COONEY, *Governor.*

Mr. WHEELER also presented a joint memorial of the Legislature of the State of Montana, favoring the passage of legislation for the purchase of Montana cattle for distribution to workers on Federal projects and for the relief of the destitute in the State of Montana, which was referred to the Committee on Banking and Currency.

(See joint memorial printed in full when laid before the Senate by the Vice President on the 4th instant, p. 50, CONGRESSIONAL RECORD.)

Mr. WHEELER also presented a joint memorial of the Legislature of the State of Montana, favoring the passage of legislation prohibiting the producers and distributors of gasoline from establishing unfair and unjust prices for sale at retail to the people of the United States, and thus removing unjust discrimination, which was referred to the Committee on Interstate Commerce.

(See joint memorial printed in full when laid before the Senate by the Vice President on the 4th instant, p. 50, CONGRESSIONAL RECORD.)

EIGHTH OHIO VOLUNTEER INFANTRY, SPANISH WAR

Mr. BULKLEY. I present a brief and petition from officers of the Eighth Ohio Volunteer Infantry, War with Spain, together with a supplementary statement of Gen. Charles W. Dick, of Akron, Ohio, a former Senator from Ohio. I have had the pleasure of presenting the original signed copies to the President of the United States. I ask that the matter presented by me may be printed at this point in the RECORD and appropriately referred.

There being no objection, the brief and petition were referred to the Committee on Pensions and ordered to be printed in the RECORD, as follows:

BRIEF AND PETITION SUBMITTED FOR CONSIDERATION BY THE PRESIDENT AND CONGRESS, THE VETERANS' ADMINISTRATION, AND PENSION DIVISION THEREOF

We, the undersigned, who served as officers of the Eighth Ohio Volunteer Infantry, War with Spain, respectfully submit the following statement to the pension division, Veterans' Administration, and request its consideration in adjustment of the claims of veterans of our regiment:

The Eight Ohio Volunteer Infantry was an old-established National Guard regiment which had maintained a high standard in personnel and efficiency through all the years.

The regiment was mobilized at Akron, Ohio, April 25, 1898; ordered to Camp Bushnell, Columbus, Ohio, where it was given rigid physical examination and mustered into United States service. After being mustered, it was ordered to Camp Alger, Va.

Camp Alger was badly located. There was lack of water fit for drinking and cooking purposes. The camp was 10 miles from the Potomac River and there was nothing between camp and the river except the distance which we had to travel to take a bath.

These conditions soon developed much sickness, typhoid fever, dysentery, and a long list of ailments, which nearly became epidemic. After we left for Santiago, the camp was abandoned.

The ambulance, medicine chests, and medical instruments issued to us by the State of Ohio were ordered turned over to headquarters medical staff on our arrival at Camp Alger and their return was refused when we were ordered to Santiago de Cuba, so that our supply of medicine consisted of just what each doctor had in his handcase.

Our first requisition for medicine in Cuba was refused because it had not been approved by our brigade commander, Gen. George A Garrettson, who was in Puerto Rico, and our regiment had at that time 800 sick men on our morning reports.

Our surgeons, three of them, were active practitioners of excellent standing and long service, but when confronted with tropical diseases concerning which they knew little they could

render small relief; in fact, they were themselves soon physically unable to do anything. All three have been dead many years; the senior surgeon, Dr. E. C. Farquhar, died very soon after returning to his home at Zanesville.

Our equipment was wholly unsuited for tropical service and was a serious handicap to all, both well and sick.

Our rations were so bad they created a national scandal. We were ordered not to eat native fruits. We were issued meat twice, and both times it was ordered buried by the surgeons. It was impossible to get anything that was fit for a sick man to eat at a time when two thirds of that Army was on its back and the remaining third were physically unable to administer to them.

Nothing herein stated is intended as criticism. The campaign was an emergency which had to be met and which we encountered wholly unprepared but, above all, let it be remembered, through no fault of the men who were sent into that service.

Now, we who went through that campaign and are now witnessing the fearful death rate of our comrades feel keenly regarding the welfare of these comrades remaining among us. We know their service is responsible for their present condition, which ranges between total disability and far below normal. Such service could not help but leave its permanent mark upon their physical constitution. We believe the present condition of these men and the sacrifices they made, and are still making, should materially temper any further demands upon them.

We have reason to believe beyond doubt that other organizations which served with us in the Santiago campaign are today in similar condition, due mainly to our having to undertake tropical service before the Nation was prepared to provide otherwise—a provision the essential character of which our service and its costs in lives and health so fearfully demonstrated.

The lessons our Government learned from our costly experience in Cuba can never be compensated for in money, however generously such compensation may justly be made to finally prevail.

Our appeal is in behalf of those with whom we served, men whom we know and have known approximately for half a century; men as brave, patriotic, and loyal as ever marched to war.

We sadly survey their present condition and contemplate their future with great concern and deepest sympathy.

For them and their comrades we seek justice, humane consideration, and fair treatment for the sacrifices they have made, and for the penalties, the physical and material consequences from the day they were mustered out to the present.

Charles W. Dick, lieutenant colonel;; Marquis A. Charlton, captain; H. O. Feederle, captain; Tully O. Deibler, captain; Kiser W. Taylor, first lieutenant; Frank C. Gerlach, captain; William E. Barnard, first lieutenant; Dudley J. Hard, first lieutenant; Orlando R. Edwards, second lieutenant; Edgar E. Brosius, first lieutenant; George Heer, second lieutenant; William M. Burson, first lieutenant; Andrew T. Weybrecht, second lieutenant; Ammon B. Critchfield, captain; Joseph W. Young, second lieutenant; Charles H. Hughes, first lieutenant; Gustave W. Unger, second lieutenant; James O. Campbell, chaplain; Charles F. Schaber, second lieutenant; Herbert S. Spidel, first lieutenant; Elliott L. Gyger, captain; John W. Birk, first lieutenant; Geo. O. Anderson, first lieutenant; C. S. Hoover, second lieutenant; Wilbert A. Hobbs, surgeon; W. O. Rutherford, second lieutenant; being the remaining living officers of the regiment when mustered into the United States service for the Cuban campaign now available.

SUPPLEMENTAL STATEMENT

Attached hereto is the statement of living officers of the Eighth Ohio Volunteer Infantry, War with Spain, whose signatures are now available. The following declarations offer added facts bearing on the situation disclosed in the brief above referred to, few of which, if any, are likely to have been included in official reports.

In addition to the officers commanding the various groups are the signatures of the chaplain, Rev. James O. Campbell, and the one living surgeon, Dr. W. A. Hobbs. It seems reasonable to repeat the obvious truth that my acquaintance with all these men who have signed the brief covers a period of more than 35 years prior to and following the time when we were comrades in the same regiment rendering service to our country during the War with Spain.

Although I did not witness the signing of the document by each and all of these officers I feel fully qualified to verify their signatures, individually and collectively, as being genuine, made without undue influence, and free from mental reservation.

Furthermore, there has not come to my attention one word of criticism respecting the statements therein made. No qualification has been urged except in one instance where it was suggested that certain matters might be more strongly emphasized.

Again, having known these men through a period of many years in time of war and in peace, I know of no single act that would in any degree disqualify any one of them in making any statement, although made in their own behalf. All of them are men of integrity, honesty, and reputation of such character as would place each and all beyond challenge.

In other words, the statement, to my mind and to my way of thinking, is as valid and binding as if an oath sustaining the brief to which they have attached their signatures had been administered to each and every one and should be so received and accepted.

Because of peculiar personal experiences bearing on the brief submitted and to which my own signature is written, I submit additional personal testimony to which I give my signature and further substantiation by oath, administered by one duly authorized to execute the same.

When the Eighth Ohio Volunteer Infantry was ordered to Camp Alger I was sent to Falls Church, Va., in advance to select ground on which the regiment was to pitch its camp. Ours was the first regiment to occupy any part of that area subsequently known as "Camp Alger." I then made protest to the officer in charge, Major Ural, concerning the water supply. Up to the time that our regiment left for Cuba nothing worth while had been done to better that situation. Many of our men were ill before we left Camp Alger, largely due to the poor and inadequate water supply.

When the regiment left for Cuba under emergency orders our equipment was faulty in every respect. We reached Cuba during the rainy season at a time of year which is most dangerous even to natives and people acclimated to tropical conditions. Serious sickness began to increase shortly after our landing at Siboney. Rain fell in torrents every day. Intense heat ranging above 100° F. was another daily experience. Impenetrable fogs prevailed at night. Chilling atmosphere obtained from midnight until morning. Our men wore uniforms that would have been suitable in wintertime even in the United States. We were without proper medicines or medical and surgical equipment of any sort. Our rations were of unsatisfactory and unsanitary quality. We were without hospital supplies or requirements and none were obtainable until days after the surrender at Santiago de Cuba.

Conferences had with many officers, including Generals Henry, Bates, Kent, Miles, and Colonel Wood, Spanish officers, Cuban officers, a priest at the cathedral who was a former resident of Toledo, Ohio, and others, brought out the extent of most alarming conditions threatening our soldiers who were wholly unacclimated and unprepared.

Dealing next with an experience of our regiment, following an order issued by the War Department and transmitted to us by General Shafter, the organization was isolated for a period of 10 days, after which the regiment should be sent to Puerto Rico where, so the Department order stated, it was needed. This had been requested by General Miles. These orders were strictly followed, the regiment was duly isolated, the most rigid instructions were obediently followed, to the end that we might participate in the Puerto Rican campaign.

After 10 days General Shafter sent an Army surgeon to make the required inspection. The verbal report made to me by the surgeon as he finished his task was to the effect that more than 300 men of the regiment were ill with yellow fever.

These conditions not only with respect to our regiment but equally with the entire Army, so reports showed, grew constantly worse until it was roughly estimated that two thirds of that Army was on its back and the other third were scarcely able to take care of them.

General Henry said to me as he was leaving for Puerto Rico, "Dick, history will prove to you, now reinforced by your experience, that the Province of Santiago at this season of the year has ever been the 'pest hole' of all creation."

When I reported to General Shafter's headquarters in Santiago de Cuba at his request, I met Col. Theodore Roosevelt by chance as he was leaving the meeting of general officers who had been considering the situation and had cabled a strong petition to the War Department. He said to me that I had been unanimously chosen by the officers attending that meeting to proceed at once to Washington and report in person to the President and the Secretary of War the direful situation of the Army at Santiago de Cuba and the urgent importance of its withdrawal because of the prevailing sickness among the men. He had been urged to perform that mission, but he told me he said to the assembled officers there was a man in that Army whom the administration at Washington would believe and that was Dick, of the Eighth Ohio, and he urged and recommended my selection. I then protested to Roosevelt and Shafter that I preferred to remain in Cuba with my regiment, but they insisted I could do more to help by going. I finally said to General Shafter I was ready to obey orders, and it was so ordered.

Just inside the hallway of Army headquarters I talked with General Wheeler, who, in discussing the situation, pronounced it "hellish." I found General Shafter greatly distressed by the alarming conditions. He ordered me to report early next morning prepared to go from Santiago to New Orleans on the steamer *Berlin* with a bale of papers, maps, and other information for the War Department and the President. On parting with him to take ship the next morning General Shafter said to me: "You may say to the President for me that if necessary we can stay here and die, but the war on the island is over and the early return of these men to the States will save not hundreds but thousands of human lives in this Army."

On leaving the palace, which was occupied by General Shafter and his staff as Army headquarters, I crossed the plaza to get a glimpse of the interior of the ancient cathedral directly opposite the palace. While looking at the frescoes I felt a hand resting on my shoulder, and, turning, I found myself face to face with a priest. In well-spoken English he asked me if I was an officer of the Army, and I answered affirmatively. He asked my name, rank, and regiment. When I told him, I was amazed to have him speak familiarly of Ohio affairs, when he, noting my surprise, told me he had once served a parish in Toledo. Almost instantly upon my identification he said: "Colonel, if you have influence with the administration at Washington, get this Army out of here at the earliest moment possible, for if they remain here much longer under existing climatic conditions without proper shelter and sup-

plies, they will die like flies." This priest was a competent witness. When that Army evacuated Cuba his words were all but prophecy.

On reaching Washington and after reporting in detail to President McKinley and Secretary of War Alger, the President directed the Secretary to issue orders for the immediate return of the Army at Santiago de Cuba and for replacements by immunes.

The President in commenting—the Secretary of War agreeing—freely stated they had no previous conception of the serious conditions obtaining in the Army in Cuba until they heard my verbal report and had examined the maps and papers I had brought for their more comprehensive information.

No man who has not gone through these same experiences can fully understand what havoc and distress that campaign, under circumstances above described, has wrought to these unfortunate veterans with consequences in later life that are, of course, not susceptible to accurate measure.

I offer these incidents as proof of what the leaders in that campaign thought of the gravity and seriousness of the situation at that time.

In view of the statements made in the brief submitted by the officers of the regiment and these which I have personally added, and the difficulty in securing and submitting satisfactory supporting evidence as proof in the establishment of disability due to service origin, we appeal for broad and liberal construction of the laws, rules, and regulations dealing with pensions not only of the men of our regiment but of all soldiers participating in that campaign.

Another difficulty to which we invite your attention is the fact that approximately half the men of our regiment are dead. Another considerable percentage are scattered in all parts of the country. But even where they are grouped together it is extremely difficult to recall important occurrences 35 years after they occurred, hence the impossibility in securing satisfactory evidence supporting or proving disabilities to be due to service origin.

A brief quotation from the record shows that the Eighth Ohio Volunteer Infantry was organized April 26, 1898, at Akron, moved to Columbus April 28. Mustered in United States service May 13. Moved to New York June 8 and embarked for Cuba. Landed at Siboney, Cuba, July 11. Encamped on Sevilla Hill July 16. Camped on San Juan Hill August 11. Embarked for Montauk Point, N.Y., August 17. Arrived at their homes in Ohio September 8. Furloughed until November 10. Mustered out November 21, 1898. Actual days of service were 133. Total sick in general hospital, 650 out of 1,200 men. Deaths, 72. The death rate per 1,000 per year in the United States for all ages for the year 1898 was 16.2 persons; the death rate per 1,000 per year for the Eighth Ohio Volunteer Infantry for ages 18 to 25 for the year 1898 was 164.2 persons, or 10 times the normal death rate.

We therefore feel fully justified in appealing to officials who deal with these matters to grant broadest consideration to our comrades who are still with us, and for their dependents. Likewise for the widows and children whom our dead comrades believed were secure from poverty by generous treatment at the hands of the Government they served and for which they offered their lives in time of war. All this was promised them when they enlisted for the war. The pension policy of the United States for a century and a half was of itself an implied if not unequivocal guarantee of such security. A just government cannot now, a third of a century later, repudiate such obligations with honor.

Respectfully submitted.

CHARLES DICK.

STATE OF OHIO,
Summit County, ss:

Sworn to before me and subscribed in my presence on this 4th day of October, A.D. 1933, by the above-named affiant. I hereby certify that I have read this affidavit to the affiant before he executed same and that said affiant is personally known to me to be a reputable person.

Witness my hand and the official seal of my office this 4th day of October, A.D. 1933.

My commission expires May 22, 1934.

JAS. A. COREY,
Notary Public, Summit County, Ohio,
130 West Thornton Street, Akron, Ohio.

MEMORIALS OF MICHIGAN MUNICIPAL LEAGUE

Mr. VANDENBERG. Mr. President, recently the representatives of 100 Michigan municipalities met at the State capital and adopted 4 memorials addressed to Congress, which I submit and ask that they be printed in the RECORD and appropriately referred.

There being no objection, the memorials in the form of resolutions were ordered to be printed in the RECORD and referred to committees, as follows:

To the Committee on Banking and Currency:

MUNICIPAL SHORT-TERM CREDIT

Whereas there is no market through normal financial channels for short-term notes and warrants even for cities and villages in sound financial condition; and

Whereas this lack of credit cripples and in many instances results in the abolition of municipal services, throwing men out of work at a time when the Federal Government is increasing employment; and

Whereas the cities and villages of Michigan and other governmental units have sound assets in the form of delinquent taxes which can be pledged as security: Therefore be it

Resolved, That the Michigan Municipal League request the President to create a municipal credit corporation from which municipalities can borrow on reasonable security.

Passed unanimously January 3, 1934.

Submitted by the Michigan Municipal League, Ann Arbor, Mich.

To the Committee on the Judiciary:

REFUNDING MUNICIPAL DEBT

Whereas there are many cities and villages and other governmental units in Michigan in default on their bonded debt; and

Whereas there is no existing legislation which will permit municipal governments to bring about an adjustment of their debts with their creditors except with the unanimous consent thereof; and

Whereas it is our belief that both cities and creditors will continue to suffer hardship unless some definite legal manner is provided for the adjustment of municipal debts: Therefore be it

Resolved, That the Michigan Municipal League, composed of cities and villages in the State of Michigan, favor the enactment of the Summers-Wilcox bill now before Congress, which will permit cities through the Federal courts, with the consent of their creditors, to readjust their debts on the basis of their ability to pay.

Passed unanimously January 3, 1934.

Submitted by the Michigan Municipal League, Ann Arbor, Mich.

To the Committee on Finance:

FEDERAL AID FOR PUBLIC WORKS

Whereas we believe sound public works to be a most important part of the national-recovery program; and

Whereas Michigan, hampered by statutory and constitutional restrictions, has been unable to take advantage of Federal aid for public works; and

Whereas only approximately half of the applications presented to the State advisory board on public works have been forwarded to Washington; and

Whereas it appears that the public-works fund is nearly exhausted, a major part of which has been allotted to Federal projects: Therefore be it

Resolved, That the Michigan Municipal League request the President and the Congress to appropriate additional funds to non-Federal public works.

Resolved further, That a copy of this resolution be presented to the President and to Michigan's Representatives in Congress.

Passed unanimously January 3, 1934.

Submitted by the Michigan Municipal League, Ann Arbor, Mich.

[SEAL]

CIVIL WORKS ADMINISTRATION

Whereas the C.W.A., through decentralized administration, has promptly given employment to many who were recipients of public relief and to others destitute but not yet on relief; and

Whereas business has been thus stimulated by the distribution of purchasing power, resulting in a more hopeful and optimistic attitude generally; and

Whereas the brief experience thus far with civil works has proved it to be an effective agent for national recovery and at the same time creating many needed and useful works which would otherwise have been neglected; and

Whereas the present allotment of men to Michigan is approximately one fifth of the registered unemployed: Therefore be it

Resolved, That the Michigan Municipal League request Congress not only to continue the present C.W.A. program but to materially expand it as a supplement to relief and public-works appropriations.

Carried unanimously, January 3, 1934.

Submitted by the Michigan Municipal League, Ann Arbor, Mich.

[SEAL]

REPORTS OF THE COMMITTEE ON CLAIMS

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

S. 163. A bill for the relief of Capt. Guy M. Kinman (Rept. No. 150);

S. 172. A bill for the relief of the First Camden National Bank & Trust Co., of Camden, N.J. (Rept. No. 152); and

S. 1651. A bill for the relief of the estate of Anton W. Fischer (Rept. No. 151).

Mr. LOGAN, also from the same committee, to which was referred the bill (S. 1683) for the relief of the Standard Dredging Co., reported it with an amendment and submitted a report (No. 159) thereon.

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

S. 2. A bill for the relief of C. M. Williamson; Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman; and H. N. Smith (Rept. No. 170);

S. 406. A bill for the relief of Warren J. Clear (Rept. No. 157);

S. 749. A bill for the relief of the Fairmont Creamery Co., of Omaha, Nebr. (Rept. No. 176);

S. 750. A bill for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr. (Rept. No. 162);

S. 751. A bill authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer (Rept. No. 166);

S. 1069. A bill authorizing adjustment of the claim of the Chicago, North Shore & Milwaukee Railroad Co. (Rept. No. 153);

S. 1074. A bill authorizing adjustment of the claims of John T. Lennon and George T. Flora (Rept. No. 161);

S. 1076. A bill authorizing adjustment of the claim of the Franklin Surety Co. (Rept. No. 168);

S. 1079. A bill authorizing adjustment of the claim of Francis B. Kennedy (Rept. No. 163);

S. 1082. A bill authorizing adjustment of the claim of the Pennsylvania Railroad Co. (Rept. No. 173);

S. 1083. A bill authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C. (Rept. No. 174);

S. 1084. A bill authorizing adjustment of the claim of the Public Service Coordinated Transport of Newark, N.J. (Rept. No. 171);

S. 1087. A bill authorizing adjustment of the claim of William T. Stiles (Rept. No. 175);

S. 1115. A bill to authorize the Department of Agriculture to issue a duplicate check in favor of Department of Forests and Waters, Commonwealth of Pennsylvania, the original check having been lost (Rept. No. 160);

S. 1192. A bill for the relief of the Union Shipping and Trading Co., Ltd. (Rept. No. 172);

S. 1219. A bill to carry into effect the finding of the Court of Claims in the claim of Elizabeth B. Eddy (Rept. No. 167);

S. 1426. A bill for the relief of the estate of Benjamin Braznell (Rept. No. 155);

S. 1504. A bill for the relief of Walter J. Bryson Paving Co. (Rept. No. 154); and

S. 1782. A bill for the relief of the B. & O. Manufacturing Co. (Rept. No. 156).

Mr. BAILEY also, from the Committee on Claims, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 256. A bill for the relief of Milburn Knapp (Rept. No. 164); and

S. 407. A bill for the relief of Willie B. Cleverly (Rept. No. 158).

Mr. BAILEY also, from the Committee on Claims, to which was referred the bill (S. 376) for the relief of Beatrice I. Manges, reported it with amendments and submitted a report (No. 169) thereon.

Mr. COOLIDGE, from the Committee on Claims, to which was referred the bill (S. 1680) for the relief of the estate of George B. Spearin, deceased, reported it without amendment and submitted a report (No. 165) thereon.

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. COPELAND:

A bill (S. 2116) to amend section 2 of the act of February 13, 1893; to the Committee on Commerce.

By Mr. KING:

A bill (S. 2117) authorizing the Reconstruction Finance Corporation to accept State bonds at par as adequate security for loans in certain cases; to the Committee on Banking and Currency.

A bill (S. 2118) relating to proceedings in adoption in the District of Columbia; to the Committee on the District of Columbia.

By Mr. GEORGE:

A bill (S. 2119) to provide for the further development of vocational education in the several States and Territories; to the Committee on Agriculture and Forestry.

A bill (S. 2120) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; and

(By request.) A bill (S. 2121) to amend an act entitled "An act to maintain the credit of the United States Government", approved on March 20, 1933, and for other purposes; to the Committee on Finance.

By Mr. CONNALLY:

A bill (S. 2122) to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. THOMAS of Oklahoma:

A bill (S. 2123) for the relief of Bruce F. Ramsey; to the Committee on Military Affairs.

A bill (S. 2124) for the relief of A. D. Ellis (with accompanying papers); to the Committee on Naval Affairs.

By Mr. FLETCHER:

A bill (S. 2125) to continue the functions of the Reconstruction Finance Corporation, to provide additional funds for the Corporation, and for other purposes; to the Committee on Banking and Currency.

By Mr. TRAMMELL:

A bill (S. 2126) granting a pension to May Barnes; and

A bill (S. 2127) granting a pension to Frank T. Douglas; to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 2128) to authorize the Reconstruction Finance Corporation to make loans for financing the repair and reconstruction of property damaged by unusual floods in the States of California, Oregon, and Washington; to the Committee on Banking and Currency.

A bill (S. 2129) to provide for the appointment of two additional judges of the District Court of the United States for the Southern District of California, and for other purposes; to the Committee on the Judiciary.

By Mr. CAREY:

A bill (S. 2130) to authorize an appropriation for the purchase of land in Wyoming for use as rifle ranges for the Army of the United States; to the Committee on Military Affairs.

By Mr. CAREY, Mr. CUTTING, and Mr. ADAMS:

A bill (S. 2131) to establish a Federal land-bank district for the States of Wyoming, Colorado, and New Mexico, and for other purposes; to the Committee on Banking and Currency.

By Mr. HEBERT:

A bill (S. 2132) for the relief of Preston B. Mavor; to the Committee on Commerce.

By Mr. CAPPER:

A bill (S. 2133) to amend the Packers and Stockyards Act, 1921; to the Committee on Agriculture and Forestry.

By Mr. SHEPPARD:

A bill (S. 2134) for the reinstatement of John Carmichael Williams in the United States Navy; to the Committee on Naval Affairs.

By Mr. HAYDEN:

A bill (S. 2135) to amend the act of Congress approved June 7, 1924 (43 Stat.L. 475, 476), commonly called "The San Carlos Act", and acts supplementary thereto, and for other purposes; to the Committee on Indian Affairs.

By Mr. FRAZIER (by request):

A bill (S. 2136) authorizing an appropriation for payment to the Uintah, White River, and Uncompahgre Bands of Ute Indians in the State of Utah for certain coal lands, and for other purposes; and

A bill (S. 2137) authorizing the Tlingit and Haida Indians of Alaska to bring suit in the United States Court of Claims, and conferring jurisdiction upon said court to hear, examine, adjudicate, and enter judgment upon any and all claims which said Indians may have, or claim to have, against the United States, and for other purposes; to the Committee on Indian Affairs.

By Mr. REED:

A bill (S. 2138) for the relief of Charles J. Webb Sons Co., Inc.; to the Committee on Claims.

By Mr. BAILEY:

A bill (S. 2139) for the relief of the Western Union Telegraph Co.; to the Committee on Claims.

A bill (S. 2140) to provide warrant officers of the Coast Guard parity of promotion with warrant officers of the Navy; to the Committee on Commerce.

By Mr. NEELY:

A bill (S. 2141) for the relief of Roy Lee Groseclose; and

A bill (S. 2142) for the relief of Mrs. Charles L. Reed; to the Committee on Claims.

A bill (S. 2143) for the relief of Francis L. Sexton; and

A bill (S. 2144) for the relief of Benjamin Yarborough; to the Committee on Military Affairs.

A bill (S. 2145) granting a pension to William Nire Metz;

A bill (S. 2146) granting an increase of pension to Mary J. Pennington;

A bill (S. 2147) granting a pension to Clarence R. Boyles; and

A bill (S. 2148) granting an increase of pension to Rhoda E. Luse; to the Committee on Pensions.

A bill (S. 2149) for the relief of Joseph C. Holley; to the Committee on Post Offices and Post Roads.

By Mr. McNARY:

A bill (S. 2150) for the relief of Clarence J. Burris; to the Committee on Finance.

A bill (S. 2151) for the relief of Marinius M. Londahl; to the Committee on Military Affairs.

By Mr. BARKLEY:

A bill (S. 2153) for the relief of Pinkie Osborne;

A bill (S. 2154) for the relief of James Clay Colson; and

A bill (S. 2155) for the relief of the estate of Martin Preston, deceased; to the Committee on Claims.

A bill (S. 2156) for the relief of the American-La France and Foamite Corporation of New York; to the Committee on Finance.

A bill (S. 2157) for the relief of Matthew J. Isaac; to the Committee on Military Affairs.

A bill (S. 2158) for the relief of Robert N. Wallace; to the Committee on Naval Affairs.

A bill (S. 2159) granting a pension to Gillis S. Mitchell;

A bill (S. 2160) granting a pension to Juriah Hyden;

A bill (S. 2161) granting a pension to Dora McCallister;

A bill (S. 2162) granting a pension to Maggie Ball;

A bill (S. 2163) granting a pension to Gertrude Briggs;

A bill (S. 2164) granting a pension to Levi Sawyer;

A bill (S. 2165) granting a pension to Alexander Steele;

A bill (S. 2166) granting a pension to Lucinda Van Norsdel;

A bill (S. 2167) granting a pension to Margaret Moore;

A bill (S. 2168) granting a pension to Mary Krebs;

A bill (S. 2169) granting a pension to Wiley Roberts;

A bill (S. 2170) granting a pension to Mary Curry;

A bill (S. 2171) granting a pension to Dora Short;

A bill (S. 2172) granting a pension to Frank House;

A bill (S. 2173) granting a pension to John R. Sparks;

A bill (S. 2174) granting a pension to Viola Compton;

A bill (S. 2175) granting a pension to Maggie Wilson;

A bill (S. 2176) granting a pension to Ellanor Green;

A bill (S. 2177) granting a pension to Ella Noe;

A bill (S. 2178) granting a pension to Allen Nantz;

A bill (S. 2179) granting a pension to Lydia Ann Hollingsworth;

A bill (S. 2180) granting a pension to Mary Shelton;

A bill (S. 2181) granting a pension to Sam H. Hadley;

A bill (S. 2182) granting a pension to John C. Hounshell;

A bill (S. 2183) granting a pension to Gertrude Maurer;

A bill (S. 2184) granting a pension to Thomas E. Morrison;

A bill (S. 2185) granting a pension to Philip T. West;

A bill (S. 2186) granting a pension to Nancy V. Shipley;

A bill (S. 2187) granting a pension to Daniel Wilson;

A bill (S. 2188) granting a pension to Sarah Jane Lewis Langdon;

A bill (S. 2189) granting a pension to Delia England;

A bill (S. 2190) granting a pension to Minnie Harrison;

A bill (S. 2191) granting a pension to Aleck Camlin;

A bill (S. 2192) granting a pension to Nancy C. Buck;

A bill (S. 2193) granting a pension to John Winn; and

A bill (S. 2194) granting a pension to Elizabeth M. Runnels; to the Committee on Pensions.

By Mr. HATFIELD:

A bill (S. 2195) making Nancy J. Litman eligible to receive the benefits of the Civil Service Retirement Act; to the Committee on Civil Service.

A bill (S. 2196) for the relief of the Kleeson Co., of Moundsville, W.Va.;

A bill (S. 2197) for the relief of George L. Stone;

A bill (S. 2198) for the relief of John B. Canter;

A bill (S. 2199) for the relief of James Monroe Caplinger;

A bill (S. 2200) for the relief of Mrs. Charles L. Reed; and

A bill (S. 2201) for the relief of the Neill Grocery Co.; to the Committee on Claims.

A bill (S. 2202) for the relief of W. E. Sturgeon;

A bill (S. 2203) for the relief of James Evans;

A bill (S. 2204) for the relief of James Johnson;

A bill (S. 2205) for the relief of William Homer Johnson;

A bill (S. 2206) for the relief of George E. Kirk, alias George R. Keener;

A bill (S. 2207) for the relief of Sarah Lloyd;

A bill (S. 2208) for the relief of John M. Moore;

A bill (S. 2209) for the relief of Charles P. McDonald;

A bill (S. 2210) for the relief of Francis L. Sexton; and

A bill (S. 2211) for the relief of Richard J. Slater; to the Committee on Military Affairs.

A bill (S. 2212) granting a pension to Mollie M. Carr;

A bill (S. 2213) granting a pension to certain persons held as slaves on January 1, 1863;

A bill (S. 2214) granting a pension to Araminta Webb;

A bill (S. 2215) granting a pension to Samuel W. Stewart;

A bill (S. 2216) granting a pension to Margaret J. McClure;

A bill (S. 2217) granting a pension to J. E. Barrows;

A bill (S. 2218) granting a pension to Clara V. Crossland;

A bill (S. 2219) granting a pension to Elizabeth Frasher;

A bill (S. 2220) granting a pension to Edgar F. Heidler;

A bill (S. 2221) granting a pension to Benjamin F. Mathers, Jr.;

A bill (S. 2222) granting a pension to Carrie B. Mozingo;

A bill (S. 2223) granting a pension to William B. Mullins; and

A bill (S. 2224) granting a pension to Elijah Stephens; to the Committee on Pensions.

By Mr. ROBINSON of Arkansas:

A bill (S. 2225) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes; to the Committee on Banking and Currency.

By Mr. ROBINSON of Indiana:

A bill (S. 2226) for the relief of William H. Humphreys; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 2227) for the relief of Harold S. Shepardson; to the Committee on Military Affairs.

A bill (S. 2228) granting a pension to Minnie Phelps; and

A bill (S. 2229) granting a pension to Minnie L. Stewart; to the Committee on Pensions.

By Mr. POPE:

A joint resolution (S.J.Res. 69) proposing an amendment to article V of the Constitution of the United States, providing for the popular amendment of said Constitution; to the Committee on the Judiciary.

By Mr. SHEPPARD:

A joint resolution (S.J.Res. 71) to repeal an act approved February 17, 1933, entitled "An act for the relief of Tampico Marine Iron Works", and to provide for the relief of William Saenger, chairman liquidating committee of the Beaumont Export & Import Co., of Beaumont, Tex.; to the Committee on Claims.

PROPERTY OF MOUNT PLEASANT INDIAN SCHOOL, MICHIGAN

Mr. VANDENBERG. Mr. President, under the economy bill last year the Indian school at Mount Pleasant, Mich., was abandoned, and all of the Indians have been placed in the regular educational system. It has now become very desirable for the State of Michigan officially to take over this Indian school property and amalgamate it into the institutional system of the State of Michigan. I am, therefore, introducing a bill for that purpose with the entire consent of the Bureau of Indian Affairs and the Department of the Interior. I urge the emergency nature of the situation, with a request for the earliest possible action by the committee.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2152) granting certain property to the State of Michigan for institutional purposes was read twice by its title and referred to the Committee on Indian Affairs.

JOHN C. MERRIAM

Mr. ROBINSON of Arkansas. Mr. President, I introduce a joint resolution and ask that it be read. Then I shall ask for its present consideration.

The VICE PRESIDENT. The joint resolution will be read.

The joint resolution (S.J.Res. 70) to provide for the reappointment of John C. Merriam as a member of the Board of Regents of the Smithsonian Institution, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, caused by the expiration of the term of John C. Merriam, of the city of Washington, on December 20, 1933, be filled by the reappointment of the recent incumbent John C. Merriam for the statutory term of 6 years.

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

Mr. McNARY. Mr. President, I did not understand that the Senator from Arkansas made a request for immediate consideration.

Mr. ROBINSON of Arkansas. Yes, Mr. President.

Mr. McNARY. I see no emergency. I think the joint resolution should go over for the day.

Mr. ROBINSON or Arkansas. May I state for the RECORD some information which I think the Senate would like to have? I do not believe that the Senator from Oregon will persist in his objection when the information has been supplied.

John C. Merriam is a native of the State of Iowa. He is a very eminent scientist; professor of paleontology and dean of faculties in the University of California; president of the Carnegie Institution of Washington since 1921; member of the National Academy of Sciences, of which he was vice president and member of council; president of the Geological Society of America; member of numerous scientific societies here and abroad; a research authority on fossil mammalia, especially of the United States, and quite prominent in educational affairs.

Mr. Merriam's term on the board of regents expired December 20, 1933; and, the Congress not being in session, no opportunity arose for the immediate filling of the vacancy. Of course, if the Senator from Oregon desires to persist in his objection, I shall not press the matter at this time.

Mr. McNARY. The biography of Mr. Merriam is very interesting, but it bears no relation to any emergency. For that reason, since it is my policy to object in such cases, I must insist on my objection.

Mr. ROBINSON of Arkansas. Very well, Mr. President.

The VICE PRESIDENT. Objection being made, the joint resolution will lie on the table.

FOREIGN FOOD PRODUCTS PURCHASED BY WAR DEPARTMENT

Mr. ROBINSON of Indiana. Mr. President, I submit a resolution and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The clerk will read the resolution.

The Chief Clerk read the resolution (S.Res. 125), as follows:

Whereas it is reported in the public press that during the year 1933 large amounts of foreign food products were purchased under the direction of the Secretary of War for use in supplying rations to the Army and the Civilian Conservation Corps; and

Whereas there appeared in the Washington Herald for the morning of January 9, 1934, the following article:

"ARMY AND C.C.C. TO 'EAT AMERICAN'

"The Army and the C.C.C. will consume American products only this year.

"Last spring considerable Argentine beef was purchased, but Assistant Secretary of War Woodring assured President Roosevelt yesterday that this won't happen again.

"The 'doughboys' will also get more cheese this year. In response to the demands of dairy interests, the Army will purchase 1,000,000 pounds for rations": Therefore be it

Resolved, That the Secretary of War is requested to transmit to the Senate, as soon as practicable, a report showing the amounts of foreign beef and other foreign food products purchased by the War Department since March 4, 1933, for the use of the Army and the Civilian Conservation Corps, and the prices paid therefor.

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

Mr. ROBINSON of Arkansas. Mr. President, can the Senator from Indiana inform the Senate whether purchases of foreign products for food purposes by the War Department were made prior to March 4, 1933?

Mr. ROBINSON of Indiana. I cannot, Mr. President. I am willing to have the resolution amended, if the Senator desires it, to include the time before March 4, 1933.

Mr. ROBINSON of Arkansas. I do not know myself what the facts are.

Mr. ROBINSON of Indiana. I do not know, I am sure. I just understood that this report had been made by the Secretary of War to the President that no more foreign food would be bought by the War Department, and that is why I thought the Senate ought to know how much of it has been bought by the Secretary of War.

Mr. ROBINSON of Arkansas. Very well. The Senator would not object to the resolution going over until tomorrow so that I may examine it and see if I desire to offer an amendment?

Mr. ROBINSON of Indiana. Not at all.

The VICE PRESIDENT. Without objection, the resolution will go over under the rule until tomorrow.

REPORTS OF GOVERNMENT OBLIGATIONS

Mr. DICKINSON. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The VICE PRESIDENT. The resolution will be read.

The legislative clerk read the resolution (S.Res. 126), as follows:

Whereas Executive Order No. 6548, dated January 3, 1934, has been revoked and an Executive order in lieu thereof issued, reading, in part, as follows: "It is hereby ordered that all executive departments (other than the Treasury Department), independent establishments, agencies, and instrumentalities of the United States, including corporations without capital stock which are owned by the Government and corporations with capital stock of which 50 percent or more is owned by the Government, except corporations which were in existence prior to January 1, 1932, shall hereafter submit to the Director of the Budget a weekly report containing an itemized statement of all allocations of funds made during the preceding week out of any emergency appropriation or other available emergency fund, and a weekly report containing an itemized statement of all obligations incurred during the preceding week for the expenditure of any emergency appropriation or other available emergency fund. Such reports shall include the allocation of funds and the incurring of obligations through the issuance of securities. The Director of the Budget shall keep a current compilation and tabulation of the above-mentioned allocations and obligations so reported and from time to time make

such recommendations thereon to the President as he may deem advisable ":

Resolved, That a copy of all said reports furnished the Director of the Budget be filed with the Secretary of the Senate for the information of the Senate.

Mr. ROBINSON of Arkansas. Let the resolution go over, Mr. President.

The VICE PRESIDENT. The resolution will go over under the rule.

Mr. DICKINSON. Mr. President, in view of the fact that it has been requested that my resolution lie over until tomorrow, I wish to make a brief explanation of it. I did not intend to make any remarks at this time, but I think the Senate should have some information which they can use to consider the merits of the resolution.

As I say, I did not intend to explain the resolution; but I think I will take this opportunity of making some remarks relative to the merits of it.

Mr. ROBINSON of Arkansas. Mr. President, I call to the attention of the Senator from Iowa the fact that there is nothing before the Senate. The Senator from Mississippi [Mr. HARRISON] intends to move the consideration of a bill. If that is done, of course, the Senator from Iowa then will have an opportunity to make the statement he has in mind.

Mr. DICKINSON. Very well.

AMERICAN NATIONAL MARITIME BOARD

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be stated.

The Chief Clerk read Senate Resolution 122, submitted by Mr. JOHNSON on the 8th instant, as follows:

Whereas the development and successful operation of an American merchant marine is, to a very large degree, based upon intelligent cooperation and good will between managers of operation and the personnel aboard the ships; and

Whereas the value of such cooperation and desirability of establishing and maintaining such harmonious relations has been fully recognized by two of the world's great maritime nations, Great Britain and Japan, in each of which national maritime boards have been organized jointly by shipowners and seamen for the express purpose of securing cooperation and fostering the sea power and the maritime supremacy of the respective nations; and

Whereas cooperation and the promotion of harmonious relations between American shipowners and American seamen could be obtained by means of an American national maritime board with the following objects and purposes:

(a) The development of seamanship, skill, and efficiency.

(b) The prevention and adjustment of differences between shipowners and seamen of all ratings.

(c) The establishment, revision, and maintenance of standard rates of wages and approved conditions of employment in the merchant marine.

(d) The selection and, when possible, the operation of employment offices for seamen in cooperation with the United States Departments of Commerce and Labor: Therefore be it

Resolved, That the Secretary of the Department of Commerce, the Secretary of the Department of Labor, and the Postmaster General be, and they are hereby, requested to confer upon the advisability of initiating an American national maritime board, as herein outlined, and for that purpose to call into conference such representatives of shipowners and seamen as may, in their judgment, be helpful in the formation of such an organization, and to report their proceedings and their conclusions to the Senate.

Mr. KING. Mr. President, will the Senator from California permit an inquiry? Is the Senator advised as to the attitude of Mr. Furuseth, head of the seamen's organization, with respect to this movement?

Mr. JOHNSON. That organization is favorable to it.

Mr. KING. Is there any organization now in any of the departments of the Government that can or would accomplish the results sought here?

Mr. JOHNSON. I think not.

Mr. ROBINSON of Arkansas. Mr. President, as I read the resolution, it is a mere invitation or suggestion to the three Cabinet members named to make the investigation and report indicated in the resolution.

Mr. JOHNSON. Purely a request that they confer.

Mr. McKELLAR. Mr. President, will the Senator advise us whether or not there will be included in this matter any question relating to subsidy?

Mr. JOHNSON. There was no such design.

Mr. McKELLAR. Certainly not.

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

The resolution was agreed to.

The preamble was agreed to.

SENATOR FROM LOUISIANA

Mr. ASHURST. Mr. President, I wish to secure the entry of an order. Within the past 7 or 8 months there have been referred to the Senate Committee on the Judiciary a large number of telegrams and letters, possibly in all a thousand or more, relating to the senior Senator from Louisiana [Mr. LONG]. Upon a perusal of these documents it is obvious that these telegrams and letters, in the nature of petitions, should be sent to the Committee on Privileges and Elections and not to the Committee on the Judiciary. I therefore ask an order that these petitions, to wit, letters and telegrams heretofore received and those hereafter to be received respecting that subject may be referred to the Committee on Privileges and Elections, as the Committee on the Judiciary has no jurisdiction in the premises.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona?

Mr. BARKLEY. Mr. President, reserving the right to object, which I shall not do, but merely as a matter of seeking information, I inquire of the Senator from Arizona if those petitions, resolutions, letters, and telegrams pertain to the question of the right of anyone to hold a seat in this Chamber because of any question as to elections, or do they relate to charges against any Senator with reference to conduct of which he may or may not be guilty as a Senator? As I understand it, the Committee on Privileges and Elections has jurisdiction to pass upon questions involving the election of Senators, but any charges affecting the conduct of one as a Senator without regard to his election should properly go to the Committee on the Judiciary. Is that correct?

Mr. ASHURST. I am of opinion that charges even so serious as to be a reflection upon the character of a Senator should go to the Committee on Privileges and Elections. I do not desire to recount the nature of these petitions because it is not fair to do so now; some are respectful in form and nature and some not quite so respectful in form and nature. After a consultation with many members, if not with all members of the Committee on the Judiciary, I am of opinion that the petitions relating to the seat of the senior Senator from Louisiana should be sent to the Committee on Privileges and Elections.

Let it be remembered that the Senate in the last session directed the Committee on the Judiciary to make investigation of a certain legal question involving a matter of privilege and also indirectly relating to the senior Senator from Louisiana. A subcommittee of the Senate Committee on the Judiciary was appointed, composed of seven members, to examine that question of law. The chairman of the subcommittee is the senior Senator from Utah [Mr. KING].

The Senate Committee on the Judiciary is not asking to be relieved of its duty in that respect. Indeed no subcommittee has worked more diligently or with more assiduity than that subcommittee. I ask that the papers relating to the right of the senior Senator from Louisiana to a seat in this body be referred to the Committee on Privileges and Elections.

Mr. BARKLEY. Would that take away from the Committee on the Judiciary all matters pertaining and relating to the senior Senator from Louisiana?

Mr. ASHURST. It would except the one question upon which the Senate instructed the committee to make report upon a question of law.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona?

Mr. LOGAN. Mr. President, I am not going to make any objection to it, but I do desire to make the statement that an examination of similar cases shows that they have been disposed of in three ways. They have many times been sent to the Committee on the Judiciary. They have many times been sent to the Committee on Privileges and Elections. At other times special committees have been appointed to consider them. I do not know the particular reason why

these matters should go to the Committee on Privileges and Elections, but as I happen to be a member of both committees I cannot help myself by objecting, so I do not object.

The VICE PRESIDENT. Without objection, the order requested by the Senator from Arizona will be entered.

Mr. KING subsequently said: Mr. President, the Chairman of the Committee on the Judiciary [Mr. ASHURST] called attention to the fact that since the adjournment last spring a number of communications, consisting of petitions, letters, and telegrams, had been transmitted from citizens of Louisiana to the Senate of the United States. Since the Senate convened on January 3 other communications of like character have come to the Senate and all of the communications mentioned were referred to the Committee on the Judiciary. In my opinion, they should have been referred to the Committee on Privileges and Elections, and the action of the Chairman of the Committee on the Judiciary in requesting that the reference be changed and that these communications be sent to the Committee on Privileges and Elections was eminently proper.

May I add that the chairman of the committee has been desirous of having all questions relating to the Louisiana situation, which were referred to in the communications, disposed of in an expeditious manner. One matter which was referred to the Committee on the Judiciary at the last session of Congress is still before that committee, but I know that the chairman of the committee has employed what authority he has to have that matter definitely disposed of. There were some who believed that the matter properly belonged to the Committee on Privileges and Elections, but in view of the fact that some legal questions were involved relating to the duty of the Vice President to receive communications, and also involving the question of privileged communications, the Senate decided that the Committee on the Judiciary should consider the same.

A subcommittee of the Committee on the Judiciary was named. As chairman of the subcommittee, I prepared a report, and the subcommittee, after some consideration, decided that the questions involved should be discussed by the full committee.

After some discussion by the full committee the report was referred back to the subcommittee.

A few days ago I sought to have a meeting of the subcommittee in order to further consider the report. The Senator from Louisiana [Mr. LONG], who is a member of the Judiciary Committee, but not a member of the subcommittee, made the request, that as he expected to be absent from the city for a few days, that no action be taken until his return. As soon as the Senator returns to Washington I shall endeavor to have the subcommittee meet and take such steps in the matter as are deemed proper.

I am sure the subcommittee, as well as all the members of the Judiciary Committee, are desirous of having this matter, which is before them, disposed of at an early date. That this will be done, I have no doubt.

REPEAL OF FEDERAL PROHIBITION LAWS IN PUERTO RICO—AMENDMENT

Mr. TYDINGS submitted an amendment intended to be proposed by him to the title of the bill (S. 2107) to repeal Federal liquor prohibition laws to the extent they are in force in Puerto Rico, which, with the accompanying paper, was referred to the Committee on Territories and Insular Affairs, and ordered to be printed.

MEANING OF SOVIET RECOGNITION

Mr. WALSH. Mr. President, I present and ask that there be printed in the CONGRESSIONAL RECORD a radio address delivered by Rev. Edmund A. Walsh, S.J., Ph.D., vice president of Georgetown University, under the auspices of the American Alliance of the United States, over the National Broadcasting Co. network, on December 9, 1933, on the subject What Recognition of Soviet Russia Means.

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

WHAT RECOGNITION OF SOVIET RUSSIA MEANS

For 10 years I have steadfastly opposed recognition of Soviet Russia on the grounds of public policy and because nonrecognition of the Union of Soviet Socialist Republics was clearly in accord with the traditional policy of the United States in respect to new governments and newly formed States. Recognition is an act of national political expediency. It is granted when judged in the best interests of the recognizing party and withheld when diplomatic relations would seem harmful, prejudicial, or inopportune. There is no juridical right to recognition, and there is no legal or moral obligation to recognize. Recognition does not imply approval of any particular form of government any more than the daily intercourse of business life involves approbation of the personal conduct or domestic relations of the merchant from whom we buy commodities. Neither, on the other hand, does nonrecognition necessarily imply censure of an existing form of government. Still less does it constitute interference in the internal affairs of the nonrecognized part, any more than my refusal to invite a specific person to my dinner table constitutes an affront to his social reputation or imposes an unwarranted restriction on his freedom of action.

To be sure, recognition of a succession government in modern times normally followed a successful revolution as a matter of customary international procedure, provided no obstacle to mutual friendship existed. While not implying either the censure or approbation, which I have already excluded, recognition does, however, presuppose mutual respect and a decent regard for those international amenities and obligations without which diplomatic relations would be a sham, a lie, and at best but an armed armistice or a nervous neutrality. In the present case there existed for many years just such an obstacle, deliberately created by Moscow, which constituted the main hindrance to recognition of the Soviet Union.

American policy and practice have been governed by two simple considerations clearly set forth by that eminent jurist, John Basset Moore, in his monumental International Law Digest:

"1. That the government seeking recognition shall be in de facto possession and control of the territory over which it claims jurisdiction without substantial revolt or opposition on the part of its population. We do not demand legitimacy of succession, nor do we inquire into the validity of the possessor's title.

"2. That the government in question shall be able and willing to perform its international obligations and conform to the usages accepted by the civilized nations of the world. Failure to conform to these obligations is sufficient grounds for refusing recognition."

That the present Soviet Government had long fulfilled the first requirement is not questioned. That it has hitherto evaded that reasonable second requirement by maintaining on its territory the Third International is matter of public record.

During the recent negotiations comprehensive and formal guaranties of an unprecedented character in several fields were made by the Soviet Government prior to recognition. This, in itself, was a significant abandonment of the previous Soviet policy, which uniformly demanded recognition first and detailed discussion and mutual guaranties to follow.

Mr. Litvinoff's Government, in paragraph 4 of his letter on propaganda and noninterference, undertakes specifically "not to permit the formation or residence on its territory of any organization or group, and to prevent the activity on its territory of any organization or group or any representatives or officials of any organization or group, which has as an aim the overthrow or preparation for the overthrow of, or the bringing about by force of a change in, the political or social order of the whole or any part of the United States, its Territories, or possessions."

There is at present in residence on Soviet territory, housed in a Government building not far from the Kremlin, a well-known organization highly developed with international ramifications and notoriously hostile to this country. It is known as the "Third International." It was created in 1919 when Lenin, then head of the Soviet Government, sent out on Government telegraph wires an appeal to selected radicals and revolutionaries in foreign lands bidding them come to Moscow as guests of the Soviet Government. There, under official sanction and with Soviet support, a new organization was set up to function as a sort of Soviet ministry for that world-wide Communist revolution which was scheduled to follow the Bolshevist triumph in Russia. Its statutes depict the Third International as the unifying agency which consolidates the Communist parties of the different countries into a single world instrumentality for the overthrow of all non-Communist governments, be they friendly or hostile. The organization is semimilitary in character and wholly military in discipline, the Communist Party of each respective country becoming a section in this Communist International and receiving orders which are mandatory and programs of attack from the general headquarters in Moscow. These instructions are very explicit and were best formulated by that extraordinary sixth congress of the Comintern.

The decisions of these congresses are compulsory for all sections in every country, including the United States, and must be executed immediately without deviation. In pursuance of its purposes the Comintern created an appropriate American division, housed in its headquarters at 1 Sapojkovskaia, Moscow (telephone 28-50 to 28-54), devoted to the preparation of ways and means for the overthrow by force of those fundamental liberties and institutions which are guaranteed to American citizens by article 4, section 4, of the Constitution of the United States: "The United States shall guarantee to every State in this Union a republican form of government * * *."

Stenographic reports of its deliberations are available, and its specific program with regard to the United States is matter of public record. Mr. Stalin has long been a member of the execu-

tive committee of the Communist International and on May 6, 1929, he personally delivered definite and voluminous instructions to a so-called "American Commission" with respect to the methods of achieving the changes in our social and political forms mentioned by Mr. Litvinoff. The authentic text of Mr. Stalin's remarks on that occasion are on file in the State Department, Washington. And as late as October 1932 instructions were issued from the same source, directed to American members of the Communist Party, calling for positive acts of aggression against American institutions. Ways and means are pointed out to capitalize unemployment and fan purely local incidents of minor importance into major revolutionary outbreaks.

Again, we are informed by reliable foreign correspondents, on Monday, October 23, 1933, there was published in Moscow, by the printing plant of Krestianskaia Gazeta—a Government organ—and passed by the Soviet censor, a savage attack on President Roosevelt, on the N.R.A., and the American Federation of Labor. Among other things, the diatribe of the Moscow Trade Union International said:

"The Communist Party and revolutionary organizations can and must become the sole leaders of the North American broad masses * * * against Roosevelt's program * * *. It is necessary to dispel the illusions still existing among the workers and to exploit the wave of discontent that is rising, particularly in connection with the practical application of Roosevelt's measures * * *. It is necessary to convert this discontent into a gigantic struggle of the proletariat of the United States * * *. There were some delays on the part of our revolutionary organizations in properly estimating Mr. Roosevelt's program, but now they have formulated their counterprogram and are developing revolutionary activities intensively. Investigation of the masses in open fight and the developing of strikes against the administration's measures are the chief points of this program.

"The struggle of the working class of the United States against Roosevelt's plan, against preparations for an imperialist war, and in defense of the Soviet Union can and must be waged only under the leadership of the Communist Party and by stubbornly following the correct line laid down in these instructions connecting everyday demands with the final goal of the class war and pushing forward the program for a revolutionary issue from the crisis."

The important point here is not what members of the American Communist Party may do in their capacity as citizens of the United States, but that this hostile provocation to violence should have been launched with Soviet approval at the very moment that Mr. Litvinoff was preparing to start for Washington bearing an olive branch and uttering his usual guaranties about international peace.

On November 16, 1933, the Soviet Government, through its Commissar for Foreign Affairs, pledged itself unequivocally to terminate the residence on its territory of any organization or group and to prevent the activity on its territory of any organization or group which aims at the overthrow by force or which prepares the way for such a contemplated overthrow of American institutions. That promise can mean only one thing—the Third International.

This pledge does not concern those secondary problems such as debts—which were postponed by agreement with President Roosevelt for later consideration—but is a primary guaranty immediately operative. The political success or failure of the experiment consequently rests fairly and squarely on the shoulders of the Soviet Government, which is now under solemn covenant, openly and voluntarily arrived at, not only to disassociate itself from but to end the Third International at least insofar as the United States is involved. Delay or further evasion can result in only one logical conclusion—unwillingness to comply. If it pleads inability to control the Third International, it makes virtual confession that there is a political power within its territorial jurisdiction superior to and dominating government—hence the real sovereign. In that case, the Soviet Government does not exercise sovereignty and the United States should withdraw recognition and treat with the indicated ruler, not with a subordinate. That, I take it, would be the international law in the premises.

It cannot be too often or too emphatically repeated that if the Soviet Government persists in clinging to the Third International, it will nullify the gesture toward international peace and normal relations initiated by President Roosevelt and will render abortive, futile, and ridiculous the recent exchange of correspondence. There can be no return to normal relations anywhere so long as one of the parties to the contract retains, fosters, and protects on its territory a hostile and intransigent organization which is bound by its constitution and its statutes to do the very things so clearly outlawed by Mr. Litvinoff in the fourth point of his first pledge. It is not that I fear eventual disintegration of our institutions as a result of the bombastic manifestoes periodically broadcast from Moscow. Should such a disaster overtake us, it will arise from internal corruption, venality in high places, the lust for gold, and from social injustice, not from external aggression. What I do fear is the loss of our self-respect should we surrender to a new impertinence of interpretation, condone another international hypocrisy, and barter the President's signature for a bill of exchange on Moscow. I know that Mr. Litvinoff, in reply to some newspaper correspondents, asserted while here that there is no mention of the Third International in his pledge to President Roosevelt. "You must not read into it more than was intended", he said. There is no need. The specifications are clear, comprehensive, and exact. If the Third International is not included, words have lost their meaning. If Mr. Litvinoff protests that the United States must not read into the document more than was intended, the American public has every right to expect that the President of the United States will not permit Mr. Litvinoff to read out of the documents the very thing that was intended.

SAN PEDRO RIVER, ARIZ., FLOOD CONTROL

Mr. ASHURST. Mr. President, in the Seventy-second Congress the Senate directed a subcommittee of the Committee on Irrigation and Reclamation to make investigation of the water resources of the San Pedro River in Arizona. I present a report from the subcommittee which was directed to make that investigation, and ask that it may be printed in the RECORD.

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

FLOOD CONTROL OF SAN PEDRO RIVER, ARIZ.

Mr. ASHURST submitted the following report (pursuant to S.Res. 292, 72d Cong.):

TO THE COMMITTEE ON IRRIGATION AND RECLAMATION,
United States Senate:

Pursuant to Senate Resolution 292, Seventy-second Congress, second session, agreed to by the Senate on February 11, 1933, directing the Committee on Irrigation and Reclamation, or a duly authorized subcommittee thereof, to make a complete investigation respecting the ultimate utilization of the water resources of the San Pedro River in the State of Arizona, including irrigation, reclamation, flood-control, and power development, a subcommittee was on June 7, 1933, appointed to make the investigation, which said subcommittee was composed of the following: HENRY F. ASHURST, of Arizona; CLARENCE C. DILL, of Washington; ROBERT D. CAREY, of Wyoming.

Complying with the requirements of the said resolution, your subcommittee, on October 23 and 24, 1933, accompanied by Engineer George O. Sanford, of the United States Reclamation Bureau, made a personal investigation and hereby report and recommend as follows:

The San Pedro Valley, together with the remainder of Arizona lying south of the Gila River, was ceded to the United States by Mexico by the Gadsden Purchase. The San Pedro River rises near the international boundary line (United States and Mexico) and flows through the San Pedro Valley in a northerly direction into the Gila River near Winkelman, Ariz. The San Pedro River has many affluents from the Mule, Huachuca, Whetstone, and other mountains in southeastern Arizona, and it furnishes water for irrigation at several settlements along its course. Rural social life is developed to a high degree at these settlements in this San Pedro Valley.

Schools and churches are numerous throughout this valley, telephones are in general use, electricity for lighting and for power is obtainable, and markets are available for the agricultural products of the valley. The climate of this region may be classed as arid. The rainfall, in the mountains and on the desert slopes adjacent to the San Pedro River, although variable, has a mean annual average of nearly 14 inches. The rainfall for the wettest year on record at the Weather Bureau station at Benson was 22.58 inches in 1905. The summers in this region are hot, though not oppressive.

The water supply of the San Pedro River during the past 23 years of records published by the Geological Survey has ranged from a minimum of approximately 20,000 acre-feet per year to a maximum of 122,000 acre-feet per year. The average annual discharge is approximately 60,000 acre-feet.

The proposition of a flood-control project would call for the construction of a dam built to a height of about 119 feet above stream bed, which would provide a storage reservoir with a capacity of about 85,000 acre-feet. Such a reservoir would serve as an effective means of flood control on the San Pedro River, which the records show have occurred with maximum discharges as follows:

	Cubic feet per second
1914	18,000
1917	6,000
1919	25,000
1921	19,000
1923	4,850
1925	11,900
1926	98,000
1929	10,400
1930	9,700
1931	24,500
1932	7,000

This flood-control dam and reservoir has been included in and recommended for construction in a report submitted under date of May 18, 1933, by the executive committee of the Arizona section of the American Society of Civil Engineers, an excerpt from which said report is as follows:

"CHARLESTON DAM SITE ON SAN PEDRO RIVER

"A flood of unprecedented proportions, which reached a peak of 98,000 second-feet, swept down the San Pedro Valley during September 1926. This flood is indicative of what is to be expected from other similar watersheds in the State. Damages from this flood ran into the hundreds of thousands of dollars, to farm lands,

highways, and railroads. Nothing has been done on the San Pedro watershed since 1926, in the way of limiting grazing or soil-erosion work, to reduce the intensity of flood discharges. Future floods of equal or even greater proportions are to be expected.

"Complete information on the damages incurred during the 1926 disaster is not available, due to the fact that losses sustained by the Southern Pacific Railroad and individual farmers throughout the valley could not be secured in the short time allotted to the committee for the preparation of this report. The highway departments of the State, and of Pinal and Cochise Counties, spent a total of $176,700 in reconstruction of structures destroyed by the flood. There is no doubt that the Southern Pacific Co. spent several times as much money in repairing flood damages to their lines. Farmers along the river not only suffered crop losses but, in addition, many acres of rich agricultural lands were washed away.

"It is clearly evident from the incomplete survey of past flood damages that a large expenditure is justified for the prevention of future floods. There must be control over flood discharges to prevent the loss of valuable farm lands along the river. In addition, a great reduction in the cost of operation of the San Carlos project would result. Large quantities of silt are carried by the San Pedro during flood periods, and as a part of this water is diverted at the Ashurst-Hayden Dam, the silt is carried into the canal system. Full relief to the irrigation district would not be afforded by a dam at the proposed Charleston site, but there would be partial relief.

"Studies of stream discharge on the San Pedro River show that the 1926 flood of 98,000 second-feet could have been reduced to 5,000 second-feet by a storage reservoir of 85,000 acre-feet capacity. Since the 1926 flood is the greatest on record, it is evident that the proposed storage reservoir of 110,000 acre-feet would do much to prevent future flood damage.

"The Charleston site is situated 6 miles upstream from Fairbank."

The flood-control dam proposed at the Charleston Dam site is a multiple-arch concrete dam, and the preliminary plans submitted have been reviewed by the chief engineer of the Bureau of Reclamation, who has prepared an estimate of cost of approximately $1,200,000.

In addition to the construction of the dam, it will be necessary to remove 11 miles of the Southern Pacific Railroad track which passes through the reservoir site and the gorge where the dam would be constructed.

Estimates of the cost of relocating this railroad have been prepared, and the estimate submitted by the railroad company several years ago shows a cost for this work amounting to $1,150,000, making a total estimated cost of $2,350,000 for a flood-control reservoir.

Such reservoir would provide the necessary flood control on the San Pedro River and would effectively eliminate the possibility of serious damage occurring to homes, farm lands, railroads, bridges, and highways which have heretofore been experienced when such floods occurred. Whenever the reservoir might be filled from a flood discharge, the stored waters could be safely drawn off at such rate as to eliminate the possibility of damage, so that the reservoir would be ready to hold any subsequent flood.

The San Pedro Valley has a population of about 4,730 persons; the valley is relatively oblong and includes about 90 square miles below the proposed flood-control dam, while the watershed above the dam site has an area of about 1,200 square miles.

The benefits to accrue from this expenditure of $2,350,000 are commensurate to the amount of money proposed to be expended. The vital and durable benefit derived from the construction of this flood-control dam would, of course, be the ultimate protection of the homes, farms, villages, highways, bridges, and railroads in the San Pedro Valley from destruction by flood waters, an obligation resting upon the Federal Government; another benefit, equally vital and important, would come from furnishing immediate employment to the large number of citizens of the county (Cochise) who have been out of work for a long time and who have in many cases been sustained by direct contributions from local State and county authorities. The financial condition of the settlers and landowners residing in the San Pedro Valley and in the vicinity of the river's course is such that they could not make any repayments whatsoever of Federal funds expended for irrigation or for flood control.

Some of the materials and equipment to construct the flood-control dam and to relocate the railroad would come from outside points, but all labor for construction of this flood-control dam and relocation of the railroad track could be provided locally, and the construction of the dam and relocation of the railroad track would provide 18,800 man-months of work.

We, your subcommittee, have the honor respectfully to recommend the construction of the flood-control dam at the Charleston Dam site on the San Pedro River.

HENRY F. ASHURST.
CLARENCE C. DILL,
ROBERT D. CAREY,
Members of the Subcommittee.

JANUARY 3, 1934.

AMERICAN HOLDERS OF GERMAN OBLIGATIONS

Mr. FLETCHER. Mr. President, many American investors, individuals, and institutions are interested in German obligations of the long-term and short-term varieties. There has been a study made of the subject by the American Council of Foreign-Bond Holders. I have a letter from Dr. Winkler, president of the council, transmitting a report on that subject. I ask to have the letter and the report inserted in the RECORD.

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

AMERICAN COUNCIL OF FOREIGN-BOND HOLDERS, INC.,
New York City, January 5, 1934.

Hon. DUNCAN U. FLETCHER,
The United States Senate, Washington, D.C.

MY DEAR SENATOR FLETCHER: In view of the interest on the part of American investors, institutions as well as individuals, in German obligations of the long-term and so-called "short-term" varieties, outstanding at approximately $1,600,000,000, I feel that the enclosed study on the German situation, published by the American Council of Foreign-Bond Holders, should prove of interest.

Since you have followed developments abroad as they relate to the status of America's foreign investments more closely than any other American statesman, I felt that you might consider the enclosed report of sufficient interest to warrant its incorporation into the CONGRESSIONAL RECORD. You were good enough to move that similar reports prepared by the American Council be embodied in the RECORD.

With kind personal regards and best wishes for a happy New Year, I am,

Cordially yours,

MAX WINKLER, *President.*

DR. SCHACHT PLEADS POVERTY

The amount of German dollar bonds in default has reached the impressive total of $916,509,100. Although a German law passed under date of June 9, 1933, providing for the suspension of payment in foreign currency but for the deposit of marks to the credit of bondholders, such deposits to be transferred in cash as to 50 percent, was to become effective as from July 1, 1933, American holders have received nothing to date. Moreover, if some, or even a majority, were to accept the German plan of payment, the fact remains that it constitutes a distinct violation of original loan agreements, so that one is fully justified in looking upon German dollar bonds as being in complete default at present, and in partial default as soon as the above plan will be in operation.

Dr. Schacht and his cohorts have been laying the blame for the delay in the disbursement of the 50-percent cash payment, to the slowness with which matters have been handled by Washington. Dr. Schacht may not be aware of what America is fully conscious, namely, that the scrip which is to be issued to holders of German bonds will be purchased by Germany at half their face value, on condition that the transaction will increase Germany's foreign commerce. In other words, foreign importers of German merchandise will be able to purchase 100 marks' worth of German goods for only 50 marks, and, since the inherent position of the reichsmark is such as to induce foreign owners to part with the currency at so marked a discount in relation to the officially quoted price, the supply of marks may be expected to be quite plentiful. In this way German shippers are being placed at an unfair advantage over merchants in other countries. It is for these reasons that the authorization to distribute scrip and cash to bondholders may have been delayed.

German bonds, interest and amortization on which, due in January, are not scheduled to be met according to provisions of original loan agreements, are tabulated hereunder:

	Original amount	Amount outstanding	Interest due	Sinking fund due (estimate)
A. Government and political subdivisions (direct and contingent):				
Consolidated Municipal Baden 7's	$4,500,000	$3,691,500	$258,405	$90,000
Bavarian Palatinate 7's	3,800,000	3,134,500	219,415	200,000
Heidelberg 7½'s	1,500,000	1,287,000	96,525	30,000
Central Bank for Agricultural 6's	30,000,000	23,100,000	1,386,000	450,000
Consolidated Hydro-Electric of Upper Wuerttemberg 7's	4,000,000	3,671,000	258,970	66,665
Rhine Rhur Water 6's	10,000,000	8,900,000	534,000	200,000
Saxon Public Works 6's	6,485,000	5,867,000	352,020	
Total	60,285,000	49,651,000	3,105,335	1,036,665
B. Banking institutions: German Building and Land Bank 6½'s	5,250,000	4,981,000	323,765	52,500
C. Public Utilities: Westphalia Unit. Electric 6's	20,000,000	19,357,000	1,161,420	240,000
D. Industrial enterprises:				
German General Electric 7's	10,000,000	7,700,000	539,000	250,000
Harpen Mining 6's	10,000,000	8,700,000	522,000	250,000
Rheinelbe Union 7's	25,000,000	20,600,000	1,442,000	625,000
Siemens-Halske 7's	5,000,000	2,900,000	203,025	132,000
Stinnes (Hugo) 7's	12,500,000	4,900,000	343,000	
Tietz (Leonhard) 7½'s	3,000,000	1,950,000	146,250	75,000
United Steel Works 6½'s	30,000,000	22,500,000	1,462,500	400,000
Total	95,500,000	69,250,000	4,657,775	1,732,000
Grand total	181,035,000	143,239,000	9,248,295	3,061,165
Defaults, July-December	909,715,000	773,569,600	9,707,175	10,297,675
Total defaults	1,090,750,000	916,808,600	18,955,470	13,358,840

The amount representing the interest due in the above table includes both the July and the January coupons. The same applies also to sinking-fund payments.

Those familiar with Dr. Schacht's attitude toward Germany's foreign creditors are not likely to be impressed with his renewed plea of poverty and consequent inability of the Reich to meet contractual commitments. Although conceding that in appraising German trade figures one will have to allow for the purchase of a very large volume of merchandise either with blocked marks at a substantial discount compared with officially quoted figures or through tendering German external loans, the head of the Reichsbank seems to ignore the fact that reduced trade is offset, to a very appreciable extent, by the premium which the reichsmark commands over the dollar and the pound, the two currencies in which the bulk of Germany's engagements are payable.

For the first 11 months of last year the country's excess of exports over imports was officially given as RM 618,000,000, compared with RM 1,030,000,000 for the corresponding period in the preceding year. At prevailing rates of exchange, however, the former figure is equivalent to about $231,750,000, while the export surplus for the first 11 months of 1932, converted at the rate of exchange obtaining during that period, amounted to $245,150,000, a decline of less than 5½ percent, and more than neutralized by the huge reduction which has admittedly been effected in the amount of Germany's foreign indebtedness.

On the basis of statistics furnished by the German Government statistical bureaus to and published by the League of Nations in its Monthly Bulletin of Statistics, the subjoined figures should prove of extreme help to those who may endeavor to comprehend the lament of the Reichsbank president. Taking 1932 statistics as a base—that is, 100—salient indices relative to Germany's present economic and financial status are as follows:

General index of production	116.00
Output of textiles	113.75
Output of machinery	111.72
Output of coal and lignite	104.31
Output of pig iron	134.14
Output of steel	133.82
Output of zinc	115.93
Railway freight traffic	99.93
Net tonnage of vessels entered	110.15
Net tonnage of vessels cleared	105.21
Index of wholesale prices	97.60
Index of retail prices	97.93
Commercial bank deposits	91.25
Savings bank deposits	105.78
Index of stock exchange prices	132.48
Number of unemployed	62.19
Quotation of mark (in dollars)	157.57
Average monthly imports—January–November 1933 [1]	125.78
Average monthly exports, January-November 1933 [2]	153.38

Strength in German dollar bonds, despite continued nonpayment of interest, intimation that the proposed 50 percent cash disbursement would once again be postponed till January 24, and threats by Dr. Schacht that the cash payment for the first half of the current year would be reduced to 30 percent, has been decidedly puzzling, to say the least. It will be recalled that offers have been made to holders of German dollar bonds to convert them into mark obligations bearing a lower rate of interest, conversion to be effected on the basis of approximately prevailing quotations for the mark in terms of dollars. In addition, importers of German merchandise are in a position to tender, under certain conditions, such bonds in payment for German goods, the exporter in Germany accepting these bonds at a very substantial discount, even though at a figure somewhat in excess of prevailing quotations in foreign markets.

While such transactions are bound to result in an increase in German export statistics, the gain so recorded is apparent rather than real, because it does not constitute an influx of new funds into Germany, but represents to a large extent a material reduction in the amount of foreign balances presently tied up in the Reich.

In his latest report regarding the status of German external commitments, Dr. Schacht calls attention to the above. What is, however, difficult to explain is the fact that Dr. Schacht, in his earlier talks, never failed to emphasize the impressive gains which have been registered in the various branches of Germany's economy. Why it was necessary for the head of the Reichsbank to wait until the United States Government officially protested Germany's refusal to meet the service on her contractual commitments is somewhat difficult to explain. American holders of German bonds should not be misled by the sharp gains scored by various issues, notably those outstanding on behalf of corporations. How much farther the rise is likely to continue, the writer is not in a position to state, but it should be borne in mind that as soon as the demand for bonds in payment for German goods shall cease, reaction is likely to occur. Investors in German issues will do well to bear this in mind.

AMERICAN COUNCIL OF FOREIGN-BOND HOLDERS, INC.,
MAX WINKLER, *President.*

[1] At prevailing rates on New York.
[2] At par of exchange.

CERTAIN LETTERS WRITTEN BY SENATOR ASHURST

Mr. ASHURST. Mr. President, I ask leave to have printed in the RECORD copies of certain lettters I have sent to citizens of Arizona, and one to the Attorney General.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

MAY 29, 1933.

Mr. G. H. BROWN,
Phoenix, Ariz.

DEAR MR. BROWN: Yours of May 25 received, advising that you desire a position with the Bureau of Internal Revenue, and you request me to recommend you "to the new collector at Phoenix as soon as he is appointed."

It is my duty to tell you that the district attorney, marshal, collector of internal revenue, collector of customs, and register of the local land office, respectively, will be appointed upon the recommendations of the United States Senators from Arizona.

In my judgment, it would be improper for a Federal Senator to make any suggestion as to whom such persons thus recommended by Federal Senators should appoint. The Federal officials who may be appointed upon my recommendation shall be left free to select their own assistants, deputies, accountants, and clerks.

On this point I may be—probably am—censurably delicate, but it is my inflexible rule to which I adhered during the Wilson administrations. Quite naturally, I desire to please as many of my constituents as possible and to offend as few of them as possible, but I believe in the principle of absolute noninterference by Federal Senators in the selection of the subordinates of Federal officials appointed upon my recommendation.

Sincerely yours,

HENRY F. ASHURST.

OCTOBER 16, 1933.

Mr. G. A. ROBERD,
Phoenix, Ariz.

MY DEAR FRIEND: Your letter received advising that the chamber of commerce had "denounced" Senator HAYDEN and myself for not securing larger sums of Federal funds for Arizona.

This complaint of the chamber of commerce is not at all unique, for daily, from the mail bags, there are dumped upon my desk demands that "this, that, or the other" industry be nourished by some gift, bounty, or largess out of the Federal Treasury.

I sympathize somewhat with the impatience of the chamber of commerce and say in reply that I have worked harder since March 4 last than I have ever worked before, but I am not complaining, for, when an officeholder complains of overwork, he is simply proving that he has a task too big for him.

I have been for years a critic here and hope I am able, without making a wry face, to take a small dose of that medicine—criticism—of which I have given other fellows sizable doses; in other words, I not only "ladle it out" but can also "take it." Pardon my dropping into slang, but it conveys my thought precisely.

I believe you are correct in your conclusion that a number of candidates—all excellent gentlemen—will try to displace me at the next election, but it is beginning to appear as if I shall be reelected, not by reason of any particular merit that I possess or by any political activity on my part, but by the folly of my opponents.

I will see you at Phoenix on the 26th.

Kind regards.

Sincerely yours,

HENRY F. ASHURST.

Hon. HOMER S. CUMMINGS, DECEMBER 11, 1933.
Attorney General, Washington, D.C.

MY DEAR MR. ATTORNEY GENERAL: I have the honor to write you regarding the alleged income-tax evasion supposed to have been practiced by former officials of the city of Phoenix, Ariz., regarding certain alleged bribery or alleged graft charges growing out of the construction of the water-pipe line for the city of Phoenix.

A recent issue of a Los Angeles newspaper which discussed these charges carried with it an implication that I had been indifferent or negligent regarding the investigation of this alleged violation of law, and there was a further implication therein that I had written your Department or had adopted some other means of suggesting to your Department that these cases should be dropped.

Quite naturally, I feel not a little concern over such an unjust and untrue insinuation, for I have never intimated that these cases or any other case should be abandoned, and, quite on the contrary, I wrote your Department on July 21, 1933, in which letter I said (and now repeat) that I assume your Department will vigorously prosecute all violations of the income-tax law or other laws to the end that the guilty shall be promptly and adequately punished. I wrote you again on September 27 last urging prosecution of all guilty persons involved in the above-mentioned violations of law.

With high esteem, respectfully yours,

HENRY F. ASHURST.

DECEMBER 18, 1933.

Mr. W. H. PETERSEN,
16 South Twentieth Avenue, Phoenix, Ariz.

DEAR FRIEND: Your letter of December 10 received requesting the payment of the adjusted-service (compensation) certificates before their maturity.

During the years when no deficit existed in the Federal finances I supported the adjusted-service (compensation) legislation, and I do not believe I made any mistake in so voting.

The question of cashing the adjusted-service (compensation) certificates before their maturity depends now upon the condition of the Federal Treasury.

If the Treasury may without disaster cash these certificates before they fall due, I should, so far as I am able to perceive at this time, be inclined to vote to cash the certificates now, provided always the Treasury may stand the strain.

If, however, the Treasury may not meet this demand and could not pay the certificates before maturity, I would not vote, and could not be expected to vote, to bring a collapse of our national credit. It is a principle of my personal and political conduct, and the same principle should guide governments, never to hold out a promise where such promise is obviously incapable of fulfillment; in other words, do not make promises unless you are certain you can translate the promises into actuality.

I decline to make promises that cannot be fulfilled.

I refuse to raise up hopes that I know will be dashed to the ground.

I shall indeed give careful consideration to and make a close investigation of the question of the ability of the Treasury to pay these certificates before their maturity.

I realize that the phrase "give careful consideration and make a close examination" is sometimes used as a polite euphemism for postponed negation, but I am not using the phrase in that sense, for I shall examine the subject in the hope of finding that the Treasury's condition may justify my voting to pay the certificates before they are actually due; and if, upon investigation, the facts show that the Treasury cannot stand that strain, I shall not be a party to an insincere gesture of pretending to pay an immature obligation out of an empty Treasury.

Kind regards.

Cordially yours,

HENRY F. ASHURST.

JANUARY 2, 1934.

Mr. A. L. MOORE,

Route 2, Box 223, Tucson, Ariz.

DEAR FRIEND: Your letter of December 25 received, in which you say, "I ask you to work for and vote for repeal of this Economy Act."

I should be lacking in frankness and deficient in courtesy if I failed to tell you that I shall support President Roosevelt all along the line.

A crisis of terrible proportions, bringing many distressful results, came upon our country and has not lifted its blight from us; hence all citizens must continue to make sacrifices for their country's welfare.

It is often quite true that the only way in which an officeholder may render great service to the Nation, in its day of trouble, is by his willingness to lose his future or at least to lose his present position in political life, if he may thereby aid in bringing national recovery, just as the soldier may for a time give up a part of his civil liberties and may pay with his physical life in order to render service for his country in battle.

Whenever grave danger comes to our Nation, whether from unemployment, famine, fire, flood, war, pestilence, or depression, the officeholder must be willing to take action which might be temporarily unpopular if he may thereby aid in the recovery of his country.

I shall follow the President's leadership, and if he should urge that the present law be amended so as to meet your request, I shall support his efforts in that behalf.

Kind regards.

Sincerely yours,

HENRY F. ASHURST.

ADDRESS BY ATTORNEY GENERAL CUMMINGS

Mr. BARKLEY. Mr. President, at the last meeting of the American Bar Association, at Grand Rapids, Mich., August 31, 1933, the Attorney General, Hon. Homer Cummings, delivered a very notable address on Modern Tendencies and the Law. I desire to ask that it be printed as a Senate document and also that it be printed in the RECORD.

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

The address is as follows:

Mr. Chairman, Mr. President, members of the American Bar Association, ladies, and gentlemen, the somewhat exalted topic I have been asked to consider seems to invite a learned discussion. An adequate treatment of its various aspects and implications would, I fear, lead me into pretty deep water. I have no such venturesome purpose in mind. I say this not only to give you a needed, and, I dare say, welcome reassurance, but also to suggest that what is going forward at Washington is so completely engrossing that but little opportunity is afforded to stand outside events and assess their value.

We Americans are much given to quick generalizations. We have a weakness for headlines. In a certain fashion we realize that we are apt to be misled by them, but that does not seem to shake our faith in them. We generalize our hopes, fears, vices, virtues, plans, and ideals—give them a name, and then think more of the name than of the substance. We talk of economic law, inherent rights, fundamental liberty, equality of opportunity, and social justice until these concepts register more as abstractions than as realities. For this reason we are apt to be bewildered when some movement like the new deal comes along and seeks to treat ideas and principles as living and vital things.

It is interesting to note that already this movement presents, in some of its aspects, a slightly distorted picture, because of the mystic potencies and weaknesses of mere names. Would it assert new Executive powers, it becomes a dictatorship; would it compel needed changes, it becomes a revolution; would it put reliance upon the best intellects it can mobilize, it creates a "brain trust"; would it coordinate administrative functions, we behold a supercabinet; if it seeks to combat crime by attempts to bring the police agencies of the country into closer cooperation, we find that Scotland Yard has been transplanted to America. Many of the current criticisms, as well as the excessive hopes it inspires, spring, I apprehend, very largely from this passion to generalize and to see it in the abstract for that which it is not, instead of in the concrete for that which it is.

Fundamentally, all we can hope to do is to release and direct the vital forces that make for a healthy national life. I do not share the view that these efforts will result in the creation of a new social order, even though I realize there are forces moving to that end. New social orders, like poets, are born; not made.

Pressure of necessity and wide-spread distress have made us acutely conscious of serious social maladjustments and have created a condition in which new ideals and forces, long gestating, have a chance to be born; and, under conscious planning and leadership, they may give us something of a new order. "Great distress", says Burke, "has never hitherto taught, and whilst the world lasts it never will teach, wise lessons to any part of mankind." Such counsels of despair, however, leave me as cold as do counsels of perfection; for I think the world does profit by its mistakes and miseries, if wise leadership shows it how. That, at least, is the faith of the new deal.

Underlying this faith is, of course, something of a definitive philosophy with implications bound to have repercussions in the law. It assumes that we are in one of those historic eras of change in which it is the province of government to lead, to assist, and to direct. Its first obligation naturally was to put its own house in order—to face the exigent needs of economy, efficiency, and solvency; and then to deal affirmatively and vigorously with the conditions which have caused so much heart-breaking misery and distress. Manifestly, the crisis was far too acute to permit of prayerful waiting for the curative forces of patient time.

It is a peculiarity of political, as well as juristic thinking, in its earlier phases always to seem more theoretical than practical. Presently, however, we see it penetrating and vivifying the social consciousness; and when time, circumstance, and the leader meet, it becomes a revitalizing force, a new movement, a new deal, and, sometimes, a new order. Witness the effect of academic thinking in shaping the Revolution of 1776, and that of the French; or note its even more striking bearing in the English reform movement of the last century, where such thinking changed the whole pattern of the social and economic order.

The unifying principle which lies at the heart of this modern movement is to be found in the very old concept of cooperation. Indeed, this idea seems so simple that its very simplicity conceals its tremendous strength and scope, as well as the basic part it has always played in the story of mankind. If it appears to be feeble or Utopian, consider for a moment certain patent facts. Note, for instance, the many so-called "socialistic activities" which for many years have been an accepted part of our established order; and observe, also, the steady drift from the competitive to the cooperative ideal. "Rugged individualism", so stimulating in pioneer days or even in a period of economic adolescence, no longer appears to be adapted to a highly relational society that constantly calls for disinterested service and greater solidarity. The competitive ideal, so deeply ingrained in our law does not seem to synchronize with considerations based on economic stability and social unity. Surely it is not visionary, therefore, to regard cooperation, voluntary or even induced, as the way of least resistance, if not the only way out; or as the one and probably only cure for ill-balanced production, for demoralization in competitive industry, and for any threatened collapse of our social order.

It was Bagehot, as I recall, who said that when an Englishman finds himself really thinking, he thinks he is sick, and I suspect that our own sudden compulsions to do stiff planning and hard thinking explain in part the fear that the country is much sicker than it really is.

Manifestly, local government has proved in many ways quite incapable of meeting present emergencies. In the banking crisis, which occurred at the moment of inauguration, it was to the Nation's Chief Executive and to national legislation that the country had to look for relief. The colossal attempt under the National Recovery Act to spread labor and to raise wages and purchasing power, and, under the Agricultural Adjustment Act, to control crops and to make the farmer's product capable of supporting him, is a Federal effort to which the States and the people are lending willing support. The Department of Justice itself is the subject of demands for the Federal solution of problems hitherto thought the proper subject of local control—racketeering, kidnaping, and the whole problem of crime.

But centralization of power has been looked upon with distrust not only since the days of the Thirteen Colonies, but from time immemorial.

It was an ancient Greek who said that democracy could not survive beyond the reach of the human voice. Clearly, he meant that the acts of the leader must be within the immediate knowledge and subject to the direct approval of the people. The genius of local self-government lies in no mystery; it is in the axiom that if

you want a thing that concerns you well done, you must do it yourself. This was the idea of the Greek city-state. This was the idea of the New England town meeting. This was the theory of colonial government in America, and of its revolt against remote control. This was the basis of resistance to the formation of the Union, and it was for lack of central power that government failed under the Articles of Confederation. This was the theory that preserved, in large measure, the sovereign powers of the States. At that point in our history, and for generations thereafter, this theory of government worked exceedingly well. The Thirteen Original States were small in population and isolated. What was done in one, little affected any other. The only democracy within reach of the magistrate's voice was the local democracy. President Washington was never heard at one time by all, or even a substantial part, of the people; nor was Lincoln; nor even Wilson.

But there have been changes. We are no longer a Nation whose problems are local and isolated. A bumper crop 100 years ago was a boon where it grew, or, at the worst, in part a waste. Today it may be a national menace. A shut-down of a grist mill or a smithy in Boston a century since was not felt in Rhode Island, much less in Pennsylvania.

Today almost every economic and social problem is both local and national. Manufacturing, merchandising, transportation, agriculture, mining, oil production, problems of employment and unemployment, of strikes and the settlement thereof, are upon a national scale, or, if local in scope, are national in effect. Child labor in one State may destroy an industry in another. Crime is organized on a Nation-wide basis. Neither the vigilance committee of the old West nor the metropolitan police force of today can cope with this problem without national aid.

Goods and people move as quickly now from San Francisco to New York as they once moved from Philadelphia to the National Capital. From Chicago to Washington is no more distant in time today than from Concord to Boston by foot or horse 100 years ago.

The radio, the airplane, the sound picture have drawn us very close together. Three times within the past 5 months has the voice of the Chief Executive of this Nation reached, in intimate fashion, 50,000,000 eager citizen listeners in an instant of time. The President's far-flung appeal to the American people to cooperate with the National Recovery Administration was heard by the Nation in a single half-hour, and long before the hour was out the response began. Washington today is thronged with citizens coming, within a few hours, from the four corners of our country to apply for codes affecting their several industries; and the mails are surcharged with voluntary agreements sent to the President by employers of labor throughout the land. Who is there so dull as not to catch a hint of drama in these significant events?

The theory of our Government has not changed; but the times have changed and invention has altered the scope and tempo of our life. I think it is hardly to be doubted that the average citizen of today senses his participation in government more acutely and more personally than he has for a generation. In very truth a Roosevelt and a radio have made a town meeting of America.

It is but natural that some of the legal aspects and implications of what is now going forward should disturb the more static members of the bar. I have had occasion to discuss these problems with many of my learned brethren who, while suppressing any public expression of doubt, are manifestly doing so with difficulty.

Later on, all in good time, I suppose these matters will be argued out before our courts and disposed of in orderly fashion. That hour I look forward to with a knowledge of its certainty and with considerable tranquility of spirit.

Unusual and difficult questions undoubtedly confront us. The field of administrative law, already clouded by much uncertainty, is being widely extended. The functions and limitations of the various departments and agencies of government have been taking on new aspects, and the attainment of administrative unity in this vast complex of powers presents a fascinating problem.

Nevertheless, there is no occasion to indulge artificial fears as to the ultimate outcome. There has not been the slightest fundamental departure from the form or nature of our Government or the established order. Our jural system remains intact. The Federal equilibrium has not been disturbed. The life, letter, and integrity of the Constitution have not been impaired. Its checks and balances, its definition and division of authority, and its complete supremacy remain inviolate. The law of the land is still the law of the land.

Every new power intrusted to the President has been conferred by the people, acting through their duly elected representatives and must be and will be exercised within the letter and the spirit of the organic law. Emergency legislation is recognized as such by the Government and will end when the emergency ends. The Congress has neither abdicated nor shirked its right or its duties; it has functioned patriotically and efficiently to meet a national crisis. What is really happening is not an alteration in the established form or texture of government, but a change in the spirit and application of government.

Manifestly, emergency conditions do not justify emergency theories of the law. It is not the duty of the Attorney General, for instance, to attempt to make new law, but to construe and uphold the law and the Constitution as applied and interpreted by the courts. Equally it is his duty to help give practical effect to the ends sought by the recent legislation and the policies of the administration. In this effort, I shall hope to be guided by a sense of economic realism, rather than by any narrow legalism; to be helpful and constructive, rather than hypertechnical or reactionary; and to make the application and interpretation of these laws fit not only into our established jurisprudence, but into the new patterns of economic planning and broad statesmanship which these disturbed times demand.

If it were true, as some persons affect to believe, that the Congress by its recent legislation has created a dictatorship, my duties as law officer, sworn to uphold the Constitution, would be arduous indeed. But we have done nothing of the kind. The long story of dictatorships from those of the early Roman Republic to the present time, offers no single historical parallel. With us there has been no usurpation of power; no substitution of the Executive will for the national will; no resort to force or fear; no repression of dissenting thought or criticism; no pretensions to omniscience or omnipotence. New laws and new powers! yes; but they march with the sense of justice and the needs of our common country. They rest on established and traditional sanctions. This philosophy of "Government in action" is based upon traditions and ideals fundamental in Americanism; leadership, justice, moderation, cooperation, unity, confidence, faith, enthusiasm. These concepts are as old as America, as old as the basic idea of democracy, and by them we shall find our way back.

The constitutional difficulties inherent in the recent legislation, I think, are grossly magnified. Our fundamental law is faced with no unusual stress or strain. During the World War we put it to a far more radical test in emergency laws, like those relating to selective service, espionage, the War Industries Board, the Food Administration, the control of railroads, industrial mobilization, and the like. Now, as then, we face a war—a war to win back prosperity. Then, as now, the Constitution met the test and marched with the need of the times. Conditions and public opinion change from one era to another; and so does judicial interpretation. As President Wilson once said: "The Constitution is no mere lawyer's document, but the whole of the Nation's life." Each crisis, each era produces its own peculiar legal problems, and our judicial tribunals have never failed to solve them with constructive intelligence. In dealing with given cases I am confident that the courts, in the words of Mr. Justice Holmes, will consider them "in the light of our whole experience, and not merely by what was said a hundred years ago." It is this very flexibility which has permitted the Constitution to withstand strain and to endure. What is going forward is not, therefore, a violation, but rather a vindication of our form of constitutional government.

To my mind, the law is not a mere body of precedents. I visualize it as a living, vital, growing thing, fashioned for service and constantly being refashioned for further service. Its function is to serve. It changes and it grows. It is not, and it should not be, the unloved ruler of a reluctant people. It is, and it should be, a trusted servant ministering to the needs of mankind. It should serve to cement, and not to strain, the bonds of affection that exist between the people and the government they have erected.

Carlyle thought that democracy was bound to fail, because, he said, you could not have "government by discussion." Some of our citizens, who have more or less covertly sympathized with the idea of Carlyle, have become so discouraged that they have frankly despaired of our civilization and maintain that it is not merely upon trial, but that it has failed.

Others, pointing to the swift and even fundamental changes that have overtaken other peoples in other parts of the world, have freely predicted the break-up of the foundations of our Government. These fears I do not for a moment share. Nor do I believe that they are entertained by any substantial portion of our people. As I look about, I see no swift and disturbing governmental changes amongst peoples long habituated to self-rule under democratic forms. A well-established democracy is the most stable of governments. Its very structure admits of necessary adjustments in times of stress. As for ourselves, the heritage of liberalism stands us in good stead. Those who founded our Government, and gave their lives for it, have not been forgotten. America is made of stout stuff, and our democracy runs too far back into the history of the struggle for liberty to succumb merely because our governmental machinery is out of adjustment.

For years our people have been upon a long, bitter trek, with its wastage of life and treasure—a downward, disheartened, bewildered retreat toward lower levels of civilization and to the very verge of economic and financial disaster. What man of vision, or understanding, or human sympathy, could have witnessed this prolonged retrogression without profound sorrow and acute apprehension? The frantic and, for the most part, futile attempt to adjust debts, in the face of constantly falling price levels, has taken its toll upon every hand. No one has escaped. Values have disappeared; taxes lie like a dead hand upon enterprise; the savings of years have vanished; industry is prostrated; millions are unemployed; the farming population has been reduced to penury; the nations of the world have retired into the watertight compartments of a narrow nationalism; commerce no longer puts to sea; and, to a disturbing extent, fear and animosity have taken the place of common good will and common sense.

Who is there who does not turn with distaste from this dark picture to welcome the harbingers of a new day! A program of progress is already unfolding before us. It has passed the period of promise and entered the stage of fulfillment. Moreover, it is being developed under a leadership so inspiring that, schooled as I am in the disappointing business of politics, I feel my pulses stir and my heart leap again at the sight of America emerging from

her dark dream. This is no time to assess responsibility for our present troubles in terms of narrow partisanship. This is a period of national emergency that engages the faith and service of every man, woman, and child in America. The spiritual resources of the Nation must be mobilized and the hidden reservoirs of abundance drawn upon. The artificial restraints that have dammed back the flow of prosperity must be released once more; that which was unplanned or selfishly guided must take its place in an orderly governmental process, and a great cleansing and rebuilding program must go forward to its conclusion. If I mistake not, the people of America, without respect of partisanship or previous party affiliation, welcome this wholesome process with glad hearts.

If, however, these emergency laws and constructive acts are to succeed, or are to accomplish lasting good, it will not be because of their coercive powers or their perfections of plan and detail, or the aggressive enforcement efforts of agents and officials, but rather because they correctly interpret, as I believe they do, the thought and spirit, the tone and rhythm of today.

Never was there such a need or such a chance for the profession of the law to do creative and constructive work and rise to its old power and prestige. One of the most heartening features of our trying work in Washington is the generous and helpful spirit thus far shown by the members of the bar. It has been particularly so in the work on the difficult business codes, where there is so much opportunity for the merely clever lawyer to show his skill; and for the great lawyer to show his constructive capacity.

The legal mind, I suppose, is instinctively individualistic, and client relations probably accentuate the stress laid upon private as opposed to public interests. If it is difficult for business to adjust itself to emergency regulations of wages, hours, and trade practices, I dare say it is even more difficult for the practicing lawyer to do so. It is neither unnatural nor improper to respect the past and to be influenced by precedent, but in this dynamic hour of change it is the new, the untried, you are called upon to interpret and support, and I have an abiding faith that you will do this with that fidelity and sincerity and that larger vision and sense of horizons which have always characterized our profession at its best—and that you will do it, too, in that spirit of constructive cooperation for which the necessities of our people so eloquently plead.

POLICIES OF THE ADMINISTRATION

Mr. BACHMAN. Mr. President, I ask to have inserted in the RECORD an address delivered by my colleague [Mr. MCKELLAR] last evening on the subject of the Polices of the Administration.

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

The address is as follows:

My friends, it is time for public men who love their country to speak plainly. This I shall try to do tonight. There are certain selfish and misguided people in this country who are seeking to rock the boat of national recovery. They should not do so. It is no time for the display of selfishness or greed. In this hour of distress and trouble all good Americans should stand by their country and their country's leader.

Wall Street, the collective name for the high financial forces of New York City, has opened a battle upon the program and policies of President Roosevelt.

The issue is sharply and clearly defined. The sole question is whether the country will support the practices which wrecked our country from 1929 until 1933 or get solidly behind President Roosevelt in an effort to save our country and restore the general prosperity of all the people.

This is the one great question before the American people today.

It is the death struggle between lawful and unlawful business.

It is a death struggle between the speculators in New York City, who produce nothing and who create nothing, and the great wealth-creating masses of our people.

Fortunately the entire Nation has been permitted to peek behind the scenes and to see Wall Street at work. The Senate Banking Committee has certainly performed a wonderful service. I stop here long enough to take off my hat to that noble and splendid and courageous Chairman of the Senate Banking Committee, DUNCAN U. FLETCHER, for his signal service to his country in ferreting out and exposing the nefarious methods of these so-called "financial kings." That committee has revealed the inner methods used by our discredited financial magnates. It has shown how financial balloons are inflated and how million-dollar bubbles—yes, billion-dollar bubbles—are blown up, shoot their iridescent hues for a few moments in the financial air, and then collapse.

It has shown how great financial houses in New York have allowed themselves, for the sake of huge commissions, to float the worthless bonds of foreign countries among our own people, fleecing and robbing them for the benefit of foreign customers and a few insiders here. It is impossible to believe that any intelligent man among them did not know that these bonds were comparatively worthless when they were sold. In some cases, by reason of the financial prestige of the sellers, they forced sales to institutions which did not want them and which subsequently suffered tremendous losses by reason of such purchases.

Their system is a system of creating fictitious prices for so-called "securities", which prices grotesquely called "values", are made by pretending sales in which the left hand of the stock broker sells to its own right hand that which does not, and never did, exist, and then turns and rebuys the same fairytale "securities", so that the public is given the idea that an actual value exists in the paper sale. The public is then asked to buy, and does buy, the will-o'-the-wisp stock, creating paper fortunes for the men who juggled the stocks and worked the deal.

Get-rich-quick Wallingford, of fiction fame, was a piker beside the get-rich-quick schemes of Morgan and his layout, Kuhn-Loeb & Co. and their lay-out, and the Mitchells, the Wigginses, and their ilk.

Not one cent of real money of any kind, to say nothing of a single gold dollar, ever figured in any part of these sleight-of-hand, fraudulent sales manipulations.

The same forces and practices of the high command extend to the industrial concerns engaged in producing goods and employing men and women. The controlling figures looked only to the sale of stocks and bonds issued upon any given plant, basing the issues not upon the physical value of the plant or its invested capital or its earning capacity in average normal periods, and taking the lean with the fat, but solely upon what stock manipulation, assisted by ringing the market, could make the issues appear to be worth to a gullible public.

Again, bear in mind that no money of any kind—gold, silver, or paper money—figured in any of these inside transactions.

The principal use of gold in normal times has been to employ it in shipments to foreign countries when the balance of trade has been against the United States. Gold is never used in a free-market condition except to exchange differences when and where the differences in the rate of exchange are greater than the cost of shipping gold and insuring it in transit.

The vast majority of instances in which gold has been used within the last 18 years have arisen from transactions in which American money has been loaned to foreign nations and to foreign business men.

While the Nation, through its Wall Street agencies, has been gambling on the prospect of maintenance of business in Europe, the extending of bank credits to little and large business men at home has been curtailed and oftentimes denied entirely.

Because of this employment of American gold and credit abroad, credit has been shut off to the business man at home.

The American business man was not, therefore, able to pay his employees.

Men and women were thus compelled to join the army of the unemployed.

Eleven millions of idle people walked American streets looking for work.

Bread lines were formed in almost every town in the United States. Thousands of banks were failing all over the country. Trade and commerce were at a standstill.

Weak banks failed outright. Good banks were afraid to function.

Therefore, bank credits, the very lifeblood of a prosperous Nation, dried up, leaving a desolate economic waste in their wake. All of this was grist to the financial district of New York.

Then along came Franklin Delano Roosevelt.

He turned his eyes toward the bread lines, and it was his conviction that no country could be prosperous with the great masses of the people unemployed and hungry, with no buying power.

He knew that a little handful of financial people, commonly known as Wall Street, got the money we had loaned to Europe for the sake of commissions and largely from those very people who were now unemployed and in the bread line.

He knew that Wall Street itself could not long keep itself out of the bread line unless it helped to take the masses of the people from the bread line, for those in financial New York neither toil nor spin, produce nor create. It was clear that the goose which laid the golden egg was dying from starvation.

That was the condition which faced the President on March 4 last.

He found the doors of the Nation's banks all closed and bank credits had almost completely disappeared.

Red tape, legal technicality, boresome precedent, factories closed down, business failed and failing, commerce gone, men hungry and in bread lines, men walking the streets for want of work, faced our new President before he took the oath of office.

He cut the red tape and put the lifeblood of the Nation, credit, into motion. They cheered him in Wall Street while their own chestnuts were being pulled from the fire. When he helped to take care of their insurance companies, their banks, their mortgage companies, they applauded him to the echo.

And, now, with their own fingers unscorched, they turn on him as he labors to relieve the rest of the Nation. "Give us back the good old get-rich-quick days", they demand. "Let us go back to unbridled speculation and dishonest practices", they say.

Voicing this plea, we find the leading British financiers objecting to our reducing the value of the dollar abroad, when it is less than a year that the British Government did exactly the same thing with the English pound. And yet they would fain make us now believe that they do not know what the President's plan of buying gold is.

Echoing this criticism from London, comes France, whose franc went to less than the American nickel, to 25 percent of its pre-war value, and which now holds the whip hand in European finances through the restoration of gold, and the repudiation of debts, while she owes the United States and will not pay!

The public gets from every known representative of the New York financial district the same deep voice, commanding "Stop

Roosevelt." Stop him from what? Stop him from saving the legitimate business of the United States? Stop him from giving jobs to the jobless? Stop him from giving bread to the hungry? Stop him from restoring bank credits to the business men of the Nation? Stop him from his gold purchase policy of cheapening our dollar abroad and thereby enormously increasing the sale of our surplus products abroad? Stop him from helping the farmers? Stop him from helping those who labor and who earn their bread by the sweat of their brow? Why should any honest man want to stop him from seeking to do these necessary things? Stop him from bringing back prosperity to our desolate land, desolated by the speculators and by the dishonesty and corruption of these very people?

Before the Chicago convention and at the Chicago convention we heard that cry—"Stop Roosevelt." They did not stop him then, and they cannot stop him now. The self-seeking politicians could not stop him then, and the financial people who control these politicians cannot stop him now.

Financial Wall Street cannot stop him. Their puppets cannot stop him. He has set his hand to the plow to redeem our country from the ruin brought on it by that same financial crowd, and he will not turn back.

Wall Street is not going to stop him. It is going to be forced to drop its selfish and short-sighted policies, the policies that brought wrack and ruin and misery to the people of this Nation 3 years ago. It is going to be forced to abandon its attacks on the President to save itself from financial suicide and at the same time force them to share in the returning prosperity of the American people under the wise policies of Mr. Roosevelt.

And the New York financial gang, who should pay an income tax, but don't; who make these fortunes by rigging the markets; who deceive honest people by selling them worthless foreign and domestic stocks and bonds; who, by fraudulent practices, rob the people—they know they are going to be shorn of their power under this honest President, and hence their tears, hence their denunciation of him and their pretended lack of confidence in him.

They talk about Roosevelt destroying confidence! God save the mark! These very people 4 years ago destroyed all financial confidence, and now they are trying to put the blame on Roosevelt. Surely the people will not be misled by this shameless attempt to rig the market of confidence in their own selfish and ruinous policies. Americans, choose ye today whom we shall serve—the financial buccaneers of New York, the Morgans, the Kuhns, the Wigginses, and the Mitchells, who in their own selfish greed brought ruin and desolation upon you 3 years ago, or Roosevelt, the courageous champion of the right of all the people to share in the Nation's wealth and to enjoy a greater prosperity.

For me and my house and my people, I choose Roosevelt.

My friends, be not deceived. President Roosevelt has furnished us with a truly great leadership in this time of distress. He is the only one who has given us a plan of recovery. Not one of his critics has even suggested a plan. They have no plan. It is the Roosevelt plan or chaos.

WORLD CONDITIONS

Mr. NORRIS. Mr. President, on last Monday night the senior Senator from Idaho [Mr. BORAH] in New York City delivered a rather remarkable address, in which we are all interested. I ask unanimous consent that it may be printed in the RECORD.

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

Mr. President, the strong tendency of all revolutions is to break entirely with the past. A new world is to be created. A new start must be made. What men have thought before is not important, perhaps harmful. The efforts they have put forth, the sacrifices they have made, are to be regarded as without value. Traditions and policies which have become interwoven with the moral and intellectual fiber of a people, the habits, customs, and mode of living, the institutions they have reared at great cost of money and blood, are sought to be rejected and forever put aside. Books and symbols are burned or in some way destroyed. This is the revolutionary idea. But, fortunately, it is never realized. Fortunately, the wealth—material, moral, intellectual—gathered through centuries of effort, cannot be destroyed. No revolutionary movement can wholly escape the living past. Tradition, after all, does not yield to revolutionary decrees. Experience will have a hearing. Reflection and the inexorable nexus of things bring men back to take up the broken threads, mend them, if possible, preserve that which is best, separate things which are fugitive from things which are permanent, and then go forward with that patient building which is the true and dependable method of permanent advancement.

Washington, in his immortal Farewell Address, said: "The great rule of conduct for us in regard to foreign nations is, in extending our commercial relations, to have with them as little political connection as possible. * * * Europe has a set of primary interests which to us have none, or a very remote, relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. * * * Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interests, humor or caprice?" Thomas Jefferson stated the same principle with greater brevity, declaring: "Peace, commerce, and honest friendship with all nations—entangling alliances with none."

This policy thus announced remained the unchallenged and revered policy of this Nation for one hundred and twenty-odd years. Whatever differences of view may have arisen in most recent years, none were found, and none will be found, I venture to believe, to question the wisdom of this policy at the time it was announced or for more than a century thereafter. Without it, the Republic could not in all probability have withstood the ordeal of those formative years. It was an indispensable part of the scheme of free government. Together with the Declaration of Independence, the treaty of peace, and the Constitution of the United States, this policy made up the title deeds to our liberty and the guaranties of our independence.

There were giants in the land in those days, men of deep insight into government, of profound convictions, for which convictions they were always willing to contend and for which they did contend. But in all their contentions, upon this first great announcement as to our foreign policy there was no division. And down through the fierce years of political warfare in which men fought with the relentless ardor of great souls over almost every conceivable question of statecraft or politics, upon this policy they were united. Behind it and for more than a century was the combined support and loyalty of this masterly group of men, the only body of men in all history who successfully organized, set up, and maintained a real representative Republic.

It was under this policy that we grew in strength and influence, settled our domestic problems, brought prosperity and happiness to our own people, and won and held the respect of all nations. Under this policy we announced the doctrine of neutrality and maintained it. We announced the Monroe Doctrine and saw to it that it was respected. In the midst of civil war we sternly rebuked those who would interfere in our domestic affairs, and our position was tremendously strengthened by the policy of noninterference, which we had always unwaveringly maintained. The influence of this Republic was felt throughout the world, not because of armies or navies but rather through the force of example; we lived up to our creed—peace, commerce, and friendship with all nations. We were not hated, we were not reviled because we did not do more, and, though alone, we were not afraid.

The World War brought about for the first time a wide difference of opinion touching the foreign policy of the United States. Since that time it has been earnestly and ably contended that our foreign policy, so long a part of our national life, was no longer applicable to conditions brought about by that great conflict, and that it should be abandoned once and for all. With this program was to go that part of international law relating to neutrality. We were to assume a position in world affairs the very reverse of that which we had held from the beginning of the Government. We were not only to accept full part and full responsibility in the adjustment of all questions of international import—and they were practically all of that nature—which should arise in Europe or in the Orient, but even in the remotest regions of the earth. We were never to assume the "immoral" position of neutrals. Nationalism and devotion to one's country were to be reduced to a minimum. Internationalism was to be the supreme, dominating force among the peoples of the world. Like other revolutions, it sought to break with all the past, its traditions, its policies, and the views and teachings of its mighty leaders.

In this revolutionary movement were two distinct groups of individuals—working to the same end, but in quite different ways. There were those who sincerely believed that the new course was the high and honorable and most beneficial course to pursue. They entertained the hope, if not the belief, that the Great War had wrought deep and lasting changes in the minds and hearts of the people of the world and that they were now ready to accept a wholly new theory of nationalism. It seemed to be their theory that war had brought all peoples into a more kindly, brotherly relationship—that in this awful baptism of blood peoples had found a new life and were henceforth to be guided by a new spirit. That those views were, and perhaps still are, sincerely entertained by many people no one can doubt.

There was another group of individuals having a large part in this program, not admirable in many respects, willing to surrender our foreign policy, but not quite willing, in the face of what seemed an unsettled public opinion, to say so outright.

Hence, began that shambling, equivocal policy which found expression in a multitude of reservations and all kinds of explanations, none of which nor all of which would have preserved the foreign policy which, like Peter of old, they professed to love but would not own in the hour of crucifixion. Following the period of reservations and the consolations which seemed to flow therefrom there came into international affairs a strange figure known as the "unofficial observer", a kind of international spy, going about over the continents listening in on other peoples' business. I say "other peoples' business" because had it been our business, we should have been there in the person of a duly appointed and authorized agent of the Government, assuming full responsibility with all participants. This practice brought discredit to our Government, impeached before the world our sincerity, and had a tendency at least to degrade the revered policy of Washington to the level of the fugitive discretion or whims of an international interloper. Whatever happens in the future, let's be rid once and for all of this un-American and humiliating policy, if you may call that a policy, which policy has none. Wherever we go or wherever we disclose an interest, let's go as full participants and assume full responsibility. One may personally respect, though he differs with, those who insist that our long-established policy has become

obsolete and give their reasons in support thereof, although one may be permitted, I trust, to recall Chancellor Thurlow's remark in reference to the reasons given by his friend, Scott. But this shuffling, uncertain, apologetic attitude toward our American policy and toward the other peoples of the earth and nations of the world can excite nothing less than derision, if not the contempt, of all true Americans and all sincere and candid men everywhere.

The hopes entertained that the war was to give us a new world have in no sense been realized. One of the ablest of those who entertained this hope, noted for his breadth of mind and candor of thought, has recently declared: "During the 1920's I held the conviction firmly that the world was to experience a period of great international cooperation in every field. Looking at the world today, one may still hope but certainly must question the soundness of that vision of the 1920's." No less illuminating are the words of Mr. Ramsay MacDonald, spoken a short time ago. He declared that he was "looking upon a stage with something moving immediately behind the footlights—an ominous background full of shadows and uncertainties," and that "confidence between nations was more lacking than ever." There is something moving behind the footlights; it is the inevitable forces of national life which often elude detection until they have begun to write their decrees.

In respect to international matters, the world has not changed, the Orient has not changed, Europe has not changed. The nations were never so heavily armed in peace times as in the fifteenth year after the signing of the armistice. Nearly $5,000,000,000 are annually extorted from impoverished peoples in preparation for another war. National frontiers in many instances are in effect battlefronts. The issues between certain leading powers are as inexplicable and irreconcilable as they were before the conflict began. The old system of the balance of power again dominates the European Continent. Diplomatic moves bend to its delusive assurances. The Corridor, the city of Danzig, Upper Silesia, the problem of the minorities, Manchuria in the Orient, the vindictive judgments of the peace treaties, the inequality of nations, now the cornerstone of international law in Europe, all these problems, truculent, and inexorable, serve to keep Europe armed and vigilant, and to warn us again and again that the reign of internationalism has not yet arrived. They are European problems arising out of conditions centuries old. The outside world cannot reach them. To make an attempt to do so would ignite the powder mine.

The answer to nationalism, it is insisted, is the nearness of all peoples by reason of modern invention and improved methods of transportation. Europe is now at our door, it is claimed, and Asia just around the corner. We cannot, therefore, be indifferent to their problems. We must have a part in all that concerns them; nearness makes their affairs our affairs. This matter of nearness seems to play strange pranks sometimes. It has certainly run counter to the expectations of many in the last 20 years, although we might have been well advised, since it had been doing the same things among the crowded peoples of Europe for a thousand years. Nearness has not begotten there a common interest or a common purpose or even friendly relations. It has not mellowed the individuality of nations or fostered and strengthened the spirit of cooperation. It has not induced the belief that because of nearness there should be less of the national spirit. It has not put an end to war or rendered it less likely to occur.

On my father's farm, with no other dwelling nearer than 2 miles, and in some directions nearer than 20, the doors to our home were never locked. If there was a key on the place, I never saw it. In our great apartments of today, with a multitude of families within easy reach, we have locks which lock themselves, and it is my feeling that even if these families were Japanese, Chinese, Italian, French, or Russian instead of Americans we would still keep the self-locking locks on the doors. Familiarity does not necessarily breed respect and propinquity does not beget confidence. Europe is as far away today—likewise the Orient—in everything which makes for the community spirit, for social understanding, for political accord, as it was when the greatest of political philosophers, the most profound student of Europe this country has ever known, joined with the wisest of political leaders in warning the American people against entangling alliances of any kind.

Mr. President, it is one of the crowning glories of the world that we have different peoples and different nations and different civilizations, different political concepts. Standardization may be all right for cattle and sheep and swine of all kinds, but it is not applicable to peoples or nations and it is not in accordance with the divine economy of things.

Another revolution has failed. It had to fail. It could not escape the living past. It did not weigh sufficiently the inertia of human nature; it underestimated the strength of those ancient prejudices and fears, as well as those ancient faiths and beliefs, the intellectual and moral paths over which men and women had trodden for centuries. The fight against nationalism has lost. It was bound to lose. It was a fight against the strongest and noblest passion outside of those which spring from man's relation to his God, that moves or controls the impulses of the human heart. Without it civilization would wane and utterly decay. Men would sink to the level of savages. Individuality in persons is the product of the most persistent and universal law of nature. It is woven of millions of subtle and tireless forces. No power can change this law or frustrate its operation. This is equally true with nations. Internationalism, if it means anything more than the friendly cooperation between separate, distinct, and wholly independent nations, rests upon a false foundation. And when undertaken, it will fail as in the name of progress and humanity it should fail.

Out yonder in the sad bean fields of Manchuria, empty formula met reality, internationalism encountered nationalism, and the pathetic results are recorded in the great disappointment of many wise men. In an old Greek tragedy you will find this line: "Alas! How dreadful to have wisdom where it profits not the wise."

Nationalism, pride, and love of country is a passion peculiar to no people, indispensable to the welfare of all. To undertake its destruction is madness. To foster it, cultivate it, direct its finer qualities along high and honorable and peaceful lines, as exemplified in the precepts and examples of Washington, Jefferson, Jackson, and Lincoln, with countless others whose names will readily come into your thoughts, is the highest mission, the noblest calling, in which men and women associated with public affairs can engage and to which a free people can devote their aims and consecrate their energies.

Its maintenance has cost blood. So has religion. It has entailed suffering beyond the power of words to paint. So have all the creeds and faiths of men. But it is worth all it has cost. Ask the Polish people, taking a single instance from the crowded pages of history. Frederick the Great, in his old age, writing to Voltaire, said: "Now that Poland has been settled with a little ink and pen, the 'Encyclopedie' cannot declaim against mercenary brigands." But Poland had not been settled by a little ink and a pen. Physically dismembered, her national spirit lived on. Homeless, as it were, it appeared upon every battlefield for liberty and fought for the oppressed in every land under the heavens. Without a country of its own, this Polish spirit of nationalism made the land of the downtrodden among all peoples its home. When the World War came, near 200 years had intervened since the crime was committed. But there was no stronger feeling of nationalism anywhere to be found than in this dismembered country. And like a ghost of retribution, it pursued those who had inflicted what was supposed to be a mortal wound to their utter undoing. Shall we hope to achieve for the world what the despoilers sought to do with Poland? Even though we employ oceans of ink and millions of pens, our effort will be just as futile as was theirs. War may spread its ruin, you may wreck the fundamental law and uproot the institutions of your country—these are but the fruits of man's efforts. But a higher power has planted in the human breast devotion to country, and all permanent progress must rest upon that basic fact.

With these intimations as to my views, here I might stop. But the subject assigned to me by your spokesman calls for a more specific word. Our Foreign Policy in a Nationalistic World was the topic assigned to me for this evening.

It is a nationalistic world, intensely so. There can be no doubt about that. Everywhere the national spirit is evoked, fostered, and religiously maintained. Whatever we may think as to some of its policies and tendencies we must admit that under its welding, cementing, driving power different peoples have been lifted into a region of exertion and consecration nothing less than amazing. In countries where there was debility, incompetency, and utter demoralization among the masses there is now strength and vigor and hope. Trampling under foot the false and feeble philosophy which would disparage the healing, uplifting power of patriotism they sacrifice, suffer, and endure, and find their highest compensation in the increasing vigor, prestige, and honor of their country. These conditions and these sentiments are not likely to undergo a change in the near future.

If a foreign policy should be offered to these nationalistic nations which would not fit into, serve, and augment their nationalism, it would be rejected. Such a policy was offered to Japan. It was rejected. Where would a foreign policy based upon internationalism find reception in Europe or in the Orient? Like the dove from the Ark, there would be no place for it to light. When the security committee of the League several years ago sought of Great Britain her views upon the terms of the Covenant the committee was plainly informed that Great Britain would determine for herself whether there was a breach in the Covenant and would determine for herself what, if any, action she would take in regard to it if a breach should occur. Who would expect Great Britain to do anything different? And who would long respect her if she did do anything different? The invasion of the Ruhr, Corfu, the seizure of Manchuria, these things indicate rather strongly that all schemes of international cooperation must fit into national realization. Judging the future by the past, it will always be so. Europe has not changed in this respect; and I venture to say, in the interest of civilization, it is well that she has not changed. Europe, with her developing nationalism, may throw many dark shadows upon the future. But Europe, without the national spirit, would be hopeless beyond redemption. Nationalism does not necessarily of itself mean militarism or war, as shown by our own history. But anything is preferable to suffocation in the fetid atmosphere of national decay. National decay begins where nationalism ends.

I am far more concerned about our domestic problems than I am about our foreign affairs, although our foreign policy will greatly help or hinder the Nation in dealing with our domestic problems. It will be a long time, I venture to believe, before there will be any necessity or justification for the United States engaging in a foreign war. But the questions at home are imminent; they are upon us, not only those which have to do with the depression, but many which are even of a graver and more permanent nature, problems which have their roots deep down in our whole social and political structure. I could not get my consent, and you would not expect a discussion of these at this time. It

is sufficient for the purposes of the evening to merely indicate some of them. Our stupendous debt burden, public and private, some $220,000,000,000; our constantly increasing tax burden, city, county, State, and national; the chronic waste of public money; the utilities problem; conservation and proper use of our natural resources; the banking question; the money problem; the more equitable distribution of wealth—these and many more problems push for consideration. No scheme on earth can give us permanent contentment or permanent prosperity until they are solved. Indeed they were contributing causes of the depression.

The guaranty of our national efficiency, prestige, and strength, notwithstanding the many problems with which we must deal, of that political liberty, that freedom from oppression, which is to be found not alone in wise leaders but even more in a united and a wise people—united not only by constitutional forms and one flag but united in spirit and exaltation of purpose. After all, the source of power under our Government is the people. If at that source there is wanting poise and judgment, devotion and wisdom, this will inevitably be reflected in unstable policies and unwise laws; the people "must nobly save or meanly lose the last best hope of earth." Our foreign policy, therefore, should be one best calculated to unite our own people morally, spiritually, and economically, to inspire them with a sense of national fidelity and personal responsibility.

This country has within her boundary people from almost every land under the sun, still conscious under certain conditions of the "mystic chords of memory." Every civilization has made its contribution to the American civilization. How easily to transfer the racial antipathies and political views and controversies of the Old World into our very midst. Once abandon our policy of aloofness from European controversies and we bring these controversies into American neighborhoods and into our national life. We are constantly warned how persistently that transfer takes place. Only recently the bitterness, the intensity, of a European controversy nerved the arm and guided the hand which grasped the dagger of the assassin not only in our very midst but under the most sacred and solemn surroundings.

Eschewing policies which tend to keep alive former attachments and the political controversies of the Old World, we should exert to our utmost the healing, cementing power of patriotism and mold 120,000,000 people into an invincible, intellectual, economic, and political force for the enactment and administration of just and equal laws.

In the immediate years, believing that I was laying the foundation for the adjustment of all our problems, believing that I was engaged in not only saving government but in saving souls, not only preserving institutions but preserving human liberty, like Peter the Hermit, with his tongue of fire, I would preach united national aims and ideals, I would instill anew the great truth that democratic institutions are the only hope for the personal worth, the dignity, and individual liberty of the citizen. I would frame all laws and shape all policies with these great ends in view. In no other way can be hope for contentment and power at home or respect and influence abroad.

In conclusion, permit me to say that I believe in the foreign policy which offers peace to all nations, trade and commerce with all nations, honest friendship with all nations, political commitments, express or implied, with none—the policy which not only in fact respects the rights and sovereignties of other states and nations without distinction of great and small, and particularly upon this continent, but which would also refrain from words or acts that would seem to challenge those rights. Under the shelter and the inspiration of such a foreign policy I would foster and strengthen that brand of Americanism which believes in the worth, efficiency, and grandeur of constitutional democracy, in the vigilant preservation of the personal liberty and the individual privileges of the citizen, realizing that our institutions and the whole vast scheme of democratic government depend upon our ability to harmonize the rapacious economic forces of the modern world with the political freedom and economic rights of the individual. Thus, armed with a sense of justice toward other nations on the one hand and a sense of duty toward our own people on the other, this Nation will remain at peace with all nations who want peace, and if there be those who do not, and will not, have peace, we will under such circumstances need have no fear.

Mr. President, there is no creed or faith, no political principle or form of government, but must at some time or other undergo attacks, and this seems to be one of the periods of challenge and general assailment. We read of a movement lately initiated in one of the leading countries of Europe to delete the Ten Commandments, presumably that part which says: "Thou shalt not kill"; edit the Lord's prayer, since that perfect supplication encompasses all men regardless of race or creed; abolish Christianity, and conform the teachings of the Nazarene to the practices and principles of their political leader. This wicked and blasphemous exhibition of diseased minds seems only a little more impious and no less vain and impotent than the persistent attacks everywhere encountered upon popular government, the right and capacity of the people to direct and manage their own political affairs. Here and elsewhere, either by those who in their own land have destroyed the last vestige of personal liberty, sending to prison and to the torture chamber men and women because of race, religion, or political opinions and sacrificing all rights of the people to the gratification of personal power, or by those in our own land who consult appearances rather than realities and mistake surface indications for the deep currents which move below, is heard the solemn pronouncement that popular government has failed and constitutional democracy is dead.

We need not be dismayed but we cannot be unconcerned. The right to worship according to the dictates of one's conscience, the right to freedom from persecution on account of race, are parts of that political liberty, that freedom from oppression, which is the lifeblood of democracy. These things, together with free speech, a free press, the right of assemblage, and those guaranties, the sum total of which make up the inestimable blessings of personal liberty, are the things for which democracy stands. They are the things for which we stand. And I venture to believe that we will not fail to preserve them. Looking backward and looking forward, proud of our past and confident of our future, we shall find our highest service not only to our own but to mankind and to the peace of the world in transmitting these principles unimpaired to succeeding generations. This is our supreme duty. I believe that the foreign policy of Washington and Jefferson and Lincoln will best enable us to meet and discharge that duty. I am, therefore, at all times, in periods of turbulence and in periods of calm, and without apology and without compromise, committed to its support.

This, it will be said, is isolation. It is not isolation, it is freedom of action. It is independence of judgment. It is not isolation, it is free government; there can be no such thing as free government if the people thereof are not free to remain aloof or to take part in foreign wars. People who have bartered away or surrendered their right to remain neutral in war have surrendered their right to govern. In matters of trade and commerce we have never been isolationists and never will be. In matters of finance, unfortunately, we have not been isolationists, and probably never will be. When earthquake and famine, or whatever brings human suffering, visit any part of the human race, we have not been isolationists, and never will be. In all those matters and things in which a free and independent and enlightened people may have a part, looking toward amity, toward peace, and the lessening of human suffering, we have never been isolationists, and never will be. But in all matters political, in all commitments of any nature or kind, which encroach in the slightest upon the free and unembarrassed action of our people, or which circumscribe their discretion and judgment, we have been free, we have been isolationists. And this, I trust, we shall ever be. If there be any truth established by the experience of nations, it is this: That to accommodate your foreign policies to the demands or in the interest of other nations at the peril of your own security is to invite contempt, and it seldom fails to earn a more substantial punishment.

In recent years much has been said, especially from abroad, about the provincial American. Those who discuss this and kindred matters modestly pay tribute to their own worth by speaking of world vision and of a wider human sympathy. One need hardly linger to discuss the subject. Regardless of what may be said by those whose purposes are apparent, let us hold fast to those political principles and foreign policies which others call provincialism, but which we call Americanism. It has served us well. It fits in with our scheme of democracy. It has built a civilization whose capstone is personal liberty. It may have its faults, as what earthly scheme has not. But all the world will have to testify that in great emergencies, in sublime moments, when civilization hangs in the balance, it is wanting neither in sympathy nor courage, and whatever faults it may possess are buried in the depth of a great unselfish and heroic purpose. It has no taste nor aptitude for the hazardous enterprise of uncovering aggressors or chastising national renegades. Here in its God-ordained home between two oceans, watchful of its own interests and vigilant in the defense of its rights, it covets nothing of others save the peace and friendship of all. It does not, and it never has, shrunk from its duty to civilization. It will not disown any obligation which human liberty and human justice impose upon a free people. But it does propose, I venture to prophesy, to determine for itself when civilization is threatened, when there may be a breach of human rights and human liberty sufficient to warrant action, and it proposes also to determine for itself when to act and in what manner it shall discharge the obligations which time and circumstances impose.

THE N.R.A. FROM THE FARMER-CONSUMER VIEWPOINT

Mr. DICKINSON. Mr. President, I have before me an address by Chester H. Gray, Washington representative of the American Farm Bureau Federation, on the subject of the N.R.A. From the Farmer-Consumer Viewpoint, presented at N.R.A. public hearing at United States Chamber of Commerce Building, Washington, D.C., January 10, 1934, which I ask permission to have inserted in the RECORD.

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

As indicated by spokesmen for this organization at the time of the enactment of the National Recovery Act, we gravely feared that the effect of this act, originated, developed, and enacted almost overnight, would be to offset and, in large part, negative the anticipated benefits to agriculture expected under the Agricultural Adjustment Act.

This latter act is one long contemplated and advocated by farmers and many business leaders; was based on a fundamental economic condition of long standing and fully recognized by several

Congresses, and had been made one of the important planks in the platform and the speeches of the candidate of the party now in power.

We, therefore, viewed with great misgivings the overnight and necessarily hastily considered National Recovery Act, with its broad powers and full ability to set aside and cancel all the benefits of the legislation which the farm forces had so long and laboriously demanded.

We recognized, however, that the method of administering the National Recovery Act and the attitude of the Administrators would be the all-important determining factor as to whether or not our worst fears would be realized.

We heartily commended the principle of abolishing child labor and favored the principle of spreading the available work among a greater number of workers. We recognized the need for increased wages in certain industries where wage competition had forced the level down to an extraordinary degree.

But we also recognized that the N.R.A. opened the door of opportunity to business and labor to do the things which they have tried for years to do, but were restrained from doing, either by reason of the antitrust laws or by their inability to persuade Congress to grant them further privileges of restriction or compulsion. We recognized further that the consumer, being for the most part inarticulate, would in the natural course of events be the victim.

The time has come to assay the results of the operation of the N.R.A. to date and to determine whether or not our fears are being realized.

We present herewith a table giving the latest official figures prepared by the United States Department of Agriculture, showing the monthly index of prices received by farmers for their products, the monthly index of prices paid by farmers for commodities bought by farmers, and in a third column the quotient obtained by dividing the former index figure by the latter. This third column gives the purchasing power of the farmers' crops. These index figures take the 5-year pre-war period, August 1909 to July 1914, as the base called 100:

Farm prices and farm purchasing power for the year 1933

[Using 5-year base, August 1909-July 1914=100]

Month	Prices received by farmers	Prices paid by farmers for things bought	Index of farm crops' purchasing power
January	51	102	50
February	49	101	49
March	50	100	50
April	53	101	52
May	62	102	61
June	64	103	62
July	76	107	71
August	72	112	64
September	70	116	60
October	70	116	60
November	71	117	61
December 13	68	118	57.7

It will be noted that it also happens, by a curious coincidence, that in March of the past year, 1933, the index of prices the farmer had to pay for the commodities he buys stood at exactly 100. By a further coincidence, the index of prices the farmer received stood for the same month of March at 50. In other words, the purchasing power of the farmers' crops was just 50 percent of what it was in the pre-war base period.

It was for the purpose of correcting this very discrepancy, a discrepancy of long standing, that the Agricultural Adjustment Act was perfected by Congress last March and April and finally signed by President Roosevelt last May.

Now, note what has happened since March!

The farmer's price rose rather rapidly through April, May, June, and July—too rapidly, as it proved—jumping from an index of 50 in March to 76 in July. The prices paid by farmers rose only slightly, from 100 to 107, and the farmers' purchasing-power index went up to 71 percent of pre-war normal.

Things were looking up on the farm. The Agricultural Adjustment Act was apparently working as expected.

Then note what happened!

About the end of July the N.R.A. codes began to get in their influence. Only a few had been actually adopted by that time, but the very fact that industries had organized and anticipated higher prices had the effect of rapidly increasing the prices of industrial products. We know of several instances where manufacturers, secure in the belief that the adoption of their codes would bring much higher prices, proceeded at once and without waiting for the adoption of their code to agree to raise prices sharply.

At any rate, prices of manufactured commodities did rise rapidly and steadily, and on December 13, the last date for which Government figures are available, the composite index for things the farmer buys had reached 118.

Lumber and certain other building materials doubled or more than doubled in price. Data published in the December 23 number of the Consumers' Guide, issued by the Consumers' Counsel of the Agricultural Adjustment Administration, shows that wholesale prices on many articles increased from 50 to 144 percent between March and October. A portion of this increase is justified, no doubt, by increased costs to the manufacturer due to the operation of the Recovery Act, but by no means all of the increase can be accounted for in this way. At all events, the farmer, in common with other consumers, must pay all these increases in costs and selling prices.

The net result of these conflicting price tendencies is that the purchasing power of the farmers' crops has fallen to an index figure of 57.7 after having reached a high of 71 back in July; in other words, the improvement in the farmers' relative position, which seemed so promising in June and July under the influence of the operation of the A.A.A., has been very largely wiped out since June by the operation of the N.R.A.

We feel very keenly that unjust and improper price increases for manufactured goods have been made possible, and even encouraged, by certain well-defined features of the codes as permitted and approved by the administrators of the National Recovery Administration.

These objectional features center around price fixing or price enhancement either direct or indirect. They include methods of industry organization with which to make these price enhancements effective. Most manufacturers' codes place almost complete control in the hands of a few large dominant members of the industry. With the various tools and weapons placed in the hands of such a code authority, price increases are almost automatic.

A large percentage of the codes require open posting of prices. This is a first long step toward price determination and price enhancement. This device offers many opportunities for the dominant members of an industry to whip the price cutter or the low-cost producer into line. This is what industry has tried to do for years, but was largely prevented from doing through fear of the antitrust laws. Apparently the steel industry was quite successful along these lines before codes were thought of, judging from the firmness with which steel prices held throughout the depression even when production dropped to one fourth. This tremendous falling off in steel consumption may, incidentally, indicate what will happen in other lines if prices are forced up unduly under N.R.A. codes without a corresponding rise in consumer purchasing power.

The way seems open today for every well-organized industry to do through the aid of the N.R.A. approximately what the steel industry has done in the way of enforcing high prices.

Most codes include provisions prohibiting sales below cost. How the farmer would like to have and to be able to enforce a provision of this kind!

Most of these codes that prohibit sales below cost have tried to go further and define "cost" as "average cost", "reasonable cost", "representative cost", or some similar designation which would protect the less efficient producers. We give the N.R.A. officials credit for eliminating most of the provisions of this kind, but many have gotten through into the final forms of the codes. In the case of the retail lumber code not only is the "average cost" used as the basis below which no dealer may sell, but by a very recent ruling of the Administrator even this standard is increased so as to base selling prices on current high wholesale prices brought about by restriction of lumber production. Even higher prices for lumber must follow.

Wholesalers and retailers in many instances have demanded stated mark-ups and differentials which would virtually guarantee them an operating margin. They appear to think that they have a vested right in the scheme of things which the consumer must grant. The question of whether there may be too many distributors, or whether certain kinds of distribution may be too inefficient to deserve perpetuation, were apparently not considered. Many codes contain evident, or sometimes concealed, attempts to limit or destroy certain types of competing distribution that have proved themselves more efficient.

Most codes contemplate reduced production, either as a necessary result of the prohibition against sales below cost or by provisions for direct limitation of the installation or use of machinery.

Just how the Nation as a whole expects to have more wealth—that is, more things to divide—by each industry and each individual producing less is something no economist or politician has yet been able to explain to our satisfaction.

The shallow or facetious observer may be tempted to retort that the farmer is also doing these same things—limiting production and attempting to fix and raise prices. As already pointed out, the use of these methods under the Agricultural Adjustment Act was fully understood and stated in the purposes of the act itself to be to raise the level of farm-crop prices in relation to nonagricultural products in order to correct a maladjustment of 12 years' standing.

It must be evident to all that this desired national economic readjustment can never be attained if prices of nonagricultural products and services are to continue to rise as fast, or even faster, than agricultural products.

Many leading economists believe that the present economic break-down was due very largely to the severe maladjustment between agriculture and industry existing since 1921. Unless something is done at once to check the present price tendencies under the N.R.A. codes, and assist rather than hinder in the readjustment between agriculture and industry, the whole recovery program may be wrecked.

MEMORIAL ADDRESS AT FUNERAL OF FORMER SENATOR HANSBROUGH

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD a memorial address delivered

by my colleague [Mr. NYE] at the funeral of former Senator Henry Clay Hansbrough at Washington, D.C., November 18, 1933.

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

Twilight and evening bell,
And after that the dark!
And may there be no sadness of farewell
When I embark.

Our friend, Henry Hansbrough, has won that which he very clearly indicated, during his last months, he wanted most—death. He would not have us saddened today could a fond wish of his be granted, but with those to whom he remained close during his closing years there does linger a deep sadness, for men do not suffer the loss of friends with such ease as Senator Hansbrough would have us lose him. His wholesomeness, his warmness, his mellowness, his friendliness will long be missed in many of our circles.

It was only a week ago that he engaged in the last of his regular visits to us, active, aggressive, and cheerful, yet pronouncing a perfect willingness to depart this life, cheerfully awaiting his call, sure that he had enjoyed a most complete span of life.

How complete and all-encompassing that span was dawns upon us only after we review history written during his lifetime. Our extreme youth as a Nation and the breathless speed in which that youthful Nation has progressed are most strongly impressed upon us today as we gather to quietly pay tribute to the memory of Henry Clay Hansbrough, pioneer in many fields, newspaperman, Congressman, Senator, statesman.

Before us, forever stilled, lies one whose father was very close to and the recipient of many tokens of appreciation from that great pioneer in our national life, Henry Clay.

Our country has honored 27 men by election to the Presidency, yet Henry Hansbrough has lived through the administrations of 18 of these 27, and through the administrations of 11 of these he has been often most closely associated in shaping the policies and breaking the way for a Nation's destiny.

Three great wars have been waged during his lifetime.

Unbelievable progress in every walk of life and every undertaking has been witnessed by him.

To most of us the old Louisiana lottery is a matter of rather ancient history. Yet today we must be reminded that it was Senator Hansbrough who introduced the antilottery bill into the Congress of the United States that wrote "finis" to the practice.

A most prominent part has he played upon the national stage; and when one reviews, thus roughly and briefly, the occurrences during his lifetime, he concludes that it is little wonder that Senator Hansbrough during more recent months counted his span enough.

Eighty-five years left his mind no less keen in the closing years than it was during those years of greatest activity on his part, and though the pace of progress during his time had been truly breath-taking, his look into the future was one giving him conviction that those years of progress and change were not to be compared with the immediate years lying before us.

Henry Clay Hansbrough was born on January 30, 1848, in Randolph County, Ill., the son of Eliab and Sarah Hagen Hansbrough, who were natives of Kentucky and whose forefathers were Virginians.

His education was limited to such as was available in the public schools of that day, but in his early years he developed a love for the printing and journalistic profession and he is found, as a very young man, learning the art of printing in a shop in San Jose, Calif. In following years, as an employee on the famous San Francisco Chronicle, he was elevated to the position of assistant managing editor.

Conditions of health necessitated his coming into more northern climes, and we find him after his San Francisco experience, engaging in journalism at Baraboo, Wis. It was here that he heard the call of the Dakota prairies, and in 1881 he moved to Dakota Territory and established the Grand Forks News which he published until 1883 when he founded another newspaper, the Inter Ocean at Devils Lake, N.Dak.

Here he entered most actively and aggressively into the politics of the Territory which soon was to be made into new States of the Union. He served his city as postmaster; twice was he elected mayor of that city; and as the issue of statehood arises, Mr. Hansbrough is found in the front ranks of those battling for recognition of North Dakota as a State. At that time, in 1885, he was beyond question one of the two or three outstanding men in the Territory. Quite natural is it then to find him attending territorial conventions in 1888, where statehood was first officially discussed.

In 1888 he was chosen a delegate to the Republican National Convention and has been returned often to subsequent conventions of that party.

From 1888 to 1896 he was a member of the Republican National Committee, and with the admission of North Dakota as a State Henry Clay Hansbrough became its first Representative in Congress, serving there from November 2, 1889, until March 3, 1891. Deprived of renomination in that year, he sought and won that recognition which sent him to the United States Senate, where he served from that time until March 3, 1909.

Returning to his former business pursuits at Devils Lake, he there remained until 1919 when he retired and moved to Florida. Since that time he has resided at Water Mill, Long Island, N.Y., and in Washington, D.C., where he spent his declining years.

Indelibly did this statesman impress himself in the shaping of great national policies. During his years in Congress he won opportunity for lasting service to the States and the people of the West through his positions upon the Public Lands Committee, the Agricultural Committee, and the Finance Committee.

It was Senator Hansbrough who fathered the cause of irrigation which today is accepted as being quite a matter-of-fact thing, but which, in his day, required unending and uncompromising battle to win.

Close at our hand today stands the beautiful Congressional Library which was first occupied during our departed friend's chairmanship of the Joint Library Committee of Congress. He also served for many years upon the District of Columbia Committee and contributed largely to the building of this very beautiful Capitol City.

The deceased was married in 1879 to Josephine E. Orr who died January 14, 1895. A few years later he married Mary Berri Chapman, of Washington, who survives him.

Truly our friend saw a great deal of this life. That he enjoyed life every friend can attest. This enjoyment continued to the end except that it was easily seen that he was counting himself, of later years, thoroughly spent and ready for his grave. While he enjoyed much of life, there were, in his declining years, those disappointments and discouragements which could not do other than dampen his spirit, and on his last day, realizing that the end was near, he is found whispering to his dear friend the words: "Death is sweet; I hope it comes soon."

His State, his Nation, and its people owe Henry Clay Hansbrough a debt of gratitude. He served faithfully and well whenever his services were invited, and now we find this most democratic of democratic spirits in the democracy of the dead where, as another has put it:

"There is neither rank nor station nor prerogative in the republic of the grave. At this fatal threshold the philosopher ceases to be wise, and the song of the poet is silent. Dives relinquishes his millions and Lazarus his rags. The poor man is as rich as the richest, and the rich man is as poor as the pauper. The creditor loses his usury, and the debtor is acquitted of his obligation. There the proud man surrenders his dignities, the politician his honors, the worldling his pleasures; the invalid needs no physician, and the laborer rests from unrequited toil.

"Here at last is nature's final decree in equity. The wrongs of time are redressed. Injustice is expiated, the irony of fate is refuted; the unequal distribution of wealth, honor, capacity, pleasure, and opportunity, which makes life such a cruel and inexplicable tragedy, ceases in the realm of death. The strongest there has no supremacy, and the weakest needs no defence. The mightiest captain succumbs to that invincible adversary, who disarms alike the victor and the vanquished."

And thus Henry Clay Hansbrough would have it! To the democracy of the dead he moved willingly after illness of only a week, and without a trace of bitterness toward life or fellow man.

WILLIAM R. NELSON GALLERY OF ART

Mr. CAPPER. Mr. President, in Kansas City this last fall was opened the William Rockhill Nelson Gallery of Art and Atkins Museum, a wonderful monument to one of the great builders of Middle West. But great as that monumental gallery is, the greater monument to William Rockhill Nelson is the impress he, through his great newspaper, the Kansas City Star, made and left on the community and community life of which Kansas City is the center.

I ask unanimous consent to insert in the RECORD, as part of my remarks, the following well-deserved tribute from those who worked with Colonel Nelson, which appeared in the Kansas City Star of December 10, 1933.

There being on objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Kansas City Star, Dec. 10, 1933]

IF THOU SEEK HIS MONUMENT—

The name of William Rockhill Nelson blazes over Kansas City this week. But in centering attention on the art collection and the shining gallery that bear his name, we may overlook the wider contribution that its foremost citizen bestowed on the city of his heart.

That contribution came from his instinctive love of the beautiful in all its forms. The art collection was merely one direction in which his love gorgeously flowered.

When this bulky, middle-aged man stormed into Kansas City in the summer of 1880, he found a vigorous town absorbed in the business of making a living, still dominated by the frontier traditions of the trading center which has outfitted expeditions for the Santa Fe and Oregon Trails into the great western adventure. It had energy, elan, but it was conspicuously deficient in sweetness and light. Its people had come largely from the country or small towns. Many of them expected to make their pile and move on. They were not concerned with such refinements of civilization as garbage systems, paved streets, architecture, pictures.

Into this incongruous environment plunged a man who in spite of his English ancestry was essentially a Latin in his feeling for

order, beauty, and splendor—a Lorenzo the Magnificent, with a dash of Jim Hill the builder and Oliver Cromwell the rebel.

REMOLDING THIS SORRY SCHEME

In later years Nelson used to say it was sheer selfishness that drove him to his never-ending campaign to make the sprawling frontier village into a modern city.

"I was going to live here, wasn't I? Well, Kansas City had to be made into a place that somebody besides a few dollar swappers would want to live in. By God, it was a groundhog case."

It was something more than that. Nelson could no more help trying to shatter this sorry scheme of things in order to remold it nearer to the heart's desire than he could help breathing. He was restlessness incarnate. He was forever driven by an inner demon to smash and build. And his building was directed by the fact that he belonged essentially to the civilization of beauty rather than to the civilization of the machine age.

"Don't talk to me about a campaign to bring a lot of cheap labor to Kansas City to make cotton prints", he once exclaimed to a delegation of town boosters. "Put on a campaign for an art gallery and I'm with you."

A BETTER CITY TO LIVE IN

A contractor, builder, political manager, and small town editor of Fort Wayne, Ind., he threw all his immense energy into the newspaper that he established. It was courageous, outspoken, above all human. He wanted to use it as a driving force for a better city. But it was to print fine and interesting reading matter. "Don't forget", he told his editors, "that Plato, Shakespeare, Macaulay, Huxley, wrote almost as good stuff as some of our moderns. I never pick up a standard book without finding an interesting passage. Let's pass some of those things on to our readers."

In such a detail as typography he painstakingly picked out a handsome dress for his paper that proved so adequate that the first page of the Star of December 10, 1933, is the lineal descendant of the first page of the Star of September 18, 1880.

At first his efforts were directed toward the fundamentals of a decent place to live in. The city was in the mud. It must be paved. It had wooden sidewalks. They must be made of permanent material. Garbage was dumped in vacant lots. It must be collected and disposed of. There were no shaded streets. Trees must be planted. There were no public baths. They must be obtained. There was no public hall. The "tightwads" must be shaken down and made to build one. There were no parks and boulevards. They must be provided. The city was built with checkerboard streets and commonplace houses. He would set an example for city planning and architecture in his own home and in the Rockhill district, with its winding, shaded roads, its dry stone walls covered with rambler roses and honeysuckles, its attractive small houses. The county was disfigured with "tin" bridges. He would build a double-arch stone bridge to show what should be done.

THE EUROPEAN ADVENTURE

But through most of this crusading period Nelson had not really found himself. He had not consciously discovered his allegiance to the world of beauty. This realization developed as a result of two years spent in Europe for the education of his daughter in the nineties.

While he traveled widely, his heart responded to the appeal of the magnificence of Paris and the loveliness of Italy. No one knowing Nelson can stand before the glorious Palazzo Vecchio in Florence without feeling the spiritual kinship between this modern spirit and the splendor that flamed in the soul of the Lorenzo who founded the Uffizi gallery and made the city on the Arno the cultural capital of Europe.

From this experience abroad flowed back the copies of great paintings that were to constitute the Western Gallery of Art, the forerunner of the new gallery. Nelson had come to love the paintings in the European collections. If his fellow townsmen could not see the originals, he was determined they should share his joy through seeing the best copies obtainable.

His own manner of living showed the effects of the foreign influence. He built over his house in the spirit of an old English manor. He picked up original paintings for it as opportunity offered. He instructed a member of his staff to have a catalogue made of his books and see that any important gaps were filled. He wanted what he called "a gentleman's library." On a visit to Oak Hill, Theodore Roosevelt, looking over his books, inquired for the Greek poets, and found them. "The Greek poets are almost a distinguishing mark of a gentleman's library", was Roosevelt's comment, to his host's delight.

THE DAILY W. R. NELSON

The Star he used as the vehicle to convey his ideas into literally every home in Kansas City twice a day. In many respects, he once observed, his newspaper deserved the name of "The Daily W. R. Nelson." Twenty years ago an editorial in the Star summed up humorously the reaction of objectors to the steady stream of advice that was poured over the city:

"Under the malign direction of Nelson the Star has kept things constantly stirred up. It has made tenants dissatisfied. They never used to complain about light and air. Now they won't look at a house unless every window opens on a flower garden with a humming bird in it. The Star won't let anybody alone. It insists on regulating the minutest detail of people's lives. Its regulations are pernicious and extravagant. Its preaching about more parks and boulevards and breathing spaces and supervised playgrounds for children, and plant Dorothy Perkins roses, and swat the fly, and housing reform, and a new charter, and art galleries, and keep your lawn trimmed, and take a lot of baths, and throw out the bosses, and use the river, and cut the weeds on vacant lots, and read the Home University Library, and for God's sake don't build such ugly houses, and make the landlord cut a window in the bathroom, and put goats in Swope Park, and why will mothers risk their babies' lives by bringing them up on bottles, and plant your bulbs now, and teach your children manners, and what's the use of lawyers, and cultivate a pleasant speaking voice, and build a civic center, and put out houses for the birds, and walk 2 miles before breakfast, and why are Pullman cars so hot in winter, and go to church, and cut out the children's adenoids, and build trafficways, and sleep with your windows open, and the square deal, and build cyclone-proof houses, and smash the saloons, and pooh, pooh on factories that employ women, and reduce street-car fares, and go look at old masters every Sunday, and use 2 by 6's instead of 2 by 4's if you want your house to stand up, and move out in the suburbs, and tear down the tin bridges, and build hard-surface roads everywhere, and all the other things, has increased the cost of living and given people inflated ideas, and pretty nearly ruined the town."

Gradually these admonitions for civilized living had their effect. The city became beauty conscious and took on its present aspects.

LOOK ABOUT THEE

The ruling passion of Nelson's life was embodied in the wills in which he and his family left their fortune to the art collection and the gallery that housed it. His entire estate, he provided, eventually should be gathered in the William Rockhill Nelson Trust and "the net income thereof used and expended for the purchase of works and the reproduction of works of the fine arts, such as paintings, engravings, sculpture, tapestries, and rare books, the purpose being to procure in this manner works or the reproductions of works of the fine arts which will contribute to the delectation and enjoyment of the public generally, but are not usually provided for by public fund."

As one looks out over the wide expanse of the city from the south porch of the gallery of art there comes to mind the famous inscription on the tomb in St. Paul's Cathedral, London, of its architect, Sir Christopher Wren: "Si monumentum requiris circumspice"—"If thou seek his monument, look about thee." So Nelson built his own far-flung monument.

GOVERNMENTAL EXPENDITURES

Mr. ROBINSON of Indiana. Mr. President, in the President's Budget message of last week it was suggested that an Executive order had been issued placing all expenditures, emergency as well as normal, under the direction of one department. I desire to quote now, in connection with that order, from the Baltimore Sun of this morning, an article written by Frank R. Kent, indicating that the order has already been canceled. Mr. Kent's article is as follows:

Those who, shocked by the size of the deficit and debt figures revealed by the President last week, took comfort from his order placing control of all emergency expenditures under the Director of the Budget, Mr. Lewis W. Douglas, must feel as if the ground had been cut from under them this morning.

That order was hailed all over the country as gratifying evidence of the President's purpose really to balance the Budget in 1936. The expenditure of billions for recovery is essential, but the placing of a curb upon the spenders was equally essential. Up to date there has been neither audit nor control. The money has been poured out at the will of the spending directors. The White House order was seen as the one way in which the huge financial risk the new deal involves could be minimized. It was the safety device on a high-speed machine. The President, it was generally agreed, had acted wisely.

But in 3 days the President changed his mind and the order is rescinded. The announcement from Washington said that the order had been "modified", but that word is misleading. It merely camouflages the fact. The former status of unrestricted expenditures is restored. The various directors are required to make weekly reports to the Budget Director and he may make recommendations to the President. That, however, means exactly nothing. The Department directors report to the Budget Director after, not before, they make the expenditures, and he has no power over them. Anybody can find out what the expenditures are after they have been made. That knowledge is then public property. Newspaper men will know them before the Budget Director gets the reports. As for recommendations to the President, Mr. Douglas could make those recommendations, anyhow.

And what do a Budget Director's recommendations that too much money is being spent unwisely amount to after it is spent? All they will do is get him into a losing argument with the men who did the spending. That it would be a losing argument is proved by the fact that Mr. Douglas has made it a number of times already and lost every time. The rescinding of the order is the best proof of all.

What happened in that case was this: Mr. Roosevelt, after laying before Congress and the country a financial program involving tremendous outlay, unprecedented borrowing, and a deficit and debt beyond the most pessimistic forecasts, proclaimed a conservative policy by which, if prosperity fully returns, the national solvency can be regained in 1936. To this end, he announced that

the heretofore unaudited and uncontrolled emergency expenditures would be subjected to approval of the Budget Director. It was the logical, safe thing to do. But it didn't suit the gentlemen who are spending the money. As soon as the order came out, Mr. Ickes, Mr. Hopkins, and Professor Tugwell, who, it is reported, will soon be made Under Secretary of Agriculture, went to bat. They pointed out that control by Mr. Douglas would "slow down" the program; that it meant the money could not be put out fast enough; that it would hamstring their plans.

Among them, they swung the President back, and Mr. Douglas was notified over the telephone that the order was annulled and he need not bother. He is just where he was, except that he can, if he likes, read weekly reports from the directors as to the money they spent. To do this would seem to give him needless pain. Mr. Douglas, loyal as anyone to the President, is recognized as a conservative—a man who likes to have solid ground under his feet. For a long time his attitude has annoyed the young liberals, with whom he has clashed frequently. The prompt cancelation of the proposal to make his job a real one naturally rejoices them. The report is that when notified the order had been rescinded Mr. Douglas acquiesced. What else could he do?

It is explained that the President's order still stands so far as having the expenditures pass under the eagle eye of the Comptroller General, Mr. McCarl. But Mr. McCarl has no power except to see that the expenditures are not made illegally. That does not mean a thing. The plain fact is that half a dozen different men here are spending huge sums without any real restriction or supervision. The President, like a good many others, recognized that there should be one supervising official, able to call a halt. He named such an official on Thursday and then canceled the designation Monday. It was, indeed, a Liberal victory.

TAXATION OF INTOXICATING LIQUORS

The VICE PRESIDENT. The morning business is closed. The calendar under rule VIII is in order.

Mr. HARRISON. Mr. President, I move that the Senate proceed to the consideration of the bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes.

Mr. McNARY. Mr. President, may the motion be stated by the Chair?

The VICE PRESIDENT. The motion is that the Senate proceed to the consideration of House bill 6131.

Mr. McNARY. I should like to have an understanding with the Senator from Mississippi [Mr. HARRISON] and the Senator from Arkansas [Mr. ROBINSON] that at the conclusion of the consideration of the measure referred to in the motion of the Senator from Mississippi the Senate will recur to the calendar, because a number of Senators are interested in bills on the calendar.

Mr. HARRISON. May I say to the Senator that I do not think this legislation will take very long. There are not many controversial matters, if any, and I think we can expedite it. I am very anxious to get the bill out of the way today.

Mr. McNARY. I appreciate that; but I should like to have the understanding to which I have referred.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that at the conclusion of the consideration of the bill mentioned, the Senate proceed to the consideration of unobjected bills on the calendar.

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

Mr. McNARY. I thank the Senator from Arkansas.

The VICE PRESIDENT. The question is on the motion of the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes, which had been reported from the Committee on Finance, with amendments.

The VICE PRESIDENT. The clerk will read the bill.

The Chief Clerk proceeded to read the bill.

The first amendment of the Committee on Finance was, on page 1, line 4, after the word "This", to strike out "title" and insert "act", so as to read:

TITLE I

SECTION 1. This act may be cited as the "Liquor Taxing Act of 1934."

The amendment was agreed to.

The Chief Clerk resumed the reading of the bill and read as follows:

SEC. 2. Paragraphs (3) and (4) of subdivision (a) of section 600 of the Revenue Act of 1918, as amended (relating to the tax on distilled spirits generally and the tax on distilled spirits diverted for beverage purposes) [U.S.C., sup. VI, title 26, sec. 1150 (a) (1) and (2)], are amended to read as follows:

"(3) On and after January 1, 1928, and until the effective date of title I of the Liquor Taxing Act of 1934, $1.10 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon; and

"(4) On and after the effective date of title I of the Liquor Taxing Act of 1934, $2 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon."

SEC. 3. Subdivision (c) of section 600 of the Revenue Act of 1918 (relating to the internal-revenue tax on imported perfumes containing distilled spirits) [U.S.C., sup. VI, title 26, sec. 1150 (a) (4)], is amended by striking out "$1.10 per wine gallon" and inserting in lieu thereof "$2 per wine gallon."

SEC. 4. In lieu of the rate of drawback provided in section 3329 of the Revised Statutes, as amended [U.S.C., sup. VI, title 26, sec. 1239], the rate of drawback allowed upon the exportation of distilled spirits exported on or after the effective date of this title shall be equal to the rate of the internal-revenue tax paid in respect of the distilled spirits exported but shall not exceed a rate of $2 per proof gallon.

SEC. 5. Section 3309 of the Revised Statutes, as amended (relating to the tax on deficiencies in distilled spirits production [U.S.C., sup. VI, title 26, sec. 1197], is amended by striking out "at the rate of $1.10" wherever such phrase appears and inserting in lieu thereof "at the rate of tax imposed by law."

SEC. 6. So much of section 611 of the Revenue Act of 1918, as amended (relating to the tax on still wines) [U.S.C., sup. VI, title 26, sec. 1300 (a) (1)], as reads:

"On wines containing not more than 14 percent of absolute alcohol, 4 cents per wine gallon, the percent of alcohol taxable under this section to be reckoned by volume and not by weight;

"On wines containing more than 14 percent and not exceeding 21 percent of absolute alcohol, 10 cents per wine gallon;

"On wines containing more than 21 percent and not exceeding 24 percent of absolute alcohol, 25 cents per wine gallon;

"All such wines containing more than 24 percent of absolute alcohol by volume shall be classed as distilled spirits and shall pay tax accordingly."

is amended to read as follows:

"On wines, containing not more than 14 percent of absolute alcohol, 10 cents per wine gallon, the percent of alcohol under this section to be reckoned by volume and not by weight;

"On wines containing more than 14 percent and not exceeding 21 percent of absolute alcohol, 20 cents per wine gallon;

"On wines containing more than 21 percent and not exceeding 24 percent of absolute alcohol, 40 cents per wine gallon;

"All such wines containing more than 24 percent of absolute alcohol by volume shall be classed as distilled spirits and shall be taxed accordingly."

SEC. 7. So much of section 613 of the Revenue Act of 1918 (U.S.C., sup. VI, title 26, sec. 1300 (a) (2) as reads:

"On each bottle or other container of champagne or sparkling wine, 12 cents on each one half pint or fraction thereof;

"On each bottle or other container of artificially carbonated wine, 6 cents on each one half pint or fraction thereof;

"On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine fortified with grape brandy, 6 cents on each one half pint or fraction thereof"

is amended to read as follows:

"On each bottle or other container of champagne or sparkling wine, 5 cents on each one half pint or fraction thereof;

"On each bottle or other container of artificially carbonated wine, 2½ cents on each one half pint or fraction thereof;

"On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine fortified with grape brandy, 2½ cents on each one half pint or fraction thereof;

"Any of the foregoing articles containing more than 24 percent of absolute alcohol by volume shall be classed as distilled spirits and shall be taxed accordingly."

SEC. 8. Section 612 of the Revenue Act of 1918, as amended (relating to the tax on grape brandy and wine spirits withdrawn and used in the fortification of wines) (U.S.C., sup. VI, title 26, sec. 1301), is amended by striking out "10 cents per proof gallon" and inserting in lieu thereof "20 cents per proof gallon."

SEC. 9. (a) Section 608 of the Revenue Act of 1918, as amended (relating to the tax on malt liquors) (U.S.C., sup. VI, title 26, sec. 1330 (a)), is amended by striking out "a tax of $6" and inserting in lieu thereof "a tax of $5."

Mr. HARRISON. Mr. President, I want to make a brief explanation of the proposed bill. This bill is practically the same bill that was passed by the House of Representatives, with only 5 dissenting votes, I believe. It proposes to raise the tax on liquors from $1.10 a gallon, which is the rate in the present law, to $2 a gallon. I may say that if the bill shall be enacted, the liquors imported from foreign countries

not only will bear this $2 tax but will bear the tariff duty also. So in the case of imported liquor there would be the tariff duty of $5, plus the $2 tax, or a $7 tax. The principal provision of the bill is that providing for the increase in the tax on distilled spirits from $1.10 to $2.

Another part of the bill which was adopted in the House, and which was agreed to by the Senate committee, is the result of a suggestion of the Treasury Department that a stamp costing 1 cent be placed upon every bottle and every container, the object being to differentiate liquors which are legitimately sold from bootleg liquor.

There is another change in the law made by the proposed bill. The last time we passed a liquor tax bill, we imposed a tax of $5 a barrel on beer with an alcoholic content up to 3.2 percent. We have eliminated the 3.2-percent provision since the repeal of the eighteenth amendment; and whereas beer with a content of over 3.2 percent has been heretofore subjected to a tax of $6, under the proposed legislation we levy a uniform rate of $5 a barrel. So if this proposal is enacted, the beer tax will be $5 a barrel, irrespective of alcoholic content.

I pass on to another change made by the committee and recommended to the Senate but not carried in the bill as it passed the House. The object of the change is primarily to keep the Federal Government from injecting itself into the sphere of State taxation; and at the same time we desire that the States refrain from injecting themselves into the sphere of Federal taxation.

Prior to the adoption of the eighteenth amendment no State had a gallonage tax. The privilege license taxes were imposed by the States, and considerable revenue was derived by them from that source. Gallonage taxes were imposed only by the Federal Government. Recently a movement has been started in some States to impose gallonage taxes, because of a desire to get some revenue, believing, perhaps, that there might be an interim between the convening of Congress and the imposition of a higher tax than $1.10. For instance, New York has placed a gallonage tax of $1 on each gallon of liquor. Pennsylvania, I believe, has imposed a gallonage tax of a dollar, Massachusetts a gallonage tax of 40 cents, Arizona and Colorado 80 cents, and so on.

We reduced the privilege license tax, or the occupational tax, on brewers of beer from a thousand dollars to $100. The tax fixed in the beer bill which we passed last year was a thousand dollars, and we are making the tax lighter to that extent. The committee refused to adopt an amendment proposed in the committee to reduce the beer tax from $5 to $3 a barrel, but we agreed to this reduction in the privilege license tax on brewers of beer.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. McADOO in the chair). Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. HARRISON. I yield.

Mr. BORAH. When we passed the beer bill at the last session, the tax was fixed at $5 a barrel.

Mr. HARRISON. Yes.

Mr. BORAH. One of the arguments for the imposition of a tax of $5 a barrel and no more was that it would enable the people dealing in beer to sell a glass of beer to the workingman for 5 cents a glass. Has that been the result?

Mr. HARRISON. I have not had the actual experience in the matter.

Mr. BORAH. No; the Senator is not a workingman. [Laughter.]

Mr. HARRISON. The information that comes to me is that they have not lived up to that promise. In certain places beer is sold at 5 cents a glass, but as a rule those dealing in beer have not fulfilled that promise.

Mr. BORAH. No; as a rule, Mr. President, they have not, and I think the exceptions are so rare that they would be difficult to locate.

Mr. HARRISON. I agree with the Senator.

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

Mr. HARRISON. I yield.

Mr. CLARK. I may say to the Senator from Idaho that it is my information that beer is sold at 5 cents a glass all over the city of Baltimore, which is just a few miles from here.

Mr. HARRISON. That is too far to go to get a 5-cent glass of beer. [Laughter.]

Mr. BORAH. Is the Senator from Missouri certain of his information?

Mr. CLARK. I have repeatedly heard it said, and I may say that I stopped and bought a glass of beer in Baltimore for 5 cents the last time I came through that city.

Mr. BORAH. I was informed this morning that there was practically no exception to the rule. It was earnestly contended that this tax of $5 was in the interest of 5-cent beer for the workingman. It was a false promise, as many contended at the time.

Mr. HARRISON. Mr. President, some months ago the President, realizing that the eighteenth amendment would be repealed, appointed a very select group of experts from the various departments in the administration to give immediate study to the amount of tax liquor might bear without perpetuating the activities of the bootlegger. A very splendid set of gentlemen composed that committee. They worked on the question for some 3 months and then made their recommendations. They recommended, in their report to the President, which was not adopted, that distilled spirits would bear a tax of $2.60 without perpetuating the bootlegger. The information given indicated that the cost of putting illegal spirits in the hands of an illegal retailer was $4.20 a gallon, including cost of manufacturing, graft, and various other payments he had to make, and that with a tax of $2.60, legitimate sellers of liquor could undersell the bootlegger.

In the departmental report to which I have referred, it was recommended to the President that it might work well if only one gallonage tax should be imposed; that if we should impose a $2.60 gallonage tax and give to the States which permit the sale of liquor and do not impose a gallonage tax a 20-percent credit the States might be encouraged not to impose these gallonage taxes.

Personally, I favor the idea very much of giving to these States this credit, because I fear that some States may continue to impose high gallonage taxes and do exactly what we here and now are trying to prevent; namely, impose too great a tax. We all appreciate that if the taxes are too high, the bootleggers will continue in business. So it was the best thought of the House of Representatives and of the Committee on Finance, after full consideration, that a gallonage tax of $2 imposed by the Federal Government would be about as high as we could go, and would be about as low as we ought to go. That rate should not interfere with the activities of the States in the imposition of reasonable gallonage taxes.

I may say, further, that in the proposed bill we continue to give to the States the sole authority to impose a tax on distilleries, and we impose such a nominal occupational tax or the privilege license tax that it does not inject the Federal Government into the field of the States and prevent them from obtaining the largest amount of revenue they can from that source. And that revenue has heretofore been quite large. New York, for instance, imposes a tax of $15,000 on a distillery. That is the highest, I believe. Other States impose lower taxes.

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

Mr. HARRISON. I yield.

Mr. SHIPSTEAD. As I understand the bill as it comes from the committee, it makes no distinction in the amount of tax imposed upon alcohol for beverage purposes and that imposed on alcohol used for nonbeverage purposes, alcohol used in the arts and sciences.

Mr. HARRISON. I may say that the committee considered that matter, because there were some protests over the country against the imposition of the $2 tax on alcohol. Of course, industrial alcohol, denatured alcohol, bears no tax, but it was thought in the committee, and the Treasury Department had the idea, that if we differentiated as between beverage and nonbeverage alcohol, we would get into confusion and trouble. The objections came from the per-

fume people and the drug people, because some alcohol is put into their products. The committee was told that that would not make a great difference, because the amount that goes into these extracts and into these medicines is quite small. It was an administrative difficulty, may I say, which precluded action on the part of the committee in regard to that.

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Massachusetts?

Mr. HARRISON. I yield.

Mr. WALSH. I was about to say, as the Senator from Mississippi has just said, that the Treasury Department emphatically asserted that they could not administer a law which made a distinction between alcohol used for beverage purposes and alcohol used for nonbeverage purposes. The Treasury officials were very insistent that no such law could be operative.

Mr. COUZENS. Mr. President——

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

Mr. HARRISON. I yield to the Senator from Michigan.

Mr. COUZENS. I merely wish to say that the Treasury Department stated that the aggregate difference in the tax would probably be $5,000,000; dividing that up among 125,000,000 people, the cost thereby would be probably not more than 12 cents per year per family.

Mr. HARRISON. Yes.

Mr. HEBERT. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Rhode Island?

Mr. HARRISON. I yield.

Mr. HEBERT. I observe in subsection 4 of section 1 that the $2 tax on distilled spirits is " on each proof gallon."

Mr. HARRISON. That is true; and I may say that the same provision has been in every bill taxing liquors.

Mr. HEBERT. I understand that to be so. That means 100 proof, I believe.

Mr. HARRISON. Yes.

Mr. HEBERT. Will not the effect of that be that the tax will exceed $2 a gallon upon whisky ordinarily sold in the trade?

Mr. HARRISON. Of course, the liquor ordinarily sold is rectified liquor. The Government is going to get the benefit of that condition, just as it has under all prior bills, because from a gallon of liquor 100 proof a larger volume of liquor of the rectified character may be made, and the Government has always imposed additional tax on rectified liquor. We are merely following the traditional policy in this proposed legislation.

Mr. HEBERT. My understanding is that the practice in the trade is to produce liquor of about 50 to 65 proof. That means, does it not, that the tax to the consumer will be in excess of $2 a gallon? I am asking the question for my own information.

Mr. HARRISON. It must be remembered that the man who has a gallon of 100 proof can take it and make for himself probably 2 or 3 gallons of rectified liquor, and he sells it to the consumer at about the same price as he would the original gallon of 100 proof.

May I say to the Senator that we estimate obtaining from the additional tax on rectified liquors $33,000,000 annually.

Mr. HEBERT. I thank the Senator.

Mr. COPELAND. Mr. President——

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

Mr. HARRISON. I yield.

Mr. COPELAND. Did I understand the Senator to say that there is an added tax on blended whisky?

Mr. HARRISON. Thirty cents a gallon.

Mr. COPELAND. That is the entire tax?

Mr. HARRISON. That is the added tax on rectified liquor. On every additional gallon that is made from the straight whisky.

Mr. COPELAND. The Senator knows, of course, that there will not be any other kind of whisky on the market than blended whisky.

Mr. HARRISON. I hope that there will not be, because the Government gets that much more tax.

Mr. COPELAND. That is what I wanted to know.

Mr. HARRISON. And if the public will be satisfied with blended liquor, rectified liquor, we ought to be satisfied.

Mr. COPELAND. May I ask to have the Senator explain in a word, if he will, what the additional tax to the Government then will be on rectified whisky as contrasted with whisky that is not rectified?

Mr. HARRISON. The additional tax will be 30 cents a gallon.

Mr. COPELAND. That is, the tax on rectified whisky will be 30 cents above the tax on pure whisky?

Mr. HARRISON. Yes.

Mr. COPELAND. I understand. May I now ask another question concerning nonbeverage alcohol? Is it because of the difficulty of control of nonbeverage alcohol that the Committee on Finance objected to its being excluded from this regular rate?

Mr. HARRISON. Very largely; yes. As was stated by the Senator from Massachusetts [Mr. WALSH], the Treasury Department officials said they thought it would present an administrative difficulty if we were to put a different tax on nonbeverage alcohol from the tax put on beverage alcohol.

Mr. COPELAND. The Senator from Mississippi is, of course, aware of the fact that in making carbonated beverages and ice cream and confectionery, baked goods, and similar products, there is used nonbeverage alcohol.

Mr. HARRISON. Yes.

Mr. COPELAND. And that the cost thereof comes directly out of the consumer of those goods. The tax in such case is placed on a consumer who is not likely to drink liquor but who is a consumer of food products in which nonbeverage alcohol is used. Did the committee take into consideration the fact that there would be this consumer tax?

Mr. HARRISON. Yes; and it was pointed out by those who represented the Treasury Department that the increase in the tax from $1.10 to $2 would probably make a difference along that line of 20 cents per family throughout the United States.

Mr. COPELAND. That is a small amount.

Mr. HARRISON. A very small amount.

Mr. COPELAND. I suppose the danger of diversion was also considered?

Mr. HARRISON. That was considered.

Mr. COPELAND. I wish to say for the record that I am extremely sorry that there could not be found a way by which there could be an exclusion of nonbeverage alcohol from the terms of the bill, because of the fact that that substance does go into food products used by the average family. However, if it is estimated that the increased cost will only be 20 cents per family per year, that is not a very substantial amount.

Mr. HARRISON. I may say to the Senator that protests of this character appealed to me because such alcohol is used not only in various extracts but in medicines, and so forth. However, when the officials of the Treasury Department made the statement which they did, the whole idea of the committee was changed with reference to that matter, and the committee felt as did the Treasury Department officials that the kinds of alcohol could not be differentiated in fixing the tax.

Mr. COPELAND. If the Senator is right in the statement which has been made that the charge to the average family would only be 20 cents per year, not much should be said about it, because I recognize the difficulty attached to the administration of the law in order to keep alcohol from being diverted to beverage purposes.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Tennessee?

Mr. HARRISON. I yield.

Mr. McKELLAR. I should like to know what those difficulties of administration are. Would they be serious difficulties? I should also like to have the chairman of the Committee on Finance state, if he will, what the administra-

tive difficulties would be in imposing a different tax on non-beverage alcohol as distinguished from the tax on beverage liquor.

Mr. HARRISON. I have just said, Mr. President, that the Treasury officials stated that the administrative difficulties would be almost insuperable. I do not know that personally.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Kentucky?

Mr. HARRISON. I yield.

Mr. BARKLEY. One of the difficulties would be that the Treasury Department would have to follow every gallon of distilled spirits to its ultimate consumption in order to determine whether it went into medicine or beverage. That is one of the greatest difficulties. It is easy to see what an insurmountable task it would be to trace every bottle of liquor, every gallon, and every other quantity of liquor all over the country to its ultimate consumption.

Mr. HARRISON. May I further say in answer to the Senator from New York that I base my estimate of 20 cents increase per family per year upon the statement of certain gentlemen in the Treasury Department who came before our committee. I myself have no idea about it.

Mr. COPELAND. May I say, in line with what the Senator from Kentucky has just stated, that we did have to follow such alcohol as has been referred to in prohibition days, as alcohol was used for industrial and commercial purposes. So the Treasury did find a way to control the matter in the prohibition era. It would therefore seem to me that there might now be found a way to control it.

Mr. HARRISON. At that time the use of alcohol as a beverage was prohibited by law.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. HARRISON. I yield.

Mr. BORAH. I understand the Senator from Mississippi says that the Treasury Department is of the opinion that the administrative difficulties would be almost insuperable.

Mr. HARRISON. Yes.

Mr. BORAH. Of course, if that is true, it really answers the question why all possible efforts should not be employed to make a distinction. But I do not see why it would be so difficult. The obligation or the onus could be put upon those who prescribe for medicinal purposes, and so forth, the same as was done under prohibition.

Mr. HARRISON. I cannot say any more than I have said to the Senator. That was one of the main reasons that caused the committee to make no differentiation in the tax.

Mr. LOGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Kentucky?

Mr. HARRISON. I yield.

Mr. LOGAN. I do not want to divert the Senator from the subject, but I desire to call his attention on page 10 to the concluding paragraph of section 202 relating to stamps. That section provides:

> Such stamps shall be promptly affixed to the immediate containers of such spirits, except that when such spirits contained in bottles in closed cases are held for sale or sold otherwise than at retail, such stamps need not be affixed until the cases are opened or sold at retail, when such stamps shall be immediately affixed to the bottles, but such stamps shall be sold or transferred in connection with any sale or transfer of such spirits and the person in possession of such spirits shall be in possession of such stamps therefor.

Whisky is put up in cases, say 24 pints to the case. The stamps will not have to be affixed to the bottles but affixed to the case, and the stamps would be transferred to the man who purchases that case. If a bootlegger wants to have the Government testify that the liquor which he is selling is good, why can he not buy one of these cases? The stamps will be delivered to him; and then when he opens up the case and takes out the individual bottles, he can put in them what he wishes and attach one of the stamps that has been given to him.

Mr. HARRISON. Of course that would be a fraud on the Government and would subject him to penalties if he attempted to misuse the stamps in that way.

Mr. LOGAN. The bootleggers have never been much afraid of committing fraud.

Mr. HARRISON. I agree with the Senator.

Mr. LOGAN. I wish to suggest to the Senator that it seems to me that it affords an entering wedge that will enable bootleggers to do a bigger and a better business than they have ever done. It seems to me further that every provision down to the end of that paragraph ought to be stricken out. It is placing in the hands of the men who want to violate the law the very steps which are provided to show the authenticity or the legality of the whisky which is sold.

Mr. HARRISON. The Senator will see that at the bottom of page 10 the provision is made—

> And shall be sold by collectors to persons entitled thereto upon application therefor and compliance with regulations under this title * * *.

If the collector suspected that some bootlegger was trying to do that, he would not sell him the stamps.

Mr. LOGAN. Yes; but there are so many respectable-appearing bootleggers, I think it is placing a great responsibility on the collector.

Mr. HARRISON. May I say to the Senator that so far as I am concerned if we could strengthen in the slightest the provisions of the law I should be very glad to do so. If the Senator will offer some suggestion on that subject, I shall be very glad to consider it.

Mr. LOGAN. I called the provision to the attention of the Senator from Mississippi so if he thought it should be stricken out he could move to do so.

Mr. HARRISON. Of course, the main thing was to try to differentiate between liquors sold illegally and those sold legally.

Mr. LOGAN. I think that is a very wise provision.

Mr. HARRISON. It has been called to my attention further that proof that the applicants are entitled to such stamps must be made.

Mr. LOGAN. But the bill says that when he purchases whisky the stamps must be delivered to him.

Mr. HARRISON. Yes.

Mr. LOGAN. Then, if he is entitled to purchase it he is entitled to receive the stamps, as a matter of course.

Mr. HARRISON. Mr. President, I desire to say just a few brief words further. I want to make an optimistic statement. We have been hearing a good deal about large deficits, an unbalanced Budget, and so on. One of the reasons why the Finance Committee has driven so hard with reference to this proposed legislation is the desire to secure additional needed revenue as quickly as possible. We met immediately, reported the bill out quickly, and we are asking its immediate consideration by the Senate today, so that as soon as possible the bill may be signed and become a law in order that increased taxes may be collected under it for the American people. All of us can render a great service by pushing this measure along today.

I will give the Senate some figures. Of course, people entertain different ideas as to the amount of revenue that will be obtained because of the passage of this proposed legislation. Personally, I think that the estimate of a consumption of 140,000,000 gallons of distilled spirits annually, as made by the joint committee's expert and as made by the experts of the Tariff Commission, is correct.

It is my opinion that the estimate of the Treasury Department is rather low in assuming that consumption will be only 85,000,000 gallons. The other experts to whom I have referred estimated an annual consumption of 140,000,000 gallons. They base their estimate on the fact that before the adoption of the eighteenth amendment the per capita consumption of distilled spirits in this country ranged from 1.2 gallons to 1.5 gallons per person. According to those figures, which are based on statistics for many years, with our present population of about 125,000,000 people, we would have an annual consumption of 175,000,000 gallons of liquor in the

United States; but because of the fact that our people have at least pretended to be advocates of prohibition and have lived presumably free from the curse of liquor for a number of years, and because we have not had the open saloon, and also because of the generally depressed economic condition of the country, we assume that the consumptive demand will not reach 175,000,000 gallons. It is, however, fair to estimate, in my opinion—and that is the opinion of the experts—that the consumption of distilled spirits will be about 140,000,000 gallons.

Starting with that estimated consumption, let us take some figures to ascertain what revenue we are going to derive this year from this source. If the gentlemen of the press gallery will obtain these figures and spread them, they might afford opportunity for a little more optimism on the part of the American people; they might lend a word of encouragement to the business of the country; they might still the tongues of some who are crying out against an enormous deficit and parading the Budget as being unbalanced today. What we are attempting to do is to provide for a sound, stable, and balanced Budget in this country, and I know of no measure which has been offered, certainly none in quite a long time, that will tend in greater degree toward making our receipts and expenditures balance and promoting a stable condition in our finances than this proposed legislation.

So, recurring to the figures, on the basis of a total consumption of 140,000,000 gallons, a tax of $2 a gallon on 115,000,000 gallons domestically produced would yield $230,000,000.

We must permit to come in from foreign countries, including Canada, where there are some 25,000,000 gallons of American-type liquor, an estimated 25,000,000 gallons. The imported liquor will bear not only the $2 tax, but also a $5 tariff rate at the same time, or a total tax of $7. The internal-revenue tax on that number of gallons would amount to $50,000,000, and the tariff would be in addition thereto.

On rectified spirits, a subject which we have discussed, we will obtain under the estimate $33,600,000 more.

As to wines I may say that we are trying to put the rate so low as to give encouragement to domestic production. In this measure we are not proposing any tampering with the tariff and so foreign wines will be permitted to come in in competition with the domestic product. From sparkling wines we ought to get about a million dollars and from still wines some $7,000,000.

From brandy for rectification, it is estimated that something less than a million dollars will be derived.

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

Mr. HARRISON. Will the Senator let me finish this statement, and then I will yield?

Mr. COPELAND. Very well.

Mr. HARRISON. From occupational taxes on wholesale dealers in wines and spirits we ought to get a million dollars; from the retail dealers in wines and spirits we ought to get $5,000,000; from the rectifiers and blenders we ought to get something under a half million dollars; from import duties on distilled spirits at $5 a gallon it is estimated—as 25,000,000 gallons of distilled spirits must come in, inasmuch as we have not a sufficient quantity on hand in the United States—that $125,000,000 should be realized.

From wines of all types 14½ million dollars should be obtained. The grand total Mr President, will be $467,000,000, which is exclusive of the revenue to be derived from beer; and in the case of beer it may be mentioned that the receipts have been greater than the estimates. We ought to obtain this year from beer in the neighborhood of $160,000,000. Therefore, under this proposed legislation and the legislation affecting beer we ought to obtain an increased revenue of more than $600,000,000. Is not that worth thinking about? Ought not that give encouragement to those who are fussing about our Budget being unbalanced?

Mr. President, in closing may I say the situation in this country is improving daily; we are on the road to recovery, and such legislation as this will give impetus to the movement and will make our credit stronger. I hope that before the day shall have passed we may enact this measure into law.

Mr. COPELAND. Mr. President, I may say to the Senator from Mississippi that I am impressed by what he has just said, but I should like to ask the Senator a question for the record. I understand cider and grape juices are omitted, are they not; no tax is required to be paid on them?

Mr. HARRISON. Yes; they are omitted from the provisions of the bill.

Mr. COPELAND. May I ask the Senator how much debate there was in the committee in connection with the proposed tax on wines containing not more than 14 percent of alcohol?

Mr. HARRISON. There was quite a discussion, because the Senator from California [Mr. McAdoo]—who, of course, has the interest of California very much at heart, and the question of wine warms him up when he undertakes to discuss it—insisted on some reduction in the tax on such wines. But, I may say to the Senator, that, as he will note, we fixed the tax on wines at the same rate as that which was adopted by the House. We accepted their action on wines, which coincides very largely with the suggestions and recommendations of the departmental committee. They wanted to make the tax low. One of the Representatives from California stated that, in his opinion, it was a very fair tax. We have reduced the taxes in most instances below what they were under the old law prior to prohibition, as I think the Senator appreciates. Furthermore, the rates adopted are in line with carrying out the President's idea to give encouragement to the production of wines in this country; he wants the country to be more of a wine-drinking country than a liquor-drinking country. Those were the motivating causes that induced us to fix at such low rates the taxes upon wines.

Mr. COPELAND. I think the Senator may also refer to another distinguished Democrat, Mr. Thomas Jefferson, who took the same view regarding it.

Mr. HARRISON. Yes.

Mr. KING. Mr. President, will the Senator from New York yield to me for a moment?

Mr. COPELAND. Yes.

Mr. KING. Replying categorically to his inquiry, I will state that there was rather a prolonged discussion in regard to the tax upon wines. A motion was made to reduce the tax imposed by the bill upon those wines with a less alcoholic content than 14 percent. The Senator from California very ably championed the amendment, and a number of others, including myself, supported his view. The whole question was gone into very carefully, and the arguments were supported in part by the statement that when the hearing was had in the House it was understood that the tax upon distilled spirits would be $2.60 per gallon.

When the bill passed the House it reduced it to $2, and the Senate Finance Committee accepted that figure. It was therefore contended, and it seemed to me there was some justice in the contention—and those who were supporting the lower tax based their statement upon the assumption that the gallonage tax would be $2.60, and it was reduced to $2—that there ought to have been a compensatory reduction with respect to wines, particularly those with an alcoholic content of less than 14 percent.

Mr. COPELAND. I am glad the Senator has made that statement, because the view he expresses is exactly the one I hold. If we are seeking, as the President is, to make this a temperance Nation, I am confident there should be encouragement of wine drinking rather than of distilled spirits. But it is not alone that. That is a very strong point, of course, and worthy of our attention, but beyond that is the fact that the raising of grapes is an agricultural industry. It is a very important industry in the western part of my State. Grapes are a crop that the farmers there grow on land peculiarly adapted to that purpose and not to others. It is a matter of great concern to them what the rate shall be.

When we fix a rate of 10 cents per gallon on a wine, that means a rate of $15 to $20 per ton of grapes, which is a

tremendous tax. I am quite convinced it is too great a tax to place upon this particular agricultural product. The making of domestic wine means employment of labor. It means the promotion of agricultural prosperity. It means, also, supplying the need for bottles and casks and that sort of thing. There can be no doubt in my mind that if we wish to serve the country well, we cannot do better than to have the tax as low as possible upon wine of domestic production of low alcoholic percentage, in order that we may, by the very cheapness of an excellent product, encourage its consumption.

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

Mr. COPELAND. I am glad to yield.

Mr. HARRISON. May I say to the Senator that I was in error. It was my opinion that the departmental committee had recommended the rate incorporated in this proposal, but I find that they have not. The departmental committee recommended 16 cents a gallon. The House cut that rate to 10 cents a gallon and the Senate Finance Committee adopted the figure of the House.

May I say to the Senator, too, that Representative BUCK, of California, appeared before the committee with reference to the wine tax. Will the Senator permit me to read briefly from his statement, as follows:

> Mr. BUCK. I think if you will investigate that legislation you will find it is not discriminatory.
>
> Now, if I may proceed, I think I will be able to finish in a few minutes.
>
> You asked in regard to taxes. There was recently organized in California the California Wine Growers' Association, and I believe their representative appeared before you yesterday. While I don't know what concrete proposals he offered to you, I am willing to state on behalf of the North Coast Counties' Association and the State Chamber of Commerce, recognizing that at the present time some tax will no doubt be assessed against wine, and hoping you will make it as low as possible, they have asked me to present these as the maximum figures for you to consider, hoping you can see your way clear to make the taxes lower.

He suggested the tax, and the Committee on Ways and Means adopted the very tax he suggested. The Finance Committee of the Senate adopted the figure approved by the Ways and Means Committee of the House. What we have tried to do is to give them a low tax. May I say, too, that the tax on beer is 10 cents a gallon, and we have put only 10 cents a gallon on wine.

Mr. COPELAND. I know, but 90 percent of beer is water. When we place a tax on beer we are placing a tax on water. Nine tenths of the beer product is water. But here it is proposed to place a tax of 10 cents on from 13 to 16 pounds of grapes every time we tax a gallon of liquor. I feel that it is hardly fair.

I see in the bill that there is an effort to distinguish between wine of not more than 14 percent alcoholic content and wine not exceeding 24 percent alcoholic content. There is very little wine in the second category. How much does the committee estimate will be the income from wine of between 14 and 21 percent alcoholic content?

Mr. HARRISON. They did not put an estimate with reference to various classifications. They put it as a total on wine.

Mr. COPELAND. I want to call attention to the fact that there will be very little wine in the latter category. When we come to fortified wines, I have not a word to say. They ought to be taxed at a higher rate, the sherries, ports, and tokays; but the natural light wines produced in so many States of the Union ought not to be taxed so heavily. Wherever there is a production of grapes it could be largely increased; for instance, in Louisiana, Mississippi, North and South Carolina, Pennsylvania, New Jersey, Ohio, Michigan, Washington, Oregon, and California. There are many States where the raising of grapes is an important agricultural industry.

I do not wish to impose my judgment upon the committee, but I feel that the rate upon wine of under 14 percent alcoholic content is too high. It ought to be lower. We have taken the tax off of cider entirely. It might well happen that cider would have a higher alcoholic content than many wines, and yet in deference to the farmer who produces cider we have taken away that tax. It is my hope that the committee on further consideration may see fit to reduce the tax upon the light domestic wines.

Mr. HARRISON. May I say to the Senator before he takes his seat that it was suggested by the Senator from Utah [Mr. KING] and it was suggested by the Senator from California [Mr. MCADOO] and, I think, by the attorney representing some of the wine producers, that because we had reduced the tax from $2.60 on hard liquor to $2, a proportionate reduction ought to be made on wines. But there was no reduction in that respect because we expected to give to the States that which would absorb the difference between the $2 and the $2.60. Under that formula we reduced the tax from $2.60 to $2, which is a reduction of 23 percent from the recommendation of the departmental committee. The House and the Committee on Finance of the Senate reduced the rate on wine from 16 cents to 10 cents, a reduction of 38 percent on wine, so as a matter of fact proportionately we have given to the wine people a much greater reduction than we did to the others.

Mr. COPELAND. I have not followed the legislative procedure this morning closely enough to know, but is the Finance Committee making some amendments to the bill so it will have to go to conference, anyway?

Mr. HARRISON. In my opinion, if the Senate should pass the bill as it stands now, the House would no doubt concur in the amendments that are proposed by the Finance Committee because they are for the most part purely clerical.

Mr. COPELAND. May I ask if the Senator would not be willing to take back to the committee on conference a lower rate on the domestic white wines?

Mr. HARRISON. May I say to the Senator there was great influence at work to increase the wine rate, but in the interest of compromise we adopted what the House had approved so we might expedite the matter. There is really more reason and more argument to be advanced to increase the wine rates than to lower them.

Mr. COPELAND. Needless to say I would not make a suggestion which would lead to a higher rate, but of course if we were to fix the rate at 5 cents and the House fixes it at 10 cents, the conference committee could not bring in a higher rate than 10 cents. I am not much impressed by what the Senator said. Would he not be willing to take to conference a suggestion of a lower rate? Then, of course, if he finds he is outnumbered and outvoted, I should be content. I do think, for the reasons which I have tried to state, and I realize I have stated them very weakly, that we ought to have a lower rate upon the domestically produced wines of low alcoholic content, first in the interest of temperance, and next in the interest of agriculture. I suggest to the Senator that he accept the lower rate for that reason.

Mr. HARRISON. I am in entire agreement with the Senator's conclusion, except that I think the rate we have given them is low enough; in fact, it is really too low. I am going to stand by the committee's recommendation, however. Let me call to the Senator's attention the fact that if we amend the bill in that respect it will naturally have to go to conference, and every day of delay resulting from having the bill in conference will cost the American taxpayer around three quarters of a million dollars. It would be very well, therefore, if we could pass the measure and not have it sent to conference.

Mr. COPELAND. I think I heard the Senator say that he expects to collect $7,000,000 from this tax. That means, then, that if we were to reduce the rate to 5 cents instead of 10 cents, it would be 3½ million dollars instead of $7,000,000.

Mr. HARRISON. Seven million one hundred thousand dollars.

Mr. COPELAND. That is it. That 3½ million dollars—the difference between 5 cents a gallon and 10 cents a gallon—comes out of the budget of every grape grower in the United States where those grapes are used for the production of what we regard as a temperance beverage.

Three and a half million dollars is a tremendous sum to these people who have small vineyards, but it is a very small sum to the American people. We are striving here all the

time to help agriculture. We are trying to increase the buying power of the people. We are trying to help the subsistence farmer. Here is a chance, by lowering this rate from 10 cents to 5 cents, to help the groups of people we are discussing.

I beg of the Senator that he will take back to the House a proposal from us that the rate be lowered. There might be some compromise, and on the other hand there might be an unwillingness on the part of the House to yield; but at least no harm would result, because if there are differences between the two Houses, as has already been provided for by what we have done, there will have to be a conference anyway.

So I beg of the Senator to accept a lower rate and see what happens to it.

Mr. HARRISON. I know how very anxious the Senator is about this matter. He has talked to me privately about it. He has been very insistent about it, and I know how he feels toward the grape growers of New York; but I hope he will not insist on an amendment that might delay the consideration of the bill. I am sure the committee thought we were giving the grape growers a pretty low rate, and that this rate will encourage production. If it does not work out that way in the course of time, of course the Senator, with his tremendous power and influence, will come in here and get a reduction of the rate; but I ask the Senator not to insist on it at this particular time.

Mr. COPELAND. The tongue of the Senator is so seductive and honeyed that it is difficult for me to resist him. I do not know whether or not there is any sentiment in this body in favor of a lower rate. If there are Senators here from other States where grapes are produced, I think they should express themselves.

Mr. WALSH. Mr. President, I am not from a State where grapes are produced; but I will say to the Senator that his constituents ought to be somewhat satisfied and pleased with the action that was taken by the Ways and Means Committee in the House bill, in that while the interdepartmental committee recommended the same rate upon wine as upon beer—16 cents per gallon—the committee of the House reduced that rate in the case of wine to what is equivalent to 10 cents per gallon.

That is quite a concession. This action was concurred in by the Finance Committee. In the Committee on Finance those who thought that beer was a more popular and less harmful drink strongly urged that the rate upon beer be reduced to $3 per barrel. So already something has been accomplished in the way of reducing the rate from that recommended by the interdepartmental committee.

Let me say to the Senator further that a given flask of wine that would be taxed 2 cents would be taxed, if we substitute beer, 3.2 cents. In other words, a given amount of beer is taxed 3.2 cents, while an equal amount of wine is taxed only 2 cents.

After giving this matter rather careful consideration, I reached the conclusion that the report of the interdepartmental committee is a very satisfactory one. While I felt at the outset that the tax on beer was in excess of what it ought to be, beer being the popular drink of the masses of the American people, I came to the conclusion, after we reduced in the committee the occupational tax for brewers from $1,000 to $100, that we ought to accept the beer and all other rates. I think the matter has been very reasonably worked out, and in view of our fiscal needs the rate on wine does not seem to me to be exorbitant.

Mr. COPELAND. Mr. President, whatever the Senator from Massachusetts says to me always bears great weight, as he knows; but he apparently did not hear me say a little while ago that 90 percent of the content of beer is water. If we should permit the wine producer to add 90 percent of water to his product, then we would have wine and beer on the same plane; but here we are placing upon the grapes of Massachusetts, the farmer's product, a tax of eighteen to twenty dollars a ton.

Mr. WALSH. The theory of levying these taxes was based upon alcoholic content; but in view of the argument made by the Senator, the tax on beer is out of balance if it contains 90 percent of water.

Mr. COPELAND. I think that is true as contrasted with this proposed rate on wine. I should say that beer ought to be taxed about one half of 1 cent in the same proportion. I am not going to press the matter, however, until I find out whether Senators from other grape-growing States are willing to be silent and to give no support to what I have in mind in the cause of temperance and the support of agriculture.

Of course, I am so outnumbered that it is useless to continue the discussion; but I hope there may be developed here some sentiment in favor of supporting and helping the agriculturist producing grapes, and giving him some of the "gravy" of life, and at the same time promoting the cause of temperance by making domestic wines as cheap as they may possibly be.

Mr. FESS. Mr. President, I should like to have the attention of the chairman of the committee. Have we reached title II yet?

Mr. HARRISON. No. Does the Senator desire to offer an amendment now?

Mr. FESS. No; but I wish to propound an inquiry.

Mr. HARRISON. Very well.

Mr. FESS. It seems to me there is some confusion. The Senator states in the report that the provisions of title II do apply to transportation, whether for sale or not. It will be noted that the provision is that a consumer can buy unstamped liquor without subjecting himself to penalty, and can, when he has taken it home, possess it without penalty, but the penalty will be applied on transportation.

Mr. HARRISON. The Senator is reading from the House bill. We eliminated the transportation company from the Senate bill. We cured what we thought was a defect in that respect.

Mr. FESS. Very well.

The PRESIDING OFFICER (Mr. LOGAN in the chair). The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 6, after line 4, to insert:

(c) Paragraph "First" of section 3244 of the Revised Statutes, as amended, is amended to read as follows:

"First. Brewers shall pay $100 in respect of each brewery: *Provided*, That any brewer of less than 500 barrels a year shall pay the sum of $50. Every person who manufactures fermented liquors of any name or description for sale, from malt, wholly or in part, or from any substitute therefor, shall be deemed a brewer."

So as to read:

(b) Subsection (a) of section 1 of the act entitled "An act to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes", approved March 22, 1933, is hereby repealed.

(c) Paragraph "First" of section 3244 of the Revised Statutes, as amended, is amended to read as follows:

"First. Brewers shall pay $100 in respect of each brewery: *Provided*, That any brewer of less than 500 barrels a year shall pay the sum of $50. Every person who manufactures fermented liquors of any name or description for sale, from malt, wholly or in part, or from any substitute therefor, shall be deemed a brewer."

The amendment was agreed to.

The next amendment was, on page 6, line 21, after the word "so", to strike out "paid" and insert: "paid, not including in the computation of the tax so paid the 30-cent tax imposed by section 605 of the Revenue Act of 1918"; on page 7, line 8, after the word "so", to strike out "paid" and insert "paid, not including in the computation of the tax so paid the 30-cent tax imposed by section 605 of the Revenue Act of 1918"; and on page 8, line 11, after the words "and a", to strike out "corporation" and insert "corporation; and the term 'distilled spirits' includes products produced in such manner that the person producing them is a rectifier within the meaning of section 3244 of the Revised Statutes, as amended", so as to read:

SEC. 10. (a) Upon all distilled spirits produced in or imported into the United States upon which the internal-revenue tax imposed by law has been paid, and which, on the day this title takes effect, are held by any person and intended for sale or for use in

the manufacture or production of any article intended for sale, there shall be levied, assessed, collected, and paid a floor tax equal to the amount, if any, by which the tax provided for under this title exceeds the tax so paid, not including in the computation of the tax so paid the 30-cent tax imposed by section 605 of the Revenue Act of 1918.

(b) Upon all articles specified in section 6 or 7 of this title produced in or imported into the United States upon which the internal-revenue tax imposed by law has been paid, and which, on the day this title takes effect, are held by any person and intended for sale or for use in the manufacture or production of any article intended for sale, there shall be levied, assessed, collected, and paid a floor tax equal to the amount, if any, by which the tax provided for under such sections of this title exceeds the tax so paid, not including in the computation of the tax so paid the 30-cent tax imposed by section 605 of the Revenue Act of 1918.

(c) Upon all wines held by the producer thereof upon the day this title takes effect and intended for sale or for use in the manufacture or production of any article intended for sale, there shall be levied, assessed, collected, and paid a floor tax equal to the amount, if any, by which the tax provided for under section 8 of this title exceeds the tax paid upon the grape brandy or wine spirits used in the fortification of such wine.

(d) The person required by this section to pay any floor tax shall, within 30 days after the effective date of this title, make return under oath in such form and under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe. Payment of the tax shown to be due may be extended to a date not exceeding 7 months after the effective date of this title, upon the filing of a bond for payment in such form and amount and with such sureties as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe. All provisions of law (including penalties) applicable in respect of internal-revenue taxes on distilled spirits or wines shall, insofar as applicable and not inconsistent with this section, be applicable in respect of the taxes imposed by this section.

(e) As used in this section and in title II, the term "person" includes an individual, a partnership, an association, and a corporation; and the term "distilled spirits" includes products produced in such manner that the person producing them is a rectifier within the meaning of section 3244 of the Revised Statutes, as amended.

SEC. 11. As used in this act, the term "internal-revenue taxes" does not include taxes imposed under the Agricultural Adjustment Act.

SEC. 12. This title shall take effect on the day following its enactment.

The amendment was agreed to.

The next amendment was, on page 8, line 22, after the word "possess", to strike out "for sale"; in the same line, after the word "buy", to strike out "for sale"; on page 9, line 13, after the word "paid", to strike out "or"; in line 14, after the word "spirits", to strike out "held on the effective date of this title by any person and"; in line 16, after the word "for", to strike out "sale" and insert "sale; or" and the following:

(g) Any regularly established common carrier receiving, transporting, delivering, or holding for transportation or delivery distilled spirits in the ordinary course of its business as a common carrier.

So as to make the section read:

SEC. 201. No person shall (except as provided in section 202) transport, possess, buy, sell, or transfer any distilled spirits, unless the immediate container thereof has affixed thereto a stamp denoting the quantity of distilled spirits contained therein and evidencing payment of all internal-revenue taxes imposed on such spirits. The provisions of this title shall not apply to—

(a) Distilled spirits placed in a container for immediate consumption on the premises or for preparation for such consumption;

(b) Distilled spirits in bond or in customs custody;

(c) Distilled spirits in immediate containers required to be stamped under existing law;

(d) Distilled spirits in actual process of rectification, blending, or bottling, or in actual use in processes of manufacture;

(e) Distilled spirits on which no internal-revenue tax is required to be paid;

(f) Distilled spirits not intended for sale or for use in the manufacture or production of any article intended for sale; or

(g) Any regularly established common carrier receiving, transporting, delivering, or holding for transportation or delivery distilled spirits in the ordinary course of its business as a common carrier.

The amendment was agreed to.

The next amendment was, in section 207, on page 12, line 15, after the word "title", to insert "or who places any distilled spirits in any bottle which has been filled and stamped under this title without destroying the stamp previously affixed to such bottle"; in line 23, after the word "sells", to insert "or transfers"; and on page 13, after line 1, to insert "Any officer authorized to enforce any provision of law relating to internal-revenue stamps is authorized to enforce the provisions of this section and the provisions of section 7 of the act of March 3, 1897, relating to the bottling of distilled spirits in bond", so as to read:

SEC. 207. Any person who violates any provision of this title, or who, with intent to defraud, falsely makes, forges, alters, or counterfeits any stamp made or used under this title, or who uses, sells, or has in his possession any such forged, altered, or counterfeited stamp, or any plate or die used or which may be used in the manufacture thereof, or any stamp required to be destroyed by this title, or who makes, uses, sells, or has in his possession any paper in imitation of the paper used in the manufacture of any such stamp, or who reuses any stamp required to be destroyed by this title, or who places any distilled spirits in any bottle which has been filled and stamped under this title without destroying the stamp previously affixed to such bottle, or who affixes any stamp issued under this title to any container of distilled spirits on which any tax due is unpaid, or who makes any false statement in any application for stamps under this title, or who has in his possession any such stamps obtained by him otherwise than as provided in sections 202 and 203, or who sells or transfers any such stamp otherwise than as provided in section 202, shall on conviction be punished by a fine not exceeding $1,000, or by imprisonment at hard labor not exceeding 5 years, or by both. Any officer authorized to enforce any provision of law relating to internal-revenue stamps is authorized to enforce the provisions of this section and the provisions of section 7 of the act of March 3, 1897, relating to the bottling of distilled spirits in bond.

The amendment was agreed to.

The next amendment was, on page 13, line 9, after the word "and", to strike out "section 203" and insert "sections 202, 203, and 205", so as to read:

SEC. 208. This title shall take effect on the sixtieth day following the date of the enactment of this act, except that this section and sections 202, 203, and 205 shall take effect on the enactment of this act.

The amendment was agreed to.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries.

AMENDMENT OF EMERGENCY FARM CREDIT ACT (H.DOC. NO. 212)

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Banking and Currency, and ordered to be printed, as follows:

To the Congress:

I have already suggested to the Congress that one of our tasks, in the light of experience, is to improve and perfect previous legislation.

I now recommend that the Emergency Farm Credit Act of 1933 be amended to provide responsibility by the Government for the payment of the principal of, as well as interest on, bonds issued.

Two billion dollars of bonds were authorized. While the interest was guaranteed, the ultimate obligation of the Government for payment of the principal was not legally assumed. We should supplement what most of us frankly believe to be the moral responsibility of the Government by adding the necessary legal responsibility. The result of providing a bond on which both the principal and interest are guaranteed would be to put such bonds on a par with Treasury securities.

By setting up a corporation to issue these bonds, the important task of refinancing agricultural indebtedness can be continued on virtually a self-sustaining basis.

The Farm Credit Administration is expediting the disbursement of funds. In order that progress in making loans may be uninterrupted, I hope that the Congress will give attention to this subject as soon as possible.

It is true that technically the responsibilities of the Government will be increased by the amount of $2,000,000,000, but it seems in every way right that we thus publicly acknowledge what amounts already to a moral obligation.

In any event, the securities to be offered are backed, not only by the credit of the Government, but also by physical property of very definite value.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 10, 1934.*

TAXATION OF INTOXICATING LIQUORS

The Senate resumed the consideration of the bill (H.R. 6131) to raise revenue by taxing certain intoxicating liquors, and for other purposes.

Mr. HARRISON. Mr. President, I have two amendments which I desire to offer. They are suggested by the Treasury Department. One is to be inserted on page 13, and I will ask to have the amendment read.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 13, line 7, strike out all after "Sec. 208" and insert in lieu thereof the following:

This title shall take effect on the thirtieth day following the date of the enactment of this act, except that if on or before the twentieth day following the date of the enactment of this act the Secretary of the Treasury finds that it is impracticable to put this title into effect on the thirtieth day following the date of the enactment of this act, and so proclaims, specifying the date, not later than the sixtieth day following the date of the enactment of this act, on which it will be practicable to put this title into effect, this title shall take effect on the date specified in such proclamation. Notwithstanding the previous provisions of this section, this section and sections 202, 203, and 205 shall take effect on the date of the enactment of this act.

Mr. HARRISON. Mr. President, I will state the object of the proposed amendment. The pending measure, if enacted, will go into effect in 60 days, according to the present provision. The Treasury thinks it can have the stamps printed and the other arrangements made within 30 days, and this amendment is to take care of that situation.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HARRISON. I suggest one other amendment. I understand that sometimes liquors are put into containers containing less than a pint, and instead of imposing a tax of 1 cent on such containers I propose an amendment to make the tax lower than that.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 11, line 1, after the word "stamp", the Senator from Mississippi proposes to insert the following:

Except that in the case of stamps for containers of less than one half pint the price shall be one quarter of 1 cent for each stamp.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. REYNOLDS. Mr. President, I should like to ascertain from the Senator from Mississippi as to what the difference in revenue from that reduction would be.

Mr. HARRISON. The revenue feature did not enter at all into our consideration of this amendment. Our object was merely to try to distinguish between so-called "legitimate" liquor carried in containers or bottles, and "bootleg" liquor. It was shown to us that liquor is sometimes put into containers of one tenth of a pint. In such a case it would cost 84 cents a gallon if the manufacturer had to pay a cent tax on each such container. We thought that was unfair, so we propose to make the tax one quarter of a cent on that kind of a container.

Mr. REYNOLDS. Mr. President, I was unavoidably detained from the Chamber for a few moments, and I should like to make inquiry of the Chair as to whether or not there was further discussion of that portion of section 202, appearing on page 10 of the bill, which was called to the attention of the Senator from Mississippi by the junior Senator from Kentucky [Mr. LOGAN], now presiding.

The PRESIDING OFFICER. There was no further discussion.

Mr. REYNOLDS. With reference to that particular part of section 202 which was brought to the attention of the Senator from Mississippi by the Senator from Kentucky [Mr. LOGAN], I desire again to call the matter to the attention of the Senator from Mississippi.

The language in paragraph 202, on page 10, beginning with line 4, the word "such", is as follows:

Such stamps shall be promptly affixed to the immediate containers of such spirits, except that when such spirits contained in bottles in closed cases are held for sale or sold otherwise than at retail, such stamps need not be affixed until the cases are opened or sold at retail, when such stamps shall be immediately affixed to the bottles, but such stamps shall be sold or transferred in connection with any sale or transfer of such spirits and the person in possession of such spirits shall be in possession of such stamps therefor.

I interpret that to mean that when one is engaged in the business of distilling or manufacturing liquor, and making sales to wholesalers, who in turn sell to the retailers, when the bottled liquor, in case, is delivered from the manufacturer or the distiller to the retailer, each case is to be accompanied by stamps sufficient to be pasted upon each bottle sold at retail.

It is my opinion that this measure should require before the distiller or the manufacturer permits such cases to leave the factory or the doors of the distillery, every single bottle in a case should be stamped by the distiller, who is then in the possession of the revenue stamps.

Mr. HARRISON. Mr. President, I may say to the Senator that the provision to which he is referring applies only to liquor that is held at the date this proposed act shall take effect. It will not apply in the future.

Mr. REYNOLDS. It will not apply to the future?

Mr. HARRISON. No.

Mr. KING. It is not prospective.

Mr. REYNOLDS. Then I have no objection to that portion of the measure.

Mr. WALSH. Mr. President, I should like to have the attention of the Senator from Mississippi for a moment. I hold in my hand a telegram which I should like to read to him. It is as follows:

BOSTON, MASS., *January 10, 1934.*

Senator DAVID I. WALSH,
Senate Office Building:

Thanks for your interest. Hope proposed stamp tax, of which I read in Herald this morning, does not apply to flavoring extracts and medicinal preparations containing alcohol—would be disastrous to sale of small-size packages.

GEORGE H. BURNETT.

I want the RECORD to show that there is no occasion for the alarm expressed in this telegram because at no time has there been a requirement, under past laws or regulations, for a stamp tax upon extracts or medicines. I understand that this provision for a stamp tax applies only to spirituous liquors. Am I correct in making that statement?

Mr. HARRISON. I think the Senator is correct.

Mr. WALSH. Mr. President, I do not want to delay the passage of this bill, but I desire to speak briefly on the subject of the tax upon beer. In the committee I offered an amendment seeking a reduction in this tax in the hope and expectation that it might result in furnishing the public with a glass of beer at the popular price of 5 cents.

Some of the Senators have already, through inquiries made of the Senator from Mississippi, indicated that the public was unable under existing conditions and taxes to receive a glass of beer for 5 cents. I have made some inquiries and studies into the subject, and I find that the interdepartmental committee found that beer was being sold at wholesale at $12 per barrel. The very best of beer, I understand, is not more than $15 per barrel. The usual price, however, is about $12 per barrel, and this wholesale price includes the tax that has been levied upon beer, namely, $5 per barrel. There are over 490 glasses of beer in a barrel. There being 490 glasses of beer in a barrel, the retailer has been receiving at 10 cents per glass about $50 for the barrel of beer which cost him but $12.

Under these facts, which are not seriously disputed, it would seem to me to indicate that the tax of $5 a barrel

should not prevent a reasonable profit to the retailer and the possibility of a glass of beer for the working class at 5 cents per glass, for if the retailer can purchase beer at $12 per barrel, and as there are 490 glasses of beer in a barrel, it can readily be seen that the retailer will be able to make a very substantial profit on beer at 5 cents a glass, amounting to as much as 100 percent of the wholesale price.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Utah?

Mr. WALSH. I yield.

Mr. KING. It occurred to me when the matter was under discussion in the Committee on Finance, of which the Senator from Massachusetts and myself are members, that there ought to be some difference in the charges between beer which has an alcoholic content of 3.2 percent and less as compared with beer which has a higher alcoholic content. I was wondering if the Senator has given any thought to that particular subject. It seemed to me then, as it does seem to me now—and I was not satisfied with the action of the committee—that we ought to have made some differentiation between the two classes of beer.

Mr. WALSH. I have entertained, Mr. President, the same opinion the Senator has just expressed. There are, however, certain difficulties in the way of levying a different tax upon beer with 3.2 percent alcoholic content and beer with a higher alcoholic content. First of all, the matter of administration. The Treasury Department stated it would be very difficult, if not impossible, of administration. There are, however, other difficulties.

There has been an underneath fight, I will say with the Senator's permission, between the producers of light beer and the producers of heavier beer, known as "ale", and it was originally proposed that a separate tax be imposed upon beer known as "lager" and a higher tax upon beer known as "ale." All that was discussed before the Committee on Ways and Means, and they finally concluded that the best way to handle the problem was to levy a flat tax of $5 per barrel on all types of beer, regardless of alcoholic content. I will say to the Senator that I have reached that conclusion too, after first being greatly impressed with the fact that there should be a difference in the taxes as between beer which is not intoxicating and beer which may be intoxicating.

A concession has already been made on beer that is intoxicating. Under the present law the tax on beer, other than 3.2 percent, is $6 per barrel. This proposed rate is $5 per barrel. As the Senator also knows, the rate now upon the 3.2 percent beer is $5 a barrel. So that the rate that is imposed in this measure does not make any increase.

I am satisfied from a review of the discussion that there is no reason why the American public cannot, with a $5 barrel tax, get a 5-cent glass of beer, unless there is some profiteering along the line. I am also informed by the experts of the Government who have reviewed this subject that practically all beer in Milwaukee is 5 cents per glass now. The Senator from Missouri [Mr. CLARK] this morning informed the Senate of the fact that good beer can be obtained in the city of Baltimore at 5 cents a glass, and I am also informed that there are places in Washington where one can get beer at 5 cents a glass.

It seems to me that on the whole this rate is fair, and especially in view of the fact that there is such great need of revenue, and a reducing of this rate would very substantially reduce the total revenues that the Government is going to receive.

The Committee on Finance did, however, make a concession with the idea of lessening the argument that we were taxing the beer industry too much, by reducing the occupational tax paid by the brewer from $1,000 to $100. That is to the advantage of the brewing industry in reducing its overhead and the cost of producing good beer at a popular price.

I am content, Mr. President, as I said before, that the interdepartmental committee have done a very good job in their study of this question and in the rates they have recommended. They have carried out the wishes of the President and of the members of the committee to recognize this as a social problem as well as a revenue problem; therefore the rates have not been extreme on either spirituous liquors or on beer or upon wine.

The rates do not interfere with the desideratum of providing fine beverages at reasonable prices to the American public.

I hope the bill will pass without amendment.

The VICE PRESIDENT. The bill is open to amendment.

Mr. CLARK. Mr. President, I offer an amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the end of title I, it is proposed to insert a new section, as follows:

Section 5 of the act entitled "An act making appropriations for the Post Office Department for the year ending June 30, 1918", approved March 3, 1917, as amended, is amended to read as follows:

"SEC. 5. Whoever shall order, purchase, or cause intoxicating liquors to be transported in interstate commerce, except for scientific, sacramental, medicinal, and mechanical purposes, into any State, Territory, or the District of Columbia, the laws of which prohibit the manufacture or sale therein of intoxicating liquors for beverage purposes, shall be fined not more than $1,000 or imprisoned not more than 6 months, or both; and for any subsequent offense shall be imprisoned not more than 1 year."

SEC. 2. Nothing in this act shall be construed to amend or repeal any provision of section 1110 of the Revenue Act of 1918.

Mr. CLARK. Mr. President, the amendment which I have just offered is designed to repeal a portion of what was known as the "Reed amendment to the Post Office appropriation bill of 1917." That amendment consisted of two parts. The first part prohibited the sending by mail or express into any dry State of any periodical or newspaper containing advertisements of spirituous liquors. The second portion of the Reed amendment prohibited the shipment into a dry State of any beer or spirituous liquors.

The first part of it is now working a great hardship on a great many newspapers, and is not serving any useful public purpose whatever. I do not think it will be gainsaid that, as a fundamental proposition, advertising of liquor does not increase the gross sale or gross consumption of liquor. It may change the distribution between various firms that are manufacturing liquor, but certainly nobody begins to drink liquor because he reads an advertisement of it in a newspaper.

As it operates at present, some newspapers are compelled to get out as many as five or six different editions in order to conform to the various laws of different States into which they are sent. Under the present law magazines are going out constantly with great blank spaces where advertising has been left out.

I do not believe any purpose whatever is to be served by maintaining that portion of the amendment on the statute books. The amendment as drawn retains in the statute the prohibition against shipment of liquor into dry territory.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Utah?

Mr. CLARK. I yield.

Mr. KING. I ask the Senator as a legal proposition, and I should be very glad to get his view, whether the repeal of the law which his amendment contemplates would prohibit a State that was controlled by very dry sentiment from passing an act forbidding advertisements of the sale or manufacture of alcoholic liquors forbidden to be sold within the State?

Mr. CLARK. I do not think it would.

Mr. KING. In other words, the Senator does not think that the Congress would have the right, under the interstate commerce power which it possesses, to prohibit a State which is dry from prohibiting such advertisements within the State?

Mr. CLARK. That is not my opinion.

Mr. KING. Would not the amendment proposed by the Senator from Missouri really go a little farther than he contemplates?

Mr. CLARK. I do not think so. The only extent to which my amendment goes is simply to strike out certain language in the so-called "Reed amendment" to the Post Office appropriation bill of 1917. It was necessary to set out the second part thereof in this amendment because the penalties were contained in the part which I am seeking to strike out. I have simply rewritten the second portion of the existing Reed amendment to include the penalties in that section.

Mr. WALSH. Mr. President, may I ask the Senator if this amendment is similar to the amendment that was incorporated in the law legalizing 3.2 beer?

Mr. CLARK. Precisely; it conforms exactly to what we did in the case of the beer bill.

Mr. WALSH. It is simply extending the principle that was applied in the case of 3.2 beer?

Mr. CLARK. That is correct.

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

Mr. CLARK. I yield.

Mr. McKELLAR. Does it change the penalty provided in the Reed amendment?

Mr. CLARK. No penalty is contained in the first portion of the provision which I am seeking to strike out. I have simply rewritten it and applied its other portion to the pending bill.

Mr. HARRISON. Mr. President, of course, we were going to have another bill that will come along to which this amendment would more aptly apply. I have no objection to the idea.

Mr. TRAMMELL. Mr. President, will the Senator from Missouri yield?

Mr. CLARK. I think the Senator from Mississippi has the floor.

Mr. HARRISON. I yield to the Senator.

Mr. TRAMMELL. What I should like to be assured of is that this amendment—I have not had an opportunity to read it—does not give any advantage to the periodicals and newspapers outside a State over papers published within a State in the matter of carrying advertising.

Mr. CLARK. It gives none at all; it simply repeals the provision of the present law.

Mr. TRAMMELL. That is something that we should be very certain of, I think, because certainly publications within a State should have the same advantage and the same opportunity for carrying these advertisements that are enjoyed by papers without a State that might circulate within a given State.

Mr. CLARK. It gives them no advantage whatever. As the Senator from Massachusetts has pointed out, it is precisely the same provision that was contained in the beer bill.

Mr. TRAMMELL. I have no objection to the amendment; I just wanted to raise that question and to make sure with regard to that particular point.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri.

Mr. SHEPPARD. Mr. President, it seems to me that for the proper protection of the "dry" States the language the Senator seeks to have repealed ought to be retained, and I shall therefore vote against the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri.

The amendment was agreed to.

Mr. CLARK. Mr. President, I desire to offer another amendment.

The PRESIDING OFFICER. The Senator from Missouri offers an amendment, which will be stated.

The CHIEF CLERK. On page 8, after line 17, it is proposed to insert the following:

SEC. 13. There shall be levied, collected, and paid upon all wines and distilled spirits when imported into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam), or when withdrawn from bond for consumption or use, if such wines or distilled spirits are exported directly or indirectly from any foreign country which is in default on its national indebtedness to the United States incurred in connection with the World War, the following duties, respectively: On wines, $3 per gallon; on distilled spirits, $5 per gallon. Such duties shall be in lieu of the duties prescribed under existing law; and the provisions of existing law (including penalties) shall apply to the assessment and collection of such duties.

(b) The amount of duties collected under the provisions of subsection (a) shall be credited to the amount due on such national indebtedness to the United States of such foreign country and shall be considered payment on account of such indebtedness by such country.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri.

Mr. HARRISON. Mr. President, I hope the Senator will not insist on that amendment, because it will merely prolong the discussion to, perhaps, a considerable extent. I am very anxious to get this bill acted on by the Senate and sent over to the House this afternoon so that the House may concur in the amendments made by the Senate.

Mr. CLARK. Mr. President, so far as I am concerned, I have no desire to debate the amendment; it speaks for itself. It is directed to this proposition, that the principal nations of the world which are in default to us are looking to the repeal of the eighteenth amendment to lead them out of the depression, and at the same time they are thumbing their noses at us on the debts they owe us. This amendment is for the purpose of penalizing the nations that are acting as deadbeats in the world.

Mr. HARRISON. I ask for a vote.

Mr. NORRIS. Mr. President, I think I am in entire sympathy with what the Senator from Missouri seeks to accomplish, but I have never read the amendment; I have only heard it as the clerk has read it, and, as I caught it from that reading, it seems to me there are some portions of it that ought to be stricken out. It ought to stop, as I view it, at the levy of the extra tax. There is some provision in the amendment about a credit that is to be given on the debts. That provision ought to be stricken out, I think.

Mr. CLARK. I am inclined to think the Senator is correct about that, and I am perfectly willing to withdraw that portion of the amendment.

Mr. NORRIS. Very well, let it be read again with those words out.

The PRESIDING OFFICER. The clerk will report the amendment as modified.

The CHIEF CLERK. It is proposed to strike out of the amendment paragraph (b), as follows:

The amount of duties collected under the provisions of subsection (a) shall be credited to the amount due on such national indebtedness to the United States of such foreign country and shall be considered payment on account of such indebtedness by such country.

Mr. JOHNSON. Mr. President, I ask to have the amendment read as it will read with subsection (b) stricken out.

The PRESIDING OFFICER. The clerk will read the amendment as modified.

The CHIEF CLERK. On page 8, after line 17, it is proposed to insert the following:

SEC. 13. There shall be levied, collected, and paid upon all wines and distilled spirits when imported into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam), or when withdrawn from bond for consumption or use, if such wines or distilled spirits are exported directly or indirectly from any foreign country which is in default on its national indebtedness to the United States incurred in connection with the World War, the following duties, respectively: On wines, $3 per gallon; on distilled spirits, $5 per gallon. Such duties shall be in addition to the duties prescribed under existing law; and the provisions of existing law (including penalties) shall apply to the assessment and collection of such duties.

Mr. WALSH. Mr. President, I should like to inquire of somebody who knows, what are the duties under the existing law?

Mr. HARRISON. The present tariff rate is $5 per gallon.

Mr. WALSH. I thought a different scale of duties applied to wines and distilled spirits.

Mr. HARRISON. That is true.

Mr. WALSH. What are the duties on wines?

Mr. HARRISON. The duty on champagne is $6 a gallon.

Mr. WALSH. Is the result, then, going to be simply to penalize the American people who consume these wines and liquors, or is the amendment really going to be effective in

calling the attention of the authorities of foreign countries to the fact that we want our debts paid? It seems to me that we ought not to penalize our own people who want to drink imported liquors. Is it merely an extra tax, or will it be effective in awakening the conscience of the responsible leaders of foreign countries that owe us debts? This business of retaliatory or punitive tariff duties is dangerous. It can lead to most serious consequences and become more harmful to the country imposing than to the country that it is sought to punish. Such action ought to be taken after careful study of all aspects of the issue.

Mr. CLARK. Mr. President, I will say to the Senator from Massachusetts, if he will permit me, it was my thought in proposing such a tax as this that it would awaken the self-interest of the debtor European nations to the fact that the United States is thoroughly in earnest in wanting paid the debts due it. I think it is a sufficiently large tax, while not being prohibitive, to bring about that result.

Mr. WALSH. That was the reason for my inquiry as to what the existing tax is. Can we not have some schedule of taxes submitted to us so that we will know what we are voting on, and not suddenly and quickly put an extra tax on without knowing what the present tax is?

Mr. KING. Mr. President, the question presented by the amendment offered by the Senator from Missouri was considered in the House when the bill before us was under discussion, and a similar motion was rejected. My recollection is that the Committee on Ways and Means, in preparing the bill, also considered and rejected the proposition. It seems to me that this is an inopportune time to deal with the foreign debt question. It is quite likely Congress will consider before adjournment the question of the indebtedness of foreign governments to the United States. There are many angles to this question and important problems that will be encountered in its determination.

The American people are eager to find markets for their surplus products. Recently loans were made to China to enable her to buy American wheat and cotton, and suggestions are being made from time to time by representatives of agriculture that plans be evolved and put into operation that will result in finding markets for surplus agricultural commodities. We know that our manufacturers and industrialists are seeking outlets for their products. In every part of our land we hear statements to the effect that there has been overproduction, that warehouses and mills and elevators are overflowing with the products of field and farm and mill and factory, and that foreign markets must be secured for these enormous surpluses.

The administration, as we know, is desirous of finding foreign markets for the sale of American products. Every rational person knows that trade and commerce are indispensable to the welfare and prosperity of individuals and nations.

Reactionary policies have been impediments to international commercial transactions. A few years ago our exports amounted to from six to eight billions of dollars. They have diminished until for the year 1932 they were approximately $1,600,000,000, and the balance of trade in favor of the United States was but three hundred million.

I might add that for the same year we imported from France commodities of the value of $44,736,000 and sold to France commodities of the value of more than $111,561,000; and during the current year our exports to France have been very much larger than our imports. It is obvious that, if the amendment pending becomes law, it will provoke retalitory measures and our exports to France will be materially diminished, if not absolutely interdicted, which will result in material injury to our industrialists as well as our agriculturists, who are finding markets in France for some of their surplus products.

Canada has been our best market. Great Britain has been second on the list, and France has been one of the largest purchasers of American commodities. We are profiting more than is France by the commercial relations between the two countries. Any course that will cut off our trade with France will injure her less than it will the United States. It is true France, as well as other countries, have failed to meet their payments to our Government; they have defaulted in their obligations to us, and this situation calls for earnest, calm, and judicial consideration. We cannot, it seems to me, in a sort of cavalier way meet this important question.

There has been no serious and intensive examination of the broad questions involved. There is no report, so far as I am advised, resulting from a comprehensive study of all of the questions involved, together with the implications that will inevitably arise therefrom. This debt question has broader implications than arise from the adoption of the amendment under consideration. As indicated, the failure of governments to meet their obligations to our Government may well warrant a thorough examination and a comprehensive study, with a view to formulating a policy and a line of procedure adequate to meet the situation. The adoption of the amendment before us is attacking a problem in a piecemeal way and not in a broad and comprehensive manner.

Senators should, in considering this matter, keep in mind the fact that under the regulations now in force all wines and liquors imported are placed under quotas. I am not clear as to the authority of the organization with which Mr. Choate is connected to modify quotas after they are promulgated. It may be that if it is desired to punish France, authority now exists to restrict imports of wines and liquors from France.

At any rate, this debt problem is one which may not be disposed of by the motion of the Senator, and I repeat when I declare that there are so many angles to be considered, and so many ramifications affecting the question, that it would be unwise, in my opinion, to adopt the amendment referred to.

The senior Senator from California has a measure pending which will be considered within the next day or two which, directly or indirectly, deals with the question of foreign debts. Under the circumstances, I venture to suggest that it is the part of wisdom to follow the action of the House when a similar amendment is offered and vote down the pending amendment.

Mr. HARRISON. Mr. President, I hope very much that the Senator from Missouri will not insist on a vote on this amendment. It is a question that was not considered by the Finance Committee. Whenever we get into a discussion on the foreign debt default it arouses the passions and the prejudices of Senators, and I include myself because I have no sympathy with some of those nations that are not trying to make some effort at least to pay something upon their debts. But here we are bent upon trying to pass a domestic measure that will increase taxes on a particular product that will be helpful to our own country. This amendment, if adopted here expressing the sense of the Senate, is likely to tie up the matter indefinitely. Such a step should be taken most carefully and after mature deliberation and consideration. The amendment should be drawn with care and should be debated for a considerable time, because every Senator would want to express himself upon it. I hope, Mr. President, that it may not be insisted upon at this time. I should vote against the amendment even though I am in entire sympathy with its purposes.

Some of the foreign countries have paid part upon their debt. The amendment touches them all, regardless of that fact. I have more sympathy with England than I have with France because England has done much more than has France, and yet the amendment would impose the same penalty upon one defaulting nation as on the other. The only nation that would be excepted would be Finland, to which the President called attention the other day.

If the Senate should act now on this matter, perhaps influenced by a belief this is not the psychological time or that it is inopportune and that such a provision should not be incorporated in a bill such as the one now pending before us, and if we should vote it down by 3 or 4 to 1, it would be heralded in the press of foreign countries that such was the sober expression of the Senate of the United States. I do

not want that impression to go out. I would rather have it be reported that the Senate unanimously adheres to the position it has already taken and expressed in other resolutions passed to the effect that we want these debts paid.

I have no doubt that the matter ought not to be pressed at this time and put upon this bill; first, because it will not carry with it a full and frank expression of just what the Senate may think; and second, because it is likely to cause a delay in the final enactment of this imperative legislation for liquor taxation.

Then, too, it is no secret that President Roosevelt has been considering the question of submitting a message to the Congress on reciprocal trade or marketing agreements. In those agreements the President would take into consideration whether a defaulting nation had made part payment or not, so that it would be unnecessary to write it into other legislation. It ought not to be written into such legislation as this. Diplomats do not act in that way. The Senate has expressed itself about the debt question. It has expressed itself unanimously against cancelation of the debts in the moratorium resolution which we adopted. Let us not clog the wheels here in connection with this legislation which we want to expedite so the Government may receive the tax money involved.

When the reciprocal trade legislation comes here it would be a more appropriate time, if the Senator from Missouri wanted to offer his amendment, for the Senate then to consider it. If we have confidence in those carrying on the diplomatic relations of the country and those who are administering the Government, then such matters as this should be left to them to consider instead of writing them into law and saying they must do this and must do that. Let us not at this particular time slap somebody in the face. Let us not try to clog and disarrange some of our diplomatic relationships, because it is unnecessary in the writing of a tax bill relating to liquor. I hope the distinguished Senator from Missouri will not insist upon his amendment under the circumstances.

Mr. WALSH. Mr. President, I merely wish to call attention to a line in the address of the President on the convening of Congress:

> I expect to report to you later in regard to debts owed the Government and the people of this country by the governments and peoples of other countries.

Mr. JOHNSON. Mr. President, as I understand the amendment, it neither settles one question nor another in respect to the foreign debts, but it deals with the very subject matter of the bill that is now under consideration. We have before us a bill providing a tax upon liquors. The amendment increases the tax upon imported liquors. It does it, it is true, as against defaulting nations in their payments to the United States upon the indebtedness now existing, but for the love of heaven is there any reason why the United States, or the Congress, dealing with a taxation measure, should not penalize in favor of its own people those nations which decline to honor their obligations to us. Dealing with the amount of money that is to be realized from liquor, dealing with those particular countries that have defaulted in their payments to us, is there any reason why we should not tax their liquors at a higher rate than we tax our own? That is all that is presented by the amendment except, of course, the use of the interdicted words, "the defaulting nation in payment of debts to the United States."

If that is all there is to the amendment, there is not, in my opinion, any reason why it should not be adopted. It will aid Americans. It will aid wine men throughout this Nation. It will add to the revenue collected from liquor in this country under this bill, and there is no reason that I can fathom why that should not happen.

I cannot answer any of the inquiries that have been propounded in respect to reciprocal trade relations. On the 27th of December, after reading in the press that there has been some relationship established between a quota upon wines in France and the delivery of some apples from the United States to France, I addressed a communication, which I trust was wholly courteous in character, to Mr. Livesey of the Senate Department, who is advertised as the gentleman who has made the arrangements with France, asking what it was and asking as well for information upon the quotas that had been established by France in relation to American goods.

Of course, that communication was delivered during the holiday season, I concede, and equally of course I concede that from the 27th day of December until the 9th or 10th day of January would not afford ample opportunity for a distinguished member of the State Department to reply to a courteous query addressed by a Member of the United States Senate. So I have not at hand the exact information that I sought at that time, and perhaps I may never have it, for I have had some dealings in the past with distinguished gentlemen in my search for knowledge that might enable me to legislate accurately, and my experience at least has aroused within me a skepticism that perhaps I may never obtain officially that which I thus seek.

But, sir, there is another aspect to this as well. It may be the question should not have arisen in this particular manner. I doubt that, however, for I think it a perfectly proper amendment. When confronted with an amendment of this sort which expresses the opinion of the Senate concerning the debts that are due and which puts upon those defaulting nations at least the penalty of paying a higher tax upon that which we are making ourselves, there is no reason of the slightest character why that should not be undertaken.

I have a bill upon the calendar which possibly may be reached this afternoon—if not, when the next call of the calendar is made—the design of which is to have the Congress of the United States upon record so that there can be no mistake respecting it. It prohibits, in the future, the sale or the dealing in foreign securities of various countries which have defaulted in their indebtedness to us.

I cannot assume, sir, that there will be any objection to a measure of that sort. It ought to be passed, and it ought to be passed instanter; but I see no objection to an additional tax to those nations which have defaulted, and I trust that the amendment of the Senator from Missouri may be agreed to.

The PRESIDING OFFICER (Mr. POPE in the chair). The question is on the amendment of the Senator from Missouri [Mr. CLARK].

Mr. NORRIS. I ask that the amendment be stated again. I have been trying to get it in order to read it but have been unable to do so.

The PRESIDING OFFICER. The amendment will be restated.

The legislative clerk read as follows:

> SEC. 13. There shall be levied, collected, and paid upon all wines and distilled spirits when imported into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam), or when withdrawn from bond for consumption or use, if such wines or distilled spirits are exported directly or indirectly from any foreign country which is in default on its national indebtedness to the United States incurred in connection with the World War, the following duties, respectively: On wines, $3 per gallon; on distilled spirits, $5 per gallon. Such duties shall be in addition to the duties prescribed under existing law; and the provisions of existing law (including penalties) shall apply to the assessment and collection of such duties.

Mr. NORRIS. Mr. President, may I have the attention of the author of the amendment? Where reference is made to "existing law", ought it not to be "this act"? Are those duties prescribed in this act?

Mr. CLARK. No.

Mr. NORRIS. I am informed that it does not impose those duties.

Mr. CLARK. No, sir.

Mr. NORRIS. Then it seems to me the amendment is all right as it is.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Missouri [Mr. CLARK].

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Adams	Copeland	Hebert	Reynolds
Ashurst	Couzens	Johnson	Robinson, Ark.
Austin	Cutting	Keyes	Robinson, Ind.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Bone	Erickson	McAdoo	Steiwer
Borah	Fess	McGill	Stephens
Brown	Fletcher	McKellar	Thomas, Okla.
Bulkley	Frazier	McNary	Thomas, Utah
Bulow	George	Murphy	Thompson
Byrd	Glass	Neely	Trammell
Byrnes	Goldsborough	Norris	Tydings
Capper	Gore	Nye	Vandenberg
Caraway	Hale	O'Mahoney	Van Nuys
Carey	Harrison	Overton	Walsh
Clark	Hastings	Patterson	Wheeler
Connally	Hatch	Pittman	
Coolidge	Hayden	Pope	

Mr. LEWIS. I desire to announce that the Senator from Alabama [Mr. BLACK] and the Senator from Nevada [Mr. MCCARRAN] are detained in an important committee meeting of the Senate.

I also desire to announce that the Senator from New York [Mr. WAGNER] and the Senator from Colorado [Mr. COSTIGAN] are detained from the Senate on important departmental business.

Mr. OVERTON. I desire to announce that my colleague the senior Senator from Louisiana [Mr. LONG] is necessarily detained from the Senate.

The PRESIDING OFFICER. Eighty-two Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Missouri [Mr. CLARK].

Mr. NORRIS. I ask for the yeas and nays.

Mr. DILL. Mr. President, I think there is much merit in what the Senator from Arizona has said. On the other hand, there ought never to be any misunderstanding as to the sentiment of the people of this country, and, I believe, of the Members of this body, on what our attitude should be toward a country which does not even make an attempt to pay a debt that it has not only recognized, but recognized by an agreement under which we have agreed to cancel the entire principal of the debt if the country will but pay a rate of interest upon that principal.

I think it is unfortunate that the amendment should be presented at this time; but, since it is presented, it seems to me that, from my viewpoint, there is only one thing I can do, and that is to express my views by voting for the amendment.

Mr. ROBINSON of Arkansas. Mr. President, I inquire whether the amendment was submitted to the Committee on Finance?

Mr. HARRISON. It was not submitted to the Committee on Finance. The committee gave it no consideration at all.

Mr. LA FOLLETTE. Mr. President, I am sure the Senator wishes to be accurate. If my recollection serves me correctly, the Senator from Missouri desired to offer the amendment in the committee, but the Senator from Mississippi asked him to offer it instead on the floor.

Mr. HARRISON. My recollection is that that was an amendment with reference to advertisements going out of wet States into dry States. I recall nothing in the world with reference to this amendment coming up in the committee.

Mr. LA FOLLETTE. The Senator may be right about that.

Mr. CLARK. That statement is correct. I did not offer the amendment in the committee.

Mr. HARRISON. I may say further to the Senator from Arkansas that so anxious were we to divorce these other controversial matters from this legislation and speed this bill along that we left out the tariff question. We considered first incorporating in the bill the reciprocal trade-agreement authority to the President, but we wanted to eliminate possibilities of controversy, and for that reason we left it out of the bill.

I hope very much that this question will not become involved in the pending legislation; and while I am in sympathy with everything the Senator from Missouri is proposing, this is just not the proper place for the amendment to go on; I hope, therefore, it will be rejected.

Mr. ROBINSON of Arkansas. Mr. President, the amendment involves not only the imposition of duties which will provoke, as has already been announced by one Senator, tariff issues in the Senate which would be difficult to determine and probably invite retaliatory tariff action by some foreign governments, but it also involves questions of policy to which little consideration has been given except by those Senators who have been fortunate enough to have the opportunity of studying them.

I do not believe this amendment ought to be incorporated in the bill.

The PRESIDING OFFICER. On this question the yeas and nays have been demanded. Is the demand sufficiently seconded?

The yeas and nays were ordered.

Mr. NORRIS. Mr. President, I had not intended to say anything on the pending measure, because I am anxious to expedite it, just as is every other Senator; but those who desire to defeat the pending amendment have urged various objections to it which seem to me to be unwarranted.

What is this amendment which everybody favors but nobody wants? We are told that the Senate is for it, and that the country is for it, but that we are not to vote for it. We are told that it was not offered in the committee. If it be true that that is an objection sufficient to warrant the defeat of the amendment, then it must follow that whenever any legislation is proposed here in the future it must be passed as the committee reports it, without opportunity to offer amendments in the Senate.

I concede, to begin with, that it would have been better if this matter had been handled in the committee, if they had had an opportunity to frame the amendment; but the committee did not do that.

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

Mr. NORRIS. I yield.

Mr. CLARK. I should like to say, on that point, that when the bill was reported on Monday the committee had had it under consideration in the afternoon, the Senate was being held in session, and it was deemed very important that the bill be brought in. I had previously announced that I intended to offer this amendment, but I did not see any necessity to delay reporting the bill by presenting the amendment in the committee.

Mr. NORRIS. Mr. President, the amount of the foreign debt has been settled, has been determined, has been agreed upon by the Government of the United States and the foreign nations.

It seems to me that the idea of hereafter considering the debts should not be entertained. We have had the question of the debts before us, we have debated it at length; and against the ideas of some of us who believe that the debts were fairly and honestly incurred and ought to be paid in full we have seen agreements approved between our Government and other governments by which nearly the whole of the debt was forgiven, and now no payments are made on the settlements agreed to.

As I understand it, the proposed amendment would apply to the nations which are in default. There has been no claim, so far as I know, that any of these agreements were made under duress, or were unfair. In round numbers we have forgiven about half the debts, and our taxpayers today are paying the debts of Europe. They are really repaying the money which the European nations borrowed from our Government.

Mr. President, the debtor nations asked for the money they received; we did not force it upon them. When we came to settle, generously we took off one half of the debt, and our people have to pay the other half, and are paying it now. In these times of depression this taxation, which has been placed upon the shoulders of the American people, has

been increased, and will continually be increased, by the amount of money which we forgave from debts which were fairly and honestly incurred.

Now we are confronted with a proposal to levy a tax on spirituous liquors imported from those countries greater than that levied on liquor from other governments. Those governments could get rid of that tax by paying what they owed. They are not required to pay all the debts; they are required to pay only according to the very agreements which these different governments have made and have sanctioned.

There would be no injustice in this. I do not suppose there would be this result, but suppose it did result in some of these governments not shipping us any whisky. The American people are bright. If they will just be patient, the American people will make their own champagne and make their own wine. Why this clamor that we must look after liquor first before we take up any other tariff problem?

Copper has been mentioned, and as far as that is concerned, the problem is not a difficult one to solve. If the Senator from Arizona will offer his amendment, for one, I will vote for it. But the effort is to have this apply particularly to liquor, which we can get along without, and which we can produce ourselves, and get drunk on liquor we manufacture ourselves. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Missouri [Mr. CLARK]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BULOW (when his name was called). I have a pair with the senior Senator from New Jersey [Mr. KEAN], who is absent. I therefore withhold my vote.

Mr. McKELLAR (when his name was called). On this vote I have a pair with the senior Senator from Delaware [Mr. TOWNSEND]. Not knowing how he would vote, I withhold my vote.

Mr. ROBINSON of Arkansas (when his name was called). I have a general pair with the Senator from Pennsylvania [Mr. REED], who is necessarily absent. Not knowing how he would vote on this question, I transfer that pair to the Senator from Alabama [Mr. BLACK] and vote "nay." I am not advised as to how the Senator from Alabama would vote.

Mr. TYDINGS (when his name was called). On this vote I have a general pair with the senior Senator from Rhode Island [Mr. METCALF], who is absent. I do not know how that Senator would vote if he were present. If I were permitted to vote, I should vote "nay."

Mr. HEBERT. Mr. President, I desire to announce that the following Senators are necessarily absent: Mr. GIBSON, Mr. METCALF, Mr. NORBECK, Mr. WALCOTT, Mr. WHITE, Mr. KEAN, Mr. TOWNSEND, and Mr. REED.

I also desire to announce that the Senator from Connecticut [Mr. WALCOTT] has a pair with the Senator from Colorado [Mr. COSTIGAN]. I am not advised how either of these Senators would vote if present and voting.

The Senator from West Virginia [Mr. HATFIELD] is necessarily detained. If present, he would vote "yea."

Mr. PATTERSON (after having voted in the affirmative). I have a general pair with the Senator from New York [Mr. WAGNER]. I am not advised how he would vote on this question and therefore transfer my pair to the Senator from West Virginia [Mr. HATFIELD] and let my vote stand.

Mr. LEWIS. I wish to announce that the Senator from Alabama [Mr. BLACK] and the Senator from Nevada [Mr. McCARRAN] are detained in an important committee meeting and are therefore unable to be present on this vote.

I also wish to announce that the Senator from Colorado [Mr. COSTIGAN] and the Senator from New York [Mr. WAGNER] are necessarily absent on departmental business for their constituents.

Mr. OVERTON. I wish to announce the necessary absence of my colleague [Mr. LONG].

The vote was recapitulated by the legislative clerk.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. On this question the yeas are 40, the nays are 39, so the amendment is agreed to.

Mr. HARRISON. Mr. President, I was on my feet seeking recognition to ask for a recapitulation of the vote, it was so close.

The PRESIDING OFFICER. The clerk will again recapitulate the vote.

The vote was recapitulated.

The result was announced—yeas 40, nays 39, as follows:

YEAS—40

Bachman	Copeland	Hastings	Nye
Barbour	Davis	Hebert	Patterson
Bone	Dickinson	Johnson	Robinson, Ind.
Borah	Dill	La Follette	Russell
Brown	Duffy	Lewis	Schall
Capper	Erickson	McAdoo	Shipstead
Caraway	Fess	McGill	Steiwer
Carey	Frazier	McNary	Trammell
Clark	George	Murphy	Vandenberg
Connally	Goldsborough	Norris	Wheeler

NAYS—39

Adams	Couzens	Keyes	Robinson, Ark.
Ashurst	Cutting	King	Sheppard
Austin	Dieterich	Logan	Smith
Bailey	Fletcher	Lonergan	Stephens
Bankhead	Glass	Neely	Thomas, Okla.
Barkley	Gore	O'Mahoney	Thomas, Utah
Bulkley	Hale	Overton	Thompson
Byrd	Harrison	Pittman	Van Nuys
Byrnes	Hatch	Pope	Walsh
Coolidge	Hayden	Reynolds	

NOT VOTING—17

Black	Kean	Norbeck	Walcott
Bulow	Long	Reed	White
Costigan	McCarran	Townsend	
Gibson	McKellar	Tydings	
Hatfield	Metcalf	Wagner	

So Mr. CLARK's amendment was agreed to, as follows:

On page 8, after line 17, insert the following:

"SEC. 13. There shall be levied, collected, and paid upon all wines and distilled spirits when imported into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam), or when withdrawn from bond for consumption or use, if such wines or distilled spirits are exported directly or indirectly from any foreign country which is in default on its national indebtedness to the United States incurred in connection with the World War, the following duties, respectively:

"On wines, $3 per gallon; on distilled spirits, $5 per gallon. Such duties shall be in addition to the duties prescribed under existing law, and the provisions of existing law (including penalties) shall apply to the assessment and collection of such duties."

Mr. COPELAND. Mr. President, I call the attention of the Senator in charge of the bill to page 5, the second paragraph.

The matter involved here is the question of the tax on artificially carbonated wines. A little while ago I made an appeal to the Senate that, in the interest of temperance and agriculture, there should be a lower tax upon light wine of an alcoholic content under 14 percent. I seemed to have no support from Senators from grape-growing States. Therefore I did not press the matter. I mention it now, however, because there is a larger group of Senators present.

It certainly seems to me that in every State where grapes are grown commercially there should be an interest in lowering the tax on this particular type of wine. If we are hoping to promote temperance, we want to make light wine as cheap as possible. If we are interested in agriculture, we want to help the grape grower. Every time a cent of tax is put on this light wine it means that a tax of $2 per ton is placed on grapes. A tax of 10 cents per gallon on light wine represents a tax of $20 per ton on grapes. It seems to me that every Senator from a grape-growing State ought to be interested in expressing some sentiment regarding this particular item.

Mr. JOHNSON. Mr. President——

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

Mr. COPELAND. I yield.

Mr. JOHNSON. I interrupt the Senator from New York because he made the statement that those from grape-growing States ought to be interested in this item. I am interested. I have been so intensely interested in the matter that I have been canvassing the situation to see whether or not there could be a reduction in the tax upon wines of no higher degree of alcoholic content than 14 percent; but I met with so little acquiescence that I thought it was prob-

ably an impossible thing to attempt, so I have not attempted it.

The Senator from New York is entirely right in what he is saying. The tax, of course, falls heavily upon agriculture, because wine-growing in vineyards is agriculture. Whisky can be watered, as the distillers are doing. The distillers can take 1 quart of whisky and make out of it 5 or 6 quarts of rotten, rotgut whisky, as they are doing today; and there is not anything that will prevent them from doing it, and there is not anything that will diminish the profits they make.

You cannot put water, however, into wine, except when you make vinegar. That is the difference between the ability to adulterate the one and the inability to adulterate the other.

I am wholly in sympathy with the Senator's position, and I do not want his remarks to pass unnoticed because nothing has been done in that regard. The Senator may be aware that my colleague [Mr. McADOO] made an effort to get the reduction in the Finance Committee, and he was defeated by a vote of 11 to 7. Part of that vote possibly would not be with him if the same attempt were made upon the floor. It seemed a hopeless task to endeavor to reduce the tax rate on light wine to what we thought would be the comparative rate of tax, and for that reason I have not offered any amendment.

Mr. COPELAND. I thank the Senator from California, but I still think that if the Senate understood what this means it would take action along the lines I suggest. If the contribution to the Government were a large sum, we would say, "Yes; we are glad to do this"; but the extreme amount of revenue to be derived as suggested by the Senator in charge of the bill is $7,000,000. My own figures indicate $5,000,000; but if the tax were placed at 5 cents the Government would get half as much, anyway, and there would be a direct aid to agriculture in every grape-growing State in America. I was hoping that the Senator from Mississippi would be willing, since the bill must go to conference, to accept a lower rate, say, 5 cents a gallon, and then discuss it once more in the conference committee and see if there could not be a reduction in the tax upon wine of this character, because certainly it means much to agriculture; it means much to my State and to the State so ably represented by both Senators from California. There are, however, other States in the Union, which are likewise interested, and my surprise has been that I have not had the enthusiastic support from different parts of the Union in the effort to do what seems to me to be so obviously our duty.

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

Mr. COPELAND. I yield.

Mr. BARKLEY. How many gallons of wine will a ton of grapes produce?

Mr. COPELAND. It takes about from 13 to 16 pounds of grapes to make a gallon of wine.

Mr. BARKLEY. Thirteen pounds?

Mr. COPELAND. From 13 pounds to 16 pounds.

Mr. BARKLEY. As a matter of fact, 5 quarts, I understand, are obtained from a gallon of wine; so that a tax of 10 cents a gallon as provided in the bill will result in a 2-cent tax on each quart bottle of wine that is consumed. Does the Senator think that 2 cents a bottle is an exorbitant rate?

Mr. COPELAND. It does not sound that way, but it does mean, in the aggregate, if the tax upon 14-percent wine is made 10 cents a gallon, a tax of from fifteen to seventeen and one half dollars on a ton of grapes.

Mr. BARKLEY. That is because a ton of grapes produces such a large number of gallons of wine. I do not suppose it is a vital matter so far as the Treasury is concerned; but, in reply to the suggestion of the Senator from California, who drew a comparison between wine and adulterated whisky or distilled spirits, let me say that in this bill there is a difference between 10 cents a gallon on wine and $2 a gallon on distilled spirits, so that there is not exactly a parallel. The consumer will never know any difference, so far as the cost of a bottle of wine is concerned, whether the tax is 5 cents or 10 cents a gallon.

Mr. COPELAND. I agree to that; but the producer will.

Mr. BARKLEY. I doubt that, because I think, in all probability, that the tax will be passed on. It does not attach until after it leaves the producer of the grape, and it will attach then, if it attaches at all, to the producer, only to the extent of 2 cents a bottle on a quart of wine, or it will be absorbed by those who produce the wine, who are not the grape growers according to my understanding.

Mr. COPELAND. But, Mr. President, there is not any doubt at all that the producer will pay a tax of from $15 to $20 a ton as a consequence of the passage of this bill as it now stands.

Mr. WALSH. Mr. President, cannot the same argument be made as to two other agricultural products, namely, corn and barley, used in distilled spirits and beer? Can it not be claimed that the consumers are taxed and that there is a burden placed upon agriculture when the tax upon a bushel of barley, which makes a barrel of beer, is $5, and the tax on a bushel of corn is $9 when converted into the 4½ gallons of whisky produced from corn?

Mr. COPELAND. I do not quite see the force of that argument as applied here. The Senator from California has well stated it. So far as the consumer is concerned, he is going to get in the case of whisky—I hate to use the term, on account of the galleries—a concoction that, in my opinion, is scandalous.

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

Mr. COPELAND. Yes.

Mr. BARKLEY. I am interested to know what is the price of a ton of grapes out of which wine is made and on which the Senator says there will be imposed a tax of $20 a ton. What is the price of a ton of grapes?

Mr. COPELAND. It depends upon the market. It would run from twenty to twenty-five, thirty-five, or forty dollars a ton.

Mr. BARKLEY. Sold by the ton or by the pound?

Mr. COPELAND. Perhaps I misspoke myself. It would run from thirty to thirty-five or forty dollars a ton, and under this bill the tax will come out of the producer of grapes.

Mr. BARKLEY. If it is true that a ton of grapes made into wine brings only thirty to thirty-five dollars a ton, and if the tax of 2 cents a bottle would reflect upon the producer of grapes to the extent of $20 a ton, it would seem that somebody between the consumer and the grower is making an enormous profit by the manufacture and sale of wines, because $20 a ton, which the Senator says would be the tax on the grapes, amounts to a tax of 2 cents a bottle on wine.

Mr. COPELAND. The Senator from California has described the reason for that. When whisky is made nobody gets any pure whisky. The sort of stuff that is sold in the drug stores as whisky is little short of a scandal. The sort of medicinal liquor that is sold is cut and recut; it is brightened up with coloring matter; it contains a lot of sherry; it contains a tremendous amount of grain alcohol; and by the time it gets to the consumer it contains water. He does not get any whisky in the sense that the Pharmacopœia has described whisky. Likewise, in the making of beer, 90 percent of the beer is water; but when it comes to wine it is all grape juice; there is not any way to impose upon the public or to exploit the public. If the Members of the Senate who believe in temperance and are distressed over the idea of what may happen when we have free and unlimited sale of whisky wish to promote the cause of temperance, they will be for a lower rate on light wines. Furthermore, if they are interested in agriculture, they will want to help the grape grower. It was on this account that I rose, because a little while ago I was convinced that there is no sentiment in the Senate in favor of a proposal for the reduction of the tax on light wines.

I wish, however, to ask the Senator in charge of the bill a question about a provision on page 5. The first paragraph reads that there shall be levied—

On each bottle or other container of champagne or sparkling wine, 5 cents on each one-half pint or fraction thereof.

Then, in the next paragraph, it is provided that there shall be levied—

On each bottle or other container of artificially carbonated wine, 2½ cents on each one-half pint or fraction thereof.

Wine artificially carbonated is regarded often by the consumer as a champagne, as a sparkling wine, and the consumer gets no benefit. It is sold at the same price as is natural sparkling wine, and why should it not be taxed at the same rate? So, at the same time, I am asking for a reduction of the tax on light natural wine; I am asking why there should not be a higher tax on artificially carbonated wine.

Mr. HARRISON. I do not know that I can give the Senator the reason why artificially carbonated wine is not taxed higher than the other variety, but the law has always distinguished between champagne and sparkling wine. The old law, under the champagne and sparkling-wine provision, provided a rate of 12 cents on each half pint. We make it 5 cents. On each bottle of artificially carbonated wine we make it 2½ where it used to be 6 cents. We reduced both those rates. I do not know that I can give to the Senator the reasons why artificially carbonated wine should not bear a higher rate than the other, but it has never done so, and those who have studied the question have said it should not be so. I suppose that is the reason why we adopted the rate provided.

Mr. COPELAND. That is, as it was in the beginning, is now, and ever shall be world without end.

Of course, we are living in a time when we are setting aside old-time theories and practices, and now would be a good time to make the change. I think that artificially carbonated wine ought to be taxed at the same rate as natural sparkling wine. That is my judgment.

I am not going to press either one of these matters, because we seem inclined in the matter of rates to follow the committee, but I do think that Senators from other grape-growing States should be sufficiently interested to give some moral support to the suggestions which I have made.

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

The PRESIDING OFFICER (Mr. HAYDEN in the chair). Does the Senator from New York yield to the Senator from Kentucky?

Mr. COPELAND. I yield.

Mr. BARKLEY. I do not care to prolong the discussion, but just as a matter of interest, I have been calculating what the net result of this tax will be.

Mr. COPELAND. That is on artificially carbonated wine?

Mr. BARKLEY. No; I am referring to the wine tax. Two thousand pounds of grapes, representing a ton, will produce 155 gallons of wine. At 10 cents a gallon, the tax on this product of a ton of grapes is $15.50. That 155 gallons of grape wine, though, to the consumer, brings $1,245.

Mr. COPELAND. At what price is that?

Mr. BARKLEY. At an average of $1.50 a quart it would be $7.50 to the wine gallon.

Mr. COPELAND. One dollar and fifty cents a quart for natural light wine?

Mr. BARKLEY. That is a fair average according to a statement made to the Finance Committee a few days ago. Some of it sells for less and some for considerably more.

Mr. COPELAND. My own familiarity with wine cards, reading them as a matter of scholarly interest, would indicate to me that light American wines would never sell for $1.50 a quart.

Mr. BARKLEY. My recollection is that it was stated to the committee a few days ago that $1.50 is a fair average retail price for these wines. Frankly, I do not know from personal knowledge what the charge is for this particular type of wine; but even if we might assume that to be a dollar instead of $1.50, the price paid by the consumer for these wines is much larger than at first blush might be considered as the financial result of the growth of a ton of grapes. It seems to me this tax of $15.50 upon the result of the fermentation of wine is so insignificant that a reduction to 5 or 7½ cents would never be felt by the consumer and could not be reflected upon the grower in any serious way.

Mr. COPELAND. I know how sincere my friend is. I know what his attitude has been toward intemperance. We have now, with the repeal of prohibition, a new set of conditions in the United States. I think everybody that has given it any thought realizes that unless common sense shall be exercised by those who deal in this traffic there will be a renewed sentiment for further legislation. Unquestionably there will be an effort made to promote temperance by an urgent appeal to the people to drink light wines. In my opinion, there ought to be such an appeal. If I know anything about the human body and the effect of alcohol upon it, I would say that if one must take alcoholic liquor of any sort, he is far wiser and more likely to protect his health and prolong his life if he takes light wine. From my standpoint, I would say that we ought in every way possible to encourage the drinking of light wines and to that end make their price as low as possible.

I know as well as I can know without being an expert on the subject that the tax on light wine will be reflected upon the producer of grapes. If the rate is fixed at 10 cents a gallon it will mean a tax upon the grower of grapes of from $15 to $18 per ton.

The PRESIDING OFFICER. Are there any further amendments? There being no further amendments 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.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill was passed.

Mr. HARRISON. I move that the Senate insist upon its amendments, ask for a conference with the House, and that the conferees on the part of the Senate be named by the Presiding Officer.

The motion was agreed to; and the Presiding Officer appointed Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. REED, and Mr. COUZENS conferees on the part of the Senate.

Mr. HARRISON. I ask unanimous consent that the bill just passed may be printed with the amendments adopted by the Senate numbered.

The PRESIDING OFFICER. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. DICKINSON obtained the floor.

Mr. HARRISON. Mr. President, before the Senator proceeds, may I say that I promised the Senator from Arkansas [Mr. ROBINSON] that when the bill was passed I would suggest the absence of a quorum. Will the Senator yield to me for that purpose at this time?

Mr. DICKINSON. I yield for that purpose.

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Glass	McCarran
Ashurst	Clark	Goldsborough	McGill
Austin	Connally	Gore	McKellar
Bachman	Coolidge	Hale	McNary
Bailey	Copeland	Harrison	Murphy
Bankhead	Costigan	Hastings	Neely
Barbour	Couzens	Hatch	Norris
Barkley	Cutting	Hatfield	Nye
Black	Davis	Hayden	O'Mahoney
Bone	Dickinson	Hebert	Overton
Borah	Dieterich	Johnson	Patterson
Brown	Dill	Keyes	Pittman
Bulkley	Duffy	King	Pope
Bulow	Erickson	La Follette	Reed
Byrd	Fess	Lewis	Reynolds
Byrnes	Fletcher	Logan	Robinson, Ark.
Capper	Frazier	Lonergan	Robinson, Ind.
Caraway	George	McAdoo	Russell

Schall	Steiwer	Thompson	Van Nuys
Sheppard	Stephens	Trammell	Wagner
Shipstead	Thomas, Okla.	Tydings	Walsh
Smith	Thomas, Utah	Vandenberg	Wheeler

Mr. OVERTON. I desire to announce that my colleague the senior Senator from Louisiana [Mr. LONG] is necessarily detained from the Senate.

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

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY (S.DOC. NO. 110)

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 request the consideration of ratification by the Senate of the so-called "St. Lawrence Treaty with Canada." Broad national reasons lead me, without hesitation, to advocate the treaty. There are two main considerations—navigation and power.

Canada and the United States are possessed of a natural flow of water from near the center of the continent to the ocean—a flow which throughout the greater part of its length is today available for navigation by large-size vessels. A system of locks at the eastern end of Lake Superior, a dredged channel between Lake Huron and Lake Erie, and another series of great locks between Lake Erie and Lake Ontario provide free and adequate navigation to a point well down the St. Lawrence River. From there a series of three rapids, all of them within a distance of 120 miles, now impede navigation by ocean-going vessels; but a Canadian canal already provides facilities for smaller ships. This Canadian canal now is used substantially up to its capacity.

Two of the three rapids are wholly in Canadian territory, the other is in the so-called "international section." A great power development at the Beauharnois Rapids in Canada is already nearing completion, and locks for ocean-going ships have been planned for and could readily be built at a low cost as part of the plan. This means that only two additional series of locks are required for a complete and continuous seaway from Duluth to salt water. I call your attention to the simple fact that Canada alone can, if desired, build locks at the Lachine Rapids and at the international sector, and thus provide a seaway wholly within Canadian control without treaty participation by the United States. This, however, would be a reversal of the policy of cooperation which the United States and Canada have continuously maintained for generations.

I want to make it very clear that this great international highway for shipping is without any question going to be completed in the near future, and that this completion should be carried out by both nations instead of by one.

I am sending you herewith a summary of data prepared at my request by governmental agencies. This summary, in its relation to the economic aspects of the seaway, shows from the broad national point of view, first, that commerce and transportation will be greatly benefited and, secondly, local fears of economic harm to special localities or to special interests are grossly exaggerated. It is, I believe, a historic fact that every great improvement directed to better commercial communications, whether in the case of railroads into new territory, or the deepening of great rivers, or the building of canals, or even the cutting of the Isthmus of Panama, have all been subjected to opposition on the part of local interests which conjure up imaginary fears and fail to realize that improved transportation results in increased commerce benefiting directly or indirectly all sections.

For example, I am convinced that the building of the St. Lawrence seaway will not injure the railroads or throw their employees out of work; that it will not in any way interfere with the proper use of the Mississippi River or the Missouri River for navigation. Let us be wholly frank in saying that it is better economics to send grain or other raw materials from our Northwest to Europe via the Great Lakes and St. Lawrence than it is to send them around three sides of a square—via Texas ports or the Mississippi, thence through the Gulf of Mexico, and thence from the southern end of the North Atlantic to its northern end. In this illustration, it is well to remember that a straight line is the shortest distance between two points.

I am satisfied that the treaty contains adequate provision for the needs of the Chicago Drainage District and for navigation between Lake Michigan and the Mississippi River. A special report from the Chief of Engineers of the War Department covers this subject.

On the affirmative side, I subscribe to the definite belief that the completion of the seaway will greatly serve the economic and transportation needs of a vast area of the United States and should, therefore, be considered solely from the national point of view.

The other great objective provided for in the treaty relates to the development of electric power. As you know, I have advocated the development of four great power areas in the United States, each to serve as a yardstick and each to be controlled by Government or governmental agencies. The Tennessee Valley plants and projects in the Southeast, the Boulder Dam on the Colorado River in the Southwest, the Columbia River projects in the Northwest are already under construction. The St. Lawrence development in the Northeast calls for action. This river is a source of incomparably cheap power located in proximity to a great industrial and rural market and within transmission distance of millions of domestic consumers.

The Legislature of the State of New York, by unanimous vote, set up the necessary State machinery during my term as Governor of New York, and the State stands ready to cooperate with the Federal Government in the distribution of power in accordance with what I believe is today a definite national policy.

Power in the international sector of the St. Lawrence cannot be developed without a treaty between the United States and Canada. On the other hand, Canada can develop a huge block of new power at the two other rapids, which lie wholly within Canadian territory. Here again, as in the case of navigation, it is better in every way that we should maintain the historic principle of accord with Canada in the mutual development of the two Nations.

I have not stressed the fact that the starting of this great work will put thousands of unemployed to work. I have preferred to stress the great future advantages to our country, and especially the fact that all of us should view this treaty in the light of the benefits which it confers on the people of the United States as a whole.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 10, 1934.*

Mr. PITTMAN. Mr. President, I ask that the message, together with the accompanying data and illustrations, lie on the table and be printed as a Senate document for the information of the Senate.

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

ORDER OF BUSINESS

Mr. DICKINSON obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President——

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

Mr. DICKINSON. I do.

Mr. ROBINSON of Arkansas. I rise to a parliamentary inquiry.

There was an agreement to proceed to the consideration of the Calendar for Unobjected Bills at the conclusion of the consideration of the liquor-tax bill. I presume that order may be renewed tomorrow, if it is desired, and the Senator may go on with his address. I understand his address will consume perhaps the remainder of the afternoon.

Mr. DICKINSON. Not over 30 minutes.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Oregon?

Mr. DICKINSON. I yield.

Mr. McNARY. I desire to state to the Senator from Arkansas that I asked for that consent, which he so readily granted, on account of the request made to me by the Senator from California [Mr. JOHNSON]. In his absence I should not want to alter the agreement.

Mr. ROBINSON of Arkansas. Very well.

Mr. LEWIS. Mr. President, may I ask the Senator from Iowa if he will allow me to propound an interrogatory to the Senator from Arkansas as leader?

Mr. DICKINSON. I yield for that purpose.

Mr. LEWIS. Mr. President, I address myself to the Senator from Arkansas and ask if there is any arrangement or suggestion of any immediate vote touching the question of the treaty that has just been presented in the message of the President?

Mr. ROBINSON of Arkansas. I do not expect any action to be taken on the treaty this afternoon.

Mr. LEWIS. I thank the Senator.

GOVERNMENTAL EXPENDITURES

Mr. DICKINSON. Mr. President, the latter part of the Budget message of the President of the United States the other day contained an assurance to the country that the emergency expenditures in the various new bureaus of the Government were to be audited by the Budget Director and by the Comptroller. I think it was an assurance that we were at least to see where the money was going, regardless of whether we got value received or not.

I desire to read from that message, as printed under date of January 4, on page 32 of the RECORD.

The President stated:

> Up to now there has been no coordinated control over emergency expenditures. Today, by Executive order, I have imposed that necessary control in the Bureau of the Budget.
>
> Heretofore, emergency expenditures have not been subject to audit by the Comptroller General of the General Accounting Office. Today I am, by Executive order, reposing in him the authority to conduct such an audit and to continue to audit each such expenditure. Hereafter, therefore, just as in the departmental expenditures, there will be, in emergency expenditures, a pre-Budget and a post audit.
>
> By reason of the fact that the Bureau of the Budget has had no control in the past over the various expenditures, obligations, and allotments made by the emergency organizations, the task of preparing the present Budget has been the most difficult one since the Budget and Accounting Act went into effect in 1921. These difficulties, in future years, will be substantially minimized by the control which I have established.

Mr. President, very much to the surprise of everyone, that order remained in effect 72 hours and was then supplanted by an order in terms like those of the resolution I presented here this morning, under which none of these accounts are to be audited by the Budget, under which there is simply to be a report from each one of these emergency bureaus to the Budget Director.

My resolution, to which these remarks will be addressed, asks that these emergency bureaus, administrations, and so forth, forward to the Secretary of the Senate exact copies of the data filed with the Budget Director. Of course, the only result of compliance would be that we would get information, but with the information we would at least have some idea as to where the money under these emergency expenditures is going.

I think that in order that the Senate may understand the full effect of this order I will read from Arthur Krock's article in the New York Times of January 8:

> Efforts are being made, and will be made, to minimize the cause and effect of the President's substitution of a new Executive order today for that of January 3, which gave to Budget Director Douglas the power to audit the emergency Budget. But the plain fact is that those in the administration who are committed to the policy of spending for recovery without check banded themselves together and persuaded the President to change his prudent plan.
>
> Mr. Douglas' audit powers lasted about 3 days. They were suggested by Treasury officials, who are peculiarly aware of the fact that before a government can have a financing policy it must have a fiscal policy. The way to have a fiscal policy is to lodge a certain amount of supervision over emergency expenditures in the hands of an official. To the Treasury heads and to the President Mr. Douglas seemed precisely that official.
>
> The terms of the first Executive order became known to the spending group last Friday morning. Secretary Ickes, Administrator Hopkins, and Assistant Secretary of Agriculture Tugwell were in no doubt as to its force and meaning. The order was as tight as Mr. Douglas, whom the President had asked to draw it, could make it. But accompanying the order were "waiver" forms which permitted responsible officials safely to contract necessary emergency obligation, growing out of fixed policy, and guaranteed commitments they might have made before the issuance of the Executive order.

Strange as it may seem, after these visits to the White House, the President canceled the former order, which lasted, as I have said, but 72 hours, and made a new Executive order. This is a description by Mr. Krock of the new Executive order:

> The new Executive order directs all agencies of the Government to submit weekly itemized reports of all emergency expenditures, and weekly reports also of all contracts made. The Director of the Budget is to be furnished with these reports and is authorized to make comment and recommendations thereupon. These comments and recommendations he can send to the President.
>
> The difference in the two orders is fundamental. With the exception of the detailed weekly reports, unrestricted spending power is back in the hands of those who are committed to spending. They are to be responsible for their spending to the President. But that has always been the case. The only gain in the comedy of the noble 72-hour gesture is that Mr. Douglas and Comptroller General McCarl will know more quickly what horses and how many have been taken from the barn. After the fact they can point out vigorously whether or not they think the horses were taken too fast. The President, obviously responsive to argument—as this whole incident proves—can get a clearer idea of the spending methods of his associates.

Mr. FESS. Mr. President——

The PRESIDING OFFICER (Mr. AUSTIN in the chair). Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. As I understood the Senator's reading, a statement of the expenditure is to be reported back to the Budget Director, but after the expenditure is made?

Mr. DICKINSON. That is it exactly.

Mr. FESS. Why should a report be sent to him after the expenditure is made?

Mr. DICKINSON. I presume simply for comment which he might make to the President, or to someone else to whom he might desire to send the information. We all know that if there is authority to spend, and the only thing the particular bureau has to do is to report it, the chance of having someone make serious objection to an expenditure after it is already made is remote. As a matter of fact, the whole purpose of the original order was to have an audit, to see that the authorization was legal, that it was authorized under the law, before the money passed out of the Treasury.

Mr. FESS. In other words, it was an effort to keep direction in the proper authority over the expenditure of the money?

Mr. DICKINSON. That is exactly true.

Mr. FESS. A thing which I think was applauded all over the United States.

Mr. DICKINSON. I want to suggest this to the Senator from Ohio. We can go to many of these emergency organizations now and come away with an authorization of $10,000,000 in a few minutes' time, but if we want a nickel's worth of information, we cannot get it in a month. I have been trying in vain for that length of time to get information from a number of them.

The thing I am trying to set forth here is what was done in the cancelation of this first order. Mr. Krock says further:

> Members of the "brain trust" charge that the Director is out of sympathy with the Surplus Relief Corporation, that mysterious agency with incredibly vast powers organized in Delaware as a private corporation by Mr. Hopkins and Secretaries Ickes and Wallace. If that is true, then he would have held up the proposed expenditure by the Corporation of $50,000,000 to purchase submarginal lands, asking for a statement as to powers, policies, and immediate plans. The fruits of that investigation might have been rich from the viewpoint of the taxpayers and might even have provided news for the President and Congress. Under the new order the Corporation can go ahead with P.W.A. money—and then report that it has been spent!

There is the crux of the whole thing.

This morning I find an editorial in the Washington Post which, I think, sets forth the question I am discussing. It reads:

Withdrawal of the order which gave the Budget Bureau a check on emergency expenditures is a significant victory for those officials who believe in unrestrained spending for recovery purposes. The issue was clearly drawn in President Roosevelt's Budget message. He informed Congress that control over emergency expenditures had been lacking and that he had "imposed that necessary control in the Bureau of the Budget." But the control remained in effect for only 3 days.

President Roosevelt's substitute order is a sharp reversal of the policy announced in his Budget message. Instead of checking the expenditures of the emergency organizations before they are made, the Director of the Budget will merely receive weekly statements showing the allocation of funds and obligations incurred by the P.W.A., C.W.A., etc. If he has any complaint to make, it can be carried to the President—after the money has been spent. In other words, Lewis Douglas may slam the door as vigorously as he pleases as each horse disappears around the corner.

As a matter of fact, we know that an official of the Government will not make any such complaint. As a matter of fact, he will get the information, and he may say that he disapproves of some of it, but in the end he will make no official complaint as to the action which has been taken.

Under any circumstances it would be difficult to justify the expenditure of billions of dollars without the ordinary precautions against waste or loose and illegal spending. The establishment of such checks may have been neglected during the emergency stages of the recovery program in order to avoid delay in the distribution of Government funds. But certainly it cannot now be contended that any new crisis justifies the abandonment of budgetary precautions just 3 days after they were put into effect.

Mr. President, I want to suggest that there are numerous expenditures which, in my judgment, should be carefully scrutinized. In order that we may understand them, I present here the certificate of incorporation of the Federal Surplus Relief Corporation, incorporated in the State of Delaware, and in view of the fact that it is not long, I am going to ask unanimous consent that it be printed in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Is there objection?

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

CERTIFICATE OF INCORPORATION OF FEDERAL SURPLUS RELIEF CORPORATION

First. The name of the Corporation is Federal Surplus Relief Corporation.

Second. The principal office or place of business of this Corporation in the State of Delaware is to be located at No. 100 West Tenth Street, in the city of Wilmington, New Castle County; the name and address of its resident agent is the Corporation Trust Co., No. 100 West Tenth Street, Wilmington, Del.

Third. The nature of the business and objects or purposes to be transacted, promoted, or carried on by this Corporation are:

(a) To relieve the existing national economic emergency by expansion of markets for, removal of, and increasing and improving the distribution of agricultural and other commodities and products thereof;

(b) To purchase, store, handle, and process surplus agricultural and other commodities and products thereof, and to dispose of the same so as to relieve the hardship and suffering caused by unemployment and/or to adjust the severe disparity between the prices of agricultural commodities and other commodities and products thereof;

(c) To perform any and all functions and exercise any and all powers that may be duly delegated to it under and pursuant to the following acts of Congress of the United States of America:

1. The Agricultural Adjustment Act, approved May 12, 1933.

2. Title II of the National Industrial Recovery Act, approved June 16, 1933.

3. The Federal Emergency Relief Act of 1933, approved May 12, 1933.

(d) To perform any and all functions and exercise any and all powers that may be duly delegated to it under and pursuant to any amendment or amendments heretofore or hereafter made to said acts of Congress or any of them;

(e) To accept grants or deliveries in any of the States, Districts, Territories, or colonies of the United States, or in any and all foreign countries (subject to the laws of such State, District, Territory, colony, or country), of moneys, commodities, lands, or other property, of any class, nature, or description, made to it under and pursuant to said acts of Congress or any amendment or amendments thereto heretofore or hereafter made;

(f) to carry on any or all of its operations and business and without restriction or limit as to amount to purchase or otherwise acquire, hold, own, mortgage, sell, convey, or otherwise dispose of real and personal property of every class, nature, or description in any of the States, Districts, Territories, or colonies of the United States, or in any and all foreign countries, subject to the laws of such State, District, Territory, colony, or country;

(g) to cooperate with any private, public, or governmental agency or agencies; and

(h) in general, to carry on any and all other business necessary or convenient to the attainment of the foregoing objects or purposes, and to have and exercise all the powers and privileges conferred by the general corporation law of Delaware upon corporations not organized for profit and having no capital stock.

(i) The foregoing clauses shall be construed both as objects and powers, and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of this Corporation.

Fourth. This Corporation is not organized for profit and shall not have authority to issue capital stock. The conditions of membership of this Corporation are that there shall be three members and that such members shall be the persons who from time to time may occupy the offices of Secretary of Agriculture of the United States, Federal Emergency Administrator of Public Works, and Federal Emergency Relief Administrator, respectively.

Fifth. The names and places of residence of each of the original incorporators of this Corporation are: Henry A. Wallace, Washington, D.C.; Harold L. Ickes, Washington, D.C.; and Harry L. Hopkins, Washington, D.C.

Sixth. This Corporation is to have perpetual existence.

Seventh. The members of this Corporation shall not be subject to the payment of corporate debts to any extent whatever.

Eighth. The business of this Corporation shall be managed by a board of directors which shall not be less than three, consisting of the members of the Corporation. The term of office of each of the directors shall be fixed by the bylaws of the Corporation.

In addition to the powers conferred upon the board of directors by the statutes of the State of Delaware and this certificate of incorporation, the board of directors shall have such powers as the bylaws of the Corporation may from time to time confer upon them.

The power to make, alter, and amend the bylaws of the Corporation shall be in the members of the Corporation.

A majority of the directors in office at any time shall constitute a quorum for the transaction of business, unless the bylaws of the Corporation shall provide that a different number shall constitute a quorum, but in no case shall a quorum be less than one third of the total number of directors provided for by the bylaws, nor less than two.

The voting powers of all members of the Corporation shall be equal. Each member shall be entitled to one vote on any and all questions coming before the members. Any member entitled to vote at any meeting of the members may be represented and vote by proxy. All action taken by the members of the Corporation shall be by majority vote. A certificate of membership shall be issued to each member. No membership or certificate of membership shall be transferable save to the successor of such member in the office specified in paragraph 4 hereof, and no assignee or transferee thereof, whether by operation of law or otherwise, shall be entitled to membership in this Corporation or to any property, rights, or interest therein, unless such assignee or transferee shall be the successor in office as aforesaid of such member.

All the books, records, papers, vouchers, and documents of this Corporation shall, at all reasonable times, be open to the inspection of each member of the Corporation or to his duly constituted agent or representative.

The members and board of directors of this Corporation may hold their meetings, and have an office or offices, outside the State of Delaware, and keep the books of this Corporation (subject to the provisions of the statutes of Delaware) outside the State of Delaware at such place or places as may be from time to time designated by the members of the Corporation.

If, as, and when in the judgment of the members of the Corporation the objects and purposes of this Corporation shall be accomplished and attained, or in the event of the dissolution of the Corporation, the members of the Corporation shall cause all the assets of the Corporation, other than money, to be sold in such manner and such time or times as the members of the Corporation shall deem best to promote the public welfare, and shall pay the proceeds of such sale or sales, together with all other moneys remaining in the hands of the Corporation after the payment of its debts and expenses, into the Treasury of the United States for such uses and purposes as may be provided by statute.

Ninth. The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this certificate of incorporation in the manner now or hereafter provided by statute, and all rights conferred upon the members of the Corporation are granted subject to this reservation, with the exception, however, that no such amendment, alteration, change, or repeal shall be made which would so change the objects and purposes as to permit the net income of the Corporation, or any part thereof, to inure to the benefit of any private individual or member of the Corporation.

We, the undersigned, being each of the original incorporators hereinbefore named, for the purpose of forming a corporation to carry on its activities, both within and without the State of Delaware, and in pursuance of the general corporation law of the State of Delaware and the acts amendatory thereof and supplemental thereto, do make and file this certificate, hereby declaring and

certifying that the facts herein stated are true, and accordingly have hereunto set our hands and seals this 4th day of October, A.D. 1933.

H. A. WALLACE. [SEAL]
HAROLD L. ICKES. [SEAL]
HARRY L. HOPKINS. [SEAL]

In the presence of—
LEE PRESSMAN,
As to All.

DISTRICT OF COLUMBIA, *ss:*

Be it remembered that on this 4th day of October, A.D. 1933, personally appeared before me, the subscriber, a notary public in and for the District of Columbia, Henry A. Wallace, Harold L. Ickes, and Harry L. Hopkins, being all of the parties to the foregoing certificate of incorporation, known to me personally to be such, and severally acknowledged the said certificate to be their act and deed and that the facts therein stated are truly set forth.

Given under my hand and seal of office the day and year aforesaid.

[SEAL] W. E. TAYLOR, *Notary Public.*

STATE OF DELAWARE,
OFFICE OF SECRETARY OF STATE.

I, Charles H. Grantland, secretary of state of the State of Delaware, do hereby certify that the above and foregoing is a true and correct copy of certificate of incorporation of "Federal Surplus Relief Corporation," as received and filed in this office the 4th day of October, A.D. 1933, at 5 o'clock p.m.

In testimony whereof, I have hereunto set my hand and official seal at Dover this 4th day of October, A.D. 1933.

[SEAL] CHARLES H. GRANTLAND,
Secretary of State.

Mr. DICKINSON. Mr. President, in order to understand just what this Corporation is authorized to do, I hope the Members of the Senate will read in the RECORD tomorrow morning the powers granted the organization. They are very far-reaching. They can go into business in practically every line of endeavor in the United States. The only thing which now seems to be proposed is that they ought to spend some $50,000,000 in purchasing marginal lands.

I have gone through the three acts which are the basis for the formation of this Corporation, and I can find nowhere in them any authorization for the purchase of marginal lands, or any other kind of lands, for the purposes set forth. In other words, if we buy land for a conservation corps, we buy land for a certain purpose, but there is nothing in the authorization which will permit anyone to buy land and take it out of production, acreage which is to produce crops. In other words, the purpose of these various organizations is clearly set forth. The Conservation Corps was formed with a certain purpose in mind. But when we go into the matter of the Agricultural Adjustment Act, under the A.A.A., then, if we buy land, we must buy it and be authorized to buy it for the very purpose of taking it out of cultivation. There is no such authorization anywhere in any of these laws.

I go back to the Agricultural Adjustment Act, title I, page 4, part 2, section 8—

> To provide for reduction in the acreage or reduction in the production for market, or both, of any basic agricultural commodity, through agreements with producers or by other voluntary methods, and to provide for rental or benefit payments in connection therewith or upon that part of the production of any basic agricultural commodity required for domestic consumption, in such amounts as the Secretary deems fair and reasonable, to be paid out of any moneys available for such payments.

There is nothing there that would permit one to do other than enrich land; nothing that would permit one to take it out of cultivation. There is nothing there which says that one can buy land in order to take it out of cultivation.

Mr. President, I go back to the Industrial Recovery Act. These acts were so interwoven that it is very difficult sometimes to follow them. In section 202, page 8, this language occurs:

> The Administrator, under the direction of the President, shall prepare a comprehensive program of public works, which shall include among other things the following: (a) Construction, repair, and improvement of public highways and parkways, public buildings, and any publicly owned instrumentalities and facilities; (b) conservation and development of natural resources, including control, utilization, and purification of waters, prevention of soil or coastal erosion, development of water power, transmission of electrical energy, and construction of river and harbor improvements and flood control and also the construction of any river or drainage improvement.

What I want to suggest is that these people have taken to themselves an authority which is not implied in this law; and if they are going to make these purchases and pay for them before anybody has a right to audit their accounts, all they have to do is to submit a proposed purchase to some attorney, who will say, "Yes; you can buy this land. Go ahead and spend $50,000,000."

I admit that under the present process of spending, $50,000,000 is mere pocket change, that it does not amount to anything; but we ought to know they are spending it according to law, at least. There was never any discussion in Congress, when the Agricultural Adjustment Act was before Congress, on the question of whether or not the administration would have any right to buy marginal lands to take them out of cultivation. That was not discussed in any report I have seen. I do not believe it was ever within the mind of Congress in any way.

I find in connection with House bill 3835, the Agricultural Adjustment Act, that the House committee made a report when the bill was reported for passage. Permit me to read from page 3 of that report the following:

> In order to induce producers to bring about such reductions, the Secretary is authorized to rent acreage taken out of production, or to pay benefits to the producer to compensate him for his decrease in production. Such rentals and benefit payments are to be fair and reasonable and to be made with due regard to effectuating the declared policy of giving to the producer gradually a return for those commodities covered by the bill equivalent to their pre-war purchasing power. The rental and benefit payments are to be paid from appropriations from the Treasury. The bill, however, makes provision for raising additional revenues for the Treasury that it is believed will more than equal any expenditures resulting from operation of the act.

That reference, of course, is the processing tax. There is nothing in the act even hinting that we had a right to buy marginal lands. Yet what do we find? We find that this Corporation, organized in Delaware, is proposing to spend $50,000,000 to buy marginal lands to take them out of production.

As to whether this is right or wrong, I am not committing myself; but I do wish to say that if it is not authorized under the law, nobody in the various emergency organizations ought to want to attempt to do it; and they ought to be at least willing that some official of the Government have some supervision over the expenditure of this money, and know that it is being spent according to the terms of the law.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Texas?

Mr. DICKINSON. I yield.

Mr. CONNALLY. The Senator from Iowa just made the statement that some Government official ought to have supervision. Have not some Government officials supervision of all of these expenditures now?

Mr. DICKINSON. Yes; the man who is spending the money is supervising the whole business.

Mr. CONNALLY. Certainly. Does the Senator want someone else, who is not spending the money, to have supervision?

Mr. DICKINSON. The President says it is necessary. I am agreeing with him. I think it ought to be to my credit to agree with the President once.

Mr. CONNALLY. I think it is very much to the Senator's credit. The more the Senator agrees with him, the more credit the Senator will have in the country.

Mr. DICKINSON. That is very kind of the Senator from Texas; but I wish to state that the trouble was that some of the administrators convinced the President that he ought to reverse his position. I think in reversing his position he did the wrong thing.

In order that the Senate may understand something about these expenditures, I desire to suggest that the Federal Emergency Administration of Public Works has issued a report under date of December 23, 1933, and in that report we find the various authorizations and expenditures. For example, there is the Civil Works Administration, $400,000,-

000; Public Works Emergency Housing Corporation, $100,000,000; and so forth.

The thing which I think ought to be given consideration is that on page 4 of the report we find that the allotments are being made by the Public Works Administration, and they are being made for projects that Congress has turned down time and time again—items that are familiar to every man who has been on the Appropriations Committee in the House of Representatives. They have been turned down there dozens of times; and yet under this law, with the authority that is granted, they not only supplement the regular appropriation for practically all of the various branches of the Government but they include various projects which time and time again the Appropriations Committee and the Members of Congress have turned down as being unworthy.

I am not alone in making this statement. The criticism was started in the House Appropriations Committee by my good friend, Mr. BUCHANAN, of Texas, one of the best legislators in the House of Representatives. We served together on the same subcommittee for a number of years. He says that such things should not be permitted, and some restriction should be imposed upon the men who have these vast sums of money to expend.

Turning to page 4 of this report I find the following:

Farm Credit Administration, $100,000,000.

That is statutory.

Tennessee Valley Authority, $50,000,000.
Highways (statutory), $400,000,000.
Naval construction, $238,000,000.

It is an old story that the Navy has needed a great deal of money. I do not think people are objecting to that. The question is, however, whether or not the number of men the Navy can employ and the necessity of the occasion warrant us in borrowing at the expense of the taxpayer the money necessary to make all this expenditure at one time. The Public Works Administration is doing that very thing.

National Recovery Administration, $4,125,000.
Civilian Conservation Corps (Executive order), purchase of land, $20,000,000.

I can recall very well that in the expansion of our park system and in the expansion of the various other types of land utilization we have been carrying out a policy of buying land very cautiously for a great many years; but we find here that, regardless of the caution that has heretofore been exercised, they are allocating $20,000,000 to the Civilian Conservation Corps to go out and buy such land as they want.

Civilian Conservation Corps, other expenses, $301,000,000.
Great Smoky National Park, $1,550,000.
National Labor Board, $500,000.

We now come to the Department of Agriculture. Let me say that I hope I am somewhat familiar with a number of these items, because I was on the Appropriations Committee handling this particular bill for a number of years.

Agricultural engineering, $281,538.
Animal industry, $1,571,000.

I am going to put this entire list into the RECORD. Therefore, I will not read all of the items.

Dairy industry, $173,000.
Forest highways, $15,000,000.
Forest roads and trails, $10,000,000.
Plant industry, $3,481,000.
Plant quarantine, $2,000,000.
Forest Service, $15,982,000.

The Senate will see that labor was employed; that material was bought; but in the purchase of material and in the employment of labor in these various lines of endeavor it must be remembered that a very high price for sustenance is being paid to those who need employment. I am not objecting to any of these items on the ground that labor is being employed; but if labor is being employed at an expense to the taxpayer of this country which is far beyond any reasonable expenditure, when we have to borrow the money with which to do it, and when we are running a deficit of $7,000,000,000, it seems to me that we should at least stop, look, and listen before we expand all these projects that are old and worn out and many of them considered more or less antiquated.

With respect to the Commerce Department, I find the following:

Aeronautics, $2,558,000.
Lighthouses, $5,538,000.

We then come to the Department of the Interior, and here is the list:

Roads and trails, $24,680,000.
Boulder Canyon, $38,000,000.

I do not know how many of these projects are worthy, but here is a list of a number of them:

Parker-Gila project, $100,000.
All-American Canal, $6,000,000.
Verde River project, $4,000,000.
Vale project, $1,000,000.
Irrigation (projects bringing no new land under cultivation), $18,140,000.

Mr. President, I thought the only purpose in having an irrigation project was to bring land into cultivation. I wonder what in the world an irrigation project is for if it is not to bring land into cultivation.

We then come to another new one:

Subsistence homesteads, $25,000,000.

I have tried to ascertain where in the law there is authorization to buy land. The authorization is given to cooperate. There is an authorization, if you please, to make loans; but I do not believe there is any authorization existing in the law permitting the buying of land.

What I have in mind, Mr. President, is that the Government is going to find itself in a hundred and one difficulties that it never dreamed of when it started on this program, because we know what tremendous difficulty we had in trying to liquidate the enterprises that were entered into during the war period. It was a serious and far-reaching problem; we had housing corporations, and so forth, that we could not get rid of, and we were unable to dispose of them for years and years.

Mr. President, I ask permission to insert in the RECORD as a part of my remarks the complete allocations, beginning with the allotment of Federal agencies on page 4, the Department of Agriculture, the Department of Commerce, the Interior Department, the Department of Justice, the Department of Labor, the Post Office Department, the State Department, the Treasury Department, and the War Department.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

The non-Federal allotments include those made to railroads, designed to aid the heavy industries and at the same time increase employment. To date railroad allotments amount to $182,808,000. This includes $51,000,000 for rails and fastenings and $131,808,000 to nine railroads for new equipment, repairs to equipment, etc.

All allotments from the fund were made public in detail when the allotments were made.

Up until December 20 P.W.A. had sent to applicants 587 contracts covering non-Federal projects for which allotments have been made. In addition to the Federal projects and roads approved allotments have been made for about 1,200 non-Federal projects which are listed herewith.

Allotments to Federal agencies

Farm Credit Administration (statutory)	$100,000,000
Tennessee Valley Authority (statutory)	50,000,000
Highways (agriculture) (statutory for all States)	400,000,000
Naval construction (Executive order)	238,000,000
National Recovery Administration (administrative)	4,250,000
Civilian Conservation Corps (Executive order) purchase of land	20,000,000
Civilian Conservation Corps (estimated anticipated expenses)	301,037,315
Great Smoky National Park (Executive order)	1,550,000
National Labor Board	500,000

Department of Agriculture

Secretary of Agriculture (Department of Agriculture Building)	2,718
Agricultural engineering	281,538
Animal Industry	1,571,240
Chemistry and Soils	103,919
Dairy Industry	173,670
Entomology	153,650

Department of Agriculture—Continued	
Experiment stations	$4,950
Food and Drug Administration	70,000
Forest highways	15,000,000
Forest roads and trails	10,000,000
Plant Industry (physical improvements)	3,481,557
Plant Industry (erosion-control nurseries)	630,000
Plant Quarantine (disease control)	2,020,620
Plant Quarantine (physical improvements)	373,050
Forest Service (physical improvements and control of diseases)	15,982,745
Public-land roads	5,015,000
Weather Bureau	183,840
Biological Survey	976,050
Home Economics	1,200
National Arboretum	386,000
Commerce Department	
Aeronautics	2,558,803
Fisheries	549,200
Lighthouses	5,528,334
Navigation and Steamboat Inspection	33,043
Standards	100,000
Mines	272,800
Interior Department	
Administration of petroleum industry	159,000
Alaskan Railroad	210,008
Alaska Road Commission	1,596,000
Columbia Institution for the Deaf	10,000
Freedmen's Hospital	85,000
Geological Survey	4,048,164
Soil Erosion Control	10,000,000
Howard University	2,294,311
Indian Affairs (physical improvements)	7,861,000
Indian reservation roads	4,022,000
Indian reservation (irrigation and drainage)	6,880,550
National Park Service (physical improvements)	5,066,049
Roads and trails	24,680,650
Repairs to White House	6,000
Boulder Canyon	38,000,000
Owyhee	5,000,000
Deer Creek-Utah Lake project	2,700,000
Moon Lake Reservoir	1,500,000
Parker-Gila project	100,000
Sanpete project	300,000
All American Canal	6,000,000
Verde River project	4,000,000
Vale	1,000,000
Ellenburg	60,000
Ronald	400,000
Casper-Alcova	12,000,000
Grand Coulee, Columbia Basin	15,000,000
Irrigation (projects bringing no new land under cultivation)	18,140,000
Bureau of Reclamation (physical improvements)	20,000
St. Elizabeths Hospital	930,000
Virgin Islands	302,850
General Land Office	1,000,000
Subsistence homesteads (statutory)	25,000,000
Service Division	2,176
Special account	18,500
Department of Justice	
Prisons	1,114,500
National Training School for Boys	140,012
Department of Labor	
Immigration	1,422,980
Bureau of Labor Statistics	10,000
United States Reemployment Service	500,000
Office of Secretary, conciliation service	10,000
Post Office Department	
Departmental (physical improvements)	7,600
State Department	
International Boundary Commission (United States and Canada)	26,500
International Boundary Commission (United States and Mexico)	4,734,500
Treasury Department	
Public Health Service	2,167,128
Public Works branch (procurement division), public buildings	63,987,653
Coast Guard	24,881,872
War Department	
Corps of Engineers, flood control, Lower Mississippi	44,120,000
Winooska River Dam	1,555,000
Sacramento River	1,500,000
Rivers and Harbors, general (throughout United States)	81,221,700
Upper Mississippi	33,500,000
Missouri River	17,753,108
Bonneville Dam	20,250,000
Fort Peck Dam, Mont	25,000,000
Seacoast defenses	7,000,000
Insular Affairs	1,500,000
National Guard	2,238,624
War Department—Continued	
Ordnance	$6,000,000
Quartermaster Corps (Army housing and technical construction)	60,152,765
Signal Corps	176,170
Air Corps, airplanes	7,500,000
Motorization	10,000,000
National cemeteries	592,161

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. The Senator has been referring to projects begun through the expenditure of moneys under the Public Works Administration.

Mr. DICKINSON. That is true.

Mr. FESS. The President states that the deficit this year will be $7,000,000,000, owing largely to emergency expenditures.

Mr. DICKINSON. That is true.

Mr. FESS. Has the Senator any data showing how much money it will take to finish projects which are now being started? If it requires $7,000,000,000 this year, how much will it require next year and the following year and the year after that?

Mr. DICKINSON. First, I want the Senator from Ohio to remember that less than approximately $200,000,000 have actually been paid out of the Public Treasury in all the vast program of public works. In other words, most of it has been authorized or allocated but has not been expended. The reason why the huge deficit is facing us is that funds for all these allocations have got to be provided, although the appropriations were made last spring before Congress adjourned.

On top of that, new projects are being authorized every day, from the building of sewer systems and the graveling of streets in little villages somewhere up to $50,000,000 projects for some large enterprises or for a housing corporation.

Mr. FESS. If the Senator will permit me, if by incurring a $7,000,000,000 deficit these projects will be completed—I am not so much concerned, but if the expenditure of $7,000,000,000 will merely start a lot of projects that cannot be completed without further expenditures, I do not see how we are going to determine how much additional is going to be required.

Mr. DICKINSON. As I understand the matter, the allocations to date have taken up all the $3,000,000,000 which have not heretofore been raised.

Mr. FESS. But will the incurring of a $7,000,000,000 deficiency result in completing everything that is started under this program?

Mr. DICKINSON. I do not think it will, for the reason that new projects are being authorized all the time. A list comes into our offices almost every day, showing several million dollars of authorization, and, unless someone puts on the brakes somewhere, I do not know what the limit will be.

Mr. FESS. The Senator will recall that in the case of the Muscle Shoals project we were told first that $10,000,000 would be sufficient. Then we voted an initial amount of $20,000,000. Afterward $40,000,000 were added, and subsequently $60,000,000 more, until the amount finally became $150,000,000; and now we are told $50,000,000 more at least must be provided before we can save what we have already expended.

Mr. DICKINSON. That is right.

Mr. FESS. I am wondering whether these projects that are being begun are so indefinite in their calls for expenditures for the future that we are going to have the Muscle Shoals experience repeated, so that we will be told, "You must provide this additional amount or lose all you have already expended."

Mr. DICKINSON. That has been the experience in the case of practically every public project we have ever undertaken.

Mr. FESS. My own impression is that the $7,000,000,000 is only a suggestion of what we shall be called upon to provide in order to save what we have already expended.

Mr. DICKINSON. But if we go ahead and make no effort to stop this thing, that $7,000,000,000 will only be the beginning; another $7,000,000,000 will be needed, and so on ad infinitum.

Mr. FESS. That is what I fear. What is to be the limit of the expenditure of money for the surplus corporation?

Mr. DICKINSON. Nobody knows.

Mr. FESS. And what is to be the limit of expenditure that is going into the loaning of money directly to farmers to equip their homes with electric irons, and electric stoves, and electric lighting, vacuum cleaners, and so on? What is to be the limit?

Mr. DICKINSON. No one knows. It is going to be like the old campaign slogan, "Two chickens in every pot and a Ford in every garage." They were going to have an electric washer in every washshed, two electric toasters in every kitchen, and an electric curling iron in every boudoir.

Mr. BYRNES. Will the Senator state whose slogan it was about having two chickens in every pot?

Mr. DICKINSON. That was several years ago, and I think the Senator from South Carolina is old enough to remember it.

Mr. BYRNES. Whose slogan was it?

Mr. BARKLEY. Mr. President——

Mr. DICKINSON. Before the Senator from Kentucky proceeds, I ask permission to insert, as part of my remarks, the Executive order authorizing the Electric Home and Farm Authority, Inc., to be organized.

The PRESIDING OFFICER. Without objection, the order will be printed in the RECORD.

The order is as follows:

EXECUTIVE ORDER AUTHORIZING THE FORMING OF A CORPORATION TO BE KNOWN AS "ELECTRIC HOME AND FARM AUTHORITY, INC."

Whereas the Congress of the United States has in the National Industrial Recovery Act, approved June 16, 1933 (Public, No. 67, 73d Cong.), declared it to be the "policy of Congress * * * to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, * * * to promote the fullest possible utilization of the present productive capacity of industries, to avoid undue restriction of production * * *, to increase the consumption of industrial and agricultural products by increasing purchasing power, to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry * * *"; and

Whereas in order to effectuate such policy the President is "authorized to establish such agencies * * * as he may find necessary * * *"; and

Whereas in order effectively and efficiently to carry out said policy of the National Industrial Recovery Act, it is expedient and essential that a corporation be organized having the powers and functions of a mortgage-loan company and such other powers and functions as may be necessary to accomplish the purposes of said act:

Now, therefore, under and by virtue of the authority vested in me by the National Industrial Recovery Act of June 16, 1933, it is hereby ordered that an agency, to wit, a corporation, under the laws of the State of Delaware, be created, said corporation to be named the Electric Home and Farm Authority, Inc.

The governing body of said corporation shall consist of a board of directors composed of three members, and the following persons, who have been invited and have given their consent to serve, shall be elected by the incorporators as such directors: Arthur E. Morgan, director and chairman, Tennessee Valley Authority; Harcourt A. Morgan, director, Tennessee Valley Authority; David E. Lilienthal, director and general counsel, Tennessee Valley Authority.

The office and principal place of business of said corporation outside of the State of Delaware shall be at such place in any of the Tennessee Valley States as the board of directors shall select and determine, and offices may be established in such places as said board of directors shall select and determine.

The capital stock of said corporation shall consist of 10,000 shares of the par value of $100 each.

The persons above named are hereby authorized and directed to cause said corporation to be formed, with such articles or certificates of incorporation, and bylaws, as shall be deemed requisite and necessary, and to define the methods by which said corporation shall conduct its business.

The persons above named are hereby authorized and directed to subscribe for all of said capital stock for the use and benefit of the United States. There is hereby set aside for the purpose of subscribing to the capital stock in said corporation the sum of $1,000,000 out of the appropriation of $3,300,000,000 authorized by section 220 of the National Industrial Recovery Act and made by the Fourth Deficiency Act, fiscal year 1933, approved June 16, 1933 (Public, No. 77, 73d Cong.).

It is hereby further ordered that any outstanding stock standing in the name of the United States shall be voted by the directors of the Tennessee Valley Authority, jointly, or by such person or persons as the said directors of the Tennessee Valley Authority shall appoint as their joint agent or agents for that purpose.

The board of directors (other than the initial board of directors) shall be elected, and any vacancies thereon shall be filled by the Directors of the Tennessee Valley Authority, jointly, subject to the approval of the President.

The board of directors may, without regard to the provisions of the civil service laws or the Classification Act of 1923, as amended, appoint and fix the compensation and prescribe the duties, authorities, responsibilities and tenure of such officers and employees, and make such expenditures (including expenditures for personal services, and rent at the seat of the Government and elsewhere, for law books and books of reference, and for paper, binding, and printing) as may be necessary to carry into effect the provisions of this order. The board of directors may also, with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, avail itself of the services of the officers, employees, and the facilities thereof and, with the consent of the State or municipality concerned, may utilize such State and local officers and employees as it may deem necessary.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *December 19, 1933.*

Mr. FESS and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Iowa yield; and if so, to whom?

Mr. DICKINSON. I yield first to the Senator from Ohio.

Mr. FESS. What is the possible limit of the expenditure of money which may be made by the corporation just referred to by the Senator?

Mr. DICKINSON. It is my understanding that there has been an allocation of $10,000,000 set aside for that corporation, but I do not have the exact figures at the time and am only speaking from memory.

Mr. FESS. If that is the amount allocated at the start, what will it be before the undertaking is completed?

Mr. DICKINSON. No one knows.

Mr. FESS. That is the serious thing in this spree of expenditure in which we are engaged. It is not so much a question with me of the amount being authorized as it is the amount that will be required in order to complete the projects which are started when once they are undertaken in order to avoid losing what has already been put into them. It seems to me there is absolutely no limit to it.

Mr. DICKINSON. It seems to me that is a fair inference.

Mr. REYNOLDS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from North Carolina?

Mr. DICKINSON. I yield.

Mr. REYNOLDS. I should like to inquire of the Senator whether or not he has submitted to this body his estimate of the amount of money that will be required to complete every single project that has been inaugurated according to advices from the President of the United States?

Mr. DICKINSON. Does the Senator inquire if I have made any such estimate?

Mr. REYNOLDS. Yes.

Mr. DICKINSON. I will say to the Senator, bless his heart, that I could not get within gunshot of finding out all the projects or where they are or what they propose to do, because they meet themselves coming back nearly every day with some new projects which had not been thought of before. The administration is organizing now corporations which are authorized to expend more money for new and particular purposes. I believe that under the authority of one of the laws enacted by Congress, particularly the National Recovery Act, some of these corporations are legal. On the other hand, I do not know where the movement will lead us, if we keep on. We are going to have a corporation, I understand, to handle foreign imports and exports; we are going to have corporations to provide electrical equipment to consumers in the Tennessee Valley. Already a corporation has been formed to buy farm surpluses and a corporation to buy marginal land. There is a corporation authorized to go into the housing business; there are corporations in practically every line of endeavor. I do not believe that one could get information from the various bu-

reaus of this Government that would enable him to make anything like an intelligent guess as to the amount which will be required ultimately to pay the cost.

Mr. REYNOLDS. I should like to make inquiry of the Senator as to whether or not it would have been possible for the present administration to have provided for the millions upon millions of distressed human beings in this country had it not been for the measures inaugurated by the administration? Further than that, I have listened with a great deal of interest to the argument presented by the Senator, and I should like to have him state his specific objection to the various items of which he has made mention from time to time. In that connection, at this time, I should like to ask the Senator to state to this body his specific objection to the millions which have been expended by the Government in caring for and providing for 347,000 young men who are today members of the Civilian Conservation Corps in this country. That is merely one of the items.

Mr. DICKINSON. I will express myself on nearly all the items mentioned from time to time. I am going to discuss in a limited way only one of them today. If the Senator will attend here on the floor of the Senate he will hear me, from time to time, and I will be glad to give him my views as to practically every endeavor in which the Government is now engaged.

Mr. REYNOLDS. I have made the suggestion to the Senator, Mr. President, because I know that a great many Members of this distinguished body are desirous of having the Senator's specific objection to each of these items; and if he will comply with the request I feel confident that we will be in a position to enlighten him as to many of them.

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

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Kentucky?

Mr. DICKINSON. I yield.

Mr. BARKLEY. Referring to the suggestion just made by the Senator from Iowa, I will say that I expect to be able to attend most of the sessions of the Senate. I should like, however, to inquire of him now in relation to the remark he made a while ago that he had not been able to get within gunshot of any information with reference to any of the items of expenditure.

Mr. DICKINSON. I wish to suggest to the Senator from Kentucky that, before the Senate convened, I submitted numerous inquiries thinking that I would obtain a little information that I might present to the Senate. Many of those inquiries have gone unanswered for 2 weeks, 3 weeks, 4 weeks, and longer. It may be that a Republican Senator is not entitled to such information; that is all.

Mr. BARKLEY. The Senator no doubt realizes that most of these expenditures made under appropriations for emergencies have been made under the jurisdiction of the Administrator of Public Works. We provided that he might make grants and loans and that he might make them separately or that he might combine them. With reference to the loaning provision, does the Senator say that he has made inquiry of the Secretary of the Interior, who happens to be the Administrator of the Public Works Administration, with reference to the amount allocated either for loans or for grants to various communities, cities, counties, and other subdivisions of government with respect to public projects, and has been unable to obtain that information?

Mr. DICKINSON. I have not made that specific request, but we have a long list of projects here running all the way from a few hundred dollars up to several million dollars, such as the project at Columbus, Ohio, involving $3,400,000 for sewers. I know nothing about that, but I am going to inquire.

Mr. BARKLEY. I do not suppose the Senator would expect the Secretary of the Interior to send to him or to us the blueprints, the plans and specifications showing where and how these sewers are to be laid; but does not the Senator know that almost each day we receive a list of new applications from cities and other subdivisions of government, the purpose for which they are made, the amount of the application, and later that we receive the same sort of information with respect to those that have been approved or which have been acted upon in any way? What other detailed information does the Senator want, or does he think the Senate ought to have, with respect to each of these projects except that a certain amount has been asked and a certain amount has been allocated, and that the work has been done for certain purposes?

Mr. DICKINSON. I have not been criticizing the grants to small municipalities, because, as I have said, they represent mere pocket change compared to the amounts expended on the larger projects. It is the larger projects, many of which have been before Congress for years and years and have been rejected, to which I have been directing my attention.

Mr. BARKLEY. There may have been projects upon which Congress never acted, but it is not true that all of the projects, or any considerable number of those which have been authorized under the Public Works Administration, are projects which Congress has considered and refused to act upon at all. Many of them have never been passed upon at all.

Mr. DICKINSON. Many of them have been here as long as I have been here and have never had favorable mention.

Mr. BARKLEY. The Senator knows that many worthy projects stand here for years and years and never receive any action.

Mr. DICKINSON. If they could not attract the attention of Congress in those times, I am a little doubtful about the poor taxpayer being obligated for the money to build those projects which heretofore have not been able to sell themselves to Congress on their merits.

Mr. SCHALL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Minnesota?

Mr. DICKINSON. I yield.

Mr. SCHALL. I would like to ask the Senator, apropos of "a chicken in every pot", which costs the taxpayer nothing, what it has cost the taxpayer to put a "blue duck" in every window? [Laughter.]

Mr. DICKINSON. I do not have the exact amount of that expense, but it is somewhere around $7,000,000,000, as I understand.

Mr. BARKLEY. Mr. President, will the Senator from Iowa yield further?

The PRESIDING OFFICER. Does the Senator from Iowa yield further to the Senator from Kentucky?

Mr. DICKINSON. Certainly.

Mr. BARKLEY. Without in any way passing upon the question of whether two chickens or any chicken at all was put in every pot, we have at least succeeded in putting a "blue duck", as the Senator from Minnesota terms it, in every window.

Mr. DICKINSON. A lot of them have gone into the windows and gone out again and are forgotten. As a matter of fact, what happened to many of the "blue ducks" was that they were put in the window, and then the manager of the business never spoke to them after the time he put them in there, but went ahead and ran his business just as he thought he should.

Mr. President, there are one or two further phases of the matter to which I want to invite attention. No one can in any way imply that in my motives I am not as sympathetic with the man who is hungry as is anyone else. I believe in feeding the man who is hungry, and there is no reason why he should not be fed; but I want to suggest that in the Civil Works Administration many useless projects have been proposed and a lot of them have been acted upon. In order that Senators may understand just the motive behind some of them, I want to read a letter which I have here from a man by the name of C. G. Kelley, of Jefferson, Iowa, written to the editor of the Tribune in Des Moines, Iowa. The letter reads:

To the EDITOR OF THE TRIBUNE:

I notice some company at Ames has 426 men engaged in the precarious work of killing mosquitoes, and they are going to put on 200 more, making 626 men. I said killing mosquitoes. Really, I guess, it is mosquito control.

I am out of a job, and I am wondering if you could help me get started with those people.

As you know, a person can buy common lath at about 1 cent each. I could cut a lath in four pieces and make a kind of paddle. They could catch the mosquitoes and hit them with one of these paddles, and if they were not too ferocious it would kill them.

I would be willing to furnish these to the Government for, say, $5 each, if they would need 626 of them.

I would furnish them for an even $3,000, and you see that would save the Government $130.

Now, the men that operate these paddles should not be required to work longer than 1 hour in the forenoon and 1 hour in the afternoon, as it might cause callous of the hands.

Really I don't think it is very good sportsmanship to go out after those animals when it is 15 below and have the water all frozen up so they cannot dive out of the way when they see the soldiers coming.

We would not shoot a duck sitting on the water or a pheasant standing eating corn off a stalk.

I think we had better get this deal through pretty soon, as I am afraid that at the present rate of extravagance there will not be any money left to pay for the paddles.

C. G. KELLEY, *Jefferson, Iowa.*

I also read in the newspapers that they are going to buy a famous duck preserve somewhere. The Government is going to be authorized to charge the taxpayers and make them pay interest in the next 2 years in order to buy duck preserves that will cost some two or three million dollars. They are also going to have real-estate men and architects make a survey of housing conditions in the country to determine whether or not we shall build more or build less. They are even going to paint pictures in some of the courthouses that have been getting along without pictures for a great many years, and yet that is a part of the Civil Works Administration program.

They are going even further than that. According to the Evening Star, in Owls Head, N.Y., on December 30, they were very much afraid that the wolves were going to make an invasion of that locality and therefore they are going to have the Civil Works Administration make an allocation of many thousands of dollars to kill the wolves in that region.

I do not refer to these things simply to criticize the whole program, but I do say that they are merely indicative of the fact that if we permit these various functions to proceed, we are going to charge numerous useless expenses against the Government which the taxpayers of the United States are going to have to pay, and that is one reason why I believe we should have some check on the expenditures. In my resolution I have asked that copies of the various reports coming to the Director of the Budget shall be filed with the Secretary of the Senate. If they are not of interest to anybody else they are going to be of interest to me, because I am going to borrow them and take them home and read them one at a time to see whether or not there is some way by which some curtailment of expenditures can be made, not those that are needed, not those that are useful, but those that are useless and worthless and will not, if you please, do the things that were proposed to be done under the legislation which was enacted.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer (Mr. BARBOUR in the chair) laid before the Senate messages in writing from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. CLARK, from the Committee on Finance, reported favorably the nomination of Thomas J. Sheehan, of St. Louis, Mo., to be collector of internal revenue for the first district of Missouri in place of Louis J. Becker, resigned.

Mr. COSTIGAN, from the Committee on Finance, reported favorably the following nominations:

Raymond Miller, of Colorado, to be collector of customs for customs collection district no. 47, with headquarters at Denver, Colo., in place of Thomas T. Wilson;

Mark A. Skinner, of Denver, Colo., to be superintendent of the mint of the United States at Denver, Colo., in place of Frank E. Shepard; and

Bruce B. La Follette, of Gilman, Colo., to be assayer in the mint of the United States at Denver, Colo., in place of Clarence C. Malmstrom.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the following nominations:

William W. Howes, of South Dakota, to be First Assistant Postmaster General, Post Office Department, vice Joseph C. O'Mahoney; and

Harllee Branch, of Georgia, to be Second Assistant Postmaster General, Post Office Department, vice William W. Howes.

Mr. FLETCHER, from the Committee on Banking and Currency, reported favorably the following nominations:

Walter J. Cummings, of Illinois, to be a member of the board of directors of the Federal Deposit Insurance Corporation for term of 6 years, to which office he was appointed during the last recess of the Senate;

Elbert G. Bennett, of Utah, to be a member of the board of directors of the Federal Deposit Insurance Corporation for term of 6 years, to which office he was appointed during the last recess of the Senate;

Albert Simon Goss, of Washington, to be Land Bank Commissioner in the Farm Credit Administration; and

Francis Winfred Peck, of Minnesota, to be Cooperative Bank Commissioner in the Farm Credit Administration.

Mr. WAGNER, from the Committee on Public Lands and Surveys, reported favorably the nomination of Mrs. Jessie M. Gardner, of Colorado, to be register of the land office at Denver, Colo., vice Walter Spencer, whose term has expired.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nomination of R. Walton Moore, of Virginia, to be Assistant Secretary of State, to which office he was appointed during the last recess of the Senate; the nomination of Francis Bowes Sayre, of Massachusetts, to be Assistant Secretary of State, to which office he was appointed during the last recess of the Senate; the nomination of Sumner Welles, of Maryland, to be Assistant Secretary of State, to which office he was appointed during the last recess of the Senate; the nomination of Hal H. Sevier, of Texas, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Chile; the nomination of William Christian Bullitt, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Union of Soviet Socialist Republics; and also the nominations of sundry other officers in the Diplomatic and Foreign Service.

Mr. DILL, from the Committee on Interstate Commerce, reported favorably the nomination of James M. Landis, of Massachusetts, to be Federal Trade Commissioner for the term expiring September 25, 1940.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

ADJOURNMENT

Mr. ROBINSON of Arkansas. I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 20 minutes p.m.) the Senate adjourned until tomorrow, Thursday, January 11, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate Wednesday, January 10, 1934

ASSISTANT SECRETARY OF COMMERCE

Ewing Y. Mitchell, of Missouri, now holding recess appointment, to the position of Assistant Secretary of Commerce.

FIRST ASSISTANT COMMISSIONER OF PATENTS

Richard Spencer, of Illinois, now holding recess appointment, to the position of First Assistant Commissioner of Patents.

DIRECTOR BUREAU OF FOREIGN AND DOMESTIC COMMERCE

Willard L. Thorp, of Massachusetts, now holding recess appointment, to the position of Director, Bureau of Foreign and Domestic Commerce.

ASSISTANT DIRECTORS, BUREAU OF FOREIGN AND DOMESTIC COMMERCE

Henry Russell Amory, of California, now holding recess appointment, to the position of Assistant Director, Bureau of Foreign and Domestic Commerce.

Nathanael H. Engle, of Washington, now holding recess appointment, to the position of Assistant Director, Bureau of Foreign and Domestic Commerce.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 10, 1934

The House met at 12 o'clock noon.

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

O Thou who art the "I am that I am" and our Heavenly Father, too, who forgives, who redeems, and who satisfies, waken in our souls an unutterable silence and grandly vitalize our way. Inspire us to adorn our station with sincere devotion and unyielding fidelity. Guard our speech, quicken our steps on errands of mercy, and make our hearts to rejoice in the doing of the fine and lovely things of life. As we walk amid the sunlight and the shade in life's garden we pray that our example may refresh and not oppress, may liven and not deaden while heaven's light burns clean and deep in our breasts. Blessed Lord, God of love, give Thy blessing of encouragement, comfort, and rest to the down-hearted, the oppressed, and the homeless, and may we use the might of our mission to bring them relief; so direct us, our Heavenly Father. In the name of our Savior we pray. Amen.

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

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

THE INFLUENCE OF THE IDEAS OF DR. SCHURMAN ON THE CHARACTER AND TENDENCIES OF THE AMERICAN REGIME IN THE PHILIPPINES

Mr. OSIAS. I ask unanimous consent to extend my remarks in the RECORD by inserting a speech on Dr. Jacob Gould Schurman, the president of the First Philippine Commission, by the Filipino leader and statesman, Senator Sergio Osmeña.

The SPEAKER. Is there objection?

There was no objection.

Mr. OSIAS. Mr. Speaker, under leave to extend my remarks, I give hereunder a speech by the Filipino leader and statesman, Senator Sergio Osmeña, at the Columbian Institute, November 27, 1933, dealing with the ideas and ideals of Dr. Jacob Gould Schurman, the great American who was chosen by President McKinley to be president of the first American Philippine Commission sent to the islands:

Mr. President, ladies, and gentlemen, profoundly grateful for the honor of being your guest today, permit me to make a few remarks on the Influence of the Ideas of Dr. Schurman on the Character and Tendencies of the American Regime in the Philippines. Dr. Schurman has just visited us for the third time. As it was to be expected, he was enthusiastically welcomed not only by the different elements of our people but also by the Americans and foreigners who live with us. This recent visit of Dr. Schurman and the speeches which he had delivered during his stay here render timely the consideration of the subject which I have chosen and which I would have liked to discuss more extensively and in detail if I had the necessary time.

When, after the victory of the American forces, Spain was preparing to transfer to the United States the sovereignty over these islands, the American Government became confronted with a great problem in defining the political relations that it was to have with the Philippines; whereupon President McKinley called Dr. Schurman, who was then president of the University of Cornell, and made him chairman of the first Philippine Commission, whose prime duty was to study the conditions in the Philippines and recommend to the United States the policy to be followed with regard to the same. The Schurman Commission arrived in Manila on March 4, 1899, and stayed here for about 7 months.

The task that was entrusted by President McKinley to Dr. Schurman and his associates was of an extremely delicate nature. The Commission made as thorough an investigation as it was possible to make considering the status of war that it found in the Philippines, with the American and Filipino forces in open hostilities. An extensive study was made of all the phases of our political and social problems, including the questions of population, education, legislation, public lands, public institutions, agriculture, forestry, meteorology, mines, railroad, and commerce. Special attention was given to the government which had been implanted by the Spaniards and the reforms which from time to time have been demanded by the Filipinos. The study that had been made by the Schurman Commission is of indisputable value; indeed, I consider it the most important of all that had been made during the whole period of American occupation. The result of the investigation has been published in a report of four volumes, replete with most interesting data regarding the political, economic, and social conditions then prevailing.

Whatever may be the real value of the investigation, and whatever few mistakes may have been made in the appreciation of existing conditions—errors which are natural and inevitable in a work of this nature, undertaken in a foreign land, and in the midst of abnormal conditions—the portion of the report which is of greatest interest to us is that which refers to the formulation of the policy which should be followed by the United States in the Philippines. The Commission recommended a form of government giving immediately to the Filipinos a participation which shall gradually be increased until the people shall be in a condition to completely assume the responsibility imposed upon the United States by the Treaty of Paris. The Philippines was not to be an American state or an American colony. Neither was it to be independent under the protectorate of the United States. The political relations were to be of a temporary rather than permanent character. In the last analysis, the plan of Dr. Schurman was one of gradual preparation for independence.

Let me mention two outstanding features of the plan of government submitted by the Commission: The first salient feature was autonomy for the provinces and municipalities. Dr. Schurman was highly shocked with the so-called "intervention" of the central government which appeared in the plans of government which had been submitted to him by some Filipinos. The second outstanding feature of the recommendation was the grant of popular participation in the national legislature through an elective assembly, coupled with the Filipinization of administrative positions, insofar as possible; the adoption of an efficient civil-service system; an independent judiciary; and free elementary instruction, and the giving of a representation to the Filipinos in the United States. The Philippine Government was to be self-supporting and the government was to be run for the interest of the Filipinos. The exploitation of the islands as a colony was not to be allowed. The United States was not to vote any funds for the expenses of the Philippine Government but neither was the income of the Philippines to be employed for the benefit of the Government of the United States.

The motto of the Government was to be the "Philippines for the Filipinos." This was the same slogan which gave fame to Governor Taft when he came to the Philippines as the President of the second commission and later became governor under the civil government. The circumstances under which Dr. Schurman announced for the first time in 1902, the motto of the "Philippines for the Filipinos", reveal his real objective. The Taft Commission, which was then exercising government functions in the Philipines, asked that it be given legislative power to authorize the issuance of bonds; to grant municipal franchise; to dispose of the public lands, mines, and forces; to regulate corporations and grant railroad franchises. Dr. Schurman, who had gone back to Cornell after the commission over which he had presided had completed is tasks, was following the progress of the work in the Philippines. Generally, he gave his cordial support to the administration of the Taft Commission; but when the latter asked for the legislative prerogatives above mentioned, Dr. Schurman favorably indorsed the petition on one condition—that the Philippine Assembly, whose creation had been recommended, be immediately established so that in dealing with the important problems for the solution of which the legislative authority was asked, the Filipino people could intervene. To epitomize his views he said that "the Philippines should be for the Filipinos."

The recommendations of the Schurman Commission were first submitted to President McKinley, and later in February 1900, to Congress. The government that was implanted by the Americans in the Philippines, from the inauguration of the civil government in July 1900, and especially after the approval by Congress of the Cooper Act of July 1, 1902, was substantially the government recommended by the Schurman Commission.

The substantial closeness between the recommendations of the Schurman Commission and the plans of the Taft Commission has been reflected in the similarity of the views which have been expressed by Dr. Schurman and Mr. Taft in relation to certain important questions.

As I have stated, Dr. Schurman had expressed himself in 1902, in favor of the policy that the Philippines should be for the Filipinos. In his memorable speech delivered on December 17, 1903, Mr. Taft stated that the honor of the American people was pledged to the policy of "the Philippines for the Filipinos."

Both Dr. Schurman and Mr. Taft spurned the suggestion of the exploitation of the Philippines for the benefit of the United

States. Both stated positively that America was in the Philippines to promote the well-being of the Filipinos.

Dr. Schurman and Mr. Taft also coincided in their views regarding the capacity for self-government which we should reveal during the constitutional process required by the United States. Let me quote their words on this subject:

"Capacity for independent self-government", Dr. Schurman said, "does not necessarily mean capacity like ours to administer a Commonwealth like ours, but merely capacity of some sort to maintain peace and order, to uphold law, and to fulfill international obligations."

And Mr. Taft used the following language:

"The standard set, of course, is not that of perfection or such a government capacity as that of an Anglo-Saxon people, but it certainly ought to be one of such popular political capacity, that complete independence in its exercise will result in progress rather than retrogression to chaos or tyranny."

That the plan of giving the Filipinos a gradually greater participation in the government recommended by Dr. Schurman as a basic policy, and put into practice by Mr. Taft, should inevitably lead to the independence of the Philippines, was a fact admitted by both Dr. Schurman and Mr. Taft. In his speech in Manila on October 16, 1907, on the occasion of the inauguration of the Philippine Assembly, Mr. Taft said as an envoy of President Roosevelt:

"The avowed policy of the national administration under these two Presidents (McKinley and Roosevelt) has been and is to govern the islands, having regard to the interest and welfare of the Filipino people, and by the spread of general primary and industrial education and by practice in partial political control to fit the people themselves to maintain a stable and well-ordered government, affording equality of right and opportunity to all citizens. The policy looks to the improvement of the people, both industrially and in self-governing capacity. As this policy of extending control continues, it must logically reduce and finally end the sovereignty of the United States in the islands unless it shall seem wise to the American and the Filipino peoples, on account of mutually beneficial trade relations and possible advantage to the islands in their foreign relations, that the bond shall not be completely severed."

Dr. Schurman was no less explicit and positive in his utterances. Considering the fact, which to him was fundamental, that the political emancipation of the Filipinos was the paramount object which had moved President McKinley to demand the cession of the Philippines and that, according to President Roosevelt, America hoped to do for the Philippines what has never been done for any people of the tropics—to make them fit for self-government after the fashion of the really free nations, Dr. Schurman said:

"I say you will never consent to make the Philippine Islands an integral and organic part of the United States of America. * * * Very well; what then? A colony, a dependency? For a time this status may suffice; as a permanent arrangement it is impossible. For you propose to dower the Filipinos with an ever-increasing measure of liberty; but liberty grows by what it feeds on, and moves rapidly to its goal, which is independence. Then, too, the Filipinos have condensed the experience of centuries into these last half dozen years. They have dreamed of liberty; they have fought for liberty; they have seen in the east the star of independence. These are facts as potent as any other—and deeper than most—in the life of nations. * * * From the American point of view, then, ever-increasing liberty and self-government is to be our policy toward the Filipinos; and it is the nature of such continuously expanding liberty to issue in independence. This, then, is our program for the future, both near and remote."

And discarding the possibility of annexation, either forcible or voluntary, he concluded:

"The watchword of progress, the key to the future of the political development of the archipelago, is neither colonialism nor federalism, but nationalism. The destiny of the Philippine Islands is not to be a State or Territory in the United States of America but a daughter republic of ours—a new birth of liberty on the other side of the Pacific, which shall animate and energize those lovely islands of the tropical seas, and, rearing its head aloft, stand as a monument of progress and a beacon of hope to all the oppressed and benighted millions of the Asiatic Continent."

But great as was the service rendered by Dr. Schurman to his country and to the Philippines for the liberal recommendations which he had made to President McKinley with regards to the government which America should implant in the Philippines, his greatest service, not only to the two countries but to the cause of freedom, was the official recognition made by him in the midst of the then critical political situation that independence was the supreme and final aspiration of all the Filipinos. This view he announced in the official report of the first Philippine Commission. Convinced of the justice of this aspiration, he openly and publicly advocated for our independence immediately after he had resigned from the Commission. The address which he delivered on January 11, 1902, in Cornell University on the Philippine problems, constituted not merely a defense of the American policy in the Philippines but of the fundamental aspiration of the Filipinos to be independent. I recommend to the faculty and students of the Columbian Institute the careful reading of that address of Dr. Schurman which is so little known among us. I consider it interesting and instructive and, above all, humane.

Dr. Schurman has never deviated from this basic principle of his Philippine policy—our ultimate independence. Not only in the speeches which he had recently made in the Philippines, but in all the addresses which he had made in the United States during all these years, especially his speeches during the consideration by Congress of the Hare bill and the Hawes-Cutting bill, he had emphatically reiterated that the aspiration of the Filipinos and the duty of America in the Philippines perfectly coincide—the recognition of our independence.

In urging Congress to approve either of the two bills as a just and proper solution of the Philippine problem, Dr. Schurman expressed himself in clear and unequivocal language, thus:

"Our mission in the Philippine Islands is finished. The rest the Filipinos must do for themselves. It is for us to give them the opportunity by granting them complete independence.

"The hour for action has arrived. I ask in the language of the act of Congress, Are the American people now ready 'to withdraw their sovereignty over the Philippine Islands and to recognize their independence?' I repeat the inquiry in the words of President Wilson, Are we now prepared 'to keep our promise to the people of these islands by granting them the independence which they so honorably covet?' Remember, it was the humanitarian object of liberating the Filipinos from Spanish tyranny and bestowing upon them the boon of freedom that decided President McKinley and the people of the United States to compel Spain to cede to us her sovereignty over the Philippine Islands.

"Fortunate, indeed, that no lower motive prevailed. Any other object than the humanitarian one of carrying the gift of freedom to the Filipinos would have ended in vast and bitter disappointment or, perhaps, even in poignant remorse. Did we need the Philippines to make our power felt in Asia? No; for we can exert the most potent national influence in all quarters of the world without owning adjacent territory. And had we gone to the Philippines for commercial gain, when, think you, would our traders' profits have amounted to the hundred of millions of dollars which the archipelago has already cost us? And what shall I say of the thousands of brave young Americans who have lost their lives in the Philippines? No prospect of profit, however assured, no wealth or advantage, however colossal, could ever atone for the precious American lifeblood swallowed up by the hungry soil of Luzon and the Visayas. For such a sacrifice there is only one justification. It is the discharge of duty, service in a righteous cause. If our presence in the Philippines be not justified in its purpose and intent, then our soldiers' blood is on our hands; aye, and all the blood, in that case innocent, of the Filipinos we have fought, the misery we have caused their families, and the devastation we have wrought in their homes.

"This awful responsibility we cannot escape, either before our own consciences or at the bar of history, unless we have done what we have done in the Philippines for the sake of redeeming the Filipinos from foreign oppression, saving them from domestic anarchy, and leading them into the ways of self-government and independence. That is a blessing at once unmeasured and immeasurable. That blessing, and that blessing alone, justifies our Philippine enterprise."

"Yesterday the Philippines were a dependency of America. Tomorrow they will be a sister republic. May the two nations and peoples be united eternally in the bonds of a close and intimate friendship."

The permanent place of Dr. Schurman in the political history of our country is assured. His ideals and his principles are firmly and definitely imbedded in our fundamental institutions. His name shall figure in the roll of honor of the champions of human liberty.

IN PURSUIT OF AMERICA'S PURPOSE

Mr. GUEVARA. Mr. Speaker, I ask unanimous consent to insert in the RECORD the speech of the Honorable Elpidio Quirino, majority floor leader of the Philippine Senate, delivered on December 20, 1933, before the Foreign Policy Association at Chicago, informing the Government and people of the United States of the views of those who opposed the acceptance of Act No. 311, commonly known as the "Hare-Hawes-Cutting law", enacted by Congress on January 17, 1933.

The SPEAKER. Is there objection to the request of the Commissioner from the Philippine Islands?

There was no objection.

Mr. GUEVARA. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech of the Honorable Elpidio Quirino, majority floor leader of the Philippine Senate, delivered on December 20, 1933, before the Foreign Policy Association at Chicago, informing the Government and people of the United States of the views of those who opposed the acceptance of Act No. 311, commonly known as the "Hare-Hawes-Cutting law" enacted by Congress on January 17, 1933:

I wish to express my deep appreciation for the opportunity extended to me to bring to your attention the present status of the Filipino struggle for liberty. As you are all aware, a law was enacted in the last session of the Seventy-second Congress purporting to grant Philippine independence after 10 years of transition from the establishment of a Philippine Commonwealth government provided thereunder. Before this law was to be operative the Philippine Legislature or a national convention called for the

purpose should accept it. The Philippine Legislature, however, declined to accept the law, and instead created a new Independence Delegation to proceed to the United States to restate the Philippine case to the Government and people of this country.

For the last 35 years the Filipino people have been unequivocally expressing their desire to be free and independent from the United States. After wresting the Philippines from Spanish power and establishing a republic at Malolos, the Filipino army, mistaking right for might, resisted American occupation and received a staggering blow. Henceforth America remained in possession of the Philippines and established therein a government which, in the words of United States Presidents, both Democratic and Republican, was merely preparatory to Filipino self-government and independence.

In 1916, as you will remember, Congress made patent this purpose by enacting the Jones law, which promised to grant complete Philippine independence as soon as a stable government has been established in the islands. In 1920 President Wilson certified to Congress that this condition was fulfilled and that it was the duty of the United States to grant the coveted Filipino freedom. But the Congress failed to act upon this recommendation of President Wilson.

We have employed all means of appeal, from memorials and petitions to national prayer. Missions after missions have been sent to the United States since 1919. At last, on January 17, 1933, the Hare-Hawes-Cutting Act was passed, making a proffer of independence.

The natural and logical question that may be asked now is, Why did the Philippine Legislature decline to accept this law?

To those who have not closely followed the trend of events which led to the nonacceptance of this law, or who have not carefully analyzed its probable ill effects upon the economic and political future of the Philippines, it may seem strange that the Philippine Legislature should decline to accept said law when its avowed purpose was to grant the islands independence. In order that you may the better understand the position of the Filipino people in this regard and in order also that the real purpose of the new Philippine Independence Delegation now present in the United States may be made clearer, I beg leave to seek your indulgence so that I can present the informational background of the negative action of the Philippine Legislature. I shall not tire you with the full details. I shall only point out two or three, or perhaps four, of the most important reasons upon which the insular legislature based its action.

The first is the provision of the law which gives the United States, at the discretion of the President, the right to have and hold forever military and naval reservations in the Philippine Islands after independence shall have been granted. At present there are about 250,000 hectares of land in the Philippine Islands reserved by the United States as military and naval outposts. Some of them are located in very strategic places from the standpoint of commerce and national defense. These military and naval reservations include the Corregidor Island, the Cavite Navy Yard, and the Mariveles Naval Station, all of which are found in the entrance of the Manila Bay and constitute the key to the national defense of the capital of the Philippine Islands, which is at the same time the center of commerce of the archipelago. In the very city of Manila, dotted near each other, and in the midst of the most thickly inhabited districts of the city, there are at least five military reservations, while in the immediate vicinity of Manila along the Pasig River there is the Fort McKinley, of several square miles. A few miles north from the city of Manila there is the Camp Stotsenburg, the largest of them all, and almost immediately west of this reservation there is the Masinloc Naval Reservation. Scattered throughout the northern part of the island of Luzon there are other military and naval reservations—in Baguio, Mountain Province; Burgos, Ilocos Norte; Cauayan, Isabela Province; and other places.

In the southern part of Luzon and throughout the Visayan Islands there are also military and naval reservations, most important of which are those in Los Banos, Laguna; Sorsogon, Samar, Leyte, Palawan, Romblon, and Iloilo. While in the island of Mindano and in the Sulu group, and scattered throughout the coasts and occupying the best strategic points for defense and commercial ports there are also military and naval reservations in Overton and Camp Keithly, both in the Province of Lanao; three military reservations in Zamboanga, the most important and beautiful port of Mindanao; the military reservation in Jolo, and other places in the southernmost point of the archipelago. In all, there are about 62 United States military and other reservations in the Philippine Islands.

Under the provisions of the Hare-Hawes-Cutting Act any or all of these military and other reservations can be retained as the property and for the permanent use of the United States by presidential redesignation within 2 years after the declaration of Philippine independence.

Let us not be misunderstood in our objection to this power and discretion given to the President of the United States under the law. It is not that we are absolutely unwilling to grant or cede to the United States Government some naval or coaling stations that the Federal Government may need for its own purposes, but we certainly cannot conceive how the Philippines could be really and truly independent if the United States is to retain and maintain indefinitely military and naval reservations scattered throughout the archipelago and in the most important strategic and commercial places.

Another objection to this military and naval provision is based upon the fact that it would seem likely to defeat the desired neutralization of the Philippine Islands. The Hare-Hawes-Cutting Law authorizes the President of the United States to negotiate with foreign powers treaties that would guarantee the neutrality of the Philippines. It is at least doubtful whether nations having interests in the Pacific would care to guarantee the neutrality of a country in which one of the great powers has so many military and naval reservations. We, of course, know that there are many people who have lost faith in treaties and who give very little or no importance to the neutralization of the Philippines as a means of insuring the peace and territorial integrity and independence of that little country. But as we know of no other way whereby small nations could be protected from foreign aggression, and as, in any event, this is the course which the United States Congress has adopted, we are perfectly satisfied with it and therefore wish that every possible objection to the accomplishment of this purpose be eliminated.

The next main reason of the negative action of the Philippine Legislature on the Hare-Hawes-Cutting Act is based upon the trade relations between the United States and the Philippine Islands during the 10-year period previous to the granting of independence. Under the provisions of this much-discussed law, Philippine products exported to the United States during these 10 years will be limited in volume, and the excess export shall pay the full rate of tariff that is imposed upon foreign goods entering the United States. But even the Philippine products that would come into the United States within the specified limits, as well as all other Philippine goods entering duty-free without being included in the free list, shall have to pay an export tax beginning from the sixth year of this transition period. This export tax would increase annually by 5 percent until it becomes 25 percent of the full rate on the tenth year. At the end of the tenth year, the full rate of the American tariff shall be imposed upon all Philippine goods entering the United States. By the way, export tax, as you know, is prohibited by the Constitution.

An analysis of the probable effects of this tax upon the major Philippine industries shows that, before the end of the 10-year transition period, the Philippine sugar industry, coconut industry, and cordage industry, as well as other important industries like the tobacco, embroidery, and button industries, shall have been ruined. This, of course, will affect, adversely, the revenues of the Philippine Government and impoverish the country. On the other hand, American products would enter the Philippine markets free of duty and without any limitation.

The present free-trade relations between the United States and the Philippines were established in 1909 against the objections of the Filipino representatives both at home and in Congress. Because of this trade arrangement, the volume of trade between the United States and the Philippines has tremendously increased—from ₱42,343,688 in 1909 to ₱267,891,232 in 1932—representing an increase in the share of the United States in the total trade of the islands from 32.07 percent in 1909 to 77 percent in 1932. This trade also represents an increase in the total imports of the islands from the United States, from 20.73 percent in 1909 to 65 percent in 1932 of the total import trade of the islands, while it represents an increase in Philippine exports to the United States from 42.17 percent in 1909 to 87 percent in 1932 of the total export trade of the Philippines.

Although there has been a mutual increase in the volume of trade between the two countries, official statistics show that the proportion of increase has been greatly in favor of the United States. To illustrate, the average yearly exports of the Philippines to the United States for the 10-year period immediately preceding the establishment of free trade (1899–1908) was ₱19,026,915, while the average yearly exports for a similar period of 10 years thereafter (1921–30) was ₱193,461,847. This shows an increase of 391.2 percent for the Philippine Islands. On the other hand, the exports of the United States to the Philippine Islands for the 10-year period, from 1899 to 1908, show a yearly average of ₱8,073,367, as compared with the average yearly exports to the islands for the 10-year period from 1921 to 1930, amounting to ₱139,921,006, representing an increase of 1,633.1 percent. Thus, while Philippine exports to the United States have increased only 391 percent, United States exports to the Philippines have creased 1,633 percent.

Official statistics show also that as a whole, from 1909 to 1930, Philippine exports to the United States have increased by 615 percent as compared with 1,113 percent increase in the exports of the United States to the Philippines during the same period.

But, besides the fact that the United States has derived more advantage from the present free-trade relations between the two countries, the Philippine Islands, which takes from the United States 65 percent of the total import trade of the islands, and exports to this country 87 percent of the total Philippine export trade, has become completely dependent upon and is now economically at the mercy of the United States because of these free-trade relations.

It is not, therefore, the desire of the Filipino people to continue indefinitely with this arrangement specially if it is not the wish of the American people. But it is evident that the Filipino people should be given reasonable time, and under favorable conditions, to set up their own economic structure independent of the United States. It may be argued that such is precisely the reason why there is provided under the Hare-Hawes-Cutting law a period of 10 years during which the Philippines is expected to make its economic readjustment. Yes, 10 years are sufficient for this purpose, and if the limitations imposed upon the free entrance of our products into the United States were based upon the status quo, that is to say, upon our present exports, and the export tax were

eliminated, the provisions of the law as amended in this manner would meet the economic situation.

It should be emphasized, however, that our desire to safeguard the economic and financial position of the Philippines is not predicated upon any intention on our part to give undue importance to the material things of life as compared with spiritual and moral values. To us, freedom is everything. But in these times in which we live no country can be truly independent unless it can support itself. And it is precisely because we want to insure not only the granting but the maintaining of our independence as well that we feel in duty bound to call the attention of the American Government and people to the financial and economic difficulties which would confront our country under the trade provisions of the Hare-Hawes-Cutting law.

I repeat, the trade relations between your country and ours have been forced upon us by Congress. In the course of years such trade relations, artificially fostered by the American tariff, have made the islands dependent upon the American market. A sudden closing of this market or an undue curtailment of our exports into the United States before we have time to prepare ourselves for world competition would be disastrous. And if this were to happen there will be many people who, uninformed of the causes thereof, would attribute it to the incapacity or inability of the Filipino people to establish and maintain their own government. The reaction in this country to such a situation in the Philippines will likely be that the promised independence should not be granted at the end of the 10-year transition period.

Resuming, therefore, the Hare-Hawes-Cutting law is self-defeating in that with the provisions regarding United States military and naval reservations complete Philippine independence is incompatible, and with the trade relations thereunder our country will be ruined.

One sentimental but not secondary objection to the law consists in the fact that under it Filipino immigrants to the United States would be treated as bona fide foreigners under the quota basis during the transition period, and thereafter as undesirable foreign elements to be absolutely excluded from the mainland. On the other hand, for the benefit of the sugar planters in Hawaii, these immigrants may go into that Territory of the United States in any number, depending upon the needs of the plantations and subject to the approval of the Federal Secretary of the Interior. If it were not for the fact that under the commonwealth constitution the Filipino people are compelled to acknowledge, respect, and safeguard the existing rights of American citizens and corporations in the Philippine Islands to the same extent as if they were of Filipino citizens and corporations, and that during all the period of transition American citizens in the islands would enjoy practically the same rights and privileges as Filipinos themselves enjoy in their own country, the discriminatory provisions of the law against Filipino immigrants into the United States would not have the importance that the Filipino people have attached to it out of racial dignity and pride. Certainly, we cannot conscientiously understand why we should be considered as undesirable foreigners in one case and as subjects or mere commodity in another, depending upon whether or not the Filipino immigrants could be utilized by the American people. If the Filipinos are not wanted in this country, we could perhaps find another scheme for our honorable exit.

There are several other secondary objections to this law that enter into the composite grounds for not accepting it. Among these are the denial of currency autonomy, immigration autonomy and foreign relations autonomy, practically all of which are placed under the direct control and supervision of the United States during the transition period, but which are essential instrumentalities in the preparation for a Philippine independent existence. However, we cannot too well indulge in fault-finding or hair-splitting and scrupulously quibble over the provisions of a law that makes an honest offer of liberty. But the Filipinos would not be loyal to the American people if we did not frankly and sincerely lay bare before this country the reasons for not accepting it in the form in which it has been offered.

As a whole, it is the honest belief of the Philippine Legislature, that the provisions of the Hare-Hawes-Cutting Act do not achieve the very purpose of the American Congress to finally dispose of the Philippine question. The Filipino people are not unmindful of the highest motives of the American Congress in approving the Hare-Hawes-Cutting Act. It constitutes another source of the traditional gratitude and loyalty of the whole Filipino race toward the American Government and people.

But precisely because the United States meant to give our people the freedom for which they have been yearning for years under conditions that would be compatible with America's altruistic purpose announced in the incipiency of her occupation of the Philippines, the Philippine Legislature did not hesitate to take advantage of the privilege offered by the United States Congress under the Hare-Hawes-Cutting Act to frankly decline it, that we may have an opportunity to restate our case before Congress. Rather, this act of the Legislature is in pursuit of the noble purposes of the United States toward the Philippine Islands. We have been encouraged by the pronouncements of the Chief Executives of this Nation, both Democratic and Republican, by the specific pledge of the United States Congress, by the history of American administration over the Islands, and by the lofty traditions and ideals of the United States as a liberty-loving country whose liberating mission among other weaker and subject peoples has not failed. We are confident that our moral cause is won. What remains now to be done is perhaps to lay down anew at a round table the cold facts and figures from both sides of the Pacific in a last supreme effort to make them tally and coincide with the march of the minutes and the seconds of the independence clock so that when the hour of final redemption shall strike, it will strike to the satisfaction and honor of America and the Philippines.

INDEPENDENT OFFICES APPROPRIATION BILL, 1934

Mr. WOODRUM, by direction of the Committee on Appropriations, reported the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, which was read a first and second time and, with the accompanying report, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. WIGGLESWORTH. Mr. Speaker, I reserve all points of order on the bill.

The SPEAKER. The gentleman from Massachusetts reserves all points of order on the bill.

Mr. WOODRUM. 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. 6663, the independent offices appropriation bill. Pending the consideration of that motion, I ask unanimous consent to make a brief statement.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Speaker, of course, printed copies of the bill just reported are not available for the Membership; but in order to give Members of the House who desire to make speeches an opportunity to do so, and in order to save as much time as possible, we thought it expedient to go into the Committee and use such time as might be desired today. It is the intention of the Chairman of the Committee on Appropriations to ask for a special rule relative to the legislative provisions carried in this bill. As I understand it, that rule cannot be taken up for consideration until Friday, unless by consent. Therefore, it is the present intention to have general debate for a while today and conclude general debate tomorrow and be ready to take up the rule on Friday upon the convening of the House, dispose of that and read the bill for amendment, with the hope that we can conclude its consideration by Friday night.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. SNELL. Of course, there will be important subject matters to be considered in connection with the rule to make in order legislation on the bill. I have no disposition to in any way interfere with the program as presented by the gentleman from Virginia, but I hope he will not limit the time too much on the discussion of the rule, because that is the important thing in connection with this whole bill. To a certain extent it necessitates the discussion of some legislation in the bill. I hope when the time comes for the consideration for the discussion of the rule that he will not say that we have had considerable general debate upon the bill already and that it is not necessary to have much time on the rule. I am perfectly willing to go along with the program, but with the hope that he will grant sufficient time for proper consideration of the rule.

Mr. WOODRUM. I agree with what the gentleman says, but, of course, the gentleman understands that I will not have control of the time on the rule. I realize that probably the principal controversy, if there is controversy, will arise over the adoption of the rule. Probably the whole matter will be settled one way or the other right there. I have no doubt but that those in charge of the rule will be able to give ample time for its consideration.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. BLANTON. Unless the Rules Committee is able to report the rule today, and have it printed tonight, we could not debate the rule tomorrow. There could be much more debate, unlimited almost, if the rule could be taken up and considered tomorrow. In case the Rules Committee cannot report the rule today, if the minority leader could get his side to agree upon a unanimous consent request to consider that rule tomorrow, so that it would not have to be

held over until Friday, he could assure himself of a whole lot more time for debate.

Mr. SNELL. The minority leader does not desire to make such a request. He knows nothing about the rule at the present time. When he is informed about the rule, he will then take a position upon it.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. MAY. This may be a proper inquiry and it may not, but would the chairman of the subcommittee care to state at this time the general character of the legislative provisions if it is proper to do so?

Mr. WOODRUM. I have no objection. It is the legislation continuing the economy provisions of the bill with reference to salary restorations. The bill is available, I will say to my colleague, as there is a limited number of copies in the Appropriations Committee room.

Mr. MAY. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. MAY. Does that include a continuation of the Reconstruction Finance Corporation?

Mr. WOODRUM. No; it has nothing to do with that.

Mr. WIGGLESWORTH. Do I understand the time is to be equally divided between the two sides?

Mr. WOODRUM. Yes. I ask that the time be equally divided between the gentleman from Massachusetts [Mr. WIGGLESWORTH] and myself.

Mr. BYRNS. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BYRNS. I join in the suggestion made by the gentleman from Texas [Mr. BLANTON]. While the gentleman from New York [Mr. SNELL] says he is not in a position to make an agreement, I wish to emphasize what the gentleman from Texas [Mr. BLANTON] has said, that if the gentleman from New York [Mr. SNELL] can find it possible to permit this rule to be taken up tomorrow and disposed of, we will have ample time to discuss the proposition which the gentleman refers to, and if we get through with the bill Friday night, it may be possible to adjourn over until Monday and give the Members an opportunity to attend to their business on Saturday. That will afford the fullest opportunity, and it seems to me there could be no good reason for delaying the consideration of the rule 24 hours, because the House now has notice that such rule will doubtless be proposed. The gentleman from New York knows what it will be now, or he will know by the time of the assembling of Congress tomorrow.

Mr. SNELL. In answer to the majority leader, I certainly would like to see what the rule provides before I agree to any unanimous-consent request.

Mr. BYRNS. I do not want the gentleman to make any agreement now, but I am simply telling him what will result if he finds it possible to agree to it. We can have ample debate and get through with the bill on Friday and adjourn over Saturday, possibly.

Mr. BLANTON. If the gentleman from Virginia will permit, I want to ask the majority leader if it is not a fact that the necessity for this rule is to carry out the President's program? If it were not for carrying out the President's program, there would be no necessity for this rule.

Mr. BYRNS. Yes, sir.

Mr. RICH. We would like to know definitely what this President's program is, if we are going to agree to it.

Mr. BYRNS. That is contained in the bill.

Mr. BUCHANAN. And in the Budget.

Mr. SNELL. This is a pretty broad program, and I do not think we can give any unanimous consent on it until we know what it is. You do not know what the program is and we know nothing about it yet.

Mr. BANKHEAD. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BANKHEAD. In the absence of the chairman of the Committee on Rules I feel justified in saying that the Committee on Rules will be glad to endeavor to bring that rule forward as soon as possible when we are requested to do so. But in connection with the anxiety of the gentleman from New York [Mr. SNELL], with reference to the possible provisions of the rule, I think the gentleman can well anticipate what they will be. It will be a controversy, of course, on the program as carried out in this appropriation bill with reference to the recommendations of the President, and in the absence of a rule, points of order would probably lie against those provisions. I do not know what will be requested of the committee, but I assume it will be a simple rule to make that legislation in order despite the rules of the House.

Mr. SNELL. If the gentleman, who is one of the leaders, does not himself know, how does he expect I am going to know? Furthermore, considering the statement made by the majority leader that we are not going to have legislation by special rules this session, I certainly am still in the dark.

Mr. BANKHEAD. I know nothing about that statement by the majority leader, and I doubt very much if the majority leader made that statement.

Mr. SNELL. I read it in the newspapers.

Mr. BYRNS. The gentleman must not believe everything he reads in the newspapers. I said I hoped it would not be necessary to bring in rules. The gentleman knows we cannot have any session of Congress in which rules are not necessary on occasions.

Mr. SNELL. I appreciate that is necessary at certain times, but this is the first bill that comes before the House, and you are going to bring it in under a special rule, and I certainly want to know what kind of a rule you are going to propose.

Mr. WOODRUM. Mr. Speaker, I renew my motion that the House resolve itself into the Committee of the Whole House on the state of the Union, and I ask unanimous consent that the time for general debate be equally divided between the gentleman from Massachusetts [Mr. WIGGLESWORTH] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—EMERGENCY FARM CREDIT ACT (H.DOC. NO. 212)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Agriculture and ordered printed:

To the Congress:

I have already suggested to the Congress that one of our tasks, in the light of experience, is to improve and perfect previous legislation.

I now recommend that the Emergency Farm Credit Act of 1933 be amended to provide responsibility by the Government for the payment of the principal of, as well as interest on, bonds issued.

Two billion dollars of bonds were authorized. While the interest was guaranteed, the ultimate obligation of the Government for payment of the principal was not legally assumed. We should supplement what most of us frankly believe to be the moral responsibility of the Government by adding the necessary legal responsibility. The result of providing a bond on which both the principal and interest are guaranteed would be to put such bonds on a par with Treasury securities.

By setting up a corporation to issue these bonds the important task of refinancing agricultural indebtedness can be continued on virtually a self-sustaining basis.

The Farm Credit Administration is expediting the disbursement of funds. In order that progress in making loans may be uninterrupted, I hope that the Congress will give attention to this subject as soon as possible.

It is true that technically the responsibilities of the Government will be increased by the amount of $2,000,000,000, but it seems in every way right that we thus publicly acknowledge what amounts already to a moral obligation. In

any event, the securities to be offered are backed not only by the credit of the Government but also by physical property of very definite value.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 10, 1934.*

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—REPORT OF BOARD OF DIRECTORS OF THE PANAMA RAILROAD CO.

The SPEAKER laid before the House the following further message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, the Eighty-fourth Annual Report of the Board of Directors of the Panama Railroad Co. for the fiscal year ended June 30, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *January 10, 1934.*

INDEPENDENT OFFICES APPROPRIATION BILL, 1935

The SPEAKER. The question is on the motion of the gentleman from Virginia [Mr. WOODRUM].

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. 6663, the independent offices appropriation bill, with Mr. BULWINKLE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. WOODRUM. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, the independent offices appropriation bill which has just been introduced, and which is now under consideration by the Committee of the Whole, will again be made the vehicle for the economy legislation, or a continuation of those provisions that the President, in his wisdom, feels should be continued during the next fiscal year.

As I stated a few moments ago in the announcement of the committee, so far as I know, the only controversial feature in the bill will be the question relating to the legislative provisions. It will be the purpose of the committee to ask for a rule to make in order on this bill these legislative provisions. I am sorry the committee does not now have printed copies of the bill from which the Members might inform themselves as to these provisions. They have been available to our colleagues on the subcommittee. The bill is being printed and will be available for the committee tomorrow.

I am merely consuming this time while our genial and attractive friend from Texas gets his ammunition together. I see he is now ready to go on.

Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. CROSS]. [Applause.]

Mr. CROSS of Texas. Mr. Chairman, the people of this country owe in excess of $230,000,000,000, a large part of which is in tax-exempt bonds, and if all the gold in the world available for monetary purposes, all the gold coin and all gold bullion, was converted into gold dollars containing 23.22 grains, which our dollar contains, there would not be in excess of $12,000,000,000; and if we possessed it all, it would pay off less than 5 percent of the debt. If all the silver in the world available for monetary purposes was converted into silver dollars at a ratio of 16 to 1 with our gold dollar, it would not make in excess of 11 billions of silver dollars. And if we had all the gold and silver in the world available for monetary purposes, it would not pay 10 percent of this debt. Only about 28 percent of the gold of the world is produced in the Americas, while about 82 percent of the silver of the world is produced in the Americas. The United States, Canada, and Mexico produce about 75 percent of the world's supply. The idea of some that silver can be had in abundance is an erroneous one. About 85 percent of the silver is produced as a byproduct of other metals. The exact ratio of the production of silver to gold from 1492 to 1932 was 13.98 to 1, or about 14 to 1, while for the last hundred years the ratio has fallen to 11.4 to 1, or only a minor fraction in excess of 11 to 1. Quoting from Warren and Pearson on Prices:

> The production of silver has come much nearer the production of other things than has the production of gold. Neither gold nor silver nor any other precious metal can be expected to increase at such a rate as to have a stable value. A combination of gold and silver would be much more stable than gold.

Practically all the vast debt now owed by the people of this country was contracted during the 13 years from 1917 to 1929, inclusive. Taking the pre-war wholesale commodity price level as 100, the average wholesale commodity price level during these 13 years was 160. So that the dollar during this period only had a purchasing power of 62½ cents, as compared with the pre-war dollar, while the wholesale commodity price level of 1926 was only 146, taking the pre-war period as 100. So, the purchasing power of the dollar during that year which we propose to take as a standard had a purchasing power of 68½ cents. And surely the creditor should not complain of the purchasing power of the dollar being stabilized at its purchasing power in 1926 when he would still be paid dollars having a greater purchasing power than those he loaned.

Mr. Chairman, a number of countries in Europe, when they returned to the gold standard after the war, greatly devalued their monetary units. For instance, Italy reduced the lira from 290.322 milligrams of fine gold to 79.19 milligrams, or she converted 1 into 3⅗ liras. France reduced her franc from 290.322 milligrams to 58.95 milligrams, or she made 5 francs out of 1. And Belgium reduced the belga from 290.322 milligrams to 41.842 milligrams, or she made 7 out of 1. Thus they did not permit their people to be robbed as we are permitting ours to be. Quoting from Warren and Pearson on Prices:

> It is debts, not wages, that stand in the way of recovery. Little building and limited prosperity can be expected until debts are adjusted to the price level, or the price level reflated to the level at which the debts were contracted. Any kind of an index number would be far more stable than the value of a single commodity. From 1873 to 1896 the value of gold in England almost doubled. From 1896 to 1914 it declined nearly one third. From 1914 to 1920 its value declined more than one half. From 1920 to 1931 it more than doubled.

Mr. Chairman, there is no function of government so vital to a country's welfare and the happiness of its people as that of its currency. Nor can there be any sustained prosperity where the monetary unit is constantly fluctuating, inflating and deflating in purchasing power, any more than the body can be healthy running high and low blood pressure. Nor does the Constitution anywhere place upon Congress half so grave a responsibility as that "to regulate the value of money." "To regulate", that is to stabilize its purchasing power. Theoretically barter furnishes an ideal system of exchange, though such a system in this day and time is impossible. As traffic expanded among ancient, half-civilized peoples and barter became more and more impracticable, they turned to the crude, unscientific system still in use, the injustice from the workings of which has grown with the years. However, science has at last evolved a system that is not only practicable but one which will deal out impartial justice to all.

Mr. Chairman, if prices deny to production a profit, there can be no credit and industry sickens and dies, leaving as a legacy unemployment, want, and revolutionary discontent. Stabilize the purchasing power of the dollar on a price level that will make profits possible and credit will follow as the shadow the substance.

The commodities that feed and clothe, the products that supply the necessities and comforts of men, are as essential today as they were five or a hundred years ago and will continue to be so in the future. And while their prices fluctuate in relation to each other in response to supply and demand, being free from "fiat" and standing alone on intrinsic value, their prices neither inflate nor deflate, though they

seem to do so when viewed through the lens of a false exchange medium as the result of the purchasing power of its expanding and contracting monetary unit, which in this country is the dollar. Such a currency is productive of frenzied speculation, and at its rainbow end is bankruptcy and economic chaos. Under the workings of such a currency we have been brought to our present sad plight. For, my colleagues, this unstabilized, deflating, inflating gold dollar has been responsible for every panic that has delivered the people over in mass to be tortured by that cruelest of all demons, "hopeless debt."

Mr. Chairman, let us dispassionately analyze this so-called "gold-standard system." To begin with, gold is just a commodity and not an essential one at that, and subject under the law of supply and demand to fluctuate in price like any other commodity. If you had taken 1 pound of a hundred different commodities that were essential to feed and clothe and to supply the comforts and needs of man and gone out in 1926 to buy or exchange them for dollars, and they bought you $20, and then in 1932 you took a pound of each of the same 100 essential commodities, and they bought you only $5, would it not be patent that the "fiat" nonessential gold-dollar commodity had hijacked you by enormously inflating its exchange price?

Take from it the statutory "fiat" of legislative bodies arbitrarily designating a fixed number of grains of gold as the monetary unit and that "it shall be legal tender for all debts both public and private"; that is, that all debts must be paid in that monetary unit irrespective of its purchasing power on the date of payment, it would not bring as a matter of intrinsic value 25 percent of its statutory "fiat" value. Thus at least 75 percent of our gold dollar is pure legislative "fiat." The injustice constantly being perpetrated by the unstabilized gold dollar was never vividly disclosed until the wholesale commodity price level was evolved. To ascertain a just price level on which the purchasing power of the dollar should be stabilized, we will take the wholesale commodity price level covering any normally prosperous period such as the year 1926. With this period as a standard, the purchasing power of the dollar during that year is accepted to be 100 percent or par. Now, let us see how this gold dollar, in no way stabilized on commodity prices, thereafter acted in relation to the purchasing power of the dollar as shown by the wholesale commodity price level of 1926. In the early part of 1927 its purchasing power began to decline or contract and continued to do so until it had a purchasing power of only 50 cents, so that it took two of these depreciated purchasing-power dollars to equal the purchasing power of one of the dollars during the standard or normal year of 1926. It was these cheap contracted dollars the people erroneously took as meaning high values that started a wild saturnalia of speculation and in a frenzy they went pellmell into debt—States and counties, cities and towns, school and road districts voting bonds and exchanging them for cheap 50-cent purchasing-power dollars. Men mortgaged their homes, their ranches, their farms that they might buy manipulated, worthless stocks.

And then one day in October 1929 this cheap, contracted, treacherous dollar, inflated and balloonlike, shot up from a 50-cent purchasing-power dollar to a 200-cent purchasing-power dollar. So those who bonded and mortgaged and borrowed are being called upon to pay four times in real values what they received. My colleagues, here and only here can this great injustice be righted. Here and only here can the value of money be regulated and the purchasing power of the dollar stabilized. And if it be true that coming events cast their shadows before, it will be done and the long turbulent reign of the unstabilized hijacking gold dollar brought to a close, and "the strong lance of justice will no longer hurtless break because of corruption plated in gold." Aroused by bitter experience, the deliberate judgment of a long suffering people so decrees; and the ghost of a hundred panics rise up to say amen.

With a courageous incorruptible statesman in the White House, the champions of an honest stabilized currency have the opposition on the run, and the security-bond holding groups, through the mouths of henchmen and subsidized economists, are displaying their weakness in attempting to spread a smoke screen of intimidation by hysterically shouting "rubber dollars", "dishonest money", "inflation", "baloney money." What terms could more aptly describe the dollar they attempt to defend? What dollar could be more cruelly dishonest? What dollar could display a greater rubber propensity than one that expands its purchasing power four times overnight, or inflates so quickly with such deadly economic gas?

What better receptacle could be found in which to embalm their spurious arguments so often fraught with filthy slang than that of the baloney casing? Bereft of logic, they stoop to win by an appeal to prejudice; and as if it was a refutation of every argument, parrotlike, they roll under their tongues "brain trust." It ill behooves ignorance to attempt to belittle learning. To do so is to hark back to the Dark Ages when the benighted masses held in contempt the few who could read and write. But with avarice as their banner, they will resort to the use of any weapon that might perchance save the life of the goose that lays for them their eggs. It is the same old, old story of greed fighting progress. Actuated by selfishness the welder of armor, as well as the lordly knight, fought against the introduction of gunpowder that was to make the lowly serf a match in prowess to his haughty master and end his physical bondage, as will the coming of the stabilized dollar end for those who toil in mine, field, and factory their financial bondage. And long, long after the names of those who propaganda against this great reform shall have been forgotten, proud monuments will commemorate and the pages of history will glow with those of Fisher and Brandeis and Warren and Franklin Delano Roosevelt.

Mr. Chairman, the only antidote for the inflated purchasing power of the dollar is to scientifically inflate the volume of currency in circulation, and vice versa, the only antidote for the deflated purchasing power of the dollar is to deflate scientifically the volume of currency in circulation.

Under the terms of the bill introduced by me to accomplish this vital reform, the purchasing power of the dollar as shown by the wholesale commodity price level for the year 1926 is taken as a standard, so that its purchasing power during that period is accepted as being at 100 percent, or par. Then, with this as a standard, this bill provides that whenever the purchasing power of the dollar is more than 2 percent above par, the stabilization board, provided for in the bill and to consist of the Secretary of the Treasury, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, and the Comptroller of the Currency, shall uniformly reduce the rate of income taxes; or, if they deem best, suspend income taxes entirely, while issuing, if necessary, "stabilization coin certificates" and paying all governmental expenses and obligations as they fall due until the purchasing power of the dollar returns to par. And should at any time the purchasing power of the dollar contract and thereby fall as much as 2 percent below par, the Secretary of the Treasury, acting on behalf of the currency stabilization board, is required to withdraw currency from circulation by selling bonds until the purchasing power of the dollar is restored to par. This bill further provides that the gold dollar shall be reduced from 25.8 grains of gold nine tenths fine to 12.9 grains of gold nine tenths fine, and that the silver dollar shall contain 206.4 grains of silver nine tenths fine. This would establish a ratio of 16 to 1 in the coinage of the two metals. Thus, by restoring silver as money and thereby broadening the metallic base and reducing the number of grains in the gold dollar by half, the Secretary of the Treasury would at all times be in possession of ample redemption metal so that he could expand the currency in circulation sufficiently to keep the purchasing power of the dollar at par with the 1926 wholesale commodity price level.

This bill further provides that all currency certificates of every description now outstanding shall be called in as rapidly as possible and replaced by "stabilization coin cer-

tificates", which are to be redeemable in either gold or silver at the option of the currency stabilization board.

Mr. Chairman, enact this bill into law, and never again will wholesale bleary-eyed speculation demoralize the people while manipulative gamblers crucify them through the instrumentality of a corrupt stock exchange. Enact it into law, and never again can the demon of "hopeless debt" convert this country into a mental hell of nerve-shattered anguish while millions shiver and beg for bread in the midst of plenty. Enact it into law, and industry will shake off its lethargy, purchasing power will return, surpluses will vanish, while even-handed justice apportions to every man the fruits of his labor. [Applause.]

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

Mr. FISH. Mr. Chairman and gentlemen, I am loath to refer to the silver issue. It is one that has been discussed in the House from about 1873 continuously up to 1896, and during that time many eminent members of both parties have expressed their views. Many distinguished Democrats have stated their opinions, including a former President, Grover Cleveland.

I admit that I am fearful of making any statement at the present time about the silver issue, because I do not want to be called a tory or a witch burner or an adherent of Wall Street. Every time a Republican differs with a Democrat he is immediately placed in that category or, even worse, denounced as a defeatist or traitor.

Therefore I do not propose to talk on the silver issue, but I present as my witnesses some well-known Democrats, such as Alfred E. Smith, who recently termed our depreciated currency "baloney" and inflationists and advocates of free silver as "crackpots." No Republican would dare do that because of his fear of being accused of being blindly partisan, and, perhaps, un-American.

Now, let me refer you to Grover Cleveland, who spoke with knowledge on the silver situation when that was a paramount issue. He was a Jeffersonian Democrat, and one of the greatest and one of the most courageous of our Presidents, and always placed the welfare of his country above the partisan or sectional interests of his party.

Let me say to those who advocate free silver that we have done very well so far in the United States without the aid of free silver.

Even in 1928 and 1929, those days that you criticize the Republican Party for, I say to you that, without the aid of free silver, we had the greatest amount of prosperity in America that was ever known, and the trouble with it was that we gave the country an overabundance, a virtual surplus of prosperity, which was abused by the American people, both by Republicans and Democrats, who were stupidly wasteful and extravagant, and gambled and speculated, and made for an enormous inflation, which was bound to collapse of its own weight. The pendulum swung back and did not stop at normalcy, but went on down into the depths of the depression, where we have been for several years. The lack of free coinage of silver had nothing to do with the depression and will not help in getting us out. We can only emerge through the hard work, courage, and faith of the American people in our institutions, backed by sound economic principles and policies. I want to read a few brief statements on the silver question by that former Democratic President, Grover Cleveland, who knew from experience what he was talking about and meant what he said.

> It surely cannot be necessary for me to make a formal expression of my agreement with those who believe that the greatest peril would be invited by the adoption of the scheme embraced in the measure now pending in Congress for the unlimited coinage of silver at our mints.
>
> If we have developed an unexpected capacity for the assimilation of a largely increased volume of this currency, and even if we have demonstrated the usefulness of such an increase, these conditions fall far short of insuring us against disaster if in the present situation we enter upon the dangerous and reckless experiment of free, unlimited, and independent silver coinage.

I did not rise to speak on the silver question. I rose primarily because the committee in charge wanted to draft someone to speak. But I welcome this opportunity to say a few words. Ever since the Congress met, some of my Democratic friends have been coming to me and saying, "We want a wholesome opposition, we want an active minority and an aggressive militant opposition party." There never was a time in our history when it was more necessary to fight for the preservation of American ideals and institutions from the encroachments of socialistic tendencies and actual State socialism than today.

It is the duty of the Republican Party now in opposition to oppose the undermining of our institutions by further socialistic experiments.

There are plenty of Democratic Members of Congress still taking orders who quietly admit that there are many things going on, many of the methods and policies of their party, that they do not agree with, but cannot oppose, naturally, because of party loyalty—loyalty to the Democratic House organization—and, of course, to say nothing of the plums and patronage which high-minded Members on both sides of the aisle never must take into consideration. I think that attitude represents the viewpoint of a great many Democrats. They want the opposition to take up and discuss and fight those measures they do not believe in, even in the midst of this emergency, and not merely take a complacent and "me, too", attitude.

Mr. Chairman, no one can accuse the Republican Party of trying to block or hinder emergency legislation. It has been the policy of our party since its foundation, in time of war or in time of a great emergency, to support the administration in power. We supported Woodrow Wilson throughout the World War right to the end of the war, until he asked for a Democratic Congress, and then we gave him a Republican Congress. We supported and have supported the N.R.A. from the very beginning. We have made no effort to block it or hinder it or to defeat it, and no one can point the finger of scorn at the Republican Party and say, "You have not done your part." But that does not mean that we approve of everything and all the policies and the methods of the N.R.A. There are many policies and many of its methods that we not only do not approve of but that we are actually opposed to. Particularly, in my section of the country, we do not believe in the plowing of crops underground or in the destruction of crops; we do not believe in the birth control of pigs; we do not believe in Government ownership; we do not believe that the Federal Government should go into buying real estate, building apartment houses, or operating apartment houses; and we do not believe in the control of the great means of disseminating news. We do not believe in the control of the radio; we do not believe in the control of all kinds of business; and, above all, we do not believe in any form of state socialism or in actual socialism.

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

Mr. FISH. In a minute. I should like first to tell a story at this particular juncture, if the gentleman does not mind. The situation today reminds me very much of a story that is supposed to have been told by Abraham Lincoln. He said two men started a fight with their overcoats on, and they fought so hard that they fought themselves into each other's overcoat. It looks to me as if the Democratic Party had fought itself into the Republican overcoat of centralized government and, not stopping there, has gone on away beyond that into state socialism, if not actual socialism.

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

Mr. FISH. Yes.

Mr. MAY. Does the gentleman from New York mean that the Republican Party has been the party of centralized government?

Mr. FISH. Certainly, the Republican Party has been, as between the two parties in the past. Your party, the party of Thomas Jefferson, the party of individual liberty, the party of State rights, no longer exists. If there is any such party today, it is the Republican Party. Where are those principles of no interference by Government with private industry, or with the rights of the individual, or with individual liberty? Where are the principles of Thomas Jefferson? They have been abandoned and knocked into a cocked

hat. You have simply taken over the Republican overcoat, bag and baggage, but, not stopping there, have gone into state socialism.

Mr. ROGERS of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. ROGERS of Oklahoma. Are we to infer from your story, the application of which you did not finish, that the Republicans have gotten into the Democratic overcoat?

Mr. FISH. It seems to me now that we more nearly represent the principles of Thomas Jefferson, and I, for one, as a Republican, am proud to do so. [Applause.] I am proud to do so, because you have sacrificed your fundamental principles for Government control, ownership, and a bureaucratic system, if not state socialism, and it might be interesting to both Republicans and Democrats in this House to know that when the Republican Party was founded it stated in its first platform that it was founded on the principles of Thomas Jefferson. Abraham Lincoln said that he took all of his principles from the Declaration of Independence, written by Thomas Jefferson; and those principles, which made your party great for all these years, and which at times we have departed from for centralized government, have been now thrown out of the window, bag and baggage, by your own party under this present administration. What has become of State rights and Jeffersonian Democrats?

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

Mr. FISH. Yes.

Mr. COCHRAN of Missouri. Will the Jeffersonian Republican advise us right now just what he would have done to meet the emergency that confronted the President when he took office last year? The gentleman has told us what he is against. Let us have his views as to how he would have cured the situation. Would he have let things go along as his Republican President did?

Mr. FISH. That is a fair question, and I shall be glad to answer it. I say to you Democrats that if you had gone along the way the Republicans are going along today, in the support of the N.R.A.—if you had gone along just after the depression, when you had a majority in the House, and accepted the sound recommendations of the Republican President at that time, instead of chloroforming them in the committees, instead of throwing them out of the window, the country would have had confidence today, and we would know just where we are going, and we would be on the way out of this depression.

Mr. COCHRAN of Missouri. Will the gentleman state what went out of the window?

Mr. FISH. There is one thing that the Democratic Party did, on the recommendation of the then President, Herbert Hoover, and it is today the main vehicle that the Democratic Party relies upon to get us out of the depression more than anything else, and that is the Reconstruction Finance Corporation, the most important and necessary piece of legislation passed by Congress since the depression started.

The Reconstruction Finance Corporation came into being at the request of a Republican President, and it has loaned 4 billion or more dollars to industry, in return for collateral. It is not the same proposition at all that you propose, namely, to give away money out of the Treasury in the way of doles. I think all the older Members who were in the Congress at that time realize that if the Reconstruction Finance Corporation had not come into being, and if the Congress had not backed it up and given it these huge sums of money running into billions of dollars, the credit of the country would have collapsed, the railroads would have ceased to operate, insurance companies would have gone bankrupt, and there would have been a total collapse of credit from one end of the country to the other. I give credit to the Members on the Democratic side of the House for accepting a Republican recommendation, carrying it out, and enacting it into law and using it as you are today, to get us out of this depression. But the R.F.C. was no "brain-trust" proposal but the sound economic recommendation of a Republican President in a great emergency.

Mr. McFARLANE. Will the gentleman yield?

Mr. FISH. I yield.

Mr. McFARLANE. I should like the gentleman to make more specific the statements he has just broadly made, that the Democratic side of this House has blocked and killed in committees and thrown out of the window legislation advocated by the Republican Party that would have brought this country back to normal; and his statement just now to the effect of a change of policy of the Reconstruction Finance Corporation; and if he will explain, if he can, the operations of the Reconstruction Finance Corporation in making loans to Charley Dawes and his crowd?

Mr. FISH. Well, that is a very fair question, and I will answer it.

The CHAIRMAN. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. GOSS. I yield to the gentleman from New York 10 additional minutes.

Mr. FISH. I should like to call the attention of the gentleman and his colleagues to the fact that his party was elected on a platform not only of sound money, that was discussed previously, but upon a platform of economy and balancing the Budget. The Republican administration was sincere in its efforts to balance the Budget. It presented to the House a sales tax, which is the only possible means that I know of left to raise further revenue, and it is inevitable and you must come to it. The former administration proposed, and was backed up by most of the Republicans at that time, to balance the Budget by a 2-percent sales tax. That was thrown out of the window by the Democrats in the House of Representatives. After all, balancing the Budget was probably at that time, and may still be today, the most important issue before the country and the only thing that is going to restore confidence in business and among the American people who have any money left.

Mr. FIESINGER. Will the gentleman yield right there?

Mr. FISH. Yes; I yield.

Mr. FIESINGER. When did the former President advocate a sales tax?

Mr. FISH. About a year and a half ago, before he went out of office; and the Secretary of the Treasury, representing the President.

Mr. FIESINGER. Did he not make the statement just on the eve of the passage of the tax bill in the Senate, when the Senate had agreed to pass a tax bill, and he made no other utterances about the sales tax?

Mr. FISH. The Secretary of the Treasury speaks for him. I cannot recollect the specific words of the President.

Mr. FIESINGER. Another question. The gentleman has stated that the Republican Party was not in favor of putting the Government in business. What did it do with reference to the Farm Board and the farmer?

Mr. FISH. Oh, we tried a few experiments ourselves, and they were disastrous, just like your experiments. [Laughter.]

Now, if you do not mind, I will turn from discussing partisan issues as I should like to say a few words in the time that remains about some other matters that I had intended to speak about in the first instance. However, before doing so, I would say this: I understand that the Reconstruction Finance Corporation bill may be reported out and come up before the House, for a continuation of the Reconstruction Finance Corporation, tomorrow or the day after, whenever the Democrats so decide. I am talking out of turn, because I do not know the attitude of my party, and I do not know the attitude of my leader, but all I can say is that I am in favor of the extension of the Reconstruction Finance Corporation for 1 year. I am in favor of giving the R.F.C. a billion dollars, if necessary, and from what I read in the papers today I do not think enough money was provided for the so-called "mortgage loans." Only $75,000,000 was provided for mortgage loans. I suppose you Democrats are in exactly the same boat as we are on our side. I know that a lot of legitimate industries in my district, old-time

industries, 50 or 60 years old, cannot borrow money from banks and are unable to get loans to keep going and to keep men employed, and they are entitled to obtain credit from the R.F.C. on collateral which can only make loans through mortgage companies. Those legitimate business interests, employing innumerable men and women, cannot get it from the Government if we only provide $75,000,000 for that purpose. I should say $500,000,000 was needed at the present time. This money is loaned on collateral, and that is a far different principle than giving it away. I should be glad to vote for $500,000,000 instead of $75,000,000, if we get an opportunity tomorrow.

Mr. HEALEY. Will the gentleman yield?

Mr. FISH. I yield.

Mr. HEALEY. Does the gentleman favor direct loans to industry? The gentleman stated it was almost impossible to arrange loans through banks, and in many instances through mortgage-loan companies. Does the gentleman favor direct loans by the Reconstruction Finance Corporation to industry?

Mr. FISH. I can only answer the gentleman by saying if the loans were restricted and properly safeguarded, then I might favor it; but I understand Mr. Jesse Jones has not advocated it, and I rather think it will not go through unless the Directors of the Reconstruction Finance Corporation come down here and make some claim for it.

Mr. McKEOWN. Will the gentleman yield?

Mr. FISH. I yield.

Mr. McKEOWN. I think there is a great deal in what the gentleman has to say about the real necessity for industry at this time to get some money on loans. Does the gentleman not believe that the sooner we make direct loans the better it will be for business recovery?

Mr. FISH. I believe it can be done, but it must be rigidly and conservatively restricted. That is the point. But if you cannot do it and do not propose to do it, let us do it the way we are trying, through the mortgage companies, but give the R.F.C. a sufficient amount of money to lend on collateral to industrial companies to weather the emergency.

Mr. McKEOWN. I agree with the gentleman that something must be done to take care of these industries, because the banks are going to lose all of their business, inasmuch as they do not take care of either the farmers or industry.

Mr. COX. Mr. Chairman, will the gentleman yield further at this point?

Mr. FISH. Yes.

Mr. COX. Does the gentleman favor opening up to all business the right to borrow from the Reconstruction Finance Corporation without limit?

Mr. FISH. No.

Mr. COX. Does the gentleman think $1,000,000,000 or $10,000,000,000 enough to meet the needs of industry?

Mr. FISH. No. I do not even know that we can enact legislation drastic enough to carry out any such proposal. However, in view of all the existing circumstances let us appropriate sufficient money to relieve legitimate industry through mortgage companies.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield for another question?

Mr. FISH. Yes.

Mr. FIESINGER. The gentleman made a statement about silver. Does the gentleman care to state the position of the Republican Party on the silver question?

Mr. FISH. I can state only my individual views, but I think they are the views of the people in New York State, and the East generally. I cannot say it is the position of the President of the United States, who is one of my constituents, or perhaps I am one of his, but he comes from my congressional district. I can, at least, state my own views and what I think are the views of the Republicans generally in the State of New York. I am glad the gentleman has asked this question, because there has been much misinformation on the currency issue. Everybody accuses everybody else of being an inflationist because the dollar has gone down to 65 cents. That is not a true picture. What is causing fear and uncertainty throughout the land is that the commodity dollar will go lower.

I think the Republicans in the State of New York would be satisfied if the dollar were stabilized at 66⅔ cents and the gold standard restored. But if you are going to continue with the fluctuating or commodity dollar, you will destroy confidence among the business interests in our section of the United States. I think this is the whole trouble with business today—utter lack of confidence in a fluctuating or commodity dollar which depends upon weather conditions in the far West, the Middle West, the South, and even in Canada. If you accepted a stabilized dollar at 66⅔ cents, or at 65 cents, I think the business interests of America would be satisfied. But if you are going to continue this fluctuating dollar, you will never restore confidence. If you do what many Members of Congress want done and cut the dollar down to 35 cents, you will destroy all confidence in the eastern section of the United States.

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

Mr. FISH. Yes.

Mr. FIESINGER. I know the gentleman wants to be fair. He said something about silver, raising up sort of a scarecrow, the old 16-to-1 proposition. Has the gentleman ever considered treating silver in any way except on a fixed ratio? Does the gentleman mean to infer he is against all proposals with reference to silver being made a part of the monetary reserve without a fixed ratio?

Mr. FISH. No. I think as soon as we get around to some international agreement on silver, that will be acceptable.

Mr. FIESINGER. Does the gentleman think this can be done by the United States alone?

Mr. FISH. No; an international agreement will have to be made with other nations. It would have to be with the great nations of the world. When they reach an international agreement on silver it will probably be acceptable to our party. It has been in the past. I do not know why it should not be in the future.

Mr. FIESINGER. The gentleman has not given me a very satisfactory answer on the proposition.

Mr. FISH. I have but a few minutes left, and even in the beginning I did not intend to take all my time talking on the silver issue.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, will the gentleman yield me 5 additional minutes?

Mr. GOSS. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York [Mr. FISH].

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

Mr. FISH. I yield.

Mr. DUNN. Does the gentleman believe that four fifths of the world is doing business on silver?

Mr. FISH. I think if that were the fact we could arrange an international agreement on silver very easily.

Mr. Chairman, I want to say a few words about a proposal which, according to the press, will come from the White House either today or tomorrow, advocating and urging the ratification of the St. Lawrence ship canal. I think it only right that some of us Members of Congress from New York, Mr. MEAD, myself, and others, should present to the Members of the House their views on this situation which affects our State very seriously.

I would remind you that the State of New York pays 30 percent of the Federal taxes. It is now proposed, if this treaty is carried out, to build a canal in a foreign country for the purpose of diverting trade and commerce from the ports of New York, Albany, Buffalo, and Syracuse, to say nothing of Philadelphia, Baltimore, and Norfolk and other great eastern and southern seaports, at the expense of the taxpayers, very largely, of the State of New York.

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

Mr. FISH. In a little while, after I have made my statement.

If the proposed St. Lawrence ship canal would actually benefit the farmers of the West and give them cheaper

freight rates, it might be a serious matter to discuss even in the State of New York, but the St. Lawrence Canal has become a political football and is a political myth. It will not benefit any western farmer 1 cent a bushel on the export or shipment of his wheat from Minnesota, Wisconsin, or farther west to the eastern seaboard or to London. For years these farmers have been told they would save 10 cents a bushel on the freight rate on their wheat. They have been so persistently propagandized that it has become a political issue. The fact is, however, that the freight rate at the present time is only 4 cents and they will not save anything at all.

We in New York are not raising an awful howl because we pay 30 percent of the taxes to destroy crops in the West or to pay for the birth control of hogs, or pay for farm relief generally, but when it comes to diverting trade from the city of New York, and the Hudson River and up-State cities at the expense of our own taxpayers, and then spend that money in a foreign country, our people do object and protest vigorously. I am opposed to spending any money in any foreign country, whether it be Canada, England, Germany, or Soviet Russia. The St. Lawrence ship canal is an economic imbecility and a fraud upon the farmers of the West and the consumers of the East.

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

Mr. FISH. I yield.

Mr. PATMAN. The gentleman does not seriously contend that the State of New York is 30 percent of the processing tax, does he?

Mr. FISH. No; not that.

Mr. PATMAN. That is the source of the money used to take care of the crop-reduction program.

Mr. FISH. Not any particular crop.

Mr. PATMAN. What crop does the gentleman from New York refer to?

Mr. FISH. I am referring to Federal expenditures.

Mr. PATMAN. I wish the gentleman from New York would name one crop in regard to which the State of New York pays 30 percent of the processing tax.

Mr. FISH. I am not discussing the processing taxes, but all possible taxes.

Mr. PATMAN. Not every possible way; just name one.

Mr. FISH. I am talking about Federal taxes generally.

Mr. PATMAN. But the gentleman said crop reduction and the cutting down of hog production.

Mr. FISH. It does not make any difference, as the consumers in the East will have to pay the bill anyway for the increased cost of western foodstuffs, whether by taxes or by high cost of living.

Mr. CHRISTIANSON. Where do you suppose a great deal of the income, upon which the people of the State of New York pays income tax, comes from?

Mr. FISH. I think the gentleman realizes that we do pay out huge sums and have been paying out huge sums for relief purposes in your State, probably far more than your State gives into the Federal Treasury. But we are not raising that issue. We raise the issue today merely that the St. Lawrence Canal will not benefit your farmers, that you made a political football out of it and it will not benefit them one cent. On the other hand, it will take trade and commerce from the eastern and southern seaboards, where 30,000,000 consumers and the same number of wage earners will be the losers, and will not benefit the farmers one cent. Because you made the St. Lawrence ocean ship canal a political football and because it is a political myth, you western Members have to go along and say: "We cannot go back on our promise. This is the way to afford relief to the farmers."

Mr. CHRISTIANSON. Does the gentleman contend that support of the St. Lawrence waterway is any more of a political football in the Middle West than the opposition to it in certain parts of the State of New York?

Mr. FISH. Yes, I do; because you can do actual harm, you can destroy the trade of the eastern and southern seaports and particularly the port of New York, and it cannot benefit your people. If it could benefit your people it would be a different matter, and I would be willing to discuss the merits of the proposition; but as it is, why spend American dollars in Canada to ruin the shipping interests of the United States?

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOODRUM. I yield the gentleman 5 additional minutes.

Mr. FIESINGER. A gentleman on this side calls my attention to the fact that the gentleman from New York made the statement in colloquy here that there were some Members on this side of the aisle who were in favor of 35-cent dollars. Will the gentleman, if he did make that statement, put into the RECORD who those gentlemen are?

Mr. FISH. No; certainly not. I would not think of putting it in the RECORD. I have heard individual opinions expressed as to the dollar going down lower than that. I am opposed to the dollar going down below what it is today. I know that the Congress has authorized the President to devalue the dollar to 50 cents. It has not reached that point as yet. I will not cross that bridge until I get there. I will tell you what the gentlemen on this side want. We want to stabilize the dollar at 66⅔ cents, and certainly not below 60 cents.

Mr. FIESINGER. We want to stabilize it, too.

Mr. FISH. If Congress will stabilize the dollar, confidence will be restored in America overnight.

Mr. PATMAN. Will the gentleman yield?

Mr. FISH. I yield to the gentleman.

Mr. PATMAN. I understood the gentleman to make the statement that there are Members in this House advocating a 35-cent dollar. Was that statement made?

Mr. FISH. If those were my words, then, of course, your statement is correct.

Mr. PATMAN. The gentleman was really mistaken about that?

Mr. FISH. No.

Mr. PATMAN. Will the gentleman name those Members?

Mr. FISH. I certainly will not. They advocated that openly, but in a personal conversation off the floor of the House.

Mr. PATMAN. Name the Members who are advocating the 35-cent dollar.

Mr. FISH. I am not going to embarrass the gentleman. I will say that some Senators of the United States also made similar statements.

Mr. PATMAN. Does the gentleman mean in the other body?

Mr. FISH. Yes; in both bodies. There are Senators of the United States advocating 35-cent dollars among their friends. However, they can speak for themselves, but I hope that they will see the light beforehand.

Mr. PATMAN. The gentleman cannot name a single one?

Mr. FISH. I certainly can name them, but I do not propose to do it now. The Republicans are fearful it will go below that if some of the inflationists among the Democrats have their way.

Mr. PATMAN. How much below that?

Mr. FISH. I will not name that figure, either, except to say one of the older Republican Members of the House, who detests the rubber dollar, predicts the dollar will go to 20 cents.

Mr. MAY. When I left the Chamber a few minutes ago I understood the gentleman from New York was taking exception to the attitude of the Democratic majority in departing from the principles of Jefferson and generally violating the Constitution of the United States. I want to ask the gentleman whether or not he agrees with the noted and distinguished Chief Justice of the United States Supreme Court, who was Republican nominee for President in 1916, on the question of the adaptability of the Constitution of the United States to present conditions?

Mr. FISH. I am in entire accord with that opinion, and I think it is absolutely necessary, both in emergencies and in war. I am glad the Supreme Court has decided that the Constitution has that elasticity, and I do not think we are sacrificing anything, either. I hope we will return, however,

to peaceful and prosperous days when the Constitution will be construed normally.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. FISH. Yes.

Mr. CHRISTIANSON. The gentleman mentioned the contribution of the State of New York to the cost of the building of the St. Lawrence Canal. Has the gentleman made an investigation as to the contributions made by the people of the Middle West during the last three quarters of a century to the development of the various ports and waterways of the State of New York?

Mr. FISH. I cannot give you the figures.

Mr. FIESINGER. Is the gentleman in position to give us comparative figures as to your contribution to the waterways as against our contributions?

Mr. FISH. Oh, certainly. In the State of New York which you refer to, the Federal contributions have not been very large toward our waterways.

Mr. CHRISTIANSON. We have been spending money on your waterways for a half century or more.

Mr. FISH. I know all about that. If the gentleman refers to the Eastern States, that is a different thing. The Federal Government has not spent very much money in our particular State, because we only have the Hudson River. The Hudson River is navigable for 150 miles and it does not need Federal appropriation except for the last 10 miles, for which the sum of $10,000,000 was appropriated a few years ago.

Mr. CHRISTIANSON. I propose to put in the RECORD a statement of the appropriations of Federal money that have been made toward the development of the harbor of New York and other eastern seaports, together with a comparative statement showing the amount of Federal money that has gone into the development of the waterways of the interior.

Mr. FISH. That is your privilege.

Mr. SHOEMAKER. With regard to the opinion of the Chief Justice of the Supreme Court, does the gentleman know that that was a decision on the constitution of the State of Minnesota and not a decision on the Constitution of the United States? It was the State of Minnesota that passed this moratorium law.

Mr. FISH. Well, it was a proper decision in this emergency and the Court took the broad attitude that the public welfare predominates in an emergency. It is a very broad and constructive decision and, for one, I think, a proper construction of the Constitution supported by three eminent Republicans. The Republican Party is not at all in sympathy with having all the emergency legislation made permanent. We look forward to the day when a good part of this legislation will be wiped out when the emergency is over and we will get back to the Constitution and to our American institutions, now temporarily loaded down with unsound and socialistic experiments.

Mr. SHOEMAKER. The point I wanted to make is that the Farmer-Labor Party is very proud that they have blazed the way and the Supreme Court of the United States has placed its stamp of approval upon it.

Mr. FISH. There will not be any Farmer-Labor Party left when we get through with it next year. [Laughter and applause.]

[Here the gavel fell.]

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

Mr. MEAD. Mr. Chairman, it is going to be very easy for me to agree with my distinguished colleague from New York on the question of the St. Lawrence waterway, but because of my loyalty to the principles of the party of Thomas Jefferson, it is going to be most difficult for me to agree with the statement he made with regard to changes in our party principles. So I will have to agree with some parts and disagree violently with other parts of his address.

When the gentleman talks about the philosophy contained in the N.R.A. and the new emergency set-ups of government and the fact that my party is drifting away from the time-honored traditions of our great founder, let me remind him that in the days of Thomas Jefferson it was his eager desire to bring the protective influence of government down into the hovels and homes and to the firesides of America. He saw in government an instrumentality for the protection of the poor and the weak, and in keeping with this philosophy, the great student of Jeffersonian principles who now guides the destinies of this country in the White House is bringing the full protection of government to the masses and applying it in the same way as did Thomas Jefferson in his day. It is the weak, it is the workers, it is the farmers of the country who make it necessary for the Democratic Party to adopt the principles contained in the N.R.A.

Let me say to the gentleman that the day is past when we will be guided longer by that theory which the Republican Party has been expounding in recent years, that of rugged individualism in a machine age; the theory of less government in business and more business in government in an age of stock speculation and bank swindling, in an age when big business drives small business out of existence. It is these elements and influences which are looking to their own selfish ends and, of course, they are shouting for less Government restriction or interference.

There is a difference in the condition of the Thirteen Original Colonies of Jefferson's time and the 48 States of Roosevelt's day. The Democratic Party is keeping faith with the masses of the people and representing them and protecting them, and we are not going back to the uncontrolled system which the Republican Party would like to espouse at this time, and we are not going to the extreme left and adopt State socialism or government ownership. We are going to accept and support the reforms included in the emergency legislation which has been adopted, and by these reforms we are going to see to it that the masses of our people have the right and the opportunity which a democratic government should bestow upon its people.

We are going to add to the constitutional right of life and liberty the right to work, and this is a right which did not seem to worry the last Republican administration, and this is why the Democratic Party is in power. For this reason we are not going to deviate to the right nor the left, but we are going to make a success of the new economic philosophy, and we are going to see to it that the sunshine of a new day comes to the American worker and the American farmer. [Applause.]

I may say to my distinguished colleague the gentleman from New York [Mr. FISH] that the blue eagle, the symbol of the N.R.A., is here to stay, and we will have codes of fair competition in every State of the Union and in every industry in America. Yes; we will have them in every nation of the earth, because I believe that we have selected the very best economic system of any nation on earth. We retain all that is good in private business and we shun all that is evil in State ownership.

Therefore I say, Mr. Chairman, this system is here to stay. The country will never tolerate a return to the much-heralded rugged individualism or the theory of less government in business and more business in government. We are going on with the new deal until it becomes universally recognized, not only in America but all over the world. [Applause.]

Mr. ADAMS. Will the gentleman yield?

Mr. MEAD. I yield.

Mr. ADAMS. I do not want to distract the gentleman's attention, because he is making an excellent speech, but in speaking a few minutes ago did I understand the gentleman to say "rugged" or "ragged" individualism?

Mr. MEAD. Well, it was rugged individualism, but by reason of the way it was applied by reason of the lack of interest in the individual under 12 years of Republican administration the rugged individual became a ragged individual. [Laughter.] Then the Democratic Party came to his support.

I desire now to agree with my distinguished colleague from New York, and it is a pleasure for me to go along with him with regard to this particular subject. The gentleman

from New York, in his speech, said something about the St. Lawrence waterway and its effect upon the country, as well as its effect upon the great State of New York. Someone in the course of the gentleman's remarks made an observation with regard to the contributions made to the waterways of the State of New York by the United States as well as by other States. I may say to you that the State of New York has the best system of inland waterways of any State in the Union, and the State government paid for that system with its own money and without outside help.

I want to say further that we are spending more money on our waterways than any other State in the Union. We are happy to contribute to the waterways in your State, but we are violently opposed to the contribution of American money to build a canal in foreign territory.

Now, I want to say something to you about how it will affect labor, and the mining interests of the country. In order to be accurate I have jotted down some of my ideas on this subject.

Under the terms of the St. Lawrence Treaty all funds supplied by the United States and expended for work in Canadian territory must be utilized in the employment of Canadian labor, Canadian engineers, and Canadian materials. The report of the engineers, upon which the treaty is based, estimates that $55,000,000 of American money will be expended upon canal works in Canadian territory. Judging from the amount by which the cost of the Panama Canal and the cost of the Welland Canal exceeded the engineering estimates, more than $100,000,000 of American money will go to Canadian labor and Canadian engineers. That Canada was on the job protecting the interests of her labor at the time the treaty was written is shown by the following editorial, dealing with the St. Lawrence Treaty, which appeared in the Toronto Mail and Empire on July 18, 1932, immediately after the treaty was signed.

CANADIAN LABOR AND MATERIALS

Most of the construction work will done in Canada. All the construction work on the national section will, of course, be done here, but there is more than that. Though the United States is to provide the $54,718,000 for works situated on the Canadian side in the International Rapids section, Canadian engineers, Canadian labor, and Canadian materials are to be used.

Approximately 80 percent of the cost of waterway improvements go to labor. With millions of men out of work in the United States how can our Government justify the expenditure of so vast a sum of American money for Canadian labor?

COAL-MINE LABOR

Canada has served as a valuable market for American coal. The Canadian market, in recent years, has consumed approximately 17,000,000 tons of American coal annually. Canada was formerly a valuable market for Americn anthracite. With only a 14-foot channel now available down the St. Lawrence we are losing our Canadian anthracite market to Great Britain. In 1930 Canada consumed 996,112 tons of British anthracite and 2,955,954 tons of American anthracite. In 1932 Canada consumed 1,399,086 tons of British anthracite and 1,695,532 tons of American anthracite. Thus far this year Canada has imported more anthracite from Great Britain than from the United States.

The St. Lawrence Treaty provides for a 27-foot seaway from all the ports on the Great Lakes down the St. Lawrence and out to the sea. Port Arthur, on the north shore of Lake Superior, is adjacent to the wheat fields of Canada, and more wheat now passes through that port than any other port in the world. When a 27-foot seaway becomes available foreign-flag ships, manned by cheap foreign labor, will transport Canadian wheat to the world markets at Liverpool and other European ports, and for want of return cargo these foreign ships will carry British coal into the Great Lakes as ballast without regard to remunerative rates. British mines are unionized, which affords some guarantee to the American miner, but if the cost of transporting British coal into Canada is practically eliminated, our Canadian market for 17,000,000 tons of coal annually will soon disappear.

The National Congress of Geologists in 1913 reported that Russian coal resources amounted to 231,460,000,000 tons, of which 55,600,000,000 tons is located in the Donetz Basin near the Black Sea, and that 37,599,000,000 tons of this amount consists of a high quality of anthracite. Russian geologists more recently have reported that the coal resources of Russia amount to 428,300,000,000 tons, of which 54,100,000,000 tons are anthracite.

In order to visualize the enormity of the Russian coal deposits it is well to know that Pennsylvania anthracite resources in 1913 were estimated at 16,906,000,000 tons while those of Wales were estimated at 8,685,000,000 tons.

The Coal Section of the Minerals Division of the Bureau of Foreign and Domestic Commerce, Washington, reports that approximately 150,000 persons are employed in the coal mines of the Donetz Basin and that coal-cutting machines are being rapidly installed in these mines. The Economic Review of the Soviet Union reports that their coal-production schedule has been set to increase at the rate of 4,000,000 tons annually for a period of 10 years, at the end of which time the annual production is expected to reach 70,000,000 tons. Official records in Washington show that 201,113 tons of Donetz Basin anthracite was imported into the United States in 1932 and 103,073 tons during the first 6 months of 1933, and the coal experts advise that an analysis shows that Russian anthracite is of a much better quality than either Welsh or Pennsylvania anthracite.

A 27-foot channel from all the Great Lakes ports down the St. Lawrence will provide low-cost water transportation and will open up enormous markets for Canadian products in the ports of the Mediterranean and Black Sea. When the St. Lawrence is completed Canada will have an unlimited supply of the cheapest power in the world which will enable her to build industries on the banks of a sea-going canal. Canada's liberal immigration laws will permit these industries to operate with cheap labor. With cheap labor and cheap power and industries on a sea-going canal Canadian products will compete in the markets of the Mediterranean and the Black Sea.

The Russian coal mines now being rapidly developed in the Donetz Basin are only 100 miles from the Black Sea. Thus, when the St. Lawrence seaway is completed and Canadian products of various kinds begin to develop markets around the Mediterranean and the Black Sea, high-grade Russian anthracite and other Russian coal will be available as return cargoes and for want of other cargo foreign-flag ships will carry this coal into the Great Lakes as ballast with little thought of remunerative rates.

Not only will this destroy the existing Canadian market for American coal—it will jeopardize such markets as Superior, Duluth, Milwaukee, Chicago, East Chicago, Gary, Detroit, Toledo, Cleveland, Buffalo, and many other cities on the American side of the Great Lakes. This would seriously threaten the coal industry of the United States. Russian coal mines are owned by the Soviet Government. That Government is not disturbed about the wages of its miners, and it will be a difficult problem for labor in American mines to compete with miners who work under the Russian system.

RAILWAY LABOR

American coal, now transported to the Canadian market, as well as American coal transported to American cities around the Great Lakes, constitutes a very substantial tonnage for the railroads. If Russian coal, mined by Russian labor, can be transported as ballast to Canadian ports and to Great Lakes cities on the American side, it will destroy these markets for American coal. This will eliminate a substantial amount of tonnage now carried by American railroads and will thereby deprive a large number of American railway workers of employment.

Now, what is going to happen? It does not make any difference to the Soviet Government what wages they pay miners. They have little concern about that. They will see that the ships are returned to the Great Lakes loaded down with Russian coal, mined by Russian labor, to the great detriment of our coal industry.

That Canada was fully conscious of these possibilities is indicated by another paragraph in the editorial of the Toronto Mail and Empire, which reads as follows:

GREAT ST. LAWRENCE INDUSTRIAL REGION

It is probably not going too far to predict that with this new canal and power development on the St. Lawrence River, with little cost to Canada, the Great Lakes region and St. Lawrence Valley will, in the next few years, be lifted into a place of industrial leadership.

What about the American seamen? We boast that by reason of the passage of the La Follette Seamen's Act the American sailor stands out as the only 100 percent free man that sails the sea.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WOODRUM. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York.

Mr. MEAD. We are going to destroy the effectiveness of that act, because the only American waters wherein the high standards prescribed by the La Follette Seamen's Act, wherein the American seaman does not have to compete with the oriental of the east, or with cheap European labor, the only place where we now enjoy unexcelled opportunity to develop an American merchant marine, is the Great Lakes, and it is now proposed to open up those waters to the traffic of the world, to the tramp steamers of every nation on earth, and to sink to the very lowest the high standards of American workers that now find employment on these lakes. Let me say to you, my friends, before you give away an American lake—and there is in this treaty an agreement to internationalize Lake Michigan, which is now our lake—before you give away an American lake and in return build a canal in a foreign country over which you will have little control or jurisdiction, think of the damage that may result to American shipping, to American railroad interests, to the American worker, and to the American farmer.

Just listen to this, please.

AMERICAN SEAMEN

The La Follette Seamen's Act was passed by Congress for the purpose of insuring a fair wage and decent living conditions for American seamen in the merchant marine. If a 27-foot seaway is constructed from the Great Lakes ports down the St. Lawrence to the sea, foreign-flag ships will be free to engage in commerce between all the Great Lakes cities, on the one hand, and Cuba, Mexico, Central and South America on the other. What chance has an American-flag ship, paying the American wage scale and maintaining American standards of living, to compete in commerce with ships flying the flags of Japan, China, Belgium, Norway, Sweden, Germany, France, and Italy? What chance have American seamen, under such conditions, to compete with such foreign labor? Furthermore, foreign-flag ships, manned by cheap foreign labor, will be free to come into the Lakes and engage in commerce between all the ports on the American side and ports on the Canadian side. This means ruin for American labor now employed upon the Great Lakes.

THE AMERICAN FARMER

The St. Lawrence Treaty, if ratified in its present form, will reduce the diversion at Chicago to a point which will make a commercially useful Lakes-to-the-Gulf waterway impossible. The seaway proposed by this treaty will provide cheap transportation from the Canadian wheat fields to the world markets and will place the American farmer in such States as South Dakota, Colorado, Nebraska, Kansas, Iowa, Missouri, Illinois, Kentucky, Tennessee, Arkansas, and Oklahoma in a position where he cannot compete with Canadian wheat in the markets of Europe and the Mediterranean ports.

The water rate on wheat from Chicago to Liverpool through the New York barge canal is now 9.9 cents per bushel, or 16.5 cents per 100 pounds. The proponents of the St. Lawrence Treaty insist that this rate will be substantially reduced when a 27-foot seaway becomes available from the Great Lakes ports down the St. Lawrence, and to justify the vast expenditure proposed upon this seaway this improvement should insure a rate of less than 16 cents per 100 pounds from the great Canadian wheat port to Liverpool. If you shut off a Lakes-to-the-Gulf waterway, how can the American wheat farmer compete with the Canadian farmer in the markets of Europe when the rail rate on wheat from Pierre, S.Dak., to Duluth is 34.5 cents per 100 pounds; from Lincoln, Nebr., to Chicago, 28.5 cents per 100 pounds; and from Topeka, Kans., to Chicago, 29.5 cents per 100 pounds? It will cost the American wheat farmer more than twice as much to transport his wheat to a Lake port as it will for the Canadian farmer to transport his wheat from the Lake ports to the world market. This presents a serious problem for the man who works on the American farm.

In the face of these facts, can it be said that the St. Lawrence seaway will benefit American labor? On the contrary, will it not distinctly jeopardize the American coal miner, the American railway worker, and the American farmer? When so large a part of American labor is made to suffer, the whole working class of the Nation will feel the shock. It would seem the part of wisdom that American labor should study the proposed St. Lawrence Treaty and make sure whether its interests are protected before it is too late.

You can see that by touching American and Canadian lake ports and then touching again at Central and South American ports, ships are not in violation of our coastwise law, because they are touching on a foreign country before departing from the Great Lakes, you, therefore, destroy that protection which has been a real protection to the vessels engaged in the coastwise trade.

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. JOHNSON of Minnesota. I agree with the first part of the Congressman's speech, but I cannot agree with what he said later on. I want to ask the gentleman a question, and I think he will agree with me, that we are landlocked up there in the great Northwest that I happen to represent in Congress. And I want also to ask him this. He does not mean to say that he would like to treat the States up there as stepchildren, compared with the rest of the States in this Union.

Mr. MEAD. I shall be very glad to answer the gentleman, who is now a colleague of mine on the Post Office and Post Roads Committee. I do not want to interfere with the progress of any State or section of the country. I merely call attention to the fact that if you open up this seaway in order that you may gain access to a certain portion of the markets of the world, you are destroying the best market on earth for the American farmers of the Northwest. Let me remind my friend that the State of New York, prosperous and employed, is a better market for the United States products than all of South America. You believe, by constructing this canal, that you might sell your wheat abroad. I am trying to safeguard for you the best market on earth for the American farmer, and that market is right here in our own country. I am willing to build canals and waterways with American money, but not when the economics indicate that it is to the eternal damage of our country.

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

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. MEAD. First I want to answer my distinguished colleague from New York, the only Member of Congress from my State who is for the St. Lawrence waterway, because it runs through his district.

Mr. SNELL. The gentleman is right; I am for it and for a very good reason. I know something about the whole proposition.

Mr. MEAD. That is a good reason.

Mr. SNELL. Which I shall explain to the House in a few days, when I shall answer some of the statements that the gentleman has made. The gentleman says that under the provisions of this treaty we would give away a lake.

Will the gentleman tell me what provision there is in the treaty by which we give away anything like a lake?

Mr. MEAD. Perhaps in order to gain some added emphasis I am guilty of using words that ought to be changed. If I were to change them I would say that today Lake Michigan belongs to the United States and by the treaty it becomes an international body of water, and if I had my way it would belong to the United States and never become internationalized.

Mr. SNELL. The gentleman and I are agreed upon that.

Mr. MEAD. But in the treaty, by virtue of an agreement, made by the United States Commissioners—and those Comsioners, in my judgment, were attempting to synchronize their opinions with the opinion of the then President of the United States, Mr. Hoover, who was for the canal—the Commission decided that Lake Michigan would be internationalized, and by that decree I say we lose our exclusive ownership of Lake Michigan, and I am against that proposition.

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

Mr. MEAD. Yes; I yield.

Mr. SNELL. I think I am correct in saying there is not one privilege given to the Canadian Government that they do not enjoy today. They have rights in navigation on Lake Michigan at the present time. They will only have rights of navigation under the treaty. We have all the rights of ownership and policing just exactly the same as we have now. As a matter of cold fact, we are not giving away a single right under the treaty.

Mr. MEAD. That is the gentleman's theory.

Mr. SNELL. I say that is borne out by the treaty.

Mr. MEAD. But I say that we have certain rights which from time to time we enjoy.

Mr. SNELL. I ask the gentleman to name one that we have given away.

Mr. MEAD. Whenever the Canadian ministry decides that it will prescribe certain preferential tariffs in their favor and in opposition to us, overnight those privileges are taken away from us. But in this treaty we give to Canada, in perpetuity, privileges that may now be granted only temporarily and from time to time. By this treaty I maintain we grant to Canada permanent privileges which are not now enjoyed by Canada.

Mr. SNELL. Will the gentleman yield right there?

Mr. MEAD. Yes; I yield.

Mr. SNELL. If I am correct, and I think I am, for I have studied the treaty some, there is not a single right granted to Canada that they have not enjoyed ever since the institution of this Government; not a single individual right on that lake that they do not have now.

Mr. MEAD. I have studied the treaty——

Mr. SNELL. The gentleman cannot name one right that they are given.

Mr. MEAD. I have read statements made by distinguished gentlemen all over the country, even by the distinguished Speaker of this House, in which he condemned that part of the treaty which internationalized Lake Michigan. And if the gentleman has read the treaty, and if after he read it he cannot find where we are giving Canada anything, then I am going to say to him that I differ with him, because I, too, have read the treaty, and I say it is a big bargain for Canada and no bargain at all for the United States. In fact, we are playing Santa Claus. That is the interpretation I have of the treaty.

Mr. SNELL. Will the gentleman just cite one instance? I have read the treaty. Will the gentleman just cite one instance in the treaty from start to finish where we are giving Canada anything? The gentleman has made a lot of general statements.

Mr. MEAD. For the last 15 or 20 minutes I have been trying to convey to the gentleman and to the Members of this House the fact that we give away more than we are receiving, and I shall be very glad, if the gentleman has read the treaty and cannot find where we are giving away anything, to sit down with him and go over it, and perhaps in that way I may be able to point out wherein we differ.

Mr. SNELL. It is a very easy thing to get up here and make general statements that we are giving away a great many things.

Mr. MEAD. That is all the gentleman is doing—making another general statement. I want to say to the gentleman that he is absolutely in error, because we are giving away more than we are receiving.

The CHAIRMAN. The time of the gentleman from New York [Mr. MEAD] has again expired.

Mr. SNELL. The gentleman is still in error, because we are not giving away more than we receive, and the treaty will bear me out.

Mr. MEAD. I am very sorry we have to differ.

Mr. SNELL. The gentleman has made a number of general statements, but he cannot answer as to the specific facts in the treaty.

The CHAIRMAN. The time of the gentleman from New York [Mr. MEAD] has expired.

Mr. WOODRUM. I yield the gentleman from New York 3 additional minutes.

Mr. MEAD. I want, in an orderly manner, to answer my distinguished colleague, one whom I admire and respect very much, and one who differs with the rest of his colleagues from New York because he is the representative, as I stated before, of a district where the only 10 percent of canalization that is going to be in the United States touches. Let me say to the gentleman that recently some 500 upstanding men, many of them distinguished Republicans, representing New England, the Middle Atlantic, Southern, and Gulf States, met in the city of Philadelphia, and among them was a former Member of this body, the present mayor of the city of Philadelphia, Hon. J. Hampton Moore. Those 500 men, coming from these great States, made the following statement and included it in resolutions that were adopted by that body. This, in my judgment, will answer the statement of the gentleman from New York [Mr. SNELL]. Talking about the treaty, these delegates made the following statement:

> It proposes the construction of a new deep waterway route, 90 percent of which lies in Canada, and construction of hydroelectric power plants, 80 percent of which will reside in and belong to Canada; to internationalize Lake Michigan, now entirely an American lake, and to surrender our sovereignty over it; to have the United States advance, in the first instance, all costs; to allow Canada to deduct from her share of the expense the amount of her expenditures for waterway improvements heretofore made in Canada—

We are going to credit Canada with the money which Canada has spent in the improvement of her waterways.

Mr. SNELL. Will the gentleman yield?

Mr. MEAD. Not until I finish this statement. They continue:

> and denies to the United States similar credits for practically all moneys expended in American territory; provides that all improvements made in Canada (80 to 90 percent) shall be made with Canadian labor, Canadian materials, and by Canadian engineers—

The CHAIRMAN. The time of the gentleman from New York [Mr. MEAD] has again expired.

Mr. MEAD. Can you not see that Canada is getting a little the best of it?

Mr. BYRNS. Mr. Chairman, I yield to the gentleman from New York 5 additional minutes.

Mr. MEAD (continuing)—

> favors the position of the Canadian wheat exporter in his keen competition with the American wheat farmer, who is already handicapped by British preferential tariffs; provides the means to divert the Great Lakes traffic which now finds its way to the Atlantic and the Gulf through American waterways and over American railroads to Canadian ports by means of Canadian transportation facilities, all to the injury and destruction of our own rail and waterway transportation facilities and to the injury also of American investors in our transportation enterprises and terminals.

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

Mr. MEAD. In just a minute.

Mr. Chairman, these 500 delegates attending the Philadelphia conference, representing the sentiment of many States, pointed out the losses we would suffer by accepting the treaty as it now stands. I recommend an economic survey before we adopt this treaty, and I also recommend a congressional investigation of the activity of the Tidewater Association, which has been so instrumental in spreading propaganda around the country.

I now yield to my distinguished colleague.

Mr. SNELL. I understood the gentleman to say we were to pay a larger portion of the construction of this seaway than Canada and that we were not to get credit for anything we had heretofore done.

Mr. MEAD. This resolution states that we receive very little credit.

Mr. SNELL. I know that is what the resolution states. As a matter of absolute fact, however—and this I think cannot be disputed—every dollar that is spent on this seaway from Duluth to the Gulf of the St. Lawrence, a distance of 1,667 miles, is to be provided one half by Canada and one half by the United States. On the other hand, where the United States has already put money into the development of this seaway, she gets credit for it. Where the Canadians have put money in they get credit for it. Is not this a fair proposition?

Mr. MEAD. If the proposition were as stated by the gentleman from New York it would be, but I think he has misunderstood it.

Mr. SNELL. I do not believe my statement can be successfully contradicted. It is an entirely fair and absolutely accurate statement of facts.

Mr. MEAD. I may say to the gentleman from New York that I heard the direct opposite of his statement reiterated with greater emphasis.

Mr. SNELL. I am discussing facts, not making an argument.

Mr. MEAD. In the matter of the allocation of credits, I still maintain the American Government is the loser; I still maintain we suffer a financial loss. I feel that the Toronto Mail and Empire was correct when it stated that the Canadian Government will profit most, that Canadian labor, materials, and engineers will enjoy a greater advantage on the work than the American workers and American engineers.

I still think the gentleman is as wrong as he possibly can be when he says the United States Government is going to be given credit in the full manner he indicated a few moments ago.

Mr. SNELL. I stated it as a fact.

Mr. MEAD. Then I may say to the gentleman from New York that for the first time in our congressional careers we are in violent opposition and we will have to have a conference in order to reconcile our viewpoints.

Mr. SNELL. One further question, if the gentleman will permit, and then I shall stop, or, if he prefers, I will take some time myself to straighten out my position on this canal matter. The gentleman says he wants an economic survey. How many economic surveys does the gentleman think are necessary?

Mr. MEAD. I would like to have one real survey.

Mr. SNELL. What does the gentleman call those which already have been made by various commissions and engineers and every one reported favorably to the proposition?

Mr. MEAD. I would not call a survey that which was made by the Board of Army Engineers, the members of which were appointed by a President who is himself an avowed enthusiast for the project.

Mr. SNELL. What about the gentleman's own President?

Mr. MEAD. Certain transfers and changes were made in the personnel of the Board of Army Engineers. Then the Board was sent up there. A survey made by such a board could not be anything but biased. It should not be considered an official survey. That is not the kind of a survey I want. In my judgment America was sold out. That is what the Board of Army Engineers did. [Applause.]

Mr. SNELL. Does the gentleman know there have been at least five economic surveys of this project?

Mr. MEAD. I may say to the gentleman that perhaps the best statement I read of this matter was made by a learned professor of a Wisconsin university while in attendance at a conference on this project. He pointed out better than I can the contention I am now making. Professor Mead pointed out very clearly the bad bargain agreed to by the American engineers.

The gentleman knows that when the President of the United States changes the personnel of the Board of Army Engineers, or has the power so to do, and then sends this Board to Canada with a request to come to an agreement with Canada, that their work does not constitute an economic survey.

Mr. SNELL. What about the views of the gentleman's own President on this proposition?

Mr. MEAD. I may say to the gentleman, with regard to the position of the President, that while he is in favor of the treaty, he had nothing to do with the survey which was conducted under the Republican President, Mr. Hoover. He sent engineers up there with instructions to come to an agreement with the Canadian engineers.

Mr. SNELL. But the gentleman's President at least paid some attention to the matter.

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

Mr. MEAD. I yield.

Mr. FISH. Why should we need an economic survey? If the St. Lawrence canal were a feasible proposition, shipping interests would have gone there many years ago. The fact is the St. Lawrence River is fog bound 1 or 2 days a week, and ships using it must go through the iceberg region. This is why it is not used. We do not need an economic survey to tell us this.

Mr. MEAD. Yes. And for nearly 5 months of the year it is closed to navigation because of ice.

[Here the gavel fell.]

Mr. MEAD. Mr. Chairman, will the gentleman from Virginia yield me a little more time?

Mr. WOODRUM. Mr. Chairman, I yield 3 additional minutes to the gentleman from New York.

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

Mr. MEAD. I yield.

Mr. FISH. Is it not a fact also that at the Ottawa Imperial Conference Great Britain gave preferential rates to Canadian wheat and other products?

Mr. MEAD. The gentleman is correct. At the Ottawa Conference they severely crippled American shipping interests on the Great Lakes. In my judgment, they did more at that conference than a country should do to a friendly neighbor in a hundred years; and that is an example of what they may do if we build this canal in their territory.

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

Mr. MEAD. I yield.

Mr. DARDEN. What damage does the gentleman fear will be done the Atlantic ports by the construction of this seaway?

Mr. MEAD. I may say to the gentleman from Virginia that the Great Lakes furnish commerce to Atlantic ports, including Portsmouth, Boston, New York, Philadelphia, Baltimore, Norfolk, and Charleston. This commerce will be diminished by the building of this waterway in the thought of developing markets for the products of the Northwestern States. If we do, we will suffer more than we will gain. We will be throwing open the Great Lakes to the tramp steamers and the cheapest labor of the world.

It will do irreparable damage to all the Atlantic ports, and I think it is going to menace the future well-being of American commerce.

Mr. DARDEN. Does not the gentleman also believe that a great deal of the coal now passing through the port of Norfolk will pass through the St. Lawrence Canal, if that canal is finally constructed?

Mr. MEAD. That applies not only to coal passing through the port of Norfolk, but also to the cheap coal of Soviet Russia which will come over here as ballast, in order that

the ships going east might carry grain from Canada to the various European ports. It will do great damage to Norfolk and to all of the ports along the Atlantic seaboard, and, for that reason, I believe that an economic survey by disinterested experts should be made before we consider this treaty. Do you know that the Board of Army Engineers sent up there under President Hoover, according to the record as I read it, were in violent disagreement because the plan the Canadian engineers wanted them to adopt was the most expensive one? And yet the President of the United States admonished the engineers to come to an agreement; therefore they accepted the most expensive plan from our standpoint.

[Here the gavel fell.]

Mr. WOODRUM. I yield the gentleman 1 additional minute.

Mr. COOPER of Ohio. I would like to ask the gentleman from New York, if the improvement of the St. Lawrence River is going to be such a detriment to the United States of America, why is it that the President of the United States, Mr. Roosevelt, is going to send the treaty down to the Senate and ask them to ratify the same?

Mr. MEAD. Let me say to the gentleman that I have not assumed the power or prerogative of speaking for the President of the United States, but if he is for the treaty I am just as much in opposition to him on that proposition as I was to President Hoover, who, perhaps more than the present President of the United States, is responsible for the treaty now being in the Senate. While I am not much of a prophet, I believe the Senate will reject the treaty and after that we may have a real economic survey.

[Here the gavel fell.]

Mr. WOODRUM. I yield the gentleman 1 more minute.

Mr. SNELL. The gentleman will admit one thing, and that is regardless of everything that has happened, the St. Lawrence River today carries more real commerce than any other river on this continent, or all the rest of them combined.

Mr. MEAD. The gentleman at the beginning of his statement said that I would admit one thing. I will not admit that one thing.

Mr. SNELL. That is a fact anyway.

Mr. MEAD. I doubt it, because you are taking in too many rivers and covering much territory. [Applause.]

Mr. SNELL. But there is more real commerce there than there is on all the rest of our rivers combined. You have to admit that.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 15 minutes to the gentleman from Minnesota [Mr. LUNDEEN].

Mr. LUNDEEN. Mr. Chairman, on Monday, January 8, the Supreme Court of the United States rendered a very important decision, and I think we should have the complete text and footnotes of the decision and the law of Minnesota extending the time in which mortgaged property can be redeemed in the RECORD for the information of the Members, including certain newspaper comments concerning that decision. I ask unanimous consent that this matter be inserted in the RECORD.

The CHAIRMAN. The gentleman from Minnesota [Mr. LUNDEEN] asks unanimous consent to incorporate in the RECORD the decision of the Supreme Court of the United States and certain other matters referred to. Is there objection?

There was no objection.

Mr. LUNDEEN. That opinion is not only an important opinion, but it is vital and historic. I want to call attention to the law and the opinion as rendered by Chief Justice Hughes and his associates, Justices Brandeis, Cardozo, Stone, and Roberts, who joined in the majority decision.

In the State of Minnesota we had an emergency, as you gentlemen have had emergencies in other States of the Union. We will not discuss why that emergency came on. We might differ on that. However, the emergency was there, and it was estimated on the floor of the legislature that some 50,000 mortgaged homes and farms were involved in foreclosure or possible foreclosure; that a population of 250,000 out of Minnesota's 2,600,000 people were affected.

Our Governor, Floyd B. Olson, of Minnesota, the first Farmer-Labor Governor in America, recommended laws along this line. Our attorney general, Harry H. Peterson, the first Farmer-Labor attorney general in America, intervened in defense of the law. Our attorney general and members of the Farmer-Labor Party drafted this bill, which became a law.

I regret exceedingly that the gentleman from New York ventured the prediction that the Farmer-Labor Party would disappear in the next election when it came into combat with one of the older parties. I venture to say that it will be a cold day in Minnesota before the old party there that he referred to will run the Farmer-Labor Party to cover. We have a Farmer-Labor Governor there; we have a majority of members in the house of representatives and many senators in the State senate of that State and Members of Congress. We expect to increase our strength. That may not be a popular statement to make on the floor at this time; however, I think it will be more popular later on.

This decison concerned a contest between human rights and property rights. The decisions and law seemed to be all against our position, except possibly in the rent cases. But the emergency was there. There has been a great deal of discussion as to other bills recently passed, being emergency legislation and coming under the wing of this decision by the Supreme Court. That matter I do not wish to discuss at this time. I do want the American public to know about this most-important Supreme Court decision, and you gentlemen have kindly given consent that this great opinion by our Chief Justice be read into the RECORD for the information of the Members of Congress and the American public. Many people have asked for the text of the opinion. I am informed it will be ready for distribution tonight. I make these few remarks now in order to call your attention to the matter, because it is of vital and historic importance.

WORLD WAR VETERANS' ADJUSTED COMPENSATION

I can hardly refrain at this time from calling the attention of Members to another matter. There is on the Clerk's desk a petition to discharge the committee from consideration of the Adjusted Service Compensation Act, commonly called the bonus bill.

Mr. DUNN. Will the gentleman yield there for a question?

Mr. LUNDEEN. Certainly.

Mr. DUNN. Will the gentleman please tell me how many signatures are on that petition?

Mr. LUNDEEN. There were 54 signatures on the petition yesterday. I do not know how many have been added today.

Mr. DUNN. How many signatures are required in order to discharge the committee?

Mr. LUNDEEN. One hundred and forty-five. I thank the gentleman for his interruption, and we must see to it that the number of 145 is reached so that this great measure may come before the House.

Mr. DUNN. I agree with the gentleman.

Mr. LUNDEEN. I thank you, and I want to say also that I would like to have the name of the author of the bill on the petition to get the bill out of the committee. The author of this bill H.R. 1, introduced the measure and the bill is sleeping away and resting in committee.

This bill will bring out $2,400,000,000 which will be paid in currency to the soldiers and their widows and orphans, and there are more than 83,000 of them in the State of Minnesota. It will give the State of Minnesota alone $54,000,000 and the city of Minneapolis $11,000,000, and yet I do not see the name of the author of the bill on the petition on the Speaker's desk to take the bill out of committee. I should like to have his distinguished name there, and I know that when he does put it there it will bring another 25 or 30 signatures of able and well-known Democrats, and we need the help of the Democrats with the overwhelming majority that they have in the House.

Mr. TRUAX. Will the gentleman yield?

Mr. LUNDEEN. I yield.

Mr. TRUAX. Does the gentleman know what Member of Congress is the author of the bill?

Mr. LUNDEEN. Yes, indeed; the very able and distinguished gentleman from Texas, Mr. PATMAN. He has a very good bill there, and we want him to get up and fight on this floor for the bill that he is the father of and which he has introduced here. We want to see him walking down the aisle of Congress and tilting his lance against the enemies of the soldiers of America.

Mr. McFADDEN. Will the gentleman yield?

Mr. LUNDEEN. Yes.

Mr. McFADDEN. The gentleman says that 145 names are required. It is reported in the press that the leadership of the other side is proposing to increase that to 218. Suppose before 145 names are signed to the petition the number should be increased to 218, what would be the position of the present bill?

Mr. LUNDEEN. It would be in a very serious and perilous position, and I hope no such rule will be put over in this House. One hundred and forty-five is bad encugh. I should like to cut it down to 100.

REPEAL THE VICIOUS, BRUTAL, AND INHUMAN ECONOMY ACT

I also want to call attention to another bill my petition for which rests on the Speaker's desk, and that is a bill for the repeal of the vicious, brutal, and inhuman economy law which cut and slashed the pay of Federal employees and which cut and slashed pensions and compensation for our veterans, cutting and slashing Civil War men and their widows and orphans, a bill cruel and devastating to my Spanish-American comrades, their widows and orphans. We want to repeal this law and strike it from the statute books of the United States. I had the honor to introduce the first bill to repeal all of the so-called "economy law", a law destructive to veterans and Federal employees.

I should like to see my colleagues here on the left make their party the soldiers' party that it was for 50 years after the Civil War, when they missed only one Presidency in 50 years, because within the ranks of the Republican Party they had the soldiery of America, and if they have not learned their lesson now, they will learn it in 1934 and 1936, and they had better heed counsel at this time.

REFINANCE FARM AND HOME LOANS—THE FRAZIER BILL

There is another bill up there on the Speaker's desk that has some 65 signatures, and that is the Frazier refinancing of farm and home loans bill.

I should like to see 145 names on that petition to help the farmers of this great Nation of ours. The author of the bill sits on the floor of this House, the gentleman from North Dakota [Mr. LEMKE], and Senator FRAZIER is over in the Senate, and they are both battling for this bill. We should have 145 names on this petition.

Mr. KVALE. Will the gentleman yield?

Mr. LUNDEEN. Certainly.

Mr. KVALE. Is it not true that at the present time 22 State legislatures have memorialized Congress to pass this measure?

Mr. LUNDEEN. I am informed by my friend and colleague here on this floor that 22 States have memorialized Congress in favor of the Frazier bill, and I believe after the Republican and Democratic Parties have been fighting themselves into each other's overcoat, as was stated here today, perhaps Members of Congress will give more consideration to the Farmer-Labor platform, program, and principles. I should like to see the Frazier bill enacted into law for the aid of the farmers.

Mr. BLANCHARD. Will the gentleman yield?

Mr. LUNDEEN. Yes.

Mr. BLANCHARD. Does the gentleman feel that the present farm-loan program is ample to take care of the situation?

Mr. LUNDEEN. I fear it is rather inadequate. I think it should be considerably improved, and the Frazier bill would be a great improvement.

SUPREME COURT DECISION

Now, referring again to this great decision that I spoke of in the beginning of my remarks, I call the Members' attention to the fact it will be in the RECORD tomorrow morning.

It may be of most vital importance to all the legislation enacted not only in the special session but in the session that is now upon us. I want the gentlemen of this House to give a little consideration to the Farmer-Labor Party. We have not very many Members here on the floor. There are only five Farmer-Labor Members here, but we would like to have you read over our platform and program and give it a little consideration. Perhaps you will not agree with very much of it, but you may see some good in it, and in these evil days that have befallen our beloved country we need all the help and all the ideas that can come from all parties, in order that we may solve the situation that is before us.

I feel entirely innocent of the great financial catastrophe that has come upon this country. I was here many years ago before any such catastrophe had occurred. I do not want to speak of that at this time. Now we have these various measures proposed—we have this Supreme Court decision. We should read them and study them and particularly give some attention to the petitions to discharge committees that are on the Speaker's desk. I should also like to see a little more leniency about learning the names of the Members who signed the petitions. The rules should enable us to know who they all are.

Mr. DUNN. Will the gentleman state when that petition on the Frazier bill was placed at the desk?

Mr. LUNDEEN. That was placed there in the last session, the special session.

Mr. DUNN. I did not know about it.

Mr. SEGER. Will the gentleman yield?

Mr. LUNDEEN. I yield.

Mr. SEGER. The gentleman has alluded to the veterans and the dependents. Does he think it is fair to cut the widows of Spanish War veterans to $15 and give the widows of forest workers $40?

Mr. LUNDEEN. I do not think it is fair. I should like to have every Member of the House read the able speech of the gentleman from Alabama [Mr. HUDDLESTON] about his Spanish War comrades, when he said, "They are throwing them overboard, and I might as well go overboard with them." It was a wonderful speech, and I wish they would give more attention to it.

We have in America some 5,000,000 veterans, and I should like to see more consideration given to them. If I had the power, I would repeal every bit of the Economy Act put on the statute books last session and reinstate the veterans and Federal employees where they were before it was enacted.

Mr. JOHNSON of Minnesota. While the gentleman is speaking about the platform of the Farmer-Labor he might state that we have been fighting for the bank-guarantee law that has just been put over here now in Congress for 17 years.

Mr. LUNDEEN. I thank the gentleman, my colleague from Minnesota.

Mr. JOHNSON of Minnesota. And he might also say that for 15 years we have advocated reforestation in the West.

Mr. LUNDEEN. That is also true. And I want to call attention to the fact that before we adjourned the special session I opposed adjournment of the Congress until we could enact a real, a sound bank guaranty law and other necessary and vital legislation; and I was happy to see the gentleman from Alabama [Mr. STEAGALL], chairman of the Banking and Currency Committee, come down the central aisle here swinging both fists in his battle for the bank guarantee deposit law. The bill was passed, and I hope it will do a great deal of good.

The Supreme Court of the United States handed down a notable decision on Minnesota's emergency mortgage moratorium law, Chief Justice Hughes writing the opinion, in which it was held that government possesses the power in emergencies to legislate for the public good. The decision referred to upheld the validity of the Minnesota mort-

gage moratorium law against the objections that it violated the due process with contract and equality clauses of the Constitution of the United States.

This decision is a victory for the farm and home owners in the State of Minnesota. The Minnesota mortgage moratorium law was enacted in answer to a State-wide demand by farm and home owners that they be protected against wholesale foreclosures of mortgages upon farms and homes during this economic depression, which is the most severe and catastrophic in the history of the human race.

By reason of the mortgage foreclosures and tax sales, thousands of farm and home owners of the State of Minnesota were losing their homes. At the beginning of the year 1933, when the Minnesota State Legislature was in session, it was estimated that at least 50,000 farms and homes would be lost to their owners during the year 1933 unless the government of the State of Minnesota afforded the people some relief.

The result was the Minnesota mortgage moratorium law, which embodies the ideas of Harry H. Peterson, the first Farmer-Labor attorney general in America. The bill was introduced into the Legislature of Minnesota by a group of Farmer-Labor legislators. It was modified and amended in many respects in the legislature, finally passed, and speedily signed by Gov. Floyd B. Olson, of Minnesota. The idea underlying this bill was to protect the farm owners and the home owners of the State of Minnesota so that they would not be ousted from their farms and homes and cast upon the highways and byways of that State and become a handicap and public charge. It was a conflict between the property rights and the mortgage holders and the human rights of the farm and the home owners and their dependents. If these mortgages had been foreclosed, the mortagees would have become the owners of these farms and homes, but it would not have satisfied their mortgages. If the farm and the home owners had been ousted from their farms and homes and each had an average of from four to five dependents, approximately 250,000 of the people of the State of Minnesota would have been rendered homeless and shelterless and in the most dire need, want, and suffering imaginable.

The decision just rendered sustains this law which enables the farm owners and the home owners upon application to the courts of Minnesota to obtain a moratorium on their mortgages to and through May 1, 1935. In the meantime it is hoped that cheap money will be made available through the Federal land banks and the Home Owners' Loan Corporation and through further legislation, like the Frazier bill, so that the mortgages upon the farms and homes may be refinanced at low cost and at a low rate of interest, and the farms and homes of these people thus saved for them permanently. It is believed that the moratorium which these people obtain under this law will enable them to take advantage of the law mentioned and refinance their obligations and thus save their farms and homes. It will be seen that this law has conferred an incalculable benefit upon the people of the State of Minnesota.

The decision rendered by Chief Justice Hughes demonstrates that the powers of government are expansive and adaptable to the needs of the Nation, and that the Government has the power to take appropriate action in any emergency that may confront us. This decision is a landmark in the jurisprudence of the history of the United States and marks the triumph of public welfare in the human race over contract and property rights.

It is an outstanding achievement of the Farmer-Labor Party of Minnesota which fought for this law and secured its enactment. It is a legal achievement for the Farmer-Labor attorney general of Minnesota, Harry H. Peterson, who suggested the present law and who defended it in the courts. He was the first attorney general in the United States to appear in an action involving the validity of a mortgage moratorium law, although many such actions have been brought in other States prior to the commencement of the action which was brought to test the validity of the Minnesota mortgage moratorium law.

It has often been said that government should serve the people. This is a case where government has and is actually serving the people by protecting the farms and the homes which are the foundation of the great State of Minnesota.

In this panic through which we are passing, commonly called a depression, a thousand and one remedies are offered by numerous officials and legislators. Among all these remedies none are more important than those which seek to save the farms and the homes of America. Nothing is more important than the fireside and homestead where the American family is reared. Destruction of the home may imperil the foundations of a nation itself. The loss of the home by foreclosure is destructive of morale; it is demoralizing.

When thousands of mortgagees are permitted to put their property rights and contract rights above human rights—the right to live, the right to have a roof over your head—an emergency exists which must be met by legislation, and which must be passed upon by the courts of this land.

On November 8, 1933, it was my pleasure to take my place beside the attorney general of the great State of Minnesota, Harry H. Peterson, when he and Mr. Ervin, of his staff, ably argued for the people of Minnesota in the Supreme Court of the United States—human rights as against the mortgage, contract, and property rights. It was well known that this argument was historic and that the decision would be historic, and that its effect would be great upon future legislation and the conduct of the Government. The attorney general and his associate made a strong argument and showed a complete grasp of the situation. Chief Justice Hughes, speaking for the majority of the Supreme Court of the United States, showed a profound understanding of the situation in this great and overwhelming emergency.

This is a culmination of years of effort and fighting for debtor moratorium laws on the part of the great Farmer-Labor Party of Minnesota, lead by our distinguished and able Governor, Floyd B. Olson, who has repeatedly recommended such laws, and who signed the bill which became a law and which was under scrutiny by the Supreme Court in this case.

Our Farmer-Labor legislators in our State legislatures, our Congressmen in the United States Congress, and our numerous speakers in many campaigns have fought out this issue with the enemy on the stump. This battle had to be won in many campaigns before the law appeared upon our statute books and before this law had an opportunity to be passed on by the Supreme Court of America.

When President Hoover issued a moratorium to Europe I frequently stated that the moratorium idea would come home to roost in America, against those who are holding overwhelming obligations against the mass of the people—an indebtedness so overwhelming that it is frequently referred to in round numbers as about $250,000,000,000 total—public and private indebtedness.

Our Minnesota Farmer-Labor leaders early determined that the farm and the home must be saved. I have frequently stated that if Uncle Sam can give moratoriums to the kings and emperors and nations of Europe we can give moratoriums to the American people. America first! If Uncle Sam can finance Europe to the extent of $10,000,000,000 and more—an amount with interest charges running close to twenty-five billions—if we can moratorium, refinance, and cancel in whole or in part this debt in favor of Europe, we can do as much for our own people here, under our own flag, and in our own land.

The Farmer-Labor Party acknowledges a great debt to the Farmers' Holiday Association, and the Farmers Union, and many other labor and cooperative organizations—pioneers in the great battle between property rights and human rights. The battle for social justice must go on until complete victory crowns the banners of a great National Farmer-Labor Party. [Applause.]

The complete Minnesota mortgage moratorium law and the text and footnotes of the United States Supreme Court decision follow:

CHAPTER 339—H.F. NO. 1695

An act relating to the granting of relief in certain cases during the emergency declared to exist, from inequitable foreclosure of mortgages on real estate and execution sales of real estate and for postponing certain sales and for extending the periods of redemption from certain others; and relating to the jurisdiction and procedure for such relief and for the right to possession during the extended period, and for limiting the right to maintain actions for deficiency judgments, and for extending the expiration of certain periods of redemption to 30 days after the passage of this act

Whereas the severe financial and economic depression existing for several years past has resulted in extremely low prices for the products of the farms and the factories, a great amount of unemployment, an almost complete lack of credit for farmers, business men, and property owners, and a general and extreme stagnation of business, agriculture, and industry; and

Whereas many owners of real property, by reason of said conditions, are unable and, it is believed, will for some time be unable to meet all payments as they come due of taxes, interest, and principal of mortgages on their properties, and are, therefore, threatened with loss of such properties through mortgage foreclosure and judicial sales thereof; and

Whereas many such properties have been and are being bid in at mortgage foreclosure and execution sales for prices much below what is believed to be their real values, and often for much less than the mortgage or judgment indebtedness, thus entailing deficiency judgments against the mortgage and judgment debtors; and

Whereas it is believed, and the Legislature of Minnesota hereby declares its belief, that the conditions existing as hereinbefore set forth has created an emergency of such nature that justifies and validates legislation for the extension of the time of redemption from mortgage foreclosure and execution sales and other relief of a like character; and

Whereas the State of Minnesota possesses the right, under its police power, to declare a state of emergency to exist; and

Whereas the inherent and fundamental purpose of our Government is to safeguard the public and promote the general welfare of the people; and

Whereas under existing conditions the foreclosure of many real-estate mortgages by advertisement would prevent fair, open, and competitive bidding at the time of sale in the manner now contemplated by law; and

Whereas it is believed, and the Legislature of Minnesota hereby declares its belief, that the conditions existing as hereinbefore set forth have created an emergency of such a nature that justifies and validates changes in legislation providing for the temporary manner, method, terms, and conditions upon which mortgage foreclosure sales may be had or postponed and jurisdiction to administer equitable relief in connection therewith may be conferred upon the district court; and

Whereas Mason's Minnesota Statutes of 1927, section 9608, which provides for the postponement of mortgage foreclosure sales, has remained for more than 30 years, a provision of the statutes in contemplation of which provisions for foreclosure by advertisement have been agreed upon: Now, therefore

Be it enacted by the Legislature of the State of Minnesota, The provisions of this act shall not apply to any mortgage while such mortgage is held by the United States or by any agency, department, bureau, board, or commission thereof, as security or pledge of the maker, its successors or assigns, nor shall the provisions of this act apply to any mortgage held as security or pledge to secure payment of a public debt or to secure payment of the deposit of public funds.

The following sections of this act preceding part 2 shall constitute part 1.

SECTION 1. Emergency declared to exist: In view of the situation hereinbefore set forth, the Legislature of the State of Minnesota hereby declares that a public economic emergency does exist in the State of Minnesota.

SEC. 2. Mortgagee may apply to district court for relief: In any proceedings heretofore commenced for the foreclosure of a mortgage on real estate by advertisement, in which a sale of the property has not been had, or in any such proceedings hereafter commenced, when the mortgagor, or the owner in possession of the mortgaged premises, or anyone claiming under said mortgagor, or anyone liable for the mortgage debt, at any time after the issuance of the notice of such foreclosure proceedings, shall apply to the district court of the county wherein such foreclosure proceedings are being had, or are pending, by filing and serving a summons and verified complaint with prayer that the sale in foreclosure by advertisement shall be postponed and that the foreclosure, if any, shall proceed by action. If it appears to the court that granting of the relief as prayed would be equitable and just, then, and in that event, the foreclosure proceedings by advertisement may be postponed by the court by an ex parte order which shall be served with the summons and complaint upon the party foreclosing, or his attorney, and at the time of the hearing upon such order the court may then further postpone such sale, and the parties seeking to foreclose such mortgage shall proceed, if at all, to foreclose said mortgage by interposing a cross complaint in such action. Such service may be made as now provided for the service of a summons in a civil action, or by registered mail on the person foreclosing or his authorized agent or attorney at the last-known address of such person, agent, or attorney, respectively. As a condition precedent to such postponement of such foreclosure sale by advertisement the party filing such verified complaint shall pay to the clerk for the person foreclosing the mortgage the expenses incurred, not including attorney's fees, which may accrue prior to any postponement. The filing of such verified complaint shall be deemed a waiver of publication of notice of postponement of the foreclosure sale and the sale at the time which may be fixed by the court shall be deemed to be a sale postponed in lieu of the time of sale specified in the published notice of mortgage foreclosure sale.

SEC. 3. Court may order resale: When any mortgage has been foreclosed by action, the court shall, on the coming in of the report of sale, cause notice of a hearing thereon to be served on the parties to the action who have appeared, and fix the time and place for the hearing on said report. Before granting an order confirming said sale, the court shall, if it appears upon due examination that the sale price is unreasonably and unfairly inadequate, or that justice has otherwise not been done, order a resale. If the sale is confirmed, the sheriff, or his deputy, shall forthwith execute and deliver the proper certificate of sale which shall be recorded within 20 days after such confirmation. Upon the hearing of the motion for an order confirming the sale of the premises involved in the foreclosure of mortgages by action, in case the evidence is insufficient to establish a fair and reasonable market or rental value of such property, the court shall receive any competent evidence, including evidence tending to establish the actual value of the property involved in said mortgage foreclosure proceedings, for the purpose, or purposes, for which said property is or can be used. The court shall also receive any evidence tending to show to what extent, if any, the property has decreased in actual or market value by reason of the economic conditions existing at the time of or prior to such sale.

SEC. 3. 1. Compromises: In case the parties to any such foreclosure action shall agree in writing upon terms of compromise settlement thereof, or of composition of the mortgage indebtedness, or both, the court shall have jurisdiction and may by its order confirm and approve such settlement or composition, or both, as the case may be.

SEC. 3. 2. Jurisdiction of court: The court shall have the same jurisdiction to postpone the enforcement of judgment by execution sale or to order resale or give other relief where such judgment is rendered in an action to collect a debt or obligation secured by a real-estate mortgage, the foreclosure of which might be affected under the terms of this act, as is conferred by this act with regard to the mortgage.

SEC. 4. Period of redemption may be extended: Where any mortgage upon real property has been foreclosed and the period of redemption has not yet expired, or where a sale is hereafter had, in the case of real-estate mortgage foreclosure proceedings, now pending, or which may hereafter be instituted prior to the expiration of 2 years from and after the passage of this act, or upon the sale of any real property under any judgment or execution where the period of redemption has not yet expired, or where such sale is made hereafter within 2 years from and after the passage of this act, the period of redemption may be extended for such additional time as the court may deem just and equitable, but in no event beyond May 1, 1935: *Provided,* That the mortgagor, or the owner in possession of said property, in the case of mortgage foreclosure proceedings, or the judgment debtor, in case of sale under judgment or execution shall, prior to the expiration of the period of redemption, apply to the district court having jurisdiction of the matter, on not less than 10 days' written notice to the mortgagee or judgment creditor, or the attorney of either, as the case may be, for an order determining the reasonable value of the income on said property, or, if the property has no income, then the reasonable rental value of the property involved in such sale, and directing and requiring such mortgagor or judgment debtor to pay all or a reasonable part of such income or rental value, in or toward the payment of taxes, insurance, interest, mortgage, or judgment indebtness at such times and in such manner as shall be fixed and determined and ordered by the court; and the court shall thereupon hear said application and after such hearing shall make and file its order directing the payment by such mortgagor, or judgment debtor, of such an amount at such times and in such manner as to the court shall, under all the circumstances, appear just and equitable: *Provided,* That upon the service of the notice or demand aforesaid that the running of the period of redemption shall be tolled until the court shall make its order upon such application: *Provided further, however,* That if such mortgagor or judgment debtor, or personal representative, shall default in the payments, or any of them, in such order required, on his part to be done, or commits waste, his right to redeem from said sale shall terminate 30 days after such default, and holders of subsequent liens may redeem in the order and manner now provided by law, beginning 30 days after the filing of notice of such default with the clerk of such district court, and his right to possession shall cease and the party acquiring title to any such real estate shall then be entitled to the immediate possession of said premises. If default is claimed by allowance of waste, such 30-day period shall not begin to run until the filing of an order of the court finding such waste: *Provided further,* That the time of redemption from any real-estate mortgage foreclosure or judgment or execution sale heretofore made, which otherwise would expire less than 30 days after the passage and approval of this act, shall be, and the same hereby is, extended to a date 30 days after the passage

and approval of this act, and in such case the mortgagor, or judgment debtor, or the assigns or personal representative of either, as the case may be, or the owner in the possession of the property, may, prior to said date, apply to said court for and the court may thereupon grant the relief as hereinbefore and in this section provided: *Provided further*, That prior to May 1, 1935, no action shall be maintained in this State for a deficiency judgment until the period of redemption as allowed by existing law, or as extended under the provisions of this act, has expired.

SEC. 5. Court may revise and alter terms: Upon the application of either party prior to the expiration of the extended period of redemption as provided in this act and upon the presentation of evidence that the terms fixed by the court are no longer just and reasonable, the court may revise and alter said terms, in such manner as the changed circumstances and conditions may require.

SEC. 6. Trial to be held within 30 days: The trial of any action, hearing, or proceeding mentioned in this act shall be held within 30 days after the filing by either party of notice of hearing or trial, as the case may be, and such hearing or trial may be held at any general or special term, or in chambers, or during vacation of the court, and the order of the court shall be filed within 5 days after trial or hearing, no more than 5 days' stay shall be granted, and review by the supreme court may be had by certiorari if application for the writ shall be made within 15 days after notice of such order, and such writ shall be returnable within 30 days after the filing of such order.

SEC. 7. Inconsistent laws suspended until May 1, 1935: Every law and all the provisions thereof now in force insofar as inconsistent with the provisions of this act, are hereby suspended until May 1, 1935. No extension of the period for redemption nor any postponement of sale shall be ordered or allowed under this act which would have the effect of extending the period for redemption beyond May 1, 1935.

SEC. 8. Application of act: This act as to mortgage foreclosures shall apply only to mortgages made prior to the passage and approval of this act but shall not apply to mortgages made prior to the passage of this act which shall hereafter be renewed or extended for a period ending more than 1 year after the passage of this act; neither shall this act apply in any way which would allow a resale, stay, postponement, or extension to such time that any right might be adversely affected by a statute of limitation.

SEC. 9. Provisions severable: The provisions of this act are hereby declared to be severable. If one provision hereof shall be found by the decision of a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the other provisions of this act.

SEC. 10. Definition: The words "mortgagor", "mortgagee", "judgment creditor", "judgment debtor", and "purchaser", whenever used in this act shall be construed to include the plural as well as the singular and also to include their personal representatives, successors, and assigns.

SEC. 11. Application: Whenever the term "this act" is referred to in that part of the bill amended so as to constitute part 1 thereof, the same shall be construed as having reference only to part 1 of this act.

PART 2

SECTION 1. To apply to homesteads only: The following, part 2, of this act shall apply only to real estate occupied as a home exclusively by the person seeking relief or persons dependent upon him and to farm lands used by the person seeking relief as his principal means of furnishing necessary support to such person, his family and dependents, and shall apply only to cases not entitled to relief under some valid provision of part 1 of this act.

SEC. 2. Mortgagee may apply to district court for relief: In any proceedings heretofore commenced for the foreclosure of a mortgage on real estate by advertisement, in which a sale of the property has not been had, or in any such proceedings hereafter commenced, when the mortgagor, or the owner in possession of the mortgaged premises, or anyone claiming under said mortgagor, or anyone liable for the mortgage debt, at any time after the issuance of the notice of such foreclosure proceedings, shall apply to the district court of the county wherein such foreclosure proceedings are being had, or are pending, by filing and serving a summons and verified complaint with prayer that the sale in foreclosure by advertisement shall be postponed and that the foreclosure, if any, shall proceed by action. If it appears to the court that granting of the relief as prayed would be equitable and just, then, and in that event, the foreclosure proceedings by advertisement may be postponed by the court by an ex parte order which shall be served with the summons and complaint upon the party foreclosing or his attorney and at the time of the hearing upon such order, the court may then further postpone such sale, and the parties seeking to foreclose such mortgage shall proceed, if at all, to foreclose said mortgage by interposing a cross-complaint in such action. Such service may be made as now provided for the service of a summons in a civil action, or by registered mail on the person foreclosing or his authorized agent or attorney at the last known address of such person, agent, or attorney, respectively. As a condition precedent to such postponement of such foreclosure sale by advertisement the party filing such verified complaint shall pay to the clerk for the person foreclosing the mortgage the expenses incurred, not including attorney's fees, which may accrue prior to any postponement. The filing of such verified complaint shall be deemed a waiver of publication of notice of postponement of the foreclosure sale and the sale at the time which may be fixed by the court shall be deemed to be a sale postponed in lieu of the time of sale specified in the published notice of mortgage foreclosure sale.

SEC. 3. Jurisdiction of court: The court shall have the same jurisdiction to postpone the enforcement of judgment by execution sale or to order resale or give other relief where such judgment is rendered in an action to collect a debt or obligation secured by a real-estate mortgage, the foreclosure of which might be affected under the terms of this act, as is conferred by this act with regard to the mortgage.

SEC. 4. Application of act: The provisions hereof shall not apply to mortgages made after the passage of this act, nor to mortgages made prior to the passage of this act which shall hereafter be renewed or extended to become due more than a year after such passage; neither shall this act apply in any way which would allow a resale, stay, postponement, or extension to such time that any right might be adversely affected by a statute of limitation.

SEC. 5. Limitations of act: No postponement or extension shall be ordered under conditions which, under the temporary emergency, would substantially diminish or impair the value of the contract or obligation of the person against whom the relief is sought, without reasonable allowance to justify the exercise of the police power hereby authorized.

SEC. 6. Trial to be held within 20 days: The trial of any action, hearing, or proceeding provided for in this act shall be held within 20 days after the filing by either party of notice of hearing or trial, as the case may be, and such hearing or trial may be held at any general or special term, or in chambers, or during vacation of the court, and the order of the court shall be filed within 5 days after trial or hearing, no more than 5 days' stay shall be granted within which to apply for amended findings, and order or for review, and review by the Supreme Court may be had by certiorari, if application for the writ shall be made within 10 days after notice of such order and such writ shall be returnable within 30 days after the filing of such order.

SEC. 7. Provisions separable: The provisions of this act shall be separable. The invalidity of any one provision, section, or part shall not affect the validity of the remainder. Wherever the term "this act" or "hereof" are used in part 2, the same shall be construed as having no reference to part 1.

SEC. 8. Duration of act limited: This act shall remain in effect only during the continuance of the emergency and in no event beyond May 1, 1935. No extension of the period for redemption nor any postponement of sale shall be ordered or allowed under this act which would have the effect of extending the period for redemption beyond May 1, 1935.

SEC. 9. Application of act: Nothing in part 2 of this act shall limit or restrict any provision of part 1.

Approved April 18, 1933.

SUPREME COURT OF THE UNITED STATES

No. 370.—October term, 1933

HOME BUILDING & LOAN ASSOCIATION, APPELLANT, *v.* JOHN H. BLAISDELL AND ROSELLA BLAISDELL, HIS WIFE. APPEAL FROM THE SUPREME COURT OF THE STATE OF MINNESOTA

[Jan. 8, 1934]

Mr. Chief Justice Hughes delivered the opinion of the court.

Appellant contests the validity of chapter 339 of the Laws of Minnesota of 1933, page 514, approved April 18, 1933, called the "Minnesota Mortgage Moratorium Law", as being repugnant to the contract clause (art. I, sec. 10) and the due process and equal protection clauses of the fourteenth amendment of the Federal Constitution. The statute was sustained by the Supreme Court of Minnesota (249 N.W. 334, 893) and the case comes here on appeal.

The act provides that, during the emergency declared to exist, relief may be had through authorized judicial proceedings with respect to foreclosures of mortgages, and execution sales of real estate; that sales may be postponed and periods of redemption may be extended. The act does not apply to mortgages subsequently made nor to those made previously which shall be extended for a period ending more than a year after the passage of the act (pt. 1, sec. 8). There are separate provisions in part 2 relating to homesteads, but these are to apply "only to cases not entitled to relief under some valid provision of part 1." The act is to remain in effect "only during the continuance of the emergency and in no event beyond May 1, 1935." No extension of the period for redemption and no postponement of sale is to be allowed which would have the effect of extending the period of redemption beyond that date (pt. 2, sec. 8.)

The act declares that the various provisions for relief are severable; that each is to stand on its own footing with respect to validity (pt. 1, sec. 9.) We are here concerned with the provisions of part 1, section 4, authorizing the district court of the county to extend the period of redemption from foreclosure sales "for such additional time as the court may deem just and equitable", subject to the above-described limitation. The extension is to be made upon application to the court, on notice, for an order determining the reasonable value of the income on the property involved in the sale, or if it has no income, then the reasonable rental value of the property, and directing the mortgagor "to pay all or a reasonable part of such income or rental value, in or toward the payment of taxes, insurance, interest,

mortgage * * * indebtedness at such times and in such manner" as shall be determined by the court.[1] The section also provides that the time for redemption from foreclosure sales theretofore made, which otherwise would expire less than 30 days after the approval of the act shall be extended to a date 30 days after its approval, and application may be made to the court within that time for a further extension as provided in the section. By another provision of the act, no action, prior to May 1, 1935, may be maintained for a deficiency judgment until the period of redemption as allowed by existing law or as extended under the provisions of the act has expired. Prior to the expiration of the extended period of redemption the court may revise or alter the terms of the extension as changed circumstances may require (pt. 1, sec. 5).

Invoking the relevant provision of the statute, appellees applied to the district court of Hennepin County for an order extending the period of redemption from a foreclosure sale. Their petition stated that they owned a lot in Minneapolis which they had mortgaged to appellant; that the mortgage contained a valid power of sale by advertisement and that by reason of their default the mortgage had been foreclosed and sold to appellant on May 2, 1932, for $3,700.98; that appellant was the holder of the sheriff's certificate of sale; that because of the economic depression appellees had been unable to obtain a new loan or to redeem, and that unless the period of redemption were extended the property would be irretrievably lost; and that the reasonable value of the property greatly exceeded the amount due on the mortgage including all liens, costs and expenses.

On the hearing, appellant objected to the introduction of evidence upon the ground that the statute was invalid under the Federal and State Constitutions, and moved that the petition be dismissed. The motion was granted, and a motion for a new trial was denied. On appeal, the supreme court of the State reversed the decision of the district court (249 N.W. 334). Evidence was then taken in the trial court, and appellant renewed its constitutional objections without avail. The court made findings of fact setting forth the mortgage made by the appellees on August 1, 1928, the power of sale contained in the mortgage, the default and foreclosure by advertisement, and the sale to appellant on May 2, 1932, for $3,700.98. The court found that the time to redeem would expire on May 2, 1933, under the laws of the State as they were in effect when the mortgage was made and when it was foreclosed; that the reasonable value of the income on the property, and the reasonable rental value, was $40 a month; that the bid made by appellant on the foreclosure sale, and the purchase price, were the full amount of the mortgage indebtedness, and that there was no deficiency after the sale; that the reasonable present market value of the premises was $6,000; and that the total amount of the purchase price, with taxes and insurance premiums subsequently paid by appellant, but exclusive of interest from the date of sale, was $4,056.39. The court also found that the property was situated in the closely built-up portions of Minneapolis; that it had been improved by a 2-car garage, together with a building two stories in height which was divided into 14 rooms; that the appellees, husband and wife, occupied the premises as their homestead, occupying 3 rooms and offering the remaining rooms for rental to others.

The court entered its judgment extending the period of redemption to May 1, 1935, subject to the condition that the appellees should pay to the appellant $40 a month through the extended period from May 2, 1933, that is, that in each of the months of August, September, and October, 1933, the payments should be $80, in two installments, and thereafter $40 a month, all these amounts to go to the payment of taxes, insurance, interest, and mortgage indebtedness.[2] It is this judgment, sustained by the supreme court of the State on the authority of its former opinion, which is here under review (249 N.W. 893).

The State court upheld the statute as an emergency measure. Although conceding that the obligations of the mortgage contract were impaired, the court decided that what it thus described as an impairment was, notwithstanding the contract clause of the Federal Constitution, within the police power of the State as that power was called into exercise by the public economic emergency which the legislature had found to exist. Attention is thus directed to the preamble and first section of the statute which described the existing emergency in terms that were deemed to justify the temporary relief which the statute affords.[3] The State

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[1] That section is as follows:

"SEC. 4. Period of redemption may be extended.—Where any mortgage upon real property has been foreclosed and the period of redemption has not yet expired, or where a sale is hereafter had, in the case of real-estate mortgage foreclosure proceedings, now pending, or which may hereafter be instituted prior to the expiration of 2 years from and after the passage of this act, or upon the sale of any real property under any judgment or execution where the period of redemption has not yet expired, or where such sale is made hereafter within 2 years from and after the passage of this act, the period of redemption may be extended for such additional time as the court may deem just and equitable, but in no event beyond May 1, 1935; provided that the mortgagor, or the owner in possession of said property, in the case of mortgage foreclosure proceedings, or the judgment debtor, in case of sale under judgment or execution, shall prior to the expiration of the period of redemption, apply to the district court having jurisdiction of the matter, on not less than 10 days' written notice to the mortgagee or judgment creditor, or the attorney of either, as the case may be, for an order determining the reasonable value of the income on said property, or, if the property has no income, then the reasonable rental value of the property involved in such sale, and directing and requiring such mortgagor or judgment debtor to pay all or a reasonable part of such income or rental value, in or toward the payment of taxes, insurance, interest, mortgage or judgment indebtedness at such times and in such manner as shall be fixed and determined and ordered by the court; and the court shall thereupon hear said application and after such hearing shall make and file its order directing the payment by such mortgagor, or judgment debtor, of such an amount at such times and in such manner as to the court shall, under all the circumstances, appear just and equitable. Provided that upon the service of the notice or demand aforesaid that the running of the period of redemption shall be tolled until the court shall make its order upon such application. Provided further, however, that if such mortgagor or judgment debtor or personal representative, shall default in the payments, or any of them, in such order required, on his part to be done, or commits waste, his right to redeem from said sale shall terminate 30 days after such default and holders of subsequent liens may redeem in the order and manner now provided by law beginning 30 days after the filing of notice of such default with the clerk of such district court, and his right to possession shall cease and the party acquiring title to any such real estate shall then be entitled to the immediate possession of said premises. If default is claimed by allowance of waste, such 30-day period shall not begin to run until the filing of an order of the court finding such waste. Provided, further, that the time of redemption from any real-estate mortgage foreclosure or judgment or execution sale heretofore made, which otherwise would expire less than 30 days after the passage and approval of this act, shall be and the same hereby is extended to a date 30 days after the passage and approval of this act, and in such case the mortgagor, or judgment debtor, or the assigns or personal representative of either, as the case may be, or the owner in the possession of the property, may, prior to said date, apply to said court for and the court may thereupon grant the relief as hereinbefore and in this section provided. Provided, further, that prior to May 1, 1935, no action shall be maintained in this State for a deficiency judgment until the period of redemption as allowed by existing law or as extended under the provisions of this act has expired."

[2] A joint statement of the counsel for both parties, filed with the court on the argument in this court, shows that, after providing for taxes, insurance, and interest, and crediting the payments to be made by the mortgagor under the judgment, the amount necessary to redeem May 1, 1935, would be $4,258.82.

[3] The preamble and the first section of the act are as follows:

"Whereas, the severe financial and economic depression existing for several years past has resulted in extremely low prices for the products of the farms and the factories, a great amount of unemployment, an almost complete lack of credit for farmers, business men and property owners and a general and extreme stagnation of business, agriculture and industry, and

"Whereas, many owners of real property, by reason of said conditions, are unable, and it is believed, will for some time be unable to meet all payments as they come due of taxes, interest and principal of mortgages on their properties and are, therefore, threatened with loss of such properties through mortgage foreclosure and judicial sales thereof, and

"Whereas, many such properties have been and are being bid in at mortgage foreclosure and execution sales for prices much below what is believed to be their real values and often for much less than the mortgage or judgment indebtedness, thus entailing deficiency judgment against the mortgage and judgment debtors, and

"Whereas, it is believed, and the Legislature of Minnesota hereby declares its belief, that the conditions existing as hereinbefore set forth have created an emergency of such nature that justifies and validates legislation for the extension of the time of redemption from mortgage foreclosure and execution sales and other relief of a like character; and

"Whereas, the State of Minnesota possesses the right under its police power to declare a state of emergency to exist, and

"Whereas, the inherent and fundamental purpose of our Government is to safeguard the public and promote the general welfare of the people; and

"Whereas, under existing conditions the foreclosure of many real estate mortgages by advertisement would prevent fair, open, and competitive bidding at the time of sale in the manner now contemplated by law, and

"Whereas, it is believed, and the Legislature of Minnesota hereby declares its belief, that the conditions existing as hereinbefore set forth have created an emergency of such a nature that justifies and validates changes in legislation providing for the temporary manner, method, terms and conditions upon which mortgage foreclosure sales may be had or postponed and jurisdiction to administer equitable relief in connection therewith may be conferred upon the district court, and

"Whereas, Mason's Minnesota Statutes of 1927, sec. 9608, which provides for the postponement of mortgage foreclosure sales, has remained for more than 30 years, a provision of the statutes in contemplation of which provisions for foreclosure by advertisement have been agreed upon;"

* * * * * * *

"SECTION 1. Emergency declared to exist.—In view of the situation hereinbefore set forth, the Legislature of the State of Minnesota hereby declares that a public economic emergency does exist in the State of Minnesota."

court, declaring that it could not say that this legislative finding was without basis, supplemented that finding by its own statement of conditions of which it took judicial notice. The court said:

"In addition to the weight to be given the determination of the legislature that an economic emergency exists which demands relief, the court must take notice of other considerations. The members of the legislature come from every community of the State and from all the walks of life. They are familiar with conditions generally in every calling, occupation, profession, and business in the State. Not only they, but the courts must be guided by what is common knowledge. It is common knowledge that in the last few years land values have shrunk enormously. Loans made a few years ago upon the basis of the then going values cannot possibly be replaced on the basis of present values. We all know that when this law was enacted the large financial companies, which had made it their business to invest in mortgages, had ceased to do so. No bank would directly or indirectly loan on real estate mortgages. Life insurance companies, large investors in such mortgages, had even declared a moratorium as to the loan provisions of their policy contracts. The President had closed banks temporarily. The Congress, in addition to many extraordinary measures looking to the relief of the economic emergency, had passed an act to supply funds whereby mortgagors may be able within a reasonable time to refinance their mortgages or redeem from sales where the redemption has not expired. With this knowledge the court cannot well hold that the legislature had no basis in fact for the conclusion that an economic emergency existed which called for the exercise of the police power to grant relief."

Justice Olsen of the State court, in a concurring opinion, added the following:

"The present Nation-wide and world-wide business and financial crisis has the same results as if it were caused by flood, earthquake, or disturbance in nature. It has deprived millions of persons in this Nation of their employment and means of earning a living for themselves and their families; it has destroyed the value of and the income from all property on which thousands of people depended for a living; it actually has resulted in the loss of their homes by a number of our people and threatens to result in the loss of their homes by many other people in this State; it has resulted in such wide-spread want and suffering among our people that private, State and municipal agencies are unable to adequately relieve the want and suffering and Congress has found it necessary to step in and attempt to remedy the situation by Federal aid. Millions of the people's money were and are yet tied up in closed banks and in business enterprises."[4]

We approach the questions thus presented upon the assumption made below, as required by the law of the State, that the mortgage contained a valid power of sale to be exercised in case of default; that this power was validly exercised; that under the law then applicable the period of redemption from the sale was 1 year and that it has been extended by the judgment of the court over the opposition of the mortgagee-purchaser; and that during the period thus extended, and unless the order for extension is modified, the mortgagee-purchaser will be unable to obtain possession, or to obtain or convey title in fee, as he would have been able to do had the statute not been enacted. The statute does not impair the integrity of the mortgage indebtedness. The obligation for interest remains. The statute does not affect the validity of the sale or the right of a mortgagee-purchaser to title in fee, or his right to obtain a deficiency judgment, if the mortgagor fails to redeem within the prescribed period. Aside from the extension of time, the other conditions of redemption are unaltered. While the mortgagor remains in possession he must pay the rental value as that value has been determined, upon notice and hearing, by the court. The rental value so paid is devoted to the carrying of the property by the application of the required payments to taxes, insurance, and interest on the mortgage indebtedness. While the mortgagee-purchaser is debarred from actual possession, he has, so far as rental value is concerned, the equivalent of possession during the extended period.

In determining whether the provision for this temporary and conditional relief exceeds the power of the State by reason of the clause in the Federal Constitution prohibiting impairment of the obligations of contracts, we must consider the relation of emergency to constitutional power, the historical setting of the contract clause, the development of the jurisprudence of this court in the construction of that clause, and the principles of construction which we may consider to be established.

Emergency does not create power. Emergency does not increase granted power or remove or diminish the restrictions imposed upon power granted or reserved. The Constitution was adopted in a period of grave emergency. Its grants of power to the Federal Government and its limitations of the power of the States were determined in the light of emergency and they are not altered by emergency. What power was thus granted and what limitations were thus imposed are questions which have always been, and always will be, the subject of close examination under our constitutional system.

While emergency does not create power, emergency may furnish the occasion for the exercise of power. "Although an emergency may not call into life a power which has never lived, nevertheless emergency may afford a reason for the exertion of a living power already enjoyed" (*Wilson* v. *New*, 243 U.S. 332, 348). The constitutional question presented in the light of an emergency is whether the power possessed embraces the particular exercise of it in response to particular conditions. Thus, the war power of the Federal Government is not created by the emergency of war, but it is a power given to meet that emergency. It is a power to wage war successfully and thus it permits the harnessing of the entire energies of the people in a supreme cooperative effort to preserve the Nation. But even the war power does not remove constitutional limitations safeguarding essential liberties.[5] When the provisions of the Constitution, in grant or restriction, are specific, so particularized as not to admit of construction, no question is presented. Thus, emergency would not permit a State to have more than two Senators in the Congress, or permit the election of President by a general popular vote without regard to the number of electors to which the States are respectively entitled or permit the States to "coin money" or to "make anything but gold and silver coin a tender in payment of debts." But where constitutional grants and limitations of power are set forth in general clauses, which afford a broad outline, the process of construction is essential to fill in the details. That is true of the contract clause. The necessity of construction is not obviated by the fact that the contract clause is associated in the same section with other and more specific prohibitions. Even the grouping of subjects in the same clause may not require the same application to each of the subjects, regardless of differences in their nature. (See *Groves* v. *Slaughter*, 15 Pet. 449, 505; *Atlantic Cleaners & Dyers* v. *United States*, 286 U.S. 427, 434.)

In the construction of the contract clause, the debates in the Constitutional Convention are of little aid.[6] But the reasons which led to the adoption of that clause, and of the other prohibitions of section 10 of article I, are not left in doubt and have frequently been described with eloquent emphasis.[7] The wide-spread distress following the revolutionary period and the plight of debtors had called forth in the States an ignoble array of legislative schemes for the defeat of creditors and the invasion of contractual obligations. Legislative interferences had been so numerous and extreme that the confidence essential to prosperous trade had been undermined and the utter destruction of credit was threatened. "The sober people of America" were convinced that some "thorough reform" was needed which would "inspire a general prudence and industry, and give a regular course to the business of society" (The Federalist, no. 44). It was necessary to interpose the restraining power of a central authority in order to secure the foundations even of "private faith." The occasion and general purpose of the contract clause are summed up in the terse statment of Chief Justice Marshall in *Ogden* v. *Saunders* (12 Wheat., pp. 213, 354, 355): "The power of changing the rela-

[4] The attorney general of the State in his argument before this court made the following statement of general conditions in Minnesota: "Minnesota is predominantly an agricultural State. A little more than one half of its people live on farms. At the time this law was passed the prices of farm products had fallen to a point where most of the persons engaged in farming could not realize enough from their products to support their families and pay taxes and interest on the mortgages on their homes. In the fall and winter of 1932 in the villages and small cities where most of the farmers must market their produce, corn was quoted as low as 8 cents per bushel, oats 2 cents and wheat 29 cents per bushel, eggs at 7 cents per dozen and butter at 10 cents per pound. The industry second in importance is mining. In normal times Minnesota produces about 60 percent of the iron of the United States and nearly 30 percent of all the iron produced in the world. In 1932 the production of iron fell to less than 15 percent of normal production. The families of idle miners soon became destitute and had to be supported by public funds. Other industries of the State, such as lumbering and the manufacture of wood products, the manufacture of farm machinery and various goods of steel and iron have also been affected disastrously by the depression. Because of the increased burden on the State and its political subdivisions which resulted from the depression, taxes on lands, which provide by far the major portion of the taxes in this State, were increased to such an extent that in many instances they became confiscatory. Tax delinquencies were alarmingly great, rising as high as 78 percent in one county of the State. In seven counties of the State the tax delinquency was over 50 percent. Because of these delinquencies many towns, school districts, villages and cities were practically bankrupt. In many of these political subdivisions of the State local government would have ceased to function and would have collapsed had it not been for loans from the State." The attorney general also stated that serious breaches of the peace had occurred.

[5] See *Ex parte Milligan* (4 Wall. 2, 120–127); *United States* v. *Russell* (13 Wall. 623, 627); *Hamilton* v. *Kentucky Distilleries & Warehouse Co.* (251 U.S. 146, 155); *United States* v. *Cohen Grocery Co.* (255 U.S. 81, 88).

[6] Farrand, Records of the Federal Convention, vol. 2, pp. 439, 440, 597, 610; Elliot's Debates, vol. 5, pp. 485, 488, 545, 546; Bancroft, History of the U.S. Constitution, vol. 2, pp. 137–139; Warren, The Making of the Constitution, pp. 552–555. Compare Ordinance for the Government of the Northwest Territory, art. 2.

[7] The Federalist, no. 44 (Madison); Marshall, Life of Washington, vol. 5, pp. 85–90, 112, 113; Bancroft, History of the U.S. Constitution, vol. 1, pp. 228 et seq.; Black, Constitutional Prohibitions, pp. 1–7; Fiske, The Critical Period of American History, 8th ed., pp. 168 et seq.; *Adams* v. *Storey* (1 Paine's Rep., 79, 90–92).

tive situation of debtor and creditor, of interfering with contracts, a power which comes home to every man, touches the interest of all, and controls the conduct of every individual in those things which he supposes to be proper for his own exclusive management, had been used to such an excess by the State legislatures, as to break in upon the ordinary intercourse of society, and destroy all confidence between man and man. The mischief had become so great, so alarming, as not only to impair commercial intercourse, and threaten the existence of credit, but to sap the morals of the people, and destroy the sanctity of private faith. To guard against the continuance of the evil was an object of deep interest with all the truly wise, as well as the virtuous, of this great community, and was one of the important benefits expected from a reform of the Government."

But full recognition of the occasion and general purpose of the clause does not suffice to fix its precise scope. Nor does an examination of the details of prior legislation in the States yield criteria which can be considered controlling. To ascertain the scope of the constitutional prohibition we examine the course of judicial decisions in its application. These put it beyond question that the prohibition is not an absolute one and is not to be read with literal exactness like a mathematical formula. Justice Johnson, in *Ogden* v. *Saunders, supra* (p. 286), adverted to such a misdirected effort in these words: "It appears to me, that a great part of the difficulties of the cause, arise from not giving sufficient weight to the general intent of this clause in the Constitution, and subjecting it to a severe literal construction, which would be better adapted to special pleadings." And after giving his view as to the purport of the clause—"that the States shall pass no law, attaching to the acts of individuals other effects or consequences than those attached to them by the laws existing at their date; and all contracts thus construed, shall be enforced according to their just and reasonable purport"—Justice Johnson added: "But to assign to contracts, universally, a literal purport, and to exact for them a rigid literal fulfillment, could not have been the intent of the Constitution. It is repelled by a hundred examples. Societies exercise a positive control as well over the inception, construction, and fulfillment of contracts, as over the form and measure of the remedy to enforce them."

The inescapable problems of construction have been: What is a contract?[8] What are the obligations of contracts? What constitutes impairment of these obligations? What residuum of power is there still in the States, in relation to the operation of contracts, to protect the vital interests of the community? Questions of this character, "of no small nicety and intricacy, have vexed the legislative halls, as well as the judicial tribunals, with an uncounted variety and frequency of litigation and speculation" (Story on the Constitution, sec. 1375).

The obligation of a contract is "the law which binds the parties to perform their agreement." (*Sturges* v. *Crowninshield*, 4 Wheat. 122, 197; Story, *op. cit.*, sec. 1378.) This court has said that "the laws which subsist at the time and place of the making of a contract, and where it is to be performed, enter into and form a part of it, as if they were expressly referred to or incorporated in its terms. This principle embraces alike those which affect its validity, construction, discharge and enforcement. * * * Nothing can be more material to the obligation than the means of enforcement. * * * The ideas of validity and remedy are inseparable, and both are parts of the obligation, which is guaranteed by the Constitution against invasion." (*Von Hoffman* v. *City of Quincy*, 4 Wall. 535, 550, 552. See, also, *Walker* v. *Whitehead*, 16 Wall. 314, 317.) But this broad language cannot be taken without qualification. Chief Justice Marshall pointed out the distinction between obligation and remedy (*Sturges* v. *Crowninshield, supra*, p. 200). Said he: "The distinction between the obligation of a contract, and the remedy given by the legislature to enforce that obligation, has been taken at the bar, and exists in the nature of things. Without impairing the obligation of the contract, the remedy may certainly be modified as the wisdom of the Nation shall direct." And in *Von Hoffman* v. *City of Quincy, supra* (pp. 553, 554), the general statement above quoted was limited by the further observation that "It is competent for the States to change the form of the remedy, or to modify it otherwise, as they may see fit, provided no substantial right secured by the contract is thereby impaired. No attempt has been made to fix definitely the line between alterations of the remedy, which are to be deemed legitimate, and those which, under the form of modifying the remedy, impair substantial rights. Every case must be determined upon its own circumstances." And Chief Justice Waite, quoting this language in *Antoni* v. *Greenhow* (107 U.S. 769, 775), added: "In all such cases the question becomes, therefore, one of reasonableness, and of that the legislature is primarily the judge."

The obligations of a contract are impaired by a law which renders them invalid, or releases or extinguishes them[9] (*Sturges* v. *Crowninshield, supra*, pp. 197, 198) and impairment, as above noted, has been predicated of laws which without destroying contracts derogate from substantial contractual rights.[10] In *Sturges* v. *Crowninshield, supra*, a State insolvent law, which discharged the debtor from liability was held to be invalid as applied to contracts in existence when the law was passed. (See *Ogden* v. *Saunders, supra*.) In *Green* v. *Biddle* (8 Wheat. 1) the legislative acts, which were successfully assailed, exempted the occupant of land from the payment of rents and profits to the rightful owner and were "parts of a system the object of which was to compel the rightful owner to relinquish his lands or pay for all lasting improvements made upon them, without his consent or default." In *Bronson* v. *Kinzie* (1 How. 311), State legislation, which had been enacted for the relief of debtors in view of the seriously depressed condition of business,[11] following the panic of 1837, and which provided that the equitable estate of the mortgagor should not be extinguished for 12 months after sale on foreclosure, and further prevented any sale unless two thirds of the appraised value of the property should be bid therefor, was held to violate the constitutional provision. It will be observed that in the Bronson case, aside from the requirement as to the amount of the bid at the sale, the extension of the period of redemption was unconditional, and there was no provision, as in the instant case, to secure to the mortgagee the rental value of the property during the extended period. *McCracken* v. *Hayward* (2 How. 608), *Gantly's Lessee* v. *Ewing* (3 How. 707), and *Howard* v. *Bugbee* (24 How. 461) followed the decision in *Bronson* v. *Kinzie;* that of McCracken, condemning a statute which provided that an execution sale should not be made of property unless it would bring two thirds of its value according to the opinion of three householders; that of Gantly's lessee, condemning a statute which required a sale for not less than one half the appraised value; and that of Howard, making a similar ruling as to an unconditional extension of 2 years for redemption from foreclosure sale. In *Planters' Bank* v. *Sharp* (6 How. 301) a State law was found to be invalid which prevented a bank from transferring notes and bills receivable which it had been duly authorized to acquire. In *Von Hoffman* v. *City of Quincy, supra*, a statute which restricted the power of taxation which had previously been given to provide for the payment of municipal bonds was set aside. *Louisiana* v. *Police Jury* (111 U.S. 716) and *Seibert* v. *Lewis* (122 U.S. 284) are similar cases. In *Walker* v. *Whitehead* (16 Wall. 314) the statute, which was held to be repugnant to the contract clause, was enacted in 1870 and provided that in all suits pending on any debt or contract made before June 1, 1865, the plaintiff should not have a verdict unless it appeared that all taxes chargeable by law on the same had been duly paid for each year since the contract was made; and, further, that in all cases of indebtedness of the described class the defendant might offset any losses he had suffered in consequence of the late war, either from destruction or depreciation of property. (See *Daniels* v. *Tearney*, 102 U.S. 415, 419.) In *Gunn* v. *Barry* (15 Wall. 610) and *Edwards* v. *Kearzey* (96 U.S. 595) statutes applicable to prior contracts were condemned because of increases in the amount of the property of judgment debtors which were exempted from levy and sale on execution. But, in *Penniman's case* (103 U.S. 714, 720) the court decided that a statute abolishing imprisonment for debt did not, within the meaning of the Constitution, impair the obligation of contracts previously made;[12] and the court said: "The general doctrine of this court on this subject may be thus stated: In modes of proceeding and forms to enforce the contract the legislature has the control, and may enlarge, limit or alter them, provided it does not deny a remedy or so embarrass it with conditions or restrictions as seriously to impair the value of the right." In *Barnitz* v. *Beverly* (163 U.S. 118) the court held that a statute which authorized the redemption of property sold on foreclosure, where no right of redemption previously existed, or which extended the period of redemption beyond the time formerly allowed, could not constitutionally apply to a sale under a mortgage executed before its passage. This ruling was to the same effect as that in *Bronson* v. *Kinzie, supra*, and *Howard* v. *Bugbee, supra*. But in the Barnitz case the statute contained a provision for the prevention of waste and authorized the appointment of a receiver of the premises sold. Otherwise the extension of the period for redemption was uncon-

[8] Contracts, within the meaning of the clause, have been held to embrace those that are executed, that is, grants, as well as those that are executory (*Fletcher* v. *Peck*, 6 Cranch, 87, 137; *Terrett* v. *Taylor*, 9 Cranch, 43). They embrace the charters of private corporations (*Dartmouth College* v. *Woodward*, 4 Wheat. 518). But not the marriage contract, so as to limit the general right to legislate on the subject of divorce (*Id.*, p. 629; *Maynard* v. *Hill*, 125 U.S. 190, 210). Nor are judgments, though rendered upon contracts, deemed to be within the provision (*Morley* v. *Lake Shore Railway Co.*, 146 U.S. 162, 169). Nor does a general law, giving the consent of a State to be sued, constitute a contract (*Beers* v. *Arkansas*, 20 How. 527).

[9] But there is held to be no impairment by a law which removes the taint of illegality and thus permits enforcement, as, e.g., by repeal of a statute making a contract void for usury (*Ewell* v. *Daggs*, 108 U.S. 143, 151).

[10] See, in addition to cases cited in the text, the following: *Farmers & Mechanics' Bank* v. *Smith* (6 Wheat. 131); *Piqua Bank* v. *Knoop* (16 How. 369); *Dodge* v. *Woolsey* (18 How. 331); *Jefferson Branch Bank* v. *Skelly* (1 Black, 436); *State Tax on Foreign-held Bonds* (15 Wall. 300); *Farrington* v. *Tennessee* (95 U.S. 679); *Murray* v. *Charleston* (96 U.S. 432); *Hartman* v. *Greenhow* (102 U.S. 672); *McGahey* v. *Virginia* (135 U.S. 662); *Bedford* v. *Eastern Building & Loan Association* (181 U.S. 227); *Wright* v. *Central of Georgia Railway Co.* (236 U.S. 674); *Central of Georgia Railway Co.* v. *Wright* (248 U.S. 525); *Ohio Public Service Co.* v. *Ohio* (274 U.S. 12).

[11] See Warren, the Supreme Court in United States History, vol. 2, pp. 376–379.

[12] See *Sturges* v. *Crowninshield* (4 Wheat. 122, 200, 201); *Mason* v. *Haile* (12 Wheat. 370, 378); *Beers* v. *Haughton* (9 Pet. 329, 359).

ditional, and in case a receiver was appointed, the income during the period allowed for redemption, except what was necessary for repairs and to prevent waste, was still to go to the mortgagor.

None of these cases, and we have cited those upon which appellant chiefly relies, is directly applicable to the question now before us in view of the conditions with which the Minnesota statute seeks to safeguard the interests of the mortgagee-purchaser during the extended period. And broad expressions contained in some of these opinions went beyond the requirements of the decision and are not controlling (*Cohens* v. *Virginia*, 6 Wheat. 264, 399).

Not only is the constitutional provision qualified by the measure of control which the State retains over remedial processes,[13] but the State also continues to possess authority to safeguard the vital interests of its people. It does not matter that legislation appropriate to that end "has the result of modifying or abrogating contracts already in effect" (*Stephenson* v. *Binford*, 287 U.S. 251, 276). Not only are existing laws read into contracts in order to fix obligations as between the parties, but the reservation of essential attributes of sovereign power is also read into contracts as a postulate of the legal order. The policy of protecting contracts against impairment presupposes the maintenance of a government by virtue of which contractual relations are worth while—a government which retains adequate authority to secure the peace and good order of society. This principle of harmonizing the constitutional prohibition with the necessary residuum of State power has had progressive recognition in the decisions of this court.

While the charters of private corporations constitute contracts, a grant of exclusive privilege is not to be implied as against the State (*Charles River Bridge* v. *Warren Bridge*, 11 Pet. 420). And all contracts are subject to the right of eminent domain (*West River Bridge* v. *Dix*, 6 How. 507).[14] The reservation of this necessary authority of the State is deemed to be a part of the contract. In the case last cited, the court answered the forcible challenge of the State's power by the following statement of the controlling principle—a statement reiterated by this court speaking through Mr. Justice Brewer, nearly 50 years later, in *Long Island Water Supply Co.* v. *Brooklyn* (166 U.S. 685, 692): "But into all contracts, whether made between States and individuals, or between individuals only, there enter conditions which arise not out of the literal terms of the contract itself; they are superinduced by the preexisting and higher authority of the laws of nature, of nations, or of the community to which the parties belong; they are always presumed, and must be presumed, to be known and recognized by all, are binding upon all, and need never, therefore, be carried into express stipulation, for this could add nothing to their force. Every contract is made in subordination to them, and must yield to their control, as conditions inherent and paramount, wherever a necessity for their execution shall occur."

The legislature cannot "bargain away the public health or the public morals." Thus, the constitutional provision against the impairment of contracts was held not to be violated by an amendment of the State constitution which put an end to a lottery theretofore authorized by the legislature. (*Stone* v. *Mississippi*, 101 U.S. 814, 819; see also, *Douglas* v. *Kentucky*, 168 U.S. 488, 497–499; compare *New Orleans* v. *Houston*, 119 U.S. 265, 275.) The lottery was a valid enterprise when established under express State authority, but the legislature in the public interest could put a stop to it. A similar rule has been applied to the control by the State of the sale of intoxicating liquors. (*Beer Company* v. *Massachusetts*, 97 U.S. 25, 32, 33; see *Mugler* v. *Kansas*, 123 U.S. 623, 664, 665.) The States retain adequate power to protect the public health against the maintenance of nuisances despite insistence upon existing contracts. (*Fertilizing Company* v. *Hyde Park*, 97 U.S. 659, 667; *Butchers' Union Company* v. *Crescent City Company*, 111 U.S. 746, 750.) Legislation to protect the public safety comes within the same category of reserved power (*Chicago, B. & Q. R.R. Co.* v. *Nebraska*, 170 U.S. 57, 70, 74; *Texas & N. O. R.R. Co.* v. *Miller*, 221 U.S. 408, 414; *Atlantic Coast Line R.R. Co.* v. *Goldsboro*, 232 U.S. 548, 558). This principle has had recent and noteworthy application to the regulation of the use of public highways by common carriers and "contract carriers", where the assertion of interference with existing contract rights has been without avail (*Sproles* v. *Binford*, 286 U.S. 374, 390, 391; *Stephenson* v. *Binford*, *supra*).

The economic interests of the State may justify the exercise of its continuing and dominant protective power notwithstanding interference with contracts. In *Manigault* v. *Spring* (199 U.S. 473), riparian owners in South Carolina had made a contract for a clear passage through a creek by the removal of existing obstructions. Later, the legislature of the State, by virtue of its broad authority to make public improvements, and in order to increase the taxable value of the lowlands which would be drained, authorized the construction of a dam across the creek. The Court sustained the statute upon the ground that the private interests were subservient to the public right. The Court said (id., p. 480): "It is the settled law of this court that the interdiction of statutes impairing the obligation of contracts does not prevent the State from exercising such powers as are vested in it for the promotion of the commonweal, or are necessary for the general good of the public, though contracts previously entered into between individuals may thereby be affected. This power, which in its various ramifications is known as the police power, is an exercise of the sovereign right of the Government to protect the lives, health, morals, comfort, and general welfare of the people, and is paramount to any rights under contracts between individuals." A statute of New Jersey prohibiting the transportation of water of the State into any other State was sustained against the objection that the statute impaired the obligation of contracts which had been made for furnishing such water to persons without the State (*Hudson Water Co.* v. *McCarter*, 209 U.S. 349). Said the Court, by Mr. Justice Holmes (id., p. 357): "One whose rights, such as they are, are subject to State restriction, cannot remove them from the power of the State by making a contract about them. The contract will carry with it the infirmity of the subject matter." The general authority of the legislature to regulate, and thus to modify, the rates charged by public-service corporations affords another illustration (*Stone* v. *Farmers Loan & Trust Co.*, 116 U.S. 307, 325, 326). In *Union Dry Goods Co.* v. *Georgia Public Service Corporation* (248 U.S. 372), a statute fixing reasonable rates, to be charged by a corporation for supplying electricity to the inhabitants of a city, superseded lower rates which had been agreed upon by a contract previously made for a definite term between the company and a consumer. The validity of the statute was sustained. To the same effect are *Producers Transportation Co.* v. *Railroad Commission* (251 U.S. 228, 232), and *Sutter Butte Canal Co.* v. *Railroad Commission* (279 U.S. 125, 138). Similarly, where the protective power of the State is exercised in a manner otherwise appropriate in the regulation of a business it is no objection that the performance of existing contracts may be frustrated by the prohibition of injurious practices. (*Rast* v. *Van Deman & Lewis Co.*, 240 U.S. 342, 363; see, also, *St. Louis Poster Advertising Co.* v. *St. Louis*, 249 U.S. 269, 274.)

The argument is pressed that in the cases we have cited the obligation of contracts was affected only incidentally. This argument proceeds upon a misconception. The question is not whether the legislative action affects contracts incidentally, or directly or indirectly, but whether the legislation is addressed to a legitimate end and the measures taken are reasonable and appropriate to that end. Another argument, which comes more closely to the point, is that the State power may be addressed directly to the prevention of the enforcement of contracts only when these are of a sort which the legislature in its discretion may denounce as being in themselves hostile to public morals, or public health, safety or welfare, or where the prohibition is merely of injurious practices; that interference with the enforcement of other and valid contracts according to appropriate legal procedure, although the interference is temporary and for a public purpose, is not permissible. This is but to contend that in the latter case the end is not legitimate in the view that it cannot be reconciled with a fair interpretation of the constitutional provision.

Undoubtedly, whatever is reserved of State power must be consistent with the fair intent of the constitutional limitation of that power. The reserved power cannot be construed so as to destroy the limitation, nor is the limitation to be construed to destroy the reserved power in its essential aspects. They must be construed in harmony with each other. This principle precludes a construction which would permit the State to adopt as its policy the repudiation of debts or the destruction of contracts or the denial of means to enforce them. But it does not follow that conditions may not arise in which a temporary restraint of enforcement may be consistent with the spirit and purpose of the constitutional provision and thus be found to be within the range of the reserved power of the State to protect the vital interests of the community. It cannot be maintained that the constitutional prohibition should be so construed as to prevent limited and temporary interpositions with respect to the enforcement of contracts if made necessary by a great public calamity such as fire, flood, or earthquake. (See *American Land Co.* v. *Zweiss*, 219 U.S. 47.) The reservation of State power appropriate to such extraordinary conditions may be deemed to be as much a part of all contracts, as is the reservation of State power to protect the public interest in the other situations to which we have referred. And if State power exists to give tem-

[13] Illustrations of changes in remedies which have been sustained may be seen in the following cases: *Jackson* v. *Lamphire* (3 Pet. 280); *Hawkins* v. *Barney's Lessee* (5 Pet. 457); *Crawford* v. *Branch Bank* (7 How. 279); *Curtis* v. *Whitney* (13 Wall. 68); *Railroad Co.* v. *Hecht* (95 U.S. 168); *Terry* v. *Anderson* (95 U.S. 628); *Tennessee* v. *Sneed* (96 U.S. 69); *South Carolina* v. *Gaillard* (101 U.S. 433); *Louisiana* v. *New Orleans* (102 U.S. 203); *Connecticut Mutual Life Insurance Co.* v. *Cushman* (108 U.S. 51); *Vance* v. *Vance* (108 U.S. 514); *Gilfillan* v. *Union Canal Co.* (109 U.S. 401); *Hill* v. *Merchants' Insurance Co.* (134 U.S. 515); *New Orleans City & Lake R.R. Co.* v. *New Orleans* (157 U.S. 219); *Red River Valley Bank* v. *Craig* (181 U.S. 548); *Wilson* v. *Standefer* (184 U.S. 399); *Oshkosh Waterworks Co.* v *Oshkosh* (187 U.S. 437); *Waggoner* v. *Flack* (188 U.S. 595); *Bernheimer* v. *Converse* (206 U.S. 516); *Henley* v. *Myers* (215 U.S. 373); *Selig* v. *Hamilton* (234 U.S. 652); *Security Savings Bank* v. *California* (263 U.S. 282).

Compare the following illustrative cases, where changes in remedies were deemed to be of such a character as to interfere with substantial rights: *Wilmington & Weldon R.R. Co.* v. *King* (91 U.S. 3); *Memphis* v. *United States* (97 U.S. 293); *Virginia Coupon cases* (114 U.S. 269, 270, 298, 299); *Effinger* v. *Kenney* (115 U.S. 566); *Fisk* v. *Jefferson Police Jury* (116 U.S. 131); *Bradley* v. *Lightcap* (195 U.S. 1); *Bank of Minden* v. *Clement* (256 U.S. 126).

[14] See, also, *New Orleans Gas Co.* v. *Louisiana Light Co.* (115 U.S. 650, 673); *Offield* v. *New York, N. H. & H. R.R. Co.* (203 U.S. 372); *Cincinnati* v. *Louisville & Nashville R.R. Co.* (223 U.S. 390); *Pennsylvania Hospital* v. *Philadelphia* (245 U.S. 20, 23); *Galveston Wharf Company* v. *Galveston* (260 U.S. 473, 476); *Georgia* v. *Chattanooga* (264 U.S. 472).

porary relief from the enforcement of contracts in the presence of disasters due to physical causes such as fire, flood or earthquake, that power cannot be said to be nonexistent when the urgent public need demanding such relief is produced by other and economic causes.

Whatever doubt there may have been that the protective power of the State, its police power, may be exercised—without violating the true intent of the provision of the Federal Constitution—in directly preventing the immediate and literal enforcement of contractual obligations by a temporary and conditional restraint, where vital public interests would otherwise suffer, was removed by our decisions relating to the enforcement of provisions of leases during a period of scarcity of housing (*Block* v. *Hirsh*, 256 U.S. 135; *Marcus Brown Holding Co.* v. *Feldman*, 256 U.S. 170; *Edgar A. Levy Leasing Co.* v. *Siegel*, 258 U.S. 242). The case of *Block* v. *Hirsh, supra,* arose in the District of Columbia and involved the due process clause of the fifth amendment. The cases of the Marcus Brown Co. and the Levy Leasing Co. arose under legislation of New York and the constitutional provision against the impairment of the obligation of contracts was invoked. The statutes of New York,[15] declaring that a public emergency existed, directly interfered with the enforcement of covenants for the surrender of the possession of premises on the expiration of leases. Within the city of New York and contiguous counties, the owners of dwellings, including apartment and tenement houses (but excepting buildings under construction in September 1920, lodging houses for transients and the larger hotels), were wholly deprived until November 1, 1922, of all possessory remedies for the purpose of removing from their premises the tenants or occupants in possession when the laws took effect (save in certain specified instances) providing the tenants or occupants were ready, able and willing to pay a reasonable rent or price for their use and occupation (*People* v. *La Fetra*, 230 N.Y. 429, 438; *Levy Leasing Co.* v. *Siegel, id.*, 634). In the case of the Marcus Brown Co. the facts were thus stated by the Circuit Court of Appeals (269 Fed. 306, 312): "* * * the tenant defendants herein, by law older than the State of New York, became, at the landlord's option, trespassers on October 1, 1920. Plaintiff had then found and made a contract with a tenant it liked better, and had done so before these statutes were enacted. By them plaintiff is, after defendants elected to remain in possession, forbidden to carry out his bargain with the tenant he chose, the obligation of the covenant for peaceable surrender by defendants is impaired, and for the next 2 years Feldman et al. may, if they like, remain in plaintiff's apartment, provided they make good, month by month, the allegation of their answer, i.e., pay what 'a court of competent jurisdiction' regards as fair and reasonable compensation for such enforced use and occupancy." Answering the contention that the legislation as thus applied contravened the constitutional prohibition, this court, after referring to its opinion in *Block* v. *Hirsh, supra,* said: "In the present case more emphasis is laid upon the impairment of the obligation of the contract of the lessees to surrender possession and of the new lease which was to have gone into effect upon October 1 last year. But contracts are made subject to this exercise of the power of the State when otherwise justified, as we have held this to be" (256 U.S., p. 198). This decision was followed in the case of the *Levy Leasing Co., supra.*

In these cases of leases, it will be observed that the relief afforded was temporary and conditional; that it was sustained because of the emergency due to scarcity of housing; and that provision was made for reasonable compensation to the landlord during the period he was prevented from regaining possession. The court also decided that while the declaration by the legislature as to the existence of the emergency was entitled to great respect, it was not conclusive; and, further, that a law "depending upon the existence of an emergency or other certain state of facts to uphold it may cease to operate if the emergency ceases or the facts change even though valid when passed." It is always open to judicial inquiry whether the exigency still exists upon which the continued operation of the law depends. (*Chastleton Corporation* v. *Sinclair*), 264 U.S. 543, 547, 548).

It is manifest from this review of our decisions that there has been a growing appreciation of public needs and of the necessity of finding ground for a rational compromise between individual rights and public welfare. The settlement and consequent contraction of the public domain, the pressure of a constantly increasing density of population, the interrelation of the activities of our people and the complexity of our economic interests, have inevitably led to an increased use of the organization of society in order to protect the very bases of individual opportunity. Where, in earlier days, it was thought that only the concerns of individuals or of classes were involved, and that those of the State itself were touched only remotely, it has later been found that the fundamental interests of the State are directly affected; and that the question is no longer merely that of one party to a contract as against another, but of the use of reasonable means to safeguard the economic structure upon which the good of all depends.

It is no answer to say that this public need was not apprehended a century ago, or to insist that what the provision of the Constitution meant to the vision of that day it must mean to the vision of our time. If by the statement that what the Constitution meant at the time of its adoption it means today, it is intended to say that the great clauses of the Constitution must be confined to the interpretation which the framers, with the conditions and outlook of their time, would have placed upon them, the statement carries its own refutation. It was to guard against such a narrow conception that Chief Justice Marshall uttered the memorable warning, "We must never forget that it is a constitution we are expounding" (*McCulloch* v. *Maryland*, 4 Wheat. 316, 407) "a constitution intended to endure for ages to come, and, consequently, to be adapted to the various crises of human affairs" (id., p. 415). When we are dealing with the words of the Constitution, said this Court in *Missouri* v. *Holland* (252 U.S. 416, 433), "We must realize that they have called into life a being the development of which could not have been foreseen completely by the most gifted of its begetters. * * * The case before us must be considered in the light of our whole experience and not merely in that of what was said a hundred years ago."

Nor is it helpful to attempt to draw a fine distinction between the intended meaning of the words of the Constitution and their intended application. When we consider the contract clause and the decisions which have expounded it in harmony with the essential reserved power of the States to protect the security of their peoples, we find no warrant for the conclusion that the clause has been warped by these decisions from its proper significance or that the founders of our Government would have interpreted the clause differently had they had occasion to assume that responsibility in the conditions of the later day. The vast body of law which has been developed was unknown to the fathers but it is believed to have preserved the essential content and the spirit of the Constitution. With a growing recognition of public needs and the relation of individual right to public security, the court has sought to prevent the perversion of the clause through its use as an instrument to throttle the capacity of the States to protect their fundamental interests. This development is a growth from the seeds which the fathers planted. It is a development forecast by the prophetic words of Justice Johnson in *Ogden* v. *Saunders*, already quoted. And the germs of the later decisions are found in the early cases of the Charles River Bridge and the West River Bridge, supra, which upheld the public right against strong insistence upon the contract clause. The principle of this development is, as we have seen, that the reservation of the reasonable exercise of the protective power of the State is read into all contracts and there is no greater reason for refusing to apply this principle to Minnesota mortgages than to New York leases.

Applying the criteria established by our decisions we conclude:

1. An emergency existed in Minnesota which furnished a proper occasion for the exercise of the reserve power of the State to protect the vital interests of the community. The declarations of the existence of this emergency by the legislature and by the Supreme Court of Minnesota cannot be regarded as a subterfuge or as lacking in adequate basis (*Block* v. *Hirsh, supra*). The finding of the legislature and State court has support in the facts of which we take judicial notice (*Atchison, T. & S. F. Ry. Co.* v. *United States*, 284 U.S. 248, 260). It is futile to attempt to make a comparative estimate of the seriousness of the emergency shown in the leasing cases from New York and of the emergency disclosed here. The particular facts differ, but that there were in Minnesota conditions urgently demanding relief, if power existed to give it, is beyond cavil. As the Supreme Court of Minnesota said, the economic emergency which threatened "the loss of homes and lands which furnish those in possession the necessary shelter and means of subsistence" was a "potent cause" for the enactment of the statute.

2. The legislation was addressed to a legitimate end, that is, the legislation was not for the mere advantage of particular individuals but for the protection of a basic interest of society.

3. In view of the nature of the contracts in question—mortgages of unquestionable validity—the relief afforded and justified by the emergency, in order not to contravene the constitutional provision, could only be of a character appropriate to that emergency and could be granted only upon reasonable conditions.

4. The conditions upon which the period of redemption is extended do not appear to be unreasonable. The initial extension of the time of redemption for 30 days from the approval of the act was obviously to give a reasonable opportunity for the authorized application to the court. As already noted, the integrity of the mortgage indebtedness is not impaired; interest continues to run; the validity of the sale and the right of a mortgagee-purchaser to title or to obtain a deficiency judgment, if the mortgagor fails to redeem within the extended period, are maintained; and the conditions of redemption, if redemption there be, stand as they were under the prior law. The mortgagor during the extended period is not ousted from possession, but he must pay the rental value of the premises as ascertained in judicial proceedings and this amount is applied to the carrying of the property and to interest upon the indebtedness. The mortgagee-purchaser during the time that he cannot obtain possession thus is not left without compensation for the withholding of possession. Also important is the fact that mortgagees, as is shown by official reports of which we may take notice, are predominantly corporations, such as insurance companies, banks, and investment and mortgage companies.[16] These, and such individual mortgagees as are small investors, are not seeking homes or the opportunity to engage in farming. Their chief concern is the reasonable protection of their investment security. It does not matter that there are, or may be, individual cases of another aspect. The legislature was entitled to deal with the general or typical situation. The relief afforded by the statute

[15] Laws of 1920 (N.Y.), chs. 942-947, 951.

[16] Department of Agriculture, Technical Bulletin No. 288, Feb. 1932, pp. 22, 23; Yearbook, Department of Agriculture, 1932, p. 913.

has regard to the interest of mortgagees as well as to the interest of mortgagors. The legislation seeks to prevent the impending ruin of both by a considerate measure of relief.

In the absence of legislation, courts of equity have exercised jurisdiction in suits for the foreclosure of mortgages to fix the time and terms of sale and to refuse to confirm sales upon equitable grounds where they were found to be unfair or inadequacy of price was so gross as to shock the conscience.[17] The "equity of redemption" is the creature of equity. While courts of equity could not alter the legal effect of the forfeiture of the estate at common law on breach of condition, they succeeded, operating on the conscience of the mortgagee, in maintaining that it was unreasonable that he should retain for his own benefit what was intended as a mere security; that the breach of condition was in the nature of a penalty, which ought to be relieved against, and that the mortgagor had an equity to redeem on payment of principal, interest, and costs, notwithstanding the forfeiture at law. This principle of equity was victorious against the strong opposition of the common-law judges, who thought that by "the growth of equity on equity the heart of the common law is eaten out." The equitable principle became firmly established and its application could not be frustrated even by the engagement of the debtor entered into at the time of the mortgage, the courts applying the equitable maxim "once a mortgage, always a mortgage, and nothing but a mortgage."[18] Although the courts would have no authority to alter a statutory period of redemption, the legislation in question permits the courts to extend that period within limits and upon equitable terms, thus providing a procedure and relief which are cognate to the historic exercise of the equitable jurisdiction. If it be determined, as it must be, that the contract clause is not an absolute and utterly unqualified restriction of the State's protective power, this legislation is clearly so reasonable as to be within the legislative competency.

5. The legislation is temporary in operation. It is limited to the exigency which called it forth. While the postponement of the period of redemption from the foreclosure sale is to May 1, 1935, that period may be reduced by the order of the court under the statute, in case of a change in circumstances, and the operation of the statute itself could not validly outlast the emergency or be so extended as virtually to destroy the contracts.

We are of the opinion that the Minnesota statute as here applied does not violate the contract clause of the Federal Constitution. Whether the legislation is wise or unwise as a matter of policy is a question with which we are not concerned.

What has been said on that point is also applicable to the contention presented under the due process clause (*Block* v. *Hirsh, supra*).

Nor do we think that the statute denies to the appellant the equal protection of the laws. The classification which the statute makes cannot be said to be an arbitrary one (*Magoun* v. *Illinois Trust & Savings Bank*, 170 U.S. 283; *Clark* v. *Titusville*, 184 U.S. 329; *Quong Wing* v. *Kirkendall*, 223 U.S. 59; *Ohio Oil Co.* v. *Conway*, 281 U.S. 146; *Sproles* v. *Binford*, 286 U.S. 374).

The judgment of the Supreme Court of Minnesota is affirmed.

Judgment affirmed.

SUPREME COURT OF THE UNITED STATES

No. 370.—October Term, 1933

HOME BUILDING & LOAN ASSOCIATION, APPELLANT, *v.* JOHN H. BLAISDELL AND ROSELLA BLAISDELL, HIS WIFE. APPEAL FROM THE SUPREME COURT OF THE STATE OF MINNESOTA

[Jan. 8, 1934]

Mr. Justice Sutherland, dissenting.

Few questions of greater moment than that just decided have been submitted for judicial inquiry during this generation. He simply closes his eyes to the necessary implications of the decision who fails to see in it the potentiality of future gradual but ever-advancing encroachments upon the sanctity of private and public contracts. The effect of the Minnesota legislation, though serious enough in itself, is of trivial significance compared with the far more serious and dangerous inroads upon the limitations of the Constitution which are almost certain to ensue as a consequence naturally following any step beyond the boundaries fixed by that instrument. And those of us who are thus apprehensive of the effect of this decision would, in a matter so important, be neglectful of our duty should we fail to spread upon the permanent records of the Court the reasons which move us to the opposite view.

A provision of the Constitution, it is hardly necessary to say, does not admit of two distinctly opposite interpretations. It does not mean one thing at one time and an entirely different thing at another time. If the contract-impairment clause, when framed and adopted, meant that the terms of a contract for the payment of money could not be altered in invitum by a State statute enacted for the relief of hardly pressed debtors to the end and with the effect of postponing payment or enforcement during and because of an economic or financial emergency, it is but to state the obvious to say that it means the same now. This view, at once so rational in its application to the written word, and so necessary to the stability of constitutional principles, though from time to time challenged, has never, unless recently, been put within the realm of doubt by the decisions of this Court. The true rule was forcefully declared in *Ex parte Milligan* (4 Wall. 2, 120–121), in the face of circumstances of national peril and public unrest and disturbance far greater than any that exist today. In that great case this Court said that the provisions of the Constitution there under consideration had been expressed by our ancestors in such plain English words that it would seem the ingenuity of man could not evade them, but that after the lapse of more than 70 years they were sought to be avoided. "Those great and good men", the Court said, "foresaw that troublous times would arise, when rulers and people would become restive under restraint, and seek by sharp and decisive measures to accomplish ends deemed just and proper; and that the principles of constitutional liberty would be in peril, unless established by irrepealable law. The history of the world had taught them that what was done in the past might be attempted in the future." And then, in words the power and truth of which have become increasingly evident with the lapse of time, there was laid down the rule without which the Constitution would cease to be the "supreme law of the land", binding equally upon governments and governed at all times and under all circumstances, and become a mere collection of political maxims to be adhered to or disregarded according to the prevailing sentiment or the legislative and judicial opinion in respect of the supposed necessities of the hour:

"The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men, at all times, and under all circumstances. No doctrine, involving more pernicious consequences, was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government. Such a doctrine leads directly to anarchy or despotism, * * *."

Chief Justice Taney, in *Dred Scott* v. *Sandford* (19 How. 393, 426), said that while the Constitution remains unaltered it must be construed now as it was understood at the time of its adoption; that it is not only the same in words but the same in meaning, "and as long as it continues to exist in its present form, it speaks not only in the same words, but with the same meaning and intent with which it spoke when it came from the hands of its framers, and was voted on and adopted by the people of the United States. Any other rule of construction would abrogate the judicial character of this court, and make it the mere reflex of the popular opinion or passion of the day." And in *South Carolina* v. *United States* (199 U.S. 437, 448–449), in an opinion by Mr. Justice Brewer, this Court quoted these words with approval and said:

"The Constitution is a written instrument. As such its meaning does not alter. That which it meant when adopted it means now. * * * Those things which are within its grants of power, as those grants were understood when made, are still within them, and those things not within them remain still excluded."

The words of Judge Campbell, speaking for the Supreme Court of Michigan in *Twitchell* v. *Blodgett* (13 Mich. 127, 139–140), are peculiarly apposite. "But it may easily happen", he said, "that specific provisions may, in unforeseen emergencies, turn out to have been inexpedient. This does not make these provisions any less binding. Constitutions cannot be changed by events alone. They remain binding as the acts of the people in their sovereign capacity, as the framers of government, until they are amended or abrogated by the action prescribed by the authority which created them. It is not competent for any department of the Government to change a constitution, or declare it changed, simply because it appears ill-adapted to a new state of things.

"* * * Restrictions have, it is true, been found more likely than grants to be unsuited to unforeseen circumstances * * *. But, where evils arise from the application of such regulations, their force cannot be denied or evaded; and the remedy consists in repeal or amendment, and not in false constructions."

The provisions of the Federal Constitution, undoubtedly, are pliable in the sense that in appropriate cases they have the capacity of bringing within their grasp every new condition which falls within their meaning.[1] But, their meaning is changeless; it is only their application which is extensible. (See *South Carolina* v. *United States, supra*, pp. 448–449.) Constitutional grants of power and restrictions upon the exercise of power are not flexible as the doctrines of the common law are flexible. These doctrines, upon the principles of the common law itself, modify or abrogate themselves whenever they are or whenever they become plainly unsuited to different or changed conditions. *Funk v. United States* (— U.S. —), decided December 11, 1933. The dis-

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[17] *Graffam* v. *Burgess* (117 U.S. 180, 191, 192); *Schroeder* v. *Young* (161 U.S. 334, 337); *Ballentyne* v. *Smith* (205 U.S. 285, 290); *Howell* v. *Baker* (4 Johns. ch. 118, 121); *Gilbert* v. *Haire* (43 Mich. 283, 286); *Littell* v. *Zuntz* (2 Ala. 256, 260, 262); *Insurance Co.* v. *Stegink* (106 Kans. 730); *Strong* v. *Smith* (68 N.J.Eq. 650, 653); compare *Suring State Bank* v. *Giese* (246 N.W. (Wis.) 556).

[18] See Coote's Law of Mortgages, 8 ed., vol. 1, pp. 11, 12; Jones on Mortgages, 8 ed., vol. 1, secs. 7, 8; *Langford* v. *Barnard, Tothill* (134, temp. Eliz.); *Emmanuel College* v. *Evans* (1 Rep. in ch. 10, temp. car. I); *Roscarrick* v. *Barton* (1 Ca. in ch. 217); *Noakes* v. *Rice* (1902), (A.C. 24, per Lord Macnagliten); *Fairclough* v. *Swan Brewery* (81 L.J.P.C. 207).

[1] In such cases it is no more necessary to modify constitutional rules to govern new conditions than it is to create new words to describe them. The commerce clause is a good example. When that was adopted its application was necessarily confined to the regulation of the primitive methods of transportation then employed: but railroads, automobiles, and aircraft automatically were brought within the scope and subject to the terms of the commerce clause the moment these new means of transportation came into existence, just as they were at once brought within the meaning of the word "carrier", as defined by the dictionaries.

tinction is clearly pointed out by Judge Cooley (1 Constitutional Limitations, 8th ed., 124):

"A principal share of the benefits expected from written constitutions would be lost if the rules they established were so flexible as to bend to circumstances or be modified by public opinion. It is with special reference to the varying moods of public opinion, and with a view to putting the fundamentals of government beyond their control, that these instruments are framed; and there can be no such steady and imperceptible change in their rules as inheres in the principles of the common law. Those beneficent maxims of the common law which guard person and property have grown and expanded until they mean vastly more to us than they did to our ancestors, and are more minute, particular, and pervading in their protections; and we may confidently look forward in the future to still further modifications in the direction of improvement. Public sentiment and action effect such changes, and the courts recognize them; but a court or legislature which should allow a change in public sentiment to influence it in giving to a written constitution a construction not warranted by the intention of its founders, would be justly chargeable with reckless disregard of official oath and public duty; and if its course could become a precedent, these instruments would be of little avail. * * * What a court is to do, therefore, is to declare the law as written, leaving it to the people themselves to make such changes as new circumstances may require. The meaning of the Constitution is fixed when it is adopted, and it is not different at any subsequent time when a court has occasion to pass upon it."

The whole aim of construction, as applied to a provision of the Constitution, is to discover the meaning, to ascertain and give effect to the intent, of its framers and the people who adopted it (*Lake County* v. *Rollins*, 130 U.S. 662, 670). The necessities which gave rise to the provision, the controversies which preceded, as well as the conflicts of opinion which were settled by its adoption, are matters to be considered to enable us to arrive at a correct result (*Knowlton* v. *Moore*, 178 U.S. 41, 95). The history of the times, the state of things existing when the provision was framed and adopted, should be looked to in order to ascertain the mischief and the remedy (*Rhode Island* v. *Massachusetts*, 12 Pet. 657, 723: *Craig* v. *Missouri*, 4 Pet. 410, 431–432). As nearly as possible we should place ourselves in the condition of those who framed and adopted it (*Ex parte Bain*, 121 U.S. 1, 12). And if the meaning be at all doubtful, the doubt should be resolved, wherever reasonably possible to do so, in a way to forward the evident purpose with which the provision was adopted (*Maxwell* v. *Dow*, 176 U.S. 581, 602; *Jarrolt* v. *Moberly*, 103 U.S. 580, 586).

An application of these principles to the question under review removes any doubt, if otherwise there would be any, that the contract-impairment clause denies to the several States the power to mitigate hard consequences resulting to debtors from financial or economic exigencies by an impairment of the obligation of contracts of indebtedness. A candid consideration of the history and circumstances which led up to and accompanied the framing and adoption of this clause will demonstrate conclusively that it was framed and adopted with the specific and studied purpose of preventing legislation designed to relieve debtors especially in time of financial distress. Indeed, it is not probable that any other purpose was definitely in the minds of those who composed the framers' convention or the ratifying State conventions which followed, although the restriction has been given a wider application upon principles clearly stated by Chief Justice Marshall in the *Dartmouth College case* (4 Wheat. 518, 644–645).

Following the Revolution, and prior to the adoption of the Constitution, the American people found themselves in a greatly impoverished condition. Their commerce had been well-nigh annihilated. They were not only without luxuries, but in great degree were destitute of the ordinary comforts and necessities of life. In these circumstances they incurred indebtedness in the purchase of imported goods and otherwise far beyond their capacity to pay. From this situation there arose a divided sentiment. On the one hand, an exact observance of public and private engagements was insistently urged. A violation of the faith of the Nation or the pledges of the private individual, it was insisted, was equally forbidden by the principles of moral justice and of sound policy. Individual distress, it was urged, should be alleviated only by industry and frugality, not by relaxation of law or by a sacrifice of the rights of others. Indiscretion or imprudence was not to be relieved by legislation, but restrained by the conviction that a full compliance with contracts would be exacted. On the other hand, it was insisted that the case of the debtor should be viewed with tenderness; and efforts were constantly directed toward relieving him from an exact compliance with his contract. As a result of the latter view, State laws were passed suspending the collection of debts, remitting or suspending the collection of taxes, providing for the emission of paper money, delaying legal proceedings, etc. There followed, as there must always follow from such a course, a long trail of ills, one of the direct consequences being a loss of confidence in the Government and in the good faith of the people. Bonds of men whose ability to pay their debts was unquestionable could not be negotiated except at a discount of 30, 40, or 50 percent. Real property could be sold only at a ruinous loss. Debtors, instead of seeking to meet their obligations by painful effort, by industry and economy, began to rest their hopes entirely upon legislative interference. The impossibility of payment of public or private debts was widely asserted, and in some instances threats were made of suspending the administration of justice by violence. The circulation of depreciated currency became common. Resentment against lawyers and courts was freely manifested, and in many instances the course of the law was arrested and judges restrained from proceeding in the execution of their duty by popular and tumultuous assemblages. This state of things alarmed all thoughtful men, and led them to seek some effective remedy (Marshall, Life of Washington (1807), vol. 5, pp. 88–131).

That this brief outline of the situation is entirely accurate is borne out by all contemporaneous history, as well as by writers of distinction of a later period.[2] (Compare *Edwards* v. *Kearzey*, 96

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[2] Thus McMaster (History of the People of the United States, vol. 1, p. 425), after referring to the conditions in Rhode Island, where "the bonds of society were dissolved by paper money and tender laws"; in New Jersey, where the people nailed up the doors of their court houses; in Virginia, where the debtors "set fire to theirs in order to stop the course of justice", says:

"The newspapers were full of bankrupt notices. The farmers' taxes amounted to near the rent of their farms. Mechanics wandered up and down the streets of every city destitute of work. Ships, shut out from every port of Europe, lay rotting in the harbors."

Channing (History of the United States, vol. 3, pp. 410–411, 482–483) paints this graphic picture of the situation:

"Nowhere was the immediate prospect more gloomy than in South Carolina. * * * In Massachusetts, at the other end of the line, the case was as bad, if not worse * * * the resources of New England were insufficient to pay even what was then owing. The case of New York was even more desperate, and for the moment Philadelphia alone seemed prosperous, for the wastage of the later years of the war had been severely felt in Virginia. * * *

"* * * Virginia was honeycombed with debt. * * *

"In South Carolina the planters were even more heavily in debt. * * * The case of Thomas Bee is to the point. His creditors had secured executions against him; the sheriff had seized his property and had sold it at one thirteenth of what it would have brought at private sale in ordinary times."

Nevins (The American States During and After the Revolution, p. 536) says:

"The town of Greenwich computed that during each of the 5 years preceding 1786 the farmers had paid in taxes the entire rental value of their land."

John Fiske (The Critical Period of American History, 8th ed., pp. 175, 180) thus describes conditions:

"* * * about the market-places men spent their time angrily discussing politics, and scarcely a day passed without street fights, which at times grew into riots. In the country, too, no less than in the cities, the goddess of discord reigned. The farmers determined to starve the city people into submission, and they entered into an agreement not to send any produce into the cities until the merchants should open their shops and begin selling their goods for paper (money) at its face value * * * the farmers threw away their milk, used their corn for fuel, and let their apples rot on the ground. * * *

"* * * the courts were broken up by armed mobs. At Concord one Job Shattuck brought several hundred armed men into the town and surrounded the courthouse, while in a fierce harangue he declared that the time had come for wiping out all debts."

Dr. David Ramsay (History of the United States, 2d ed., 1818, vol. 3, pp. 46–47), a Member of the old Congress under the Confederation, and who lived in the midst of the events of which he speaks, says:

"The nonpayment of public debts sometimes inferred a necessity, and always furnished an apology for not discharging private contracts. Confidence between man and man received a deadly wound. Public faith being first violated, private engagements lost much of their obligatory force. * * *

"From the combined operation of these causes trade languished; credit expired; gold and silver vanished; and real property was depreciated to an extent equal to that of the depreciation of continental money. * * *"

And, finally, George Ticknor Curtis, in his History of the Origin, Formation, and Adoption of the Constitution of the United States (vol. 1, p. 332–333):

"All contemporary evidence assures us that this (1783 to 1787) was a period of great pecuniary distress, arising from the depreciation of the vast quantities of paper money issued by the Federal and State governments; from rash speculations; from the uncertain and fluctuating condition of trade; and from the great amount of foreign goods forced into the country as soon as its ports were opened. Naturally, in such a state of things, the debtors were disposed to lean in favor of those systems of government and legislation which would tend to relieve or postpone the payment of their debts; and as such relief could come only from their State governments, they were naturally the friends of State rights and State authority, and were consequently not friendly to any enlargement of the powers of the Federal Constitution. The same causes which led individuals to look to legislation for irregular relief from the burden of their private contracts, led them also to regard public obligations with similar impatience. Opposed to this numerous class of persons were all those who felt the high necessity of preserving inviolate every public and private obligation; who saw that the separate power of the States could not accomplish what was absolutely necessary to sustain both public and private credit; and they were as naturally disposed to look to the resources of the Union for these benefits as the other class were to look in an opposite direction. These tendencies produced in nearly every State a struggle, not as between two organized parties, but one that was all along a contest for supremacy between opposite opinions, in which it was at one time doubtful to which side the scale would turn."

U.S. 595, 604–607.) The appended note might be extended for many pages by the addition of similar quotations from the same and other writers, but enough appears to establish beyond all question the extreme gravity of the emergency, the great difficulty and frequent impossibility which confronted debtors generally in any effort to discharge their obligations.

In an attempt to meet the situation recourse was had to the legislatures of the several States under the Confederation; and these bodies passed, among other acts, the following: Laws providing for the emission of bills of credit and making them legal tender for the payment of debts, and providing also for such payment by the delivery of specific property at a fixed valuation; installment laws, authorizing payment of overdue obligations at future intervals of time; stay laws and laws temporarily closing access to the courts; and laws discriminating against British creditors. I have selected, out of a vast number, a few historical comments upon the character and effect of these legislative devices.[3]

In the midst of this confused, gloomy, and seriously exigent condition of affairs, the Constitutional Convention of 1787 met at Philadelphia. The defects of the Articles of Confederation were so great as to be beyond all hope of amendment, and the Convention, acting in technical excess of its authority, proceeded to frame for submission to the people of the several States an entirely new Constitution. Shortly prior to the meeting of the Convention, Madison had assailed a bill pending in the Virginia Assembly, proposing the payment of private debts in three annual installments, on the ground that "no legislative principle could vindicate such an interposition of the law in private contracts." The bill was lost by a single vote.[4] Pelatiah Webster had likewise assailed similar laws as altering the value of contracts; and William Paterson, of New Jersey, had insisted that "the legislature should leave the parties to the law under which they contracted."[5]

In the plan of government especially urged by Sherman and Ellsworth there was an article proposing that the legislatures of the individual States ought not to possess a right to emit bills of credit, etc., "or in any manner to obstruct or impede the recovery of debts, whereby the interests of foreigners or the citizens of any other State may be affected."[6] And on July 13, 1787, Congress in New York, acutely conscious of the evils engendered by State laws interfering with existing contracts,[7] passed the Northwest Territory Ordinance, which contained the clause: "And, in the just preservation of rights and property, it is understood and declared, that no law ought ever to be made or have force in the said Territory, that shall, in any manner whatever, interfere with or affect private contracts, or engagements, bona fide, and without fraud previously formed."[8] It is not surprising, therefore, that, after the Convention had adopted the clauses, no State shall "emit bills of credit", or "make anything but gold and silver coin a tender in payment of debts" Mr. King moved to add a "prohibition on the States to interfere in private contracts." This was opposed by Gouverneur Morris and Colonel Mason. Colonel Mason thought that this would be carrying the restraint too far; that cases would happen that could not be foreseen where some kind of interference would be essential. This was on August 28. But Mason's view did not prevail, for, on September 14 following, the first clause of article I, section 10, was altered so as to include the provision, "No State shall * * * pass any * * * law impairing the obligation of contracts", and in that form it was adopted.[9]

Luther Martin, in an address to the Maryland House of Delegates, declared his reasons for voting against the provision. He said that he considered there might be times of such great public calamity and distress as should render it the duty of a government in some measure to interfere by passing laws totally or partially stopping courts of justice, or authorizing the debtor to pay by installments; that such regulations had been found necessary in most or all of the States "to prevent the wealthy creditor and the moneyed man from totally destroying the poor, though industrious debtor. Such times may again arrive." And he was apprehensive of any proposal which took from the respective States the power to give their debtor citizens "a moment's indulgence, however necessary it might be, and however desirous to grant them aid."[10]

On the other hand, Sherman and Ellsworth defended the provision in a letter to the Governor of Connecticut.[11] In the course of the Virginia debates, Randolph declared that the prohibition would be promotive of virtue and justice, and preventive of injustice and fraud; and he pointed out that the reputation of the people had suffered because of frequent interferences by the State legislatures with private contracts.[12] In the North Carolina debates, Mr. Davie declared that the prohibition against impairing the obligation of contracts and other restrictions ought to supersede the laws of particular States. He thought the constitutional provisions were founded on the strongest principles of justice.[13] Pinckney, in the South Carolina debates, said that he considered the section including the clause in question as "the soul of the Constitution", teaching the States "to cultivate those principles of public honor and private honesty which are the sure road to national character and happiness."[14]

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[3] Charles Warren, The Making of the Constitution (pp. 5–6):

"The actual evils which led to the Federal Convention of 1787 are familiar to every reader of history and need no detailed description here. As is well known, they arose, in general, * * *; second, from State legislation unjust to citizens and productive of dissensions with neighboring States—the State laws particularly complained of being those staying process of the courts, making property a tender in payment of debts, issuing paper money, interfering with foreclosure of mortgages, * * *."

Fiske, supra, note 2, p. 168:

"By 1786, under the universal depression and want of confidence, all trade had wellnigh stopped, and political quackery, with its cheap and dirty remedies, had full control of the field. * * * a craze for fictitious wealth in the shape of paper money ran like an epidemic through the country. There was a Barmecide feast of economic vagaries; * * * And when we have threaded the maze of this rash legislation, we shall the better understand that clause in our Federal Constitution which forbids the making of laws impairing the obligation of contracts."

Beard, An Economic Interpretation of the Constitution of the United States (pp. 31–32):

"Money capital was * * * being positively attacked by the makers of paper money, stay laws, pine barren acts, and other devices for depreciating the currency or delaying the collection of debts. In addition there was a wide-spread derangement of the monetary system * * *

"Creditors, naturally enough, resisted all of these schemes in the State legislatures, and * * * turned to the idea of a National Government so constructed as to prevent laws impairing the obligation of contract, emitting paper money, and otherwise benefiting debtors. It is idle to inquire whether the rapacity of the creditors or the total depravity of the debtors * * * was responsible for this deep and bitter antagonism. It is sufficient for our purposes to discover its existence and to find its institutional reflex in the Constitution."

Fisher Ames, Eulogy on Washington, The Life and Works of Fisher Ames (vol. 2, p. 76):

"Accordingly, in some of the States creditors were treated as outlaws; bankrupts were armed with legal authority to be persecutors; and by the shock of all confidence and faith, society was shaken to its foundations."

Illuminating comment upon some of this State legislation is to be found in chapter VI (vol. 1) of Bancroft's History of the Formation of the Constitution of the United States under the heading, "State laws impairing the obligation of contracts prove the need of an overruling Union" (pp. 230–236):

"[In Massachusetts] Repeated temporary stay laws gave no real relief; they flattered and deceived the hope of the debtor, exasperating alike him and his creditor. * * *

"* * * [In Pennsylvania] in December 1784 debts contracted before 1777 were made payable in three annual installments. * * *

"Maryland, * * * In 1782 * * * enacted a stay law extending to January 1784, * * *.

"Georgia, in August 1782 stayed execution for 2 years from and after the passing of the act. * * *

"* * * [In South Carolina in 1782] the commencement of suits was suspended till 10 days after the sitting of the next general assembly. * * * On the 26th day of March 1784 came the great ordinance for the payment of debts in four annual installments, * * *"

Ramsay, supra, note 2, vol. 3, 65–66, 106:

"The distrust which prevailed among the people respecting the punctual fulfillment of contracts arose from the powers claimed, and, in too many instances, exercised by the State legislatures, for impairing the obligation of contracts. * * * These prolific sources of evil were completely done away by the new constitution. * * *

"* * * State legislatures, in too many instances, yielded to the necessities of their constituents and passed laws by which creditors were compelled either to wait for payment of their just demands, on the tender of security, or to take property, at a valuation, or paper money falsely purporting to be the representative of specie. These laws were considered by the British as inconsistent with * * * the treaty, * * * The Americans palliated these measures by the plea of necessity; * * *"

Ramsay, The History of South Carolina (1809) (vol. 2, pp. 429–430);

"The effects of these laws interfering between debtors and creditors were extensive. They destroyed public credit and confidence between man and man; injured the morals of the people, and in many instances insured and aggravated the final ruin of the unfortunate debtors for whose temporary relief they were brought forward."

[4] Bancroft, supra, note 3, vol. 1, p. 239.

[5] Id., vol. 1, p. 241.

[6] Id., vol. 2, p. 136.

[7] See Curtis, supra, note 2, vol. 2, pp. 366–367.

[8] Ordinance for the Government of the Territory of the United States Northwest of the River Ohio (art. II); Thorpe, American Charters, Constitutions, and Organic Laws (vol. 2, pp. 957, 961).

[9] Elliot's Debates (vol. 5, pp. 485, 488, 545, 546); Id. vol. 1, pp. 271, 311); Farrand, The Records of the Federal Convention (vol. 2, pp. 439–440, 596–597, 610).

[10] Elliot's Debates (vol. 1, pp. 344, 376–377).

[11] Id., vol. 1, pp. 491–492.

[12] Id., vol. 3, p. 478.

[13] Id., vol. 4, pp. 156, 191.

[14] Id., vol. 4, p. 333.

Mr. Warren, in his book The Making of the Constitution (pp. 552–555), has an interesting résumé of the proceedings in the Convention and of the conflicting views which were before the State conventions for consideration. He says in part:

The provision was strongly defended in The Federalist, both by Hamilton in no. 7 and Madison in no. 44. Madison concluded his defense of the clause by saying:

"* * * one legislative interference is but the first link of a long chain of repetitions, every subsequent interference being naturally produced by the effects of the preceding. They very rightly infer, therefore, that some thorough reform is wanting, which will banish speculations on public measures, inspire a general prudence and industry, and give a regular course to the business of society."

Contemporaneous history is replete with evidence of the sharp conflict of opinion with respect to the advisability of adopting the clause. Dr. Ramsay (The History of South Carolina (1809), vol. 2, pp. 431–433), already referred to, writing of the action of South Carolina and especially referring to the contract impairment clause, says that this Constitution was accepted and ratified on behalf of the State, and speaks of it as an act of great self-denial:

"The power thus given up by South Carolina was one she thought essential to her welfare, and had freely exercised for several preceding years. Such a relinquishment she would not have made at any period of the last 5 years; for in them she had passed no less than six acts interfering between debtor and creditor, with the view of obtaining a respite for the former under particular circumstances of public distress. To tie up the hands of future legislatures so as to deprive them of a power of repeating similar acts on any emergency, was a display both of wisdom and magnanimity. It would seem as if experience had convinced the State of its political errors, and induced a willingness to retrace its steps and relinquish a power which had been improperly used."

There is an old case, *Glaze* v. *Drayton* (1 DeS. Equ. (S.C.) 109), decided in 1784, where the South Carolina Court of Chancery entered a decree for the specific performance of a contract for the purchase of land, but providing for the payment of the balance due under the contract "by installments, at the times mentioned in the acts of assembly respecting the recovery of old debts." In reporting that case soon after the adoption of the Constitution, Chancellor DeSaussure added the following explanatory and illuminating note:

"The legislature, in consideration of the distressed state of the country, after the war, had passed an act, preventing the immediate recovery of debts, and fixing certain periods for the payment of debts, far beyond the periods fixed by the contract of the parties. These interferences with private contracts became very common with most of the State legislatures, even after the distresses arising from the war had ceased in a great degree. They produced distrust and irritation throughout the community, to such an extent that new troubles were apprehended; and nothing contributed more to prepare the public mind for giving up a portion of the State sovereignty, and adopting an efficient national government than these abuses of power by the State legislatures."

If it be possible by resort to the testimony of history to put any question of constitutional intent beyond the domain of uncertainty, the foregoing leaves no reasonable ground upon which to base a denial that the clause of the Constitution now under consideration was meant to foreclose State action impairing the obligation of contracts primarily and especially in respect of such action aimed at giving relief to debtors in time of emergency. And if further proof be required to strengthen what already is inexpugnable, such proof will be found in the previous decisions of this court. There are many such decisions; but it is necessary to refer to a few only which bear directly upon the question, namely: *Bronson* v. *Kinzie* (1 How. 311); *McCracken* v. *Hayward* (2 How. 608); *Gantly's Lessee* v. *Ewing* (3 How. 707); *Howard* v. *Bugbee* (24 How. 461); *Gunn* v. *Barry* (15 Wall. 610); *Walker* v. *Whitehead* (16 Wall. 314); *Edwards* v. *Kearzey* (96 U.S. 595); *Barnitz* v. *Beverly* (163 U.S. 118); and *Bradley* v. *Lightcap* (195 U.S. 1).

Bronson v. *Kinzie* was decided at the January term, 1843. The case involved an Illinois statute, extending the period of redemption for a period of 12 months after a sale under a decree in chancery, and another statute preventing a sale unless two thirds of the amount at which the property had been valued by appraisers should be bid therefor. This Court held both statutes invalid, when applied to an existing mortgage, as infringing the contract impairment clause. No more need now be said as to the points decided. The opinion of the Court says nothing about an emergency; but it is clear that the statute was passed for the purpose of meeting the panic and depression which began in 1837 and continued for some years thereafter.[15] And in the light of what is now to be said, it is evident that the question of that emergency as a basis for the legislation was so definitely involved that it must have been considered by the Court.

The emergency was quite as serious as that which the country has faced during the past 3 years. Indeed, it was so great that in one instance, at least, a State repudiated a portion of its public debt, and others were strongly tempted to do so.[16] Mr. Warren, in his book, The Supreme Court in United States History (vol. 2, pp. 376–379), gives a vivid picture of the situation. After referring to *Bronson* v. *Kinzie* and the statute extending the period of redemption therein dealt with, he points to the prevailing state of business and finance which had called the statute into existence; to the bank failures, State debt repudiations, scarcity of hard money, the inability to pay debts except by disposing of property at ruinous prices; to the enactment of statutes for the relief of debtors, stay laws postponing collection of debts, etc., which had been passed by State after State; and to the action of this Court in striking down the State statute in the face of these conditions.

"Unquestionably", he continues, "the country owes much of its prosperity to the unflinching courage with which, in the face of attack, the Court has maintained its firm stand in behalf of high standards of business morale, requiring honest payment of debts and strict performance of contracts; and its rigid construction of the Constitution to this end has been one of the glories of the judiciary. That its decisions should, at times, have met with disfavor among the debtor class was, however, entirely natural; and while, ultimately, these debtor relief laws have always proved to be injurious to the very class they were designed to relieve and to increase the financial distress, fraud, and extortion, temporarily, debtors have always believed such laws to be their salvation and have resented judicial decisions holding them invalid. Consequently, this opinion of the Court in the Bronson case aroused great antagonism in the Western States. In Illinois, a mass meeting was held which resolved that the decision ought not to be heeded, * * *. Later, deference to the antagonism aroused against the Court by this decision was made when the Senator from Illinois, James Semple, introduced in the Senate in 1846, a joint resolution proposing a constitutional amendment to prohibit the Supreme Court from declaring void 'any act of Congress or any State regulation on the ground that it is contrary to the Constitution of the United States * * *.'"

McMaster (supra, note 2, vol. 7, pp. 44–48), is to the same effect.

McCracken v. *Hayward*, decided at the January term, 1844, dealt with the same Illinois statute, but involved a sale on execution after judgment, whereas *Bronson* v. *Kinzie* involved a mortgage. The decision simply followed the Bronson case. What has been said in respect of the background and setting of that case is equally applicable and need not be repeated.

Gantly's Lessee v. *Ewing* was decided at the January term, 1845. It held unconstitutional, as applied to a preexisting mortgage, an act of Indiana providing that no real property should be sold on execution for less than half its appraised value. The statute, like those of Illinois, was enacted for the benefit of hard-pressed debtors as a result of the same emergency. It is referred to by McMaster, supra, as one of the "marks on the statute books" which the "evil times through which the people were passing" had left.

Howard v. *Bugbee*, decided at the December term, 1860, dealt with an Alabama statute authorizing a redemption of mortgaged property in 2 years after the sale under a decree. The statute was declared unconstitutional principally upon the authority of *Bronson* v. *Kinzie*. The opinion is very short and does not refer to the question of emergency. The statute was passed, however, in 1842 (the mortgage having been executed prior thereto), and was, therefore, one of the emergency statutes of that period. The Alabama Supreme Court, whose decision was under review here, so treated it, and justified the statute upon that ground (32 Ala. 713, 716–717). It is worthy of note that after the decision of this court in the Bugbee case, Judge Walker, who delivered the opinion therein for the Alabama court, filed a dissenting opinion in *Ex parte Pollard, Ex parte Woods* (40 Ala. 77, 110), in the course

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"The Convention then was asked to perfect their action in favor of honesty and morality, by adding a prohibition on the States which would put an end to statutes enacting laws for special individuals, setting aside court judgments, repealing vested rights, altering corporate charters, staying the bringing or prosecution of suits, preventing foreclosure of mortgages, altering the terms of contracts, and allowing tender in payment of debts of something other than that contracted for. The State legislatures had hitherto passed such laws in abundant measure, and the situation was graphically described later by Chief Justice Marshall in one of his most noted decisions (*Ogden* v. *Saunders*, 12 Wheat. 213, 354), as follows:

"'The power of changing the relative situation of debtor and creditor, of interfering with contracts, a power which comes home to every man, touches the interest of all, and controls the conduct of every individual in those things which he supposes to be proper for his own exclusive management, had been used to such an excess by the State legislatures as to break in upon the ordinary intercourse of society and destroy all confidence between man and man. The mischief had become so great, so alarming, as not only to impair commercial intercourse and threaten the existence of credit, but to sap the morals of the people and destroy the sanctity of private faith. To guard against the continuance of the evil was an object of deep interest with all the truly wise as well as virtuous of this great community, and was one of the important benefits expected from a reform of the government.'

"To obviate the conditions thus described, King of Massachusetts proposed the insertion of a new restriction on the States. * * * Wilson and Madison supported his motion. Mason and G. Morris, however, believed that it went too far in interfering with the powers of the States. * * * There was also a genuine belief by some delegates that, under some circumstances and in financial crises, such stay and tender laws might be necessary to avert calamitous loss to debtors. * * * The other delegates had been deeply impressed by the disastrous social and economic effects of the stay and tender laws which had been enacted by most of the States between 1780 and 1786, and they decided to make similar legislation impossible in the future."

[15] See Dewey, Financial History of the United States (p. 229, et seq.); Schouler, History of the United States (vol. 4, p. 276, et seq.); McMaster, supra (note 2, vol. 6, pp. 389, et seq., 523, et seq., 623, et seq.).

[16] See Dewey, supra (note 15, p. 243, et seq.); McMaster, supra (note 2, vol. 6, p. 627, et seq., vol. 7, p. 19, et seq.); Centennial History of Illinois (vol. 2, p. 231, et seq.).

of which he said that his former opinion had been overruled by this court and he could no longer perceive any ground upon which the convictions of a legislature as to the welfare of the people could enlarge the authority to interfere, through the manipulation of the remedy, with the obligation of contracts. The basis of the legislation was, and is shown by the decision of the Alabama Supreme Court sustaining it to be, the existence of the great emergency beginning in 1837; and that question, since the Alabama decision was reviewed, was quite plainly before this Court for consideration.

Walker v. *Whitehead*, decided at the December term, 1872, held unconstitutional a Georgia statute requiring the plaintiff, suing on a debt or contract, to prove as a condition precedent to the entry of judgment in his favor that all legal taxes chargeable by law thereon had been duly paid for each year since the making of the debt or contract. The Georgia Supreme Court (43 Ga. 538, 544–546) had sustained the act as a measure made necessary by the desperate financial and economic conditions in that State due to the Civil War. This Court, making no response to the somewhat fervid presentation of this view of the matter by the State court, simply said that the degree of impairment was immaterial; that any impairment of the obligation of a contract is within the prohibition of the Constitution; that "a clearer case of a law impairing the obligation of a contract, within the meaning of the Constitution, can hardly occur."

Edwards v. *Kearzey*, decided at the October term, 1877, held invalid, as applied to a preexisting debt, the provision of the North Carolina Constitution of 1868 increasing the exemptions to which a debtor was entitled. The North Carolina Supreme Court, in a series of decisions, had sustained the State constitutional provision, principally upon the ground (*Garrett* v. *Chesire*, 69 N.C. 396, 404–405) that it was adopted at a time when "probably one half of the debtor class are owing more old debts than they can pay"; and that "if under our circumstances our people are to be left without any exemptions, the policy of Christian civilization is lost sight of * * *." In the brief of defendant in error in this Court (pp. 7–8) the view was strongly urged that the provision was not so much for the benefit of the debtor as for that of the State, to prevent the evils of almost universal pauperism. Attention was called to the desperate condition of the people of the State following the Civil War, and it was said that one third of the whole population were paupers, all their property except lands having disappeared; that one half of the people did not own land enough to afford burial for that proportion of the population; and against those who did own land the ante-war debts were piled mountain high. It was submitted that the State, on being rehabilitated, was not bound to allow the creditor to strip the few self-supporting landowners of their means of existence and thereby add them to the vast army of the impoverished, but that it had the right to defer a portion of the creditor's claim until the prostrated community had opportunity to recoup some of its losses.

This Court, in response, reviewed the history of the adoption of the contract impairment clause and held the State constitutional provision invalid. "Policy and humanity", it said, "are dangerous guides in the discussion of a legal proposition. He who follows them far is apt to bring back the means of error and delusion. *The prohibition contains no qualification, and we have no judicial authority to interpolate any.* [Italics added.] Our duty is simply to execute it."

Barnitz v. *Beverly* was decided May 18, 1896. A law of Kansas extended the period of redemption from a sale under a mortgage for a period of 18 months, during which time the mortgagor was to remain in possession and receive rents and profits, except as necessary for repairs. The act was passed in 1893 in the midst of another panic, the severity of which, still within the memory of the members of this Court, is a matter of common knowledge. The effects of that panic extended into every form of industry; bank failures were on an unprecedented scale; more than half the railroads of the country were in the hands of receivers; securities fell to 50 percent, often to 25 percent, of their former value; commercial failures and unemployment became general; heavy inroads were made upon public and private resources in caring for the hungry and destitute;[17] great bodies of idle men—the so-called "industrial armies"—marched toward Washington, feeding like locusts upon the country through which they passed.

These conditions were brought to the attention of this Court. In addition, the Supreme Court of Kansas (55 Kan. 466, 484–485), had relied upon them as a justification for the legislation, and had inquired why the State legislature in a time of general depression could not "extend the indefinite estate impliedly reserved by the mortgagor, as the Federal courts of equity do in particular cases, beyond the 6 months allowed by the general practice"?

In response to all of which, this Court, after reviewing its former decisions, held the statute invalid as applied to a sale under a mortgage executed before its passage.

The present exigency is nothing new. From the beginning of our existence as a nation, periods of depression, of industrial failure, of financial distress, of unpaid and unpayable indebtedness, have alternated with years of plenty. The vital lesson that expenditure beyond income begets poverty, that public or private extravagance, financed by promises to pay, either must end in complete or partial repudiation or the promises be fulfilled by self-denial and painful effort, though constantly taught by bitter experience, seems never to be learned; and the attempt by legislative devices to shift the misfortune of the debtor to the shoulders of the creditor without coming into conflict with the contract impairment clause has been persistent and oft-repeated.

The defense of the Minnesota law is made upon grounds which were discountenanced by the makers of the Constitution and have many times been rejected by this Court. That defense should not now succeed because it constitutes an effort to overthrow the constitutional provision by an appeal to facts and circumstances identical with those which brought it into existence. With due regard for the processes of logical thinking, it legitimately cannot be urged that conditions which produced the rule may now be invoked to destroy it.

The lower court, and counsel for the appellees in their argument here, frankly admitted that the statute does constitute a material impairment of the contract, but contended that such legislation is brought within the State power by the present emergency. If I understand the opinion just delivered, this Court is not wholly in accord with that view. The opinion concedes that emergency does not create power, or increase granted power, or remove or diminish restrictions upon power granted or reserved. It then proceeds to say, however, that while emergency does not create power, it may furnish the occasion for the exercise of power. I can only interpret what is said on that subject as meaning that while an emergency does not diminish a restriction upon power, it furnishes an occasion for diminishing it; and this, as it seems to me, is merely to say the same thing by the use of another set of words, with the effect of affirming that which has just been denied.

It is quite true that an emergency may supply the occasion for the exercise of power, depending upon the nature of the power and the intent of the Constitution with respect thereto. The emergency of war furnishes an occasion for the exercise of certain of the war powers. This the Constitution contemplates, since they cannot be exercised upon any other occasion. The existence of another kind of emergency authorizes the United States to protect each of the States of the Union against domestic violence (Constitution, art. IV, sec. 4). But we are here dealing not with a power granted by the Federal Constitution, but with the State police power, which exists in its own right. Hence the question is not whether an emergency furnishes the occasion for the exercise of that State power, but whether an emergency furnishes an occasion for the relaxation of the restrictions upon the power imposed by the contract impairment clause; and the difficulty is that the contract impairment clause forbids State action under any circumstances, if it have the effect of impairing the obligation of contracts. That clause restricts every State power in the particular specified, no matter what may be the occasion. It does not contemplate that an emergency shall furnish an occasion for softening the restriction or making it any the less a restriction upon State action in that contingency than it is under strictly normal conditions.

The Minnesota statute either impairs the obligation of contracts or it does not. If it does not, the occasion to which it relates becomes immaterial, since, then, the passage of the statute is the exercise of a normal, unrestricted, State power and requires no special occasion to render it effective. If it does, the emergency no more furnishes a proper occasion for its exercise than if the emergency were nonexistent. And so, while, in form, the suggested distinction seems to put us forward in a straight line, in reality it simply carries us back in a circle, like bewildered travelers lost in a wood, to the point where we parted company with the view of the State court.

If what has now been said is sound, as I think it is, we come to what really is the vital question in the case: Does the Minnesota statute constitute an impairment of the obligation of the contract now under review?

In answering that question we must first of all distinguish the present legislation from those statutes which, although interfering in some degree with the terms of contracts, or having the effect of entirely destroying them, have nevertheless been sustained as not impairing the obligation of contracts in the constitutional sense. Among these statutes are such as affect the remedy merely, as to which this Court said in *Bronson* v. *Kinzie*, *supra* (p. 316), and repeated in *Edwards* v. *Kearzey*, *supra* (p. 604), "Whatever belongs merely to the remedy may be altered according to the will of the State, provided the alteration does not impair the obligation of the contract. But if that effect is produced, it is immaterial whether it is done by acting on the remedy or directly on the contract itself. In either case it is prohibited by the Constitution."

Another class of statutes is illustrated by those exempting from execution and sale certain classes of property, like the tools of an artisan. Chief Justice Taney, in *Bronson* v. *Kinzie*, *supra*, speaking obiter, said that a State might properly exempt necessary implements of agriculture, or the tools of a mechanic, or articles of necessity in household furniture. But this Court, in *Edwards* v. *Kearzey*, *supra*, struck down a provision of the North Carolina Constitution which exempted every homestead, and the dwelling and buildings used therewith, not exceeding in value $1,000, on the ground of its unconstitutionality as applied to a contract already in existence. Referring to the opinion in *Bronson* v. *Kinzie*, the Court said (p. 604) that the Chief Justice seems to have had in his mind the maxim "de minimis", etc. "Upon no other ground can any exemption be justified."

It is quite true also that "the reservation of essential attributes of sovereign power is also read into contracts"; and that the legislature cannot "bargain away the public health or the public morals." General statutes to put an end to lotteries, the sale or

[17] See Dewey, supra, note 15, p. 444, et seq.; Andrews, The Last Quarter Century in the United States, vol. II, p. 301, et seq.

manufacture of intoxicating liquors, the maintenance of nuisances, to protect the public safety, etc., although they have the indirect effect of absolutely destroying private contracts previously made in contemplation of a continuance of the state of affairs then in existence but subsequently prohibited, have been uniformly upheld as not violating the contract impairment clause. The distinction between legislation of that character and the Minnesota statute, however, is readily observable. It may be demonstrated by an example. A, engaged in the business of manufacturing intoxicating liquor within a State, makes a contract, we will suppose, with B to manufacture and deliver at a stipulated price and at some date in the future a quantity of whisky. Before the day arrives for the performance of the contract the State passes a law prohibiting the manufacture and sale of intoxicating liquor. The contract immediately falls because its performance has ceased to be lawful. This is so because the contract is made upon the implied condition that a particular state of things shall continue to exist, "and when that state of things ceases to exist the bargain itself ceases to exist" (*Marshall* v. *Glanvill* [1917], 2 K.B. 87, 91). In that case the plaintiff had been employed by the defendants upon a contract of service. While the contract was in force the country became involved in the World War, and plaintiff was called into the military service. The court held that this rendered performance unlawful and that the contract was at an end. It said:

"Here the parties clearly made their bargain on the footing that it should continue lawful for the plaintiff to render and for the defendants to accept his services. The rendering and acceptance of these services ceased to be lawful in July 1916, and thereupon the bargain came to an end."

In *In re Shipton, Anderson & Co.* ([1915] 3 K.B. 676), a parcel of wheat then lying in a warehouse was sold for future payment and delivery. The wheat was subsequently requisitioned by the English Government, and the sellers became unable to deliver. The Court of King's Bench Division held that the sellers were not liable. Darling, justice, agreeing with the opinion of Lord Reading, said (pp. 683–684):

"If one contracts to do what is then illegal, the contract itself is altogether bad. If after the contract has been made it cannot be performed without what is illegal being done, there is no obligation to perform it. In the one case the making of the contract, in the other case the performance of it, is against public policy. It must be here presumed that the Crown acted legally, and there is no contention to the contrary. We are in a state of war; that is notorious. The subject matter of this contract has been seized by the state acting for the general good. Salus populi suprema lex is a good maxim, and the enforcement of that essential law gives no right of action to whomsoever may be injured by it."

The general subject is discussed by this court in *Omnia Co.* v. *United States* (261 U.S. 502), and it is there pointed out (p. 513) that the effect of such a requisition is not to appropriate the contract but to frustrate it—an essentially different thing.

The same distinction properly may be made as to the contract impairment clause, in respect of subsequent State legislation rendering unlawful a state of things which was lawful when an obligation relating thereto was contracted. By such legislation the obligation is not impaired in the constitutional sense. The contract is frustrated—it disappears in virtue of an implied condition to that effect read into the contract itself. Thus, in *F. A. Tamplin Steamship Co., Ltd.*, v. *Anglo-Mexican Petroleum Products Co., Ltd.* ([1916], 2 A.C. 397), the House of Lords had before it a case where a steamer, then subject to a charter party having nearly 3 years to run, had been requisitioned by the Admiralty. The applicable rule was there stated to be that the court should examine the contract and the circumstances in which it was made in order to see whether or not from their nature the parties must have made their bargain on the footing that a particular state of things would continue to exist. And if they must have done so, a term to that effect would be implied, though not expressed in the contract. In *Metropolitan Water Board* v. *Dick, Kerr & Co.* ([1918], A.C. 119, 127–128, 137), that rule was reaffirmed, with the additional statement that a subsequent law might be the cause of an impossibility of performance, by taking away something from the control of the party as to which thing he had contracted to do or not to do something else; and that the court must determine whether this contingency is of such a character that it can reasonably be implied to have been in the contemplation of the parties when the contract was made.

Bearing in mind these aids toward determining whether such an implied condition may be read into a particular contract, let us revert to the example already given with respect to an agreement for the manufacture and sale of intoxicating liquor. And let us suppose that the State, instead of passing legislation prohibiting the manufacture and sale of the commodity, in which event the doctrine of implied conditions would be pertinent, continues to recognize the general lawfulness of the business, but, because of what it conceives to be a justifying emergency, provides that the time for the performance of existing contracts for future manufacture and sale shall be extended for a specified period of time. It is perfectly admissible, in view of the State power to prohibit the business, to read into the contract an implied proviso to the effect that the business of manufacturing and selling intoxicating liquors shall not, prior to the date when performance is due, become unlawful; but in the case last put, to read into the contract a pertinent provisional exception in the event of intermeddling State action would be more than unreasonable, it would be absurd, since we must assume that the contract was made on the footing that so long as the obligation remained lawful the impairment clause would effectively preclude a law altering or nullifying it however exigent the occasion might be.

That, in principle, is precisely the case here. The contract is to repay a loan within a fixed time, with the express condition that upon failure the property given as security shall be sold, and that, in the absence of a timely redemption, title shall be vested absolutely in the purchaser. This contract was lawful when made; and it has never been anything else. What the legislature has done is to pass a statute which does not have the effect of frustrating the contract by rendering its performance unlawful, but one which, at the election of one of the parties, postpones for a time the effective enforcement of the contractual obligation, notwithstanding the obligation, under the exact terms of the contract, remains lawful and possible of performance after the passage of the statute as it was before.

The Rent cases (*Block* v. *Hirsh*, 256 U.C. 135; *Marcus Brown Co.* v. *Feldman*, 256 U.S. 170; *Levy Leasing Co.* v. *Siegel*, 258 U.S. 242) which are here relied upon, dealt with an exigent situation due to a period of scarcity of housing caused by the war. I do not stop to consider the distinctions between them and the present case or to do more than point out that the question of contract impairment received little, if any, more than casual consideration. The writer of the opinions in the first two cases, speaking for this Court in a later case (*Penna. Coal Co.* v. *Mahon*, 260 U.S. 393, 416), characterized all of them as having gone "to the verge of the law." It, therefore, seems pertinent to say that decisions which confessedly escape the limbo of unconstitutionality by the exceedingly narrow margin suggested by this characterization should be applied toward the solution of a doubtful question arising in a different field with a very high degree of caution. Reasonably considered, they do not foreclose the question here involved, and it should be determined upon its merits without regard to those cases.

We come back, then, directly, to the question of impairment. As to that, the conclusion reached by the Court here seems to be that the relief afforded by the statute does not contravene the constitutional provision because it is of a character appropriate to the emergency and allowed upon what are said to be reasonable conditions.

It is necessary, first of all, to describe the exact situation. Appellees obtained from appellant a loan of $3,800; and to secure its payment, executed a mortgage upon real property consisting of land and a 14-room house and garage. The mortgage contained the conventional Minnesota provision for foreclosure by advertisement. The mortgagors agreed to pay the debt, together with interest and the taxes and insurance on the property. They defaulted; and, in strict accordance with the bargain, appellant foreclosed the mortgage by advertisement and caused the premises to be sold. Appellant itself bought the property at the sale for a sum equal to the amount of the mortgage debt. The period of redemption from that sale was due to expire on May 2, 1933; and, assuming no redemption at the end of that day, under the law in force when the contract was made and when the property was sold and in accordance with the terms of the mortgage, appellant would at once have become the owner in fee and entitled to the immediate possession of the property. The statute here under attack was passed on April 18, 1933. It first recited and declared that an economic emergency existed. As applied to the present case, it arbitrarily extended the period of redemption expiring on May 2, 1933, to May 18, 1933—a period of 16 days; and provided that the mortgagor might apply for a further extension to the district court of the county. That court was authorized to extend the period to a date not later than May 1, 1935, on the condition that the mortgagor should pay to the creditor all or a reasonable part of the income or rental value, as to the court might appear just and equitable, toward the payment of taxes, insurance, interest, and principal mortgage indebtedness, and at such times and in such manner as should be fixed by the court. The court to whom the application in this case was made extended the time until May 1, 1935, upon the condition that payment by the mortgagor of the rental value, $40 per month, should be made.

It will be observed that whether the statute operated directly upon the contract or indirectly by modifying the remedy, its effect was to extend the period of redemption absolutely for a period of 16 days, and conditionally for a period of 2 years. That this brought about a substantial change in the terms of the contract reasonably cannot be denied. If the statute was meant to operate only upon the remedy, it, nevertheless, as applied, had the effect of destroying for 2 years the right of the creditor to enjoy the ownership of the property, and consequently the correlative power, for that period, to occupy, sell, or otherwise dispose of it as might seem fit. This postponement, if it had been unconditional, undoubtedly would have constituted an unconstitutional impairment of the obligation. This Court so decided in *Bronson* v. *Kinzie, supra*, where the period of redemption was extended for a period of only 12 months after a sale under a decree; in *Howard* v. *Bugbee, supra*, where the extension was for 2 years; and in *Barnitz* v. *Bexerly, supra*, where the period was extended for 18 months. Those cases, we may assume, still embody the law, since they are not overruled.

The only substantial difference between those cases and the present one is that here the extension of the period of redemption and postponement of the creditor's ownership, is accompanied by the condition that the rental value of the property shall, in the meantime, be paid. Assuming for the moment, that a statute extending the period of redemption may be upheld if something of commensurate value be given the creditor by way of compensation,

a conclusion that payment of the rental value during the 2 years' period of postponement is even the approximate equivalent of immediate ownership and possession is purely gratuitous. How can such payment be regarded, in any sense, as compensation for the postponement of the contract right? The ownership of the property to which petitioner was entitled carried with it not only the right to occupy or sell it, but, ownership being retained, the right to the rental value as well. So that in the last analysis petitioner simply is allowed to retain a part of what is its own as compensation for surrendering the remainder. Moreover, it cannot be foreseen what will happen to the property during that long period of time. The buildings may deteriorate in quality; the value of the property may fall to a sum far below the purchase price; the financial needs of appellant may become so pressing as to render it urgently necessary that the property shall be sold for whatever it may bring.

However these or other supposable contingencies may be, the statute denies appellant for a period of 2 years the ownership and possession of the property—an asset which, in any event, is of substantial character, and which possibly may turn out to be of great value. The statute, therefore, is not merely a modification of the remedy; it effects a material and injurious change in the obligation. The legally enforceable right of the creditor when the statute was passed was, at once upon default of redemption, to become the fee simple owner of the property. Extension of the time for redemption for 2 years, whatever compensation be given in its place, destroys that specific right and the correlative obligation, and does so none the less though it assume to create in invitum another and different right and obligation of equal value. Certainly, if A should contract with B to deliver a specified quantity of wheat on or before a given date, legislation, however much it might purport to act upon the remedy, which had the effect of permitting the contract to be discharged by the delivery of corn of equal value, would subvert the constitutional restriction.

A statute which materially delays enforcement of the mortgagee's contractual right of ownership and possession does not modify the remedy merely; it destroys, for the period of delay, all remedy so far as the enforcement of that right is concerned. The phrase, "obligation of a contract", in the constitutional sense imports a legal duty to perform the specified obligation of that contract, not to substitute and perform, against the will of one of the parties, a different, albeit equally valuable, obligation. And a State, under the contract impairment clause, has no more power to accomplish such a substitution than has one of the parties to the contract against the will of the other. It cannot do so either by acting directly upon the contract, or by bringing about the result under the guise of a statute in form acting only upon the remedy. If it could, the efficacy of the constitutional restriction would, in large measure, be made to disappear. As this Court has well said, whatever tends to postpone or retard the enforcement of a contract, to that extent weakens the obligation. According to one Latin proverb, "He who gives quickly, gives twice", and according to another, "He who pays too late, pays less." "Any authorization of the postponement of payment, or of means by which such postponement may be effected, is in conflict with the constitutional inhibition" (*Louisiana* v. *New Orleans*, 102 U.S. 203, 207). I am not able to see any real distinction between a statute which in substantive terms alters the obligation of a debtor-creditor contract so as to extend the time of its performance for a period of 2 years and a statute which, though in terms acting upon the remedy, is aimed at the obligation (as distinguished, for example, from the judicial procedure incident to the enforcement thereof) and which does in fact withhold from the creditor, for the same period of time, the stipulated fruits of his contract.

I quite agree with the opinion of the Court that whether the legislation under review is wise or unwise is a matter with which we have nothing to do. Whether it is likely to work well or work ill presents a question entirely irrelevant to the issue. The only legitimate inquiry we can make is whether it is constitutional. If it is not, its virtues, if it have any, cannot save it; if it is, its faults cannot be invoked to accomplish its destruction. If the provisions of the Constitution be not upheld when they pinch as well as when they comfort, they may as well be abandoned. Being unable to reach any other conclusion than that the Minnesota statute infringes the constitutional restrictions under review, I have no choice but to say so.

I am authorized to say that Mr. Justice Van Devanter, Mr. Justice McReynolds, and Mr. Justice Butler concur in this opinion.

Mr. LUNDEEN. Mr. Speaker, in accordance with permission granted to include in my remarks certain material relative to the United States Supreme Court decision of January 8, 1934, upholding the Minnesota mortgage moratorium law, I now present a report of newspaper and magazine statements, issued shortly after this historic decision was handed down. From coast to coast the significance of the decision was noted.

The New York Times contains a telegram of Matthew Napear, chairman of the Consolidated Home Owners' Mortgage Committee, to Hon. Herbert H. Lehman, Governor of the State of New York. Note the statement that the distinguished former Member of this body, the Honorable Fiorello H. LaGuardia, on behalf of the farm and home owners, advocated a bill like the Minnesota mortgage moratorium law for the State of New York. Friends of the home owners and farm owners will be interested in securing copies of the proposed New York moratorium law from the Consolidated Home Owners' Mortgage Committee, room 1712, 315 Fourth Avenue, New York City.

FORECLOSURE STAY ASKED OF LEHMAN—HOME OWNERS' BODY ADVOCATES LAW LIKE MINNESOTA'S, JUST UPHELD BY HIGH COURT—"GENUINE RELIEF"—MORATORIUM ENACTED HERE LAST SUMMER IS SAID TO HAVE ONLY AGGRAVATED SITUATION

Governor Lehman was asked yesterday by the Consolidated Home Owners' Mortgage Committee to recommend enactment of legislation protecting home owners against foreclosures.

In a telegram the group urged relief legislation along the lines of the Minnesota statute, the constitutionality of which was upheld last Tuesday by the United States Supreme Court. The plea was signed by Matthew Napear, New York State chairman of the Consolidated Home Owners' Mortgage Committee, who led the march of home owners to Albany last August. He said the bill submitted by his committee with the collaboration of Mayor LaGuardia at the special session of the legislature last summer had in it practically the same provisions as the Minnesota law, and that the recommendations of Governor Lehman's advisory committee on home and farm mortgages also followed that law.

The Minnesota law gives discretionary power to the courts to suspend foreclosure sales, provides for an upset price on fair valuation, and permits owners of foreclosed homes and farmsteads to redeem their property in 2 years.

The telegram to the Governor said:

"Consolidated Home Owners' Mortgage Committee, New York State Division, calls upon you to follow lead of highest court and recommend to the legislature genuine relief for more than million owners of small homes and farmsteads menaced by rising tide of foreclosures. Foreclosure moratorium passed by legislature has served to aggravate situation by seeming to provide legislative justification for foreclosures where owners are unable to meet interest or taxes. The case for adequate relief was eloquently stated by advisory committee on home and farm mortgages, headed by Lucian R. Eastman. Without protection of home owner and farmer from foreclosure menace, recovery cannot go forward."

[From the New York Herald Tribune, Jan. 9, 1934]

MORTGAGE MORATORIUM UPHELD IN UNITED STATES SUPREME COURT BY 5 TO 4—HUGHES JOINS LIBERALS IN VIEW THAT MINNESOTA LAW EXTENDING RELIEF TO MORTGAGOR IS VALID—INDICATES N.R.A. WILL BE SUSTAINED—COURT, HOWEVER, MAKES IT CLEAR THAT EACH ISSUE IN RECOVERY PROGRAM WILL BE JUDGED ON MERITS

WASHINGTON, January 8.—The Supreme Court of the United States, acting on the first of the new-deal cases brought before it, divided 5 to 4 today in favor of emergency relief legislation, but made it clear that each issue in the program would be decided on its merits.

Although the decision had to do directly with the constitutionality of the Minnesota moratorium law, it was recognized as having broad ramifications and as certain to go down in history as one of the most momentous rulings of the Court in recent years.

LAW GIVES MORTGAGE RELIEF

The State law under question extends the time for redemption of mortgaged property sold under foreclosure and contains other provisions intended to relieve persons hard pressed by mortgages. In ruling that the Minnesota law did not violate the contract rights of mortgage holders under the Federal Constitution, the majority of the Court indicated that it was not concerned with the question whether the legislation was good or bad but only with the right of a State to suspend provisions of contracts in emergencies.

Holding that a State possesses authority "to safeguard the vital interests of its people", the decision pointed out that "emergency does not create power" under the Constitution, but "may furnish the occasion for the exercise of power."

Great political significance was attached to the fact that Chief Justice Charles Evans Hughes joined the so-called "liberal" group of the Court and handed down the majority decision, which was concurred in by Associate Justices Brandeis, Roberts, Cardozo, and Stone.

This majority for liberal policies recalled the report in recent months that President Roosevelt had entertained the thought of enlarging the Court to shift the balance of power from conservative to liberal, if necessary, to insure approval of his recovery program. With Chief Justice Hughes lining up with the Court liberals and providing a majority in favor of the Minnesota law, the decision was interpreted as giving the President reason to believe he would have the Supreme Court backing he has openly requested without the necessity of reconstituting the Court.

SUTHERLAND READS DISSENT

The dissenting opinion was read by Associate Justice George Sutherland, who was joined by Associate Justices McReynolds, Butler, and Van Devanter. Both opinions were lengthy, and it required about 2 hours of the time of the Court to hear them read.

Despite the majority's observation that "emergency does not create power", its decision was widely heralded as meaning the

eventual sustaining by the Court of the N.R.A. and other recovery efforts of the administration. Senate and House lawyers hastened to study the decision. The fact that Chief Justice Hughes was alined with the "liberals" caused much comment.

In effect, the Minnesota law is based on the right of a State to suspend provisions of contracts in an emergency such as the present economic one. The case was that of Home Building & Loan Association, appellant, against John H. Blaisdel, and Rosella Blaisdell, his wife. The Supreme Court of Minnesota upheld the law and the appeal to the highest Court was from that tribunal.

COURT FINDS EMERGENCY JUSTIFIED LAW

The appellant attacked the validity of the Minnesota law as being repugnant to the contract clause and the due process and equal protection clauses of the fourteenth amendment to the Federal Constitution.

An important aspect of the majority opinion was that it recognized that "an emergency existed in Minnesota which furnished a proper occasion for the exercise of the reserved power of the State to protect the vital interests of the community." It found there "were in Minnesota conditions urgently demanding relief if power existed to give it." This emergency threatened the loss of homes and farms. The majority of the Court made it plain that such conditions called for the exercise of all the valid reserve power of the State to reach them if possible. As is well known the Federal recovery legislation is built on the proposition that a national emergency akin to war is existent.

The Court ruled that the contract clause of the Constitution was not "an absolute and utterly unqualified restriction of the State's protective power" over its citizens.

MINORITY HELD CONTRACT IMPAIRED

Justice Sutherland, in the dissenting opinion, held that the Minnesota law impaired the obligation of contracts. He asserted that the "obligation of a contract" in the constitutional sense implied a legal duty to perform the specified obligations of that contract, not to substitute and perform, against the will of one of the parties, a different, even though equally valuable, obligation.

"And a State," Justice Sutherland added, "under the contract-impairment clause, has no more power to accomplish such a substitution than has one of the parties to the contract against the will of the other."

Viewing the majority opinion as of great significance, Justice Sutherland said that "few questions of greater moment than that just decided have been submitted for judicial inquiry during this generation." He regarded the Minnesota law as a dangerous inroad on the limitations of the Federal Constitution.

[From the New York Times, Jan. 10, 1934]

MORATORIUM LAW RULING DISCUSSED—DEMOCRATS AND PROGRESSIVES DECLARE IT FORESHADOWS UPHOLDING OF N.R.A.—CALLED TWENTY-SECOND AMENDMENT

WASHINGTON, January 9.—The Supreme Court's decision yesterday upholding the Minnesota moratorium law, and thus giving evident support to emergency powers incident to the new-deal program, was widely discussed today, both among exponents of the program and its opponents.

Democrats and insurgent Republicans hailed with high satisfaction the majority opinion, in which Chief Justice Hughes joined the four liberals of the Court—Brandeis, Stone, Roberts, and Cardozo.

Administration critics generally refrained from comment, but one who did not care to be quoted said there was a great deal of difference between affirming emergency powers of a State and asserting the right of Congress to pass emergency laws that would affect the whole Nation.

Speaker RAINEY declared the decision indicated that the Supreme Court would "sustain every code thus far enacted or hereafter enacted to get the country out of the depression."

EXPRESSIONS OF OPINION

Expressions of others on the subject were as follows:

Senator ADAMS, Democrat: "I would say it is the twenty-second amendment to the Constitution. The Court recognizes that public necessity must be the predominant consideration in an emergency. It is not the first time the Constitution has been amended by the Court. I am in favor of the decision, but I recognize that it involves a stretch of the Constitution. The Supreme Court, it has long been recognized, is not only judicial but legislative."

Senator NORRIS, Progressive Republican: "I am glad of it. It will convince everybody, including the Supreme Court, that we are trying to save this country. It will tend to back up those who are seeking to reinforce the recovery legislation by amendment."

Senator BYRNES, Democrat: "I have said that the glory of this country is that at all periods in time of crisis the courts as well as other branches of this Government have, as a rule, responded to the overwhelming will of the people. The decision is a recognition of the fact that the Constitution is an instrument that must change with the changing conditions of our existence."

"EXCELLENT", SAYS JOHNSON

Senator JOHNSON, Progressive Republican: "It is a far-reaching opinion that will have a tremendous effect upon the recovery program. I regard it as a most excellent decision."

Senator BANKHEAD, Democrat: "I think it is sound. It's in line really with former precedents. The Supreme Court heretofore has sustained emergency legislation. We have been acting on that doctrine all the time. The decision in the Minnesota case foreshadows that the recovery legislation will be held constitutional."

[From the New York Evening Post, Jan. 10, 1934]

MINNESOTA RULING TO AID NEW N.R.A. BILLS IN CONGRESS—ALSO EXPECTED TO BOLSTER RECOVERY MOVES IN LOWER COURT SUITS—TO CURB FOES OF ACT—HIGHEST LEGAL TRIBUNAL BEHIND THE NEW DEAL, SENATOR WAGNER DECLARES

By Robert S. Allen, Staff Correspondent of Evening Post

WASHINGTON, January 10.—The United States Supreme Court has joined the ranks of the new deal.

That was the general authoritative consensus here following the Tribunal's 5-to-4 decision upholding the constitutionality of Minnesota's Emergency Mortgage Moratorium Act.

Administration and progressive quarters were gratified by the victory, narrow though it was. Republicans and conservative Democrats generally maintained glum silence.

HISTORIC SIGNIFICANCE

Privately, some of the former tried to minimize the importance of the Court's action.

They pointed out that the majority decision specifically declared that, while approval was given the act under consideration, it was not to be taken as a carte blanche endorsement of all emergency legislation.

But both critics and endorsers were unanimous in the view that the Court's ruling was of far-reaching and historic significance.

RESTRAINT ON FOES

In administration circles satisfaction was predicated on three factors:

(1) The powerful effect the Supreme Court's verdict will have on lower courts.

(2) The restraining influence it is certain to wield on certain business and financial interests who either covertly or openly are resisting or conspiring against the various recovery acts.

(3) The impetus the decision will give to promote enactment of additional emergency legislation that the administration will seek at this session of Congress.

OTHER VICTORIES WON

The administration's recovery measures have already won several minor skirmishes in the lower courts.

The Supreme Court of the District of Columbia recently dismissed a case brought against the N.R.A. A New York Federal bench has also upheld the gold-surrender order.

The ruling in itself has no direct bearing on such pending controversies as the refusal of the Weirton Steel Co. and the E. G. Budd Manufacturing Co. to abide by the orders of the National Labor Board.

DOOMED TO DEFEAT

But, indirectly, it does serve notice to these employers that a majority of the highest legal tribunal in the land is behind the new-deal program, and that if they intend forcing their resistance to an issue they are doomed to defeat.

That point was particularly stressed by Senator WAGNER, Chairman of the National Labor Board and coauthor of the Industrial Recovery Act, and Senator GEORGE NORRIS, progressive leader.

"It is highly gratifying to see the Supreme Court's complete appreciation of the great economic and social problems that confronted Minnesota", WAGNER said. "I think that, likewise, the Court will appreciate the problems that confront Congress and the President in the same light.

"There can be no doubt of the constitutionality of the National Recovery Act, for it is also based on an emergency condition. However, I am of the firm opinion that the act would be approved regardless of the national emergency."

"I am glad of the decision", Senator NORRIS asserted, "because it will convince everybody, including the Supreme Court, that we are trying to save the country."

There is no question that the decision dealt dissenting Republicans a paralyzing blow. That is particularly true of the small coterie of ultrapartisan tories, such as Senator ROBINSON of Indiana, Senator VANDENBERG, of Michigan, Senator "Hell-Roaring Dick" DICKINSON, of Iowa, and Pennsylvania's Senator, DAVID REED.

It was ironic that at the very time that Chief Justice Hughes was reading the majority's momentous decision upholding a crucial emergency act the Republican professional "viewers-with-alarm" were holding forth loudly in the Senate less than 100 yards away denouncing such legislation.

The significance of that picture was not lost on administration and progressive strategists.

[From the New York Sun, Jan. 9, 1934]

COURT DECISION BLOW TO FOES OF ROOSEVELT—UPHOLDING OF MORATORIUM CRUSHES REVOLT AGAINST RECOVERY PROGRAM—RULING AT CRUCIAL MOMENT—REPUBLICANS AND EVEN DEMOCRATS HAD BEEN DRAWING LINES FOR WAR IN CONGRESS

By Phelps Adams

The threat of an immediate congressional revolt against the President's recovery program was crushed emphatically here today as the Members of both Houses began to grasp the full significance of the United States Supreme Court's upholding the constitutionality of the Minnesota mortgage moratorium law and reaffirming

the doctrine of John Marshall that the Constitution is designed for adaptation to changing conditions—a decision which accorded both stability and legal respectability to the new deal for the first time.

At almost every step of its progress through the legislative machine, the constitutionality of the President's plan has been challenged; and while that plan will continue to face numerous attacks on other grounds, the greatest danger that confronted it has been safely passed in the opinion of observers here.

The decision of the Court came at the precise moment when the Republican minority was undertaking to launch a concerted attack against the recovery program and when disgruntled elements within the Democratic ranks were coalescing into opposition groups.

Every agency of the emergency administrations which have been superimposed upon the normal governmental structure was threatened with investigation designed to unearth some possible scandal that might help to turn the tide of public sentiment definitely against the huge spending program that is contemplated.

ONLY FLURRIES EXPECTED

The investigations will presumably go on, but, with the Supreme Court apparently alined with the President behind the new economic experiment, any disclosures which may result will not give rise, it is believed, to more than a passing flurry of excitement.

[From the New York Herald Tribune, Jan. 10, 1934]

TODAY AND TOMORROW

By Walter Lippmann

THE VOICE OF THE SUPREME COURT

From the opinion of the Supreme Court on the Minnesota moratorium it is possible to obtain a fairly clear idea of the principle by which the Court is likely to judge the great mass of new legislation recently enacted. The case before the judges turned on whether a statute of Minnesota to relieve mortgagors was contrary to the provisions in the Federal Constitution against the impairment of contracts.

The details of the statute, of the particular case, and of the argument from precedent we may leave to the lawyers. Our concern is with the general principles which were invoked by Chief Justice Hughes in the majority opinion holding the Minnesota statute constitutional. For presumably his statement of principles in this case discloses what will be the mind of the majority in considering the body of the new legislation.

* * * * * * *

The basic principle is that the power exists in American Government to protect "the vital interests of the people." "We must never forget", says the Chief Justice, quoting Marshall, "that it is a Constitution we are expounding * * * a Constitution intended to endure for ages to come, and consequently to be adapted to the various crises of human affairs." The Legislature and the Supreme Court of Minnesota had declared that an emergency existed which threatened many of the people with "the loss of homes and lands which furnish those in possession the necessary shelter and means of subsistence." The Chief Justice finds that the Minnesota estimate of the facts of the situation "cannot be regarded as a subterfuge or as lacking in adequate basis" and that it is "beyond cavil" that there were conditions in Minnesota "urgently demanding relief." In other words, this law to postpone the redemption of mortgages and prevent foreclosure was honest. It responded to a true estimate of the facts. It was not a sly device for enabling debtors to cheat their creditors.

Thus it transpires that the Court holds that extraordinary legislation may be justified provided it is clear that it deals with a real public need. Apparently the Court will insist upon being convinced that the extraordinary laws are what they profess to be—measures to protect the public interest under extraordinary circumstances. A layman reading this opinion must, I think, conclude that the Court will insist upon evidence that the new laws do not mask ulterior purposes; that under the guise of protecting "the vital interests of the people" in an emergency they are not permanent alterations in established obligations and in the established limitations of government power. The Court does not say that a legislature may do what it likes on the plea that there is an emergency. It says that a legislature may do what is necessary, but what it does must be done sincerely, candidly, and with plain and specific relation to the actual situation.

* * * * * * *

In recognizing that power exists to deal with the emergency the Court, furthermore, lays down the rule that extraordinary legislation must be "temporary in operation * * * (and) limited to the exigency which called it forth." A legislature, for example, may relieve debtors in a crisis by giving them a moratorium, but it cannot cancel their debts for all time to come. This statute runs until May 1, 1935. "The operation of the statute", says the Court, "could not validly outlast the emergency or be so extended as virtually to destroy the contracts."

This appears to be quite in line with other decisions in recent years which draw a rather sharp line between temporary and permanent legislation. Toward temporary laws to meet a crisis the Court is very liberal—it recognizes that the power exists to do any reasonable thing to meet a crisis, be it war, or earthquake and flood and fire, or an economic convulsion. But laws which are to be permanent it quite evidently intends to scrutinize carefully and to judge by much stricter standards of constitutional powers and rights.

Although the Minnesota decision is by a narrow majority of 5 to 4, few reasonable people have ever doubted that the Court would uphold emergency legislation that was patently sincere. It would be a strange constitution which prevented a legislature from using its best judgment to protect its people during a great calamity, which bound it so that in the theoretical interest of the creditor, it could not act to prevent a disaster which would overwhelm creditor and debtor alike. But at the same time this decision by the so-called "liberals" of the Court makes it perfectly clear that permanent changes in American institutions cannot be wrought by subterfuges, by exploiting the emergency for ends which, however good in themselves, are not part of the emergency.

This is the genuine liberal doctrine. It contemplates a government of powers adapted, as Marshall said, to the various crises of human affairs. But it contemplates also a government in which permanent changes in institutions must be made only by the considered action of the people, by the people and their representatives when the issues are squarely presented, when they have had the opportunity to know what they are doing, when they are not confused by the pressure of an immediate crisis and are under no compulsion to assent to what they do not really believe in because they are frightened by a great but temporary danger.

A constitution which is flexible enough to enable governments to deal with a crisis and yet strong enough to withstand temptation to scrap essential parts of it in moments of excitement is likely to weather many storms. The Constitution which the Chief Justice has once more expounded is the Constitution which the great mass of the people have believed in.

[From the New York Evening Post, Jan. 10, 1934]

HUMAN RIGHTS WIN OVER PROPERTY RIGHTS

Nine men sit on the Supreme Court bench at Washington.

Before the eyes of observers they break into two groups. Five go to one side, and their leader makes a long, grave statement.

The remaining four sit and stare doubtfully. One utters a protest.

It is done.

The American revolution of the last 2 years reaches the Supreme Court of the United States.

In the highest court of the land it is decided that human rights take precedent over contract rights.

A new day of freedom for America.

The Minnesota mortgage decision is probably the most important since the Dred Scott case.

It is decided that when contract rights, hitherto sacrosanct, come into conflict with the common good in a time of economic emergency, the contract rights can be modified by Government.

Minnesota adopted a law last year giving home owners 2 years extra in which to redeem property foreclosed for nonpayment of mortgage. A home owner, whose actual mortgage contract allowed only 1 year for redemption, availed himself of the law.

The mortgagee sued on the ground that the law impaired the obligation of contracts and was thus a violation of constitutional guaranty.

The Supreme Court, through Chief Justice Hughes, declared "the question is no longer merely that of one party to a contract as against another, but the use of reasonable means to safeguard the economic structure upon which the good of all depends."

Contract rights, hitherto used as a device for slaughtering all forms of progressive social legislation, are suddenly pushed to the back.

The Nation, and the States, have a right to work for the common welfare in a time of economic stress.

Mr. Hughes' basic argument is that back of all contracts lies the reserved power of the State to make laws which, by strengthening the State, and improving the general condition in a time of stress, strengthens all contracts, regardless of the effect on any particular contract.

The decision does not destroy contract rights. It recognizes contract rights, by holding that the action of Minnesota gave adequate protection to the contracting parties, and made their position stronger.

The question as to what constitutes an emergency remains unsettled.

But it is enough that general economic distress is recognized as an emergency equal to flood or war or fire. It is enough that human hunger and need receive legal recognition.

It is enough that a decision has been rendered which must, if logically extended, put the whole mass of new deal legislation, from N.R.A. down, on a sound basis.

The Supreme Court has bound itself, and the lower courts as well, to consider every particle of new deal legislation in the light of the depression. It has bound itself to weigh the terms of every bond against the factors of hunger and need.

The sentence rings clear: "The economic interests of the State may justify the exercise of its continuing and dominant protective power, notwithstanding interference with contracts * * *."

We are free of a great danger. Legalism will not tie our hands as we move forward to a better America. The Constitution is protecting the country, not tying it hand and foot.

[From the Brooklyn Daily Eagle, Jan. 10, 1934]

THE SUPREME COURT SPEAKS

Those who anticipate approval of the emergency national recovery measures by the court of last resort have reason to be heartened by the 5-to-4 decision of the Supreme Court sustaining the Minnesota mortgage moratorium law, though technically the ruling bears only on State rights—the freedom of a State government to meet an emergency without legalistic hampering.

"No State shall pass any law impairing the obligation of contracts", is the specific language of the United States Constitution, article I, section 10. This was first judicially annulled by the sustaining of the New York emergency rent law. So the later decision does not make a precedent; it follows a precedent.

A court is no wiser or unwiser than the judges who compose it. Here we have Justices Brandeis, Cardoza, Stone, and Roberts on one side of a great question as liberals, and we have Justices Van Devanter, McReynolds, Butler, and Sutherland as conservatives, on the other side of the same question, and Chief Justice Hughes as the balance of power, swinging victory to the side of the liberals. Truly, the law is not an exact science. On the same line-up we should have one man, Charles Evans Hughes, making valid or invalid the cognate emergency powers exercised by the Roosevelt administration under existing legislation.

The question what constitutes an emergency seems to be one for final decision not by the State but by the Supreme Court under the reasoning of Chief Justice Hughes, who writes the opinion of the majority. Yet the initial determination of this question must be made by the State, and long and costly litigation may be necessary to upset it, even if the emergency is fictitious. We have 48 States. Most of them are borrowing States, with legislatures strongly inclined to aid borrowers. Heretofore it has been safe to lend to persons within the jurisdiction of these States, because whatever happened a contract could not be impaired. Will it still be safe? Only time can give the answer.

The theory of the four dissenting Justices, voiced by the Sutherland opinion, is that the language of the Constitution cannot be made flexible, and Justice Sutherland quotes the expression of the court in the Civil War Milligan case: "No doctrine involving more pernicious consequences was ever invented by the wit of man than that any of the Constitution's provisions can be suspended during any of the great exigencies of Government."

As between the two views, we think the intelligent opinion of nonlegalistic Americans is as sharply divided as is the Supreme Court. Certainly many thinkers will hold that if the terms of the organic law are to be modified or reversed a convention, and not Justice Hughes, should produce the change. Yet the effect of this notable decision is to uphold a State in its effort to mitigate the consequences of a great depression which has created new precedents in all governments.

[From the New York Sun, Jan. 9, 1934]

IMPAIRED CONTRACTS

By a vote of 5 to 4 the Supreme Court of the United States has decided that the constitutional declaration that no State shall pass a law impairing the obligations of contracts is subject to reasonable modification by State legislatures. In the words of Chief Justice Hughes, "the economic interests of the State may justify the exercise of its continuing and dominant protective power, notwithstanding interference with contracts." The Chief Justice reached back into McCulloch against Maryland to quote John Marshall's observation that the Constitution should be adapted to the various crises of human affairs. As the last two generations can witness, the Constitution can be "adapted" by amendment in the manner provided by the framers.

[From the New York Times, Jan. 10, 1934]

EMERGENCY LAWS

Sometimes an insignificant litigant with a trifling case brings about a judicial decision of the most far-reaching importance. As Hooker said of the law, its care extends to the least as well as the greatest. John and Rosala Blaisdell, his wife, of Minnesota, could not pay the interest on a mortgage which they had given. It was foreclosed. But an appeal was taken under a State law granting a 2-year extension of time on mortgages of that kind. Upheld by the Supreme Court of Minnesota, this statute was challenged in the Supreme Court of the United States, mainly on the ground that it was in violation of the Federal Constitution, which forbids any State to impair the obligations of a contract. By the opinion of a divided court, 5 to 4, it was held that the emergency caused by the depression justified the Minnesota legislation. Thus that particular case is settled, and in the principles laid down in the prevailing opinion, written by Chief Justice Hughes, it is believed that a clear indication is given what the attitude of the Supreme Court will be when various acts of Congress under the recovery program come up for adjudication. It is not forgotten that the decision of the Court of Appeals of New York upholding the act of the legislature which virtually fixed prices for milk was based distinctly on the emergency doctrine. From that decision an appeal was allowed to the Supreme Court at Washington.

In such sharp divisions of constitutional interpretation as appear in the decision read by Chief Justice Hughes, and the dissent written by Mr. Justice Sutherland, it is hard for the layman to grasp all the fine distinctions that are made. Both judges agree that an emergency creates no new power of government. It does, however, warrant an extension of existing powers. The sole question is how their exercise is to be reconciled with constitutional limitations. Judge Sutherland is for the strictest interpretation. If the Constitution declares that a State must not do a certain thing, we must not allow the thing to be done even if it would greatly minister to the public comfort. Chief Justice Hughes, on the other hand, joined as he was by the four so-called "liberals" of the Court, thinks of the Constitution as a living and flexible organism, able to adapt itself to the changing needs of successive generations. If a destructive hurricane warrants a temporary stretching of governmental power, so may an economic crisis. Emphasis is laid on the fact that such legislation as that in Minnesota had a proper occasion, was directed toward a legitimate end, laid down conditions which do not appear to be unreasonable, and was temporary in operation. It is limited to the exigency which called it forth.

Lawyers will still ask upon what evidence judges depend in order to establish the existence of an emergency. They will continue to inquire, and we doubt very much if they will get an answer, what provision or fair implication of the Constitution permits a judicial declaration in favor of emergency powers. For most laymen, as doubtless for John and Rosala, of Minnesota, it will seem sufficient that the Supreme Court has spoken. For the present, at any rate, the country will be disposed to say: "Roma dixit causa finita est."

[From the New York World Telegram, Jan. 10, 1934]

THE NEW DEAL STANDS

The Supreme Court will not destroy the new deal. That is the general interpretation of the Court's decision upholding as constitutional the Minnesota mortgage moratorium law. Perhaps that interpretation is premature in view of the closeness of the 5-to-4 decision.

Nevertheless no one will deny the vast importance of this first test case and of the issue raised. This was stressed even by the Court minority. In the minority dissent Mr. Justice Sutherland said:

"Few questions of greater moment than that just decided have been submitted for judicial inquiry during this generation."

The specific issue was the relation of the State law to the contract clause of the United States Constitution. The larger question was the supremacy of the general social interest in an emergency over contractual property rights.

The Court majority sustained the State law on the ground that the purpose of the latter was the protection of a basic interest of society. To the layman and to administration lawyers it appears that this same reason is sufficient legal justification and proof of the constitutionality of the Federal laws enacted to save the Nation in an emergency.

Citizens and experts may disagree over the assumed powers—or, as many believe, the usurped powers—of the Supreme Court to make and unmake laws through the method of reviewing constitutionality. But it is fairly well agreed that the court can wreck either itself or the Constitution or both in exercising such legislative powers, unless it interprets the dead letter of the Constitution in the light of living facts.

A growing nation meeting ever new problems and emergencies simply cannot be confined in a legalistic strait-jacket. If the Constitution is a prison, our Nation must escape it or die. And, of course, the chief reason our ancient Constitution has not been overthrown long ago is precisely because the Court—however belatedly—has interpreted it to fit existing necessity.

Chief Justice Marshall, the great conservative who was largely responsible, by usurpation or otherwise, for making the Court all-powerful over the people and their elected government, was wise enough to foresee this.

In our judgment, the most significant part of Chief Justice Hughes' majority decision in the Minnesota mortgage moratorium case is that which states with such clarity that the Constitution is not confined to the views of its dead authors.

[From the Philadelphia Inquirer, Jan. 10, 1934]

HOME-LOAN BURDEN HELD LIGHTENED BY HIGH COURT RULING—APPROVAL OF MORATORIUM ACT VIEWED AS EASING TASK OF FEDERAL GROUP

WASHINGTON, January 9.—The belief that the Supreme Court's validation of Minnesota's mortgage moratorium law might lighten the Federal task of refinancing farm and home indebtedness was expressed today by Farm Credit Administration and Home Owners' Loan Corporation officials.

The Court's decision upheld State legislation extending the time for redemption of property foreclosed for nonpayment of mortgage indebtedness and containing other provisions to ease the debtor's burden.

Officials said today almost 20 States had enacted legislation which followed similar lines and that many legislatures meeting this year probably would pass such laws now that the Minnesota statute had been declared constitutional. Some laws already passed have been held unconstitutional by State courts.

BENEFIT SEEN

One of the principal benefits to the work of the Home Loan and Farm Credit Administrations, officials said, was that an extension of the time for redemption would allow in many instances a sufficient period for a Federal loan on the property or a scaling

down of the indebtedness if its present value is insufficient to cover the amount due.

Difficulty that the two organizations have had in getting their bonds accepted by creditors is expected to be dissipated if Congress guarantees the principal as well as the interest on the securities. President Roosevelt is to send a request for such legislation to Congress tomorrow.

Meanwhile, both Democrats and Republicans, whether liberal or conservative, were studying the broad principles laid down by the Court in holding the Minnesota statute constitutional.

RAINEY PRAISES RULING

Speaker RAINEY praised the decision and Chairman JONES, of the House Agricultural Committee, said it was far-reaching and would prevent mortgage holders from taking advantage of an emergency to deprive people of their homes.

Administration supporters, generally, took the attitude that the Minnesota case forecast decisions upholding the National Industrial Recovery Act, the farm adjustment measure, and other emergency legislation backed by the President.

The four dissenting judges, in an opinion by Justice Sutherland, took the view the Minnesota law impaired the sanctity of contracts.

The majority, through Chief Justice Hughes, found that there was a situation in Minnesota which demanded relief if the State had power to give it, and that the State possessed such authority even if it meant that mortgage holders were denied for a time the foreclosure rights laid down in the contracts made with their debtors.

The Chief Justice said the Minnesota statute should be sustained as a law for the protection of a basic interest of society.

CHANGED ATTITUDE SEEN

Only 3 years ago the Chief Justice was assailed in the Senate as a man who thought more of the rights of property than he did the rights of the individual.

The occasion was his nomination to succeed the late William Howard Taft as Chief Justice. Hughes was confirmed after Senate progressives spent several days in lambasting him.

He surprised them and the conservatives, too, at the fall term of court by siding with the liberal element to uphold Indiana's chain-store tax.

He left the conservatives also in the California syndicalism case, the Minnesota newspaper gag law, and a series of others, although he has sided with the conservatives now and then, particularly with regard to tax legislation.

[From the Washington Herald]

CONGRESS WINS ADDED POWERS UNDER VERDICT—SUPREME COURT DECISION GIVES SWEEPING AUTHORITY TO ACT WHEN FACING AN EMERGENCY

Armed with a decision of the Supreme Court that laws may be enforced when made in behalf of all the people in times of emergency, the Roosevelt recovery program is on sure ground. This decision was handed down Monday on the matter of a mortgage moratorium law passed in Minnesota. Following is the second of two articles dealing with the significance of the decision:

You may view with alarm the decision of the Supreme Court that a law in behalf of the general welfare may outweigh even the wording of a clause of the Constitution as to your own welfare.

And justifiably so, for, henceforth, the responsibility of determining the general welfare lies not within the Constitution but within the discretion of Congress.

True, nobody conceives of a law providing that your hams may be seized by the sheriff or your goods confiscated or your contracts interfered with recklessly and no recompense provided. But that's only because we all have faith in the good sense of our lawmakers and the belief that they will not go that far.

For by its decision of Monday the Supreme Court has restated an opinion of Chief Justice Marshall of more than a hundred years ago, that Congress may act for the general good, and has added to his opinion the significant remark that the declaration by Congress of an emergency liberates that body to act to the best interests of all even at the loss of one or any part of the whole of the citizenry.

The rigid words of the Constitution, the Court now holds, cannot be interpreted to interfere with what the State conceives to be its protective power over its citizens.

And there's the rub.

BEYOND THE POWER OF COURT

For now the action of the State as a protective power in the emergency akin to war, lies beyond the power of the Supreme Court. A law may be passed that is, in the opinion of the Court, unwise or even unfair. But if it is proclaimed on a basis of recognition of national emergency and a threat to the welfare of the whole people it sticks.

Congress is bound only by its own discretion on matters relating to the emergency and its bearing on general welfare.

And nowhere in the Constitution can you find words to support that.

And that is what plagues many a sincere believer that his rights have been lost and his constitutional guaranties removed by Monday's decision. Among these is Justice Sutherland, of the Supreme Court, who wrote a dissenting opinion, to which three other justices adhered.

[From the Washington Post, Jan. 10, 1934]

THE SUPREME COURT DECISION

The average citizen, confronted with the wealth of logic and precedent found in both opinions on the Minnesota mortgage moratorium case, will probably form his own judgment by asking a simple question: What would have happened had the Supreme Court decided 5 to 4 against the constitutionality of this law?

The answer to that question is likely to be disconcerting to all, and they must be numerous, who feel that the dissenting opinion of Mr. Justice Sutherland carries more pure legal conviction than the majority opinion as expressed by Chief Justice Hughes. An adverse opinion on this Minnesota case would have had repercussions far beyond the confines of that State and far deeper in character than the particular law in issue. The legality of large parts of the recovery program, based upon the sweeping emergency powers conferred by Congress on the President, would have been immediately called into question. As the situation rests, that program is now strongly fortified to meet its next test of constitutionality.

In other words, the general reaction to this historic decision is likely to be that it was foreordained by circumstances. This feeling will be strengthened by the significant emphasis of the majority opinion upon the temporary and conditional character of the legislation which has been sustained. It is not stated that the Minnesota moratorium law would have been found unconstitutional if its application were more permanent and less reasonable, but that is the implication. To a pronounced extent it is not the constitutionality so much as the rationality of the legislation which is defended by the majority opinion. Because of this there is a suggestion of inconsistency in the conclusion that the Court was not concerned with the wisdom or unwisdom, as a matter of policy, of the legislation at issue. The concurrence of the minority opinion with this conclusion is more convincing than its assertion by the majority.

The decision may well both augment and diminish the prestige of that august body which has been America's most notable contribution of the mechanism of constitutional government. Those with legal training will be apt to feel that the Supreme Court has swung its emphasis to the opportunist side in a case where the issue of constitutionality was nicely balanced. Those who form simpler judgments will probably conclude that the Court is a very human body which took the most practical way out of a very thorny situation. There will be many comments on another 5-to-4 decision. And those comments will hit fairly near the heart of the difficulty.

There will, of course, be no lessening of the high respect in which the justices of the Supreme Court are held both individually and collectively. Even the most cursory reading of both the majority and minority opinions in the Minnesota case reveals the earnestness, the integrity, and the scholarship behind both of these opposing viewpoints. But the situation serves to emphasize that these viewpoints are literally opinions—not oracular judgments.

At a time when the standing of all institutions is challenged by the flux of circumstance, that of the Supreme Court becomes more anomalous just because it is apt to be regarded as infallible. But when a rigid Constitution comes into direct opposition with an inflexible economic situation, it is not difficult to predict which of the two will yield. The merit of the legal mind lies in its ability to find precedents to show that it is constitutional for rigidity to become temporarily malleable.

[From the Washington Evening Star, Jan. 10, 1934]

A FAR-REACHING DECISION

The Supreme Court of the United States has handed down an opinion of great signficance and far-reaching effect in the case relating to the Minnesota law establishing a moratorium on foreclosures of mortgages. Involved in the case, which challenged the constitutionality of the State law in the light of the prohibition in the Constitution against impairment of contracts, was the question of the protection of a basic interest of society, a protection made necessary by the economic situation arising in the country. The court, in a decision handed down by Chief Justice Charles Evans Hughes and concurred in by four other members of the Court, upheld the validity of the Minnesota law.

The decision of the Court in this case, involving a State law growing out of the economic emergency, may be a forerunner of others. Indeed, it has been hailed as the first victory in the legal battle which has been gathering over the validity and constitutionality of many of the recovery acts of the administration. The Minnesota law was upheld, it is true, by a narrow margin. The Court divided 5 to 4. Its decision, however, is none the less binding. The recovery laws passed by the Congress at the behest of the administration have been challenged in various quarters on the ground of unconstitutionality. It is quite true that the Minnesota law is a State enactment, like the New York State milk law, the validity of which the Supreme Court is expected to pass upon also at an early date. But these State laws, like the New York rent laws enacted some years ago, which were upheld by the Supreme Court, are based upon the existence of an emergency and are temporary in character.

The seriousness of the conflict between those who hold that an emergency, threatening the public welfare, warrants the exercise of power by Government and the State, and those who would hew to the narrow line constitutional interpretation, is recognized.

It is particularly recognized in the dissenting opinion of the Court, written by Associate Justice Sutherland and concurred in by three of his colleagues. The view of these dissenters from the opinion of the majority of the Court is succinctly expressed in the declaration that "if the provisions of the Constitution be not upheld when they pinch as well as when they comfort, they may as well be abandoned."

The prohibition against the impairment of contracts in the Constitution is contained in section 10 of article 1, which says: "No State shall enter into any treaty, alliance, or confederation; grant letters of marque and reprisal; coin money; emit bills of credit; make anything but gold and silver coin a tender in payment of debts; pass any bill of attainder, ex post facto law, or law impairing the obligation of contracts, or grant any title of nobility."

The Court held that an emergency existed in Minnesota which furnished a proper occasion for the exercise of the reserved power of the State to protect the vital interests of the community. That reserve power of the State is safeguarded in the tenth amendment to the Constitution, which declares: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people." The Court further held that the Minnesota law did not contravene the Constitution since it was of a character appropriate to an emergency and was granted upon reasonable conditions. The period of redemption for the mortgages laid down, the Court held, seemed to be not unreasonable, and the legislation which is temporary in character, is limited to the exigency which called it forth.

[From the Chicago Daily News, Jan. 9, 1934]

EMERGENCY IS STRESSED BY SUPREME COURT—WRITER POINTS OUT THAT PERMANENT NEW DEAL MAY NOT BE BACKED

By David Lawrence

WASHINGTON, D.C., January 9.—President Roosevelt's "new deal" may be justified constitutionally as an emergency. But any effort to make it permanent, as advocated by the President in his recent message, will run counter to the Supreme Court of the United States.

This trend of judicial opinion may be inferred from the latest decision of the Supreme Court of the United States in sustaining the Minnesota mortgage law.

Nobody knows, of course, what the Supreme Court will say about any future case, as each stands on its own merits and its own set of facts, but official Washington has been waiting for several months for a hint as to how the Supreme Court justices would divide on some of the major questions of constitutional law involved in the new deal.

While the Minnesota case involves the power of a State rather than any Federal law, the principles underlying the decision are just the same as if the National Industrial Recovery Act had been under consideration.

LAW HAD TIME LIMIT

The Minnesota law provided that the State could prevent foreclosures by requiring the holder of the mortgage to accept a fair rental value or interest charge until a specific date in 1934. Had there been no date fixed, the law would have been regarded as a piece of permanent legislation. This may be assumed from the fact that the majority opinion of the Supreme Court made a special point concerning the limited character of the legislation.

But it is significant that the Supreme Court did say that a State could pass a law which frankly impaired a contract and that this is not a violation of the Federal Constitution, which declares that no State shall make a law impairing the obligations of a contract.

The emergency produced by the bank holiday and the economic depression was described at length by the Supreme Court as justifying the State of Minnesota in postponing foreclosure actions. The minority of the Supreme Court quoted from previous opinions to justify the assertion that economic distress may be severe, but that it happens frequently in the life of the Nation and that contracts are meant to be carried out and not interfered with by State laws.

HUGHES, ROBERTS, LIBERAL

It is interesting to note that the Supreme Court, in dividing 5 to 4, revealed Chief Justice Hughes and Justice Owen Roberts as concurring with the so-called "liberals"—namely, Justices Brandeis, Cardozo, and Stone—while the minority consisted of Justices Sutherland, Van Devanter, McReynolds, and Butler.

If the Chief Justice or Mr. Roberts should swing to the other side, we may get decisions holding unconstitutional some of the new-deal legislation.

Every single piece of new-deal legislation has in its preamble a declaration by Congress that a national emergency exists, so it may be taken for granted that for the time being the Supreme Court will uphold any statute which is based on the emergency.

The Supreme Court will also reserve the right to inquire into the facts and circumstances to determine whether the emergency is real or whether it is simply an excuse for the enactment of permanent legislation. A declaration by Congress that an emergency exists does not always mean that the courts will agree with the declaration.

[From the Chicago Daily News, Jan. 10, 1934]

RESERVE POWERS OF GOVERNMENTS

Speculation concerning the logical implications of judicial decisions is usually unprofitable. Nevertheless, many persons doubtless regard the United States Supreme Court's findings in the Minnesota mortgage-moratorium case as distinctly relevant to fundamental constitutional issues raised by the new deal recovery program.

Some believe that the decision foreshadows the Court's approval of even the most radical compulsory features of the N.R.A., the A.A.A., and other emergency establishments. Others point to the fact that four of the justices vigorously dissented from the position taken by the majority. Five-to-four decisions in important cases are not satisfactory, and are not deemed conclusive. Any novel point, and material distinction, may cause one or more of the majority group to change their views.

The essence of the majority decision in the Minnesota case is, briefly, that, although the Federal Constitution does not provide for so-called "emergency powers", it does contemplate the exercise, in emergencies, of powers reserved to the government of a State, if such exercise is necessary to the safety and welfare of the community. The Minnesota mortgage-moratorium law is sustained, therefore, on the ground that it constitutes "a limited and temporary interposition with respect to the enforcement of contracts." A flood or an earthquake, says Chief Justice Hughes, certainly would have warranted a statutory moratorium upon mortgages, and a prolonged economic depression may demand similar interference with contract rights.

The majority opinion makes it clear that no specific grant of power to the Government and no express limitation upon power may be set aside or changed by judicial construction. On the other hand, where constitutional grants or limitations of power are set forth in general terms, the courts are authorized to "fill in the details," in the light of facts and conditions, by reasonable interpretation. And the majority of the Court holds it not unreasonable to affirm that a serious economic crisis is comparable to a physical disaster in the sense that it calls for the use of reserved powers—of "continuing and dominant powers."

The inference is clear that Congress and the Executive may not alter the governmental system of the Republic by destroying guaranteed contract or property rights of citizens under the pretext of meeting an emergency, but that, like the States, the Federal Government may exercise, in authentic crises, reserved powers in a limited way and for a limited time. Whether a Government willfully stretches or abuses its reserved powers, or uses them arbitrarily by continuing to apply them after the emergency has ceased to exist are questions for the judiciary to determine.

[From the St. Paul Pioneer Press, Jan. 9, 1934]

HIGH COURT UPHOLDS MORTGAGE MORATORIUM—PLACES STATE'S WELFARE ABOVE PRIVATE RIGHTS—EPOCHAL OPINION FORECASTS UNPRECEDENTED LIBERALITY IN RULINGS ON GOVERNMENT EMERGENCY ACTS—UNITED STATES BENCH VOTES 5 TO 4 IN MINNESOTA CASE

By J. R. Wiggins

WASHINGTON, January 8.—In an epochal opinion setting the economic good of the State over the private-contract rights of the individual and forecasting interpretations of unprecedented liberality on the constitutionality of other emergency powers of the Government, the United States Supreme Court upheld the Minnesota moratorium law today.

PETERSON HAILS COURT'S DECISION

WASHINGTON, January 8.—The Supreme Court's decision upholding the Minnesota mortgage moratorium law was interpreted by Attorney General Harry H. Peterson, of Minnesota, as a constitutional vindication of emergency legislation enacted by the States and the Federal Government, including the National Industry Recovery Act.

Peterson hailed the decision as "a victory for the people of Minnesota that will enable many farmers and city dwellers to hold on to their homes until good times return."

"I am greatly pleased with the decision", he said. "I consider it will enable the State of Minnesota, as well as the many other States with similar laws, to accomplish a great deal for the good of their people.

"It will also enable the Federal Government to carry on under its recovery legislation without fear of an adverse decision as to the constitutionality of the N.R.A.

"The majority opinion, as read by Chief Justice Hughes, was not only a sound statement of the legal phases involved, but was statesmanlike in that it interpreted the Constitution as a living document that must be adapted to current conditions.

"I believe the respite afforded homeowners by such emergency legislation will give them a chance to refinance their obligations through the Farm Credit and Home Loan Corporations and, consequently, will save thousands of homes from foreclosure."

Wisconsin, New York, and Pennsylvania are among other States having mortgage relief laws similar to the Minnesota statute.

Henry Epstein, solicitor general of New York, viewed the decision as a vindication of all such legislation, including that of New York and Pennsylvania, which he described as "much more drastic" than the Minnesota law.

TRIUMPH OF HUMAN RIGHTS, OLSON SAYS

The decision of the United States Supreme Court upholding Minnesota's mortgage moratorium law represents a triumph of human rights over property rights, Governor Olson asserted Monday night.

"The decision represents more than a triumph of the police power clause of the Constitution over the due process of law and obligation of contract clauses", he said.

"It really represents a triumph of human rights over property rights. It also indicates that we can change the system under which we live in any manner we desire and keep within the Constitution."

The law was drafted in the office of Attorney General Harry H. Peterson and passed by the regular 1933 session of the State legislature.

DRAWN BY ORFIELD

The original bill was drawn by Assistant Attorney General Mathias N. Orfield in collaboration with Attorney General Peterson. The case testing the law, which was instituted in the Hennepin County District Court, finally made its way to the high Court of the land after District Judge Arthur Selover, of Minneapolis, ruled it unconstitutional and the Minnesota Supreme Court held it was valid. Justice Royal Stone, of the Minnesota Supreme Court, was the only one dissenting.

Instead of filing a brief as friends of the court, the Minnesota attorney general's office appeared as counsel in the case. Attorney General Peterson and William S. Ervin, assistant attorney general, appeared before the United States Supreme Court early in November and argued in behalf of the law.

"Our office is highly gratified over the high Court's verdict", Assistant Attorney General Ervin said when notified of the decision. "We feel this law is beneficial both to the mortgagees and the mortgagors of this State and that the law is a step in the right direction.

"We feel also that it is not a detriment to the mortgagee, but is helpful to both parties. It will help tide things over until conditions return to normalcy. The law is working out very satisfactorily.

SEES N.I.R.A. AFFECTED

"This case further affects some of the principles involved in the National Industrial Recovery Act, and for that reason also we are highly pleased over the ruling. There are a number of States with similar legislation that will be affected."

In stressing the importance and scope of the case, Mr. Ervin pointed out that the United States Law Week, which is one of the leading legal publications of the country, listed the Minnesota moratorium law and the New York milk action as the most important cases on the United States Supreme Court docket this year.

Attorney General Peterson was in Washington Monday to argue the case of Alabama against Minnesota in the matter of prison-made goods, in which 18 other States are affected.

DIFFERENCE IN MINNESOTA AND NORTH DAKOTA LAW CITED

BISMARCK, N.DAK., January 8.—There are vital distinctions between the Minnesota moratorium law upheld by the United States Supreme Court today and the North Dakota moratorium act, according to C. L. Young, Bismarck, chairman of the State bar board.

Young has made a study of the law of the moratorium for a paper presented before a recent meeting of the State bar association.

The North Dakota moratorium law was held unconstitutional by the State supreme court to the extent that it was intended to affect mortgages given prior to approval of the act, but was held constitutional as far as it affects mortgages given after the act took effect.

"The Minnesota court in its decision", Young said, pointed out what it considered a vital distinction between the two statutes.

"The North Dakota act extends the time of redemption unconditionally for a period of 2 years from the date of the approval of the act. The Minnesota act provides that one who desires to avail himself of the extension provided for must pay the reasonable rental value of the property involved during the period of extension to the party holding the sheriff's certificate of sale. The court said that this provision, in its opinion, provides compensation, so that there is no taking of property without due process of law, although there is in fact some impairment of the obligation of the mortgage contract."

[From the St. Paul Pioneer Press, Jan. 10, 1934]

MORTGAGE MORATORIUM RESULTS

The mortgage moratorium law upheld Monday by the United States Supreme Court was enacted at the regular session of the Minnesota Legislature a year ago in the belief that the difficulties of farm and home owners were principally caused by foreclosure policies of owners of the underlying mortgages. The legislature accordingly provided that such a debtor may apply to a district court for an additional 2 years of time to redeem his property. If the court is satisfied that the debtor is in good faith and operating the property with reasonable prudence, it can grant the additional time, fixing some just rental payment and other terms. It is this law the Supreme Court has ruled valid and not an unconstitutional impairment of a contract.

Experience under the law has not been quite what was expected. It has been found, for example, that very often the trouble is caused not by the owner of the first mortgage but by some minor lien holder. Many of the larger creditors, especially the institutional creditors, such as insurance companies, declare that they have on their books and in use more liberal moratoriums than that in the law. The mortgage owner is usually more eager than anyone else to keep a good farmer on the land. Sale of the property and eviction is in such cases the last resort, not the first. In a surprising number of cases it is necessary to persuade the debtor not to abandon the property.

The courts in applying the moratorium law in general do about the same thing that a reasonable creditor would do. Although here and there a creditor has been made the victim of petty chiseling, the law on the whole has worked with reasonable satisfactoriness on both sides. An amendment has been suggested to require a bond to assure the upkeep and maintenance of the property during the moratorium period and it seems a reasonable one.

[From the Farmer-Labor Leader, St. Paul, Minn.]

THE ATTORNEY GENERAL "LANDS"

Two solar plexus blows on methods of exploitation treasured by the capitalist system were landed at Washington, D.C., in a single week. Credit goes first to the men and women who elected them, and then in full measure to Governor Olson and particularly to Atty. Gen. Harry H. Peterson, and to the latter's corps of assistants—all of whom are active Farmer-Laborites.

Scarcely had telegraph wires quieted from the news that Minnesota's mortgage moratorium law had been upheld by the United States Supreme Court when another flash shocked the Nation into attention—the State of Alabama dismissed its case involving the sale in this State of goods produced in Alabama prisons. Both cases had been argued before the high Court by Attorney General Peterson.

In spite of reactionary politicians and over the violent protest of big-business newspapers, Farmer-Laborites of Minnesota are beginning to halt—not yet to root out, but to halt—some vicious features of the economic system used to exploit the common people. In the interests of simple justice they even penetrate prison walls holding convicted enemies of society.

Farmer-Laborites! Heads up, eyes front, and shoulders erect! Principles of the Farmer-Labor movement of Minnesota openly and effectively challenge the world-wide, international capitalist system. The fight is on in earnest!

[From the Minnetonka Pilot, Mound, Minn.]

CONGRESSMAN LUNDEEN DEFENDS THE MORTGAGE MORATORIUM IN AN OPEN LETTER TO LOAN CORPORATIONS

GENTLEMEN: After a meeting at the offices of the Reconstruction Finance Corporation, attended by you and certain other Government officials and representatives of certain insurance companies and financial institutions, you announced to the press that "the whole mortgage situation is being greatly embarrassed and retarded by laws that are being passed in different States giving unusual moratorium privileges."

I wish to lodge vigorous protest against this statement. The Federal Government should have given prompt aid to the home owners and farm owners of America. Had this been done, moratorium laws would not be necessary. Had the machinery set up by the Federal administration functioned properly and brought swift relief there would be no talk of embarrassment now.

I call your attention to the opinion of Hon. Harry H. Peterson, Farmer-Labor attorney general of Minnesota, who fought this battle of human rights against property rights before the Supreme Court of the United States. Attorney General Peterson has wired me as follows:

"The Minnesota mortgage moratorium law does not interfere with the program of the Federal loaning agencies. It was passed before such agencies were in existence and in the belief that when they came into existence such agencies would provide the necessary money to refinance farm and home mortgages.

"The extensions provided for by the Minnesota mortgage moratorium law were necessary because of the failure of the Federal Government to act and to save the farms and homes of our people, which the Supreme Court of the United States held is a 'basic interest of society' until the Federal Government does act. Just as soon as Federal loaning agencies provide needed money, State extensions will end.

"The act by its terms is not applicable to loans by the United States Government and its agencies. It cannot interfere with Federal loans.

"It is pertinent to observe that the Federal Government, true to form, through the Reconstruction Finance Corporation, has taken care of those at the top first—the railroads, banks, and insurance companies—and then gave postponed attention to those at the bottom, the farm and the home owners, who constitute the mass of the people and really are the Nation. Until the Federal Government has done as good a job for the people as it has for big business, Mr. Jones' remarks are not in order.

"The statement made by Mr. Jesse H. Jones, chairman of the Reconstruction Finance Corporation, and John H. Fahey, chairman of the Home Owners' Loan Corporation, 'that the whole mortgage situation is being greatly embarrassed and retarded' by State mortgage moratorium laws is utterly untrue and is based upon either a misconception of the purposes of this law or ignorance of its provisions.

"It is evident that mortgage moratorium laws are still needed and desirable. Because of the failure of the Federal Government and its agencies to provide needed money, Missouri, Arkansas, Kentucky, Mississippi, and a score of other States are even now contemplating the enactment of mortgage moratorium laws to

protect their farm and home owners until the Federal Government and its agencies do act. The 'basic interest of society' needs this protection."

Government officials and Members of Congress especially should read the Minnesota mortgage moratorium law and the Supreme Court's decision which I placed in the CONGRESSIONAL RECORD of January 10, 1934. The homes and farms of the American people must be protected from destruction at the hands of certain financial institutions.

[From the Minneapolis Tribune, Jan. 9, 1934]

MORTGAGE MORATORIUM LAW UPHELD—U.S. HIGH COURT RULES STATE'S MOVE JUSTIFIED—EMERGENCY HELD VALID BASIS FOR SUSPENDING CONTRACT PROVISIONS—HUGHES GIVES OPINION IN 5-TO-4 VOTE—UPHOLDING OF NEW DEAL FORESEEN—SUPPORT OF NEW DEAL LEGISLATION INDICATED

By George F. Authier

WASHINGTON, January 8.—Approval of the Minnesota mortgage moratorium law by the Supreme Court, in its 5-to-4 decision, was generally regarded here Monday night as one of the most momentous decisions handed down since the famous Dred Scott decision, in which the Court went along the lines of interpretation of the letter of the Constitution. In Monday's decision the Court follows the precedent of interpreting the fundamental law of the land by taking into consideration new conditions.

Chief Justice John Marshall initiated the practice of "interpreting" the Constitution, and the tendency has grown since. To some students of the Constitution it has grown to alarming proportions. To others it merely is in keeping with the times, tending to make the document more elastic.

USE CALAMITY POWERS

The outstanding feature of the decision, as seen here, is that an economic emergency is regarded in the nature of a great public calamity, comparable to fire, flood, or earthquake.

Given such a situation, the power reserved to the State under the Constitution, can be invoked by the legislature, and it may apply to variations in the manner in which a contract may be fulfilled or enforced.

With such an interpretation it is easily seen that the startling legislation of the new deal, much of which has been assailed here and there as unconstitutional, receives prominent support. While the Court dwells on the fact the contract remains sacred, and its fulfillment merely is postponed, the fact that it assumes the economic depression in Minnesota and elsewhere is a justification for the legislation enacted in that State makes it reasonable to assume that other legislation, both National and State, would receive similar approval for the same reason.

CONSERVATIVES GRAVE

The existence of an emergency may be spread to cover a multitude of things, and in this decision is seen probable approval of practices growing out of the National Recovery Administration, the Agricultural Adjustment Administration, and various other features of the new deal.

How far the interpretation of the Constitution might go is puzzling students of the Constitution, and there is grave shaking of heads among those who agree with the minority opinion, read by Justice Sutherland and concurred in by Minnesota's representative on the Court, Justice Pierce Butler.

STAMPS HUGHES AS LIBERAL

The decision renewed the grouping of the present Supreme Court as among "liberals" and "conservatives", so-called. It definitely placed Chief Justice Hughes among the liberal group, regardless of the fact that he was appointed as a judge of conservative leanings, and his confirmation was opposed by the liberal group in the Senate.

Both sides to the controversy growing out of the new deal realize the decision is so close that upon other and more direct issues the Court might decide differently. The group of four who oppose the majority may be relied upon, it is thought, to maintain the fundamental views expressed by them, while the majority decision deals with an immediate application of laws to conditions and might, in one instance or more, change with a different situation.

[From the Minneapolis Journal, Jan. 9, 1934]

MORATORIUM SUSTAINED BY HIGHEST COURT—MINNESOTA MORTGAGE LAW HELD VALID BY UNITED STATES SUPREME BENCH, 5 TO 4—DECISION EXPECTED TO AFFECT N.R.A. VITALLY—STATE STATUTE DECLARED FULLY WITHIN CONSTITUTION, WITHOUT CREATING NEW POWERS

By Charles B. Cheney

WASHINGTON, January 9.—Speaker of the House H. T. RAINEY predicted today that the Supreme Court, which yesterday upheld the Minnesota moratorium law, would sustain every N.R.A. code so far enacted.

In one of the most important decisions announced by the United States Supreme Court in recent years, the Minnesota mortgage moratorium law was upheld late yesterday. The Court stood 5 to 4, as it has many times in critical cases. The decision may have a far-reaching effect.

LAW WAS HELD INVALID

The case originally was brought in Hennepin County District Court, where Judge Arthur L. Selover held the law invalid. On appeal the State supreme court reversed the decision, Justice Royal A. Stone alone dissenting.

Appeal was taken, and the United States Supreme Court expedited consideration because of the time element involved. The case attracted Nation-wide attention because similar laws in other States were involved, to say nothing of the Federal acts under the new deal.

The case was argued November 8. Attorney General Harry H. Peterson and William S. Ervin, one of his assistants, spoke for the act, which was attacked in arguments by Karl H. Covell and Alfred W. Bowen, Minneapolis attorneys.

[From the Minneapolis Star, Tuesday, Jan. 9]

MORATORIUM DECISION PLEASES HOME OWNERS—MORTGAGE LAW UPHELD IN SUPREME COURT RULING

Some 4,000 Minnesota home owners today greeted with relief the United States Supreme Court decision upholding constitutionality of the Minnesota mortgage moratorium act, passed by the 1933 State legislature to provide extension of the redemption period to May 1, 1935.

With about 4,000 such cases pending in the State, approximately 550 such cases have been started in Hennepin County District Court, according to George H. Hemperley, clerk of district court. More than half of the cases already have been heard and relief granted pending the decision handed down late Monday, he said.

Mr. Peterson said the decision would save thousands of homes from foreclosure throughout the country.

George C. Stiles, Minneapolis attorney, who assisted in drawing the original bill for consideration by the State legislature and who fought the case along in the district court, said he was "extremely pleased by the decision, which upholds the right of the individual to safeguard his property."

[From the Minneapolis Star, Jan. 10, 1934]

THE MORTGAGE MORATORIUM UPHELD

A majority opinion by the United States Supreme Court has upheld the validity of Minnesota's mortgage moratorium act, thus recognizing the emergency that exists among home owners throughout the country and giving them, by reason of that emergency, a chance to hold their homes in the face of it.

In defending the act it might well be asked: If this isn't an emergency, what would be? If this isn't a time to make some concession to those who have invested their savings into homes of their own, when would be?

The Supreme Court's decision is in accord with the American creed that the home and home ownership should be the last to collapse under economic pressure. When a man and family lose their home their anchor is torn loose from the spot of earth they called their own, their pride in that anchorage is dealt a fatal blow, the confusion of the depression is worse confounded. This law extends the redemption period to May 1, 1935, when the recovery program should be far enough advanced to save many homes which otherwise would be lost and irrecoverable. It is a humane and human measure, and the Court's decision behind its technical phraseology identifies it as such.

[From the St. Louis County Independent (Hibbing, Minn.)]

MINNESOTA AGAIN SETS PACE

The validation by the United States Supreme Court of the mortgage moratorium law enacted by the Minnesota Legislature at its last regular session is another feather in the hat of the Farmer-Labor administration under the leadership of Gov. Floyd B. Olson, and will no doubt be the means of giving the farmer and home owner in other States the same relief offered by Minnesota.

It is through the leadership of Governor Olson that Minnesota is becoming a byword for those who feel that the old order must go and that it must be replaced by something that will benefit society. Governor Olson, through the Farmer-Labor Party, is advocating fundamental changes that if proposed a few years back would have caused a great many people to throw up their hands in holy horror and howl socialism, radicalism, bolshevism, and other terms that were aimed to turn the people's minds against their own best interests.

Conditions, however, have compelled the people to delve a little more into the fundamentals necessary to bring about a change, but a leadership was needed to propose and carry out these changes. That leadership was conferred on Governor Olson by the people of Minnesota, and that the people made no mistake is conclusively proved by the undaunted courage displayed by the State's chief executive in advocating and carrying out fundamental changes that are being adopted by other States. It is this kind of leadership that is placing Minnesota in the forefront, causing this State to be set up as a model by other States in the fight for economic justice.

[From the Omaha Bee-News, Jan. 9, 1934]

SETTING ASIDE OF CONTRACTS IS RULED LEGAL—SUPREME COURT UPHOLDS MINNESOTA LAW

WASHINGTON, January 8.—The Supreme Court upheld a Minnesota law Monday in a ruling immediately interpreted in the Capital as auguring well for the wide variety of emergency legislation enacted under President Roosevelt's program.

The decision upheld the right of a State to suspend contracts in an emergency, such as was provided by the depression. The law, which the Court held valid, extended the time in which mortgaged property sold under foreclosure might be redeemed.

The right of contracts and of the Government to set them aside in an emergency was debated last April and May while several of the bills of the President's emergency program were before Congress.

[From the San Francisco Chronicle, Jan. 10, 1934]

FARM DECISION NOT RULE ON N.R.A., DECLARES BECK—CONSTITUTIONAL AUTHORITY SAYS COURT DID NOT PASS ON CONGRESS POWER

Representative BECK, an acknowledged constitutional authority and a Republican, at the request of the Associated Press, wrote the following view of the significance of the Supreme Court action upholding the emergency Minnesota mortgage moratorium law:

(By JAMES M. BECK, Representative of Pennsylvania and former Solicitor General of the United States)

WASHINGTON, January 9.—The alphabetical excrescences of our already swollen bureaucracy should not take too much encouragement from the Supreme Court decision in the recent Minnesota case.

In my judgment it does not necessarily validate the more disputable features of the emergency legislation, for the Supreme Court was not considering the powers of Congress under the Constitution, but only the power of the Legislature of Minnesota.

COURT RULING CITED

That great Court has repeatedly stated that its opinions must be confined to the precise question which it was adjudicating. In this case the question was whether the Federal Constitution prevented the State of Minnesota, under its reserved powers, from suspending the remedial processes of its courts for a limited period in the matter of foreclosing mortgages.

As a sovereign State, Minnesota has all legislative power except such as it and other States had delegated to the Federal Government under the Constitution. The United States Supreme Court has now held, by a bare majority, that the temporary suspension by a State of the right of foreclosure is not an impairment of a contract within the meaning of the Federal Constitution.

[From the San Francisco Chronicle, Jan. 10, 1934]

OFFICIALS SEE RELIEF SPUR IN DECISION—ACTION HELD FORECAST OF FAVORABLE STAND ON N.R.A. IN LEGAL TEST OF PLAN

WASHINGTON, January 9.—The belief that the Supreme Court's validation of Minnesota's mortgage moratorium law might lighten the Federal task of refinancing farm and home indebtedness was expressed today by Farm Credit Administration and Home Owners' Loan Corporation officials.

The Court's decision upheld State legislation extending the time for redemption of property foreclosed for nonpayment of mortgage indebtedness and containing other provisions to ease the debtors' burden.

MORE STATES TO ACT

Officials said today almost 20 States had enacted legislation which followed similar lines and that many legislatures meeting this year probably would pass such laws now that the Minnesota statute had been declared constitutional.

One of the principal benefits to the work of the Home Loan and Farm Credit Administrations, officials said, was that an extension of the time for redemption would allow, in many instances, a sufficient period for a Federal loan on the property or a scaling-down of the indebtedness if its present value is insufficient to cover the amount due.

GUARANTY TO BE EXTENDED

Difficulty that the two organizations have had in getting their bonds accepted by creditors is expected to be dissipated if Congress guarantees the principal as well as the interest on the securities.

President Roosevelt is to send a request for such legislation to Congress tomorrow.

Administration supporters generally took the attitude that the Minnesota case forecast decisions upholding the National Industrial Recovery Act, the farm adjustment measure, and other emergency legislation backed by the President.

DISSENTING OPINION

The four dissenting judges, in an opinion by Justice Sutherland, took the view the Minnesota law impaired the sanctity of contracts.

The majority, through Chief Justice Hughes, found that there was a situation in Minnesota which demanded relief if the State had power to give it, and that the State possessed such authority, even if it meant that mortgage holders were denied for a time the foreclosure rights laid down in the contracts made with their debtors.

The Chief Justice said the Minnesota statute should be sustained as a law for "the protection of a basic interest of society."

HUGHES ONCE ASSAILED

Only 3 years ago the Chief Justice was assailed in the Senate as a man who thought more of the rights of property than he did the rights of the individual.

The occasion was his nomination to succeed the late William Howard Taft as Chief Justice. Hughes was confirmed after Senate progressives lambasted him.

He surprised them, and the conservatives, too, by siding with the liberal element to uphold Indiana's chain-store tax.

He left the conservatives also in the California syndicalism case; the Minnesota newspaper gag law; and a series of others, although he has sided with the conservatives now and then, particularly with regard to tax legislation.

[From the Nation]

The Supreme Court, as "Mr. Dooley" once astutely remarked, follows the election returns. Sometimes, of course, it is a good many years behind them, but by and large it has bowed to the public will in interpreting the Federal Constitution during the century and a half of that document's existence. Obviously it has had to. Otherwise we should have had to scrap the Constitution or Government would have had to cease to be a living organism. In reading the judgment of the Court on the Minnesota law establishing a moratorium on foreclosures of mortgages, we feel that Chief Justice Hughes, supported by Justices Brandeis, Stone, Roberts, and Cardozo, has bowed to the inevitable rather than expounded the certain. The minority opinion—by Justices Sutherland, Van Devanter, McReynolds, and Butler—is an impressive statement of cold logic, but must be discarded for what Justice Hughes aptly calls "the protection of a basic interest of society." Had the Minnesota statute stood alone, the Court might have upheld the letter of the Constitution and thrown out the law, but with our whole recovery legislation hanging by the same thread the path of necessity was plain. It is fortunate for the country—and for the Court—that the Minnesota law has been upheld but the circumstances must increase the amazement of all thinking persons at a system whereby policy vital to 120,000,000 people depends upon a 5 to 4 vote among nine men.

[From the Christian Century]

SUPREME COURT UPHOLDS EMERGENCY LEGISLATION

Debate over the constitutionality of the new deal sank to a whisper after the Supreme Court rendered its verdict on January 8 upholding the Minnesota law granting a 2-year moratorium on mortgages. To be sure, the decision said nothing about any of the Federal measures which have been enacted under the Roosevelt administration. But it laid down a theory of implied powers in an emergency, applicable to the contract provision of the first amendment, the promise of due process of law, and equal-protection guaranties which—some have claimed would be invoked to upset the constitutionality of the N.R.A. and its cognate recovery measures. The vote in the Court was 5 to 4, Chief Justice Hughes not only holding the balance of power but writing the majority decision. Two things stand out in this approval of the Minnesota law which make it almost certain that the Court will hold constitutional Mr. Roosevelt's Federal recovery measures. First, the Court granted that the existence of an economic emergency is sufficient justification for the exercise of extraordinary powers, unless such exercise is explicitly forbidden by the Constitution. Second, the Court laid down the principle that changing social and economic conditions justify the State in establishing unprecedented measures of industrial control. "The question", it said, "is no longer merely that of one party to a contract as against another, but of the use of reasonable means to safeguard the economic structure upon which the good of all depends." On such a constitutional principle, Mr. Roosevelt's new deal can build without misgiving. The Minnesota moratorium decision will take its place among the historic verdicts of the Supreme Court.

[From News-Week]

LAW UPHELD—MINNESOTA'S MORTGAGE MORATORIUM IS RULED VALID

A straw in the wind last week indicated that the Supreme Court breeze is at present blowing in the new deal's favor.

Handing down a 5–4 decision, the Court upheld a Minnesota moratorium statute, the first piece of emergency legislation upon which it has been called to decide. The decision showed Chief Justice Hughes and Justice Stone—the Supreme Court's unpredictables—were lining up with the progressives, Justices Brandeis, Cardozo, and Roberts, against the conservatives, Justice Van Devanter, McReynolds, Sutherland, and Butler.

It also made of John H. Blaisdell (who otherwise might have lived, lost his home, and died comparatively unknown) a possible Dred Scott of the new deal.

For it was John Blaisdell who mortgaged his Minneapolis home in 1926, then saw the mortgage foreclosed and the home sold May 2, 1932. If he wanted it back his contract gave him only 1 year to redeem it. But April 18, 1933—2 weeks before the period of redemption expired—Minnesota passed its mortgage moratorium law. It permitted the courts to extend redemption periods up to May 1, 1935. John Blaisdell asked an extension of the lower court, was denied, and appealed to the State supreme court. It reversed the lower court and ordered it to grant his plea. So then the mortgage company, Home Building & Loan Association, appealed through the State courts and finally to the United States Supreme Court, which heard argument last November.

John Blaisdell's lawyers emphasized the emergency existing when the law was passed. The mortgage company was presenting its case when Justice Brandeis leaned over the Supreme Court desk.

"The situation has led the Federal Government to do what it has never done before. The universality and magnitude of the

situation must be considered. What do you say to that?" he asked lawyers for the mortgage company.

"There is no emergency", they replied, "which will suspend the limitations of the Federal Constitution." They said the Minnesota statute governing the case was unconstitutional because it impaired a contract, deprived the company of property without due process of law, and did not operate equally upon all.

But after more than a month's deliberation, the Supreme Court denied all the mortgage company's contentions and decided that the Constitution had not been violated.

"Emergency", said Chief Justice Hughes this Monday, reading the opinion he had written, "does not create power, but emergency may create occasion for the exercise of power which exists." That power was the "reserved power of the State to protect the vital interests of the community."

[From the Literary Digest]

SUPREME COURT MAKES THE NEW DEAL MORE SECURE—DECISION UPHOLDING THE MINNESOTA MORTGAGE MORATORIUM LAW, THE FIRST TEST OF THE ROOSEVELT PROGRAM, IS HAILED AS ONE OF THE MOST IMPORTANT IN YEARS

John Blaisdell and the new deal were both made more secure last week when the Supreme Court of the United States, dividing 5 to 4, decided that Mr. Blaisdell could have more time to pay that $3,700 mortgage on his Minneapolis home. The decision, upholding the Minnesota mortgage moratorium law and settling the first case brought since the inauguration of the new deal is hailed throughout the country as one of the most important in a generation—or longer.

The specific issue was the constitutionality of the Minnesota law extending the time for redemption of mortgaged property sold under foreclosure. But it involved the far more vital general principle whether in emergency the public welfare takes precedence over individual rights.

"While the case involved the power of a State rather than any Federal law", said David Lawrence, well-known Washington correspondent, "the principles underlying the decision are just the same as if the National Industrial Recovery Act had been under consideration.

The majority opinion, written by Chief Justice Hughes, with Justices Brandeis, Stone, Roberts, and Cardozo concurring and Justices Sutherland, Van Devanter, McReynolds, and Butler dissenting, "was regarded as tremendously significant", said the Washington correspondent of the New York Times, "and as an absolute test of the Court's views on programs of an emergency nature which President Roosevelt and his lieutenants might now propose." The minority opinion was written by Justice Sutherland.

"There is no question," said Theodore C. Wallen, of the New York Herald Tribune, "that the Supreme Court had considered the Minnesota moratorium law in the light of the far greater ramifications of President Roosevelt's recovery program. Nor was there any doubt that the key men of the Roosevelt administration, in the present plans to develop a permanent new order, were looking to the Supreme Court to reinterpret the Constitution in the light of the changed economic conditions wrought by the depression."

But "the decision gives no comfort to advocates of permanent revolutionary change," according to Mark Sullivan, also writing in the New York Herald Tribune, "because of the emphasis it puts on the emergency nature of the legislation. As Chief Justice Hughes puts it: 'The legislation is temporary in operation. It is limited to the exigency which called it forth. * * * The operation of the statute itself could not validly outlast the emergency.'"

And Mr. Lawrence, previously quoted, added that while the Supreme Court "is in tune with the new deal—at least so far as temporary measures are concerned—it will not be when the laws are extended or renewed on the ground that an emergency still prevails."

But temporary or not, observers agree that while the Court will decide each case on its merits, the new deal is safe—the decision upholds the President in his recovery program and strikes a heavy blow at critics who had charged infringements of the Constitution.

In the words of Governor Olson, of the State where the case originated, the decision "represents a triumph of human rights over property rights. It also indicates that we can change the system under which we live in any manner we desire and keep within the Constitution."

Following are excerpts from editorials in representative papers in all parts of the country showing the reaction to the Supreme Court's decision:

THE NORTH AND EAST

New York Herald Tribune (Republican):

"The first thing to be said of the decision is that it does not attempt to adjudicate beyond the depression. Applying the same principle to the National Industrial Act there is not the slightest hint of any revolutionary approach to the Constitution which might encourage the Tugwell group of advisers in their hope of establishing a permanently planned order of society directed from Washington."

Philadelphia Record (independent):

"The Minnesota mortgage decision is probably the most important decision since the Dred Scott case. What it does is to free America from slavish subservience to a literal interpretation of the Constitution, which has for years served to stifle liberalism, block progress, and protect vested interests."

Philadelphia Inquirer (Republican):

"While the decision relates to the rights of a State and not to congressional enactment, the principle is precisely the same. It is of far-reaching importance. It seems to indicate that the Supreme Court will sustain the legality of N.R.A. and other governmental enterprises so long as they are of a temporary nature."

Newark Evening News (independent):

"The Hughes decision is basically conservative in that, while it places the community first, it protects the individual in the ownership of his home and property."

Washington Post (independent):

"The general reaction to this historic decision is likely to be that it was foreordained by circumstances."

Boston Transcript (Republican):

"It is with a shiver of apprehension we read that possible destruction of the great structure of the N.R.A. was prevented in the Supreme Court of the United States only by a 5 to 4 decision. There is, however, a lesson even in this narrowness. It was sufficient to save the country from the inconceivable consequences of a sudden wrecking of the N.R.A. It also is a solemn statement of how close to the danger line the administration stands and a warning to demagogues that they must not force the Government into chimerical schemes."

Springfield Republican (independent):

"No blanket approval for the emergency legislation of Congress can be inferred from this decision. But it does nevertheless imply that powers broadly and reasonably exercised by Congress would receive favorable consideration for the duration of the emergency even if a conflict with the Constitution could be shown to exist."

THE SOUTH

Baltimore Sun (independent Democratic):

"The court, speaking through its liberal majority, has alined itself in favor of a liberal rather than a strict construction of the Constitution, which suggests a disposition to legalize emergency legislation if a way can be found to do so."

Charleston (W.Va.) Gazette (Democratic):

"A blind man can read in the present decision a clear indication that the highest court in the land intends to recognize the N.R.A. and the recovery program of the President. The administration's foes, who cloak their antagonism under the guise of a great love for the Constitution will take no solace from the Minnesota moratorium decision."

New Orleans Times-Picayune (Democratic):

"In a very real sense this test case involved a ruling on the national recovery plan and policy."

Kansas City Journal-Post (independent):

"A decision of great social importance. * * * The psychology of the people is a definite element in recovery and nothing makes for discontent more than loss of farms and homes because of general conditions over which the mortgagee has no control."

Norfolk Virginian-Pilot (independent Democratic):

"The 'public welfare' has risen above 'individual rights.' A history-making decision."

Dallas News (independent Democratic):

"In the Minnesota decision the court has made one of the most remarkable displays of liberal thought in the entire history of the usually conservative tribunal."

WEST AND PACIFIC COAST

Grand Forks (N.Dak.) Herald (independent Republican):

"As the case stands, the Court accepts the theory that back of the written contract stands the authority of the State to safeguard the vital interests of the people and this right cannot be alienated by any process whatever."

Helena (Mont.) Independent:

"The decision is hailed by farmers and their political friends as a great victory when as a matter of fact it will eventually be a costly decision to the class moratoriums are supposed to benefit."

Los Angeles Times (independent Republican):

"The decision probably will turn out to be as much a turning point in constitutional interpretation as was the famous 'rule of reason' decision in antitrust cases."

CENTRAL WEST

Chicago Tribune (Republican):

"An outstanding generalization of the opinion is that constitution guaranties, subject to construction, remain binding and inviolable."

Detroit Free Press (independent Republican):

"The prevailing opinion of the Supreme Court ought to be widely beneficial if only honest and temporary advantage is taken of it."

Milwaukee Journal (independent):

"The decision seems to us a major achievement in defense of the Constitution and our whole system of constitutional government. It defends the Constitution against two dangers which constantly threaten it. The first is the attack of the extremists, whether radicals or reactionaries, who in effect say the Constitution means anything you want it to mean. Secondly, it defends the Constitution against the literal-minded men who, if they were consistent in their logic, would make it unworkable so that the country would be moved to tear it up and either rewrite it or do without a Constitution."

Cleveland Plain Dealer (independent Democratic):

"A refreshing reminder that constitutional law is not a Medes and Persian kind of law, but a law that recognizes the difference between the eighteenth century and the twentieth."

St. Louis Post-Dispatch (independent Democratic):

"We commend the wisdom, and perhaps the ingenuity, of the majority of the Supreme Court in making the Constitution stretch without a break."

If I had permission to do so, I would here insert the various bills introduced in the Minnesota State Legislature which were forerunners of the present mortgage moratorium law. These forerunners are of historical interest. I am informed that there were at least 12 bills which preceded the present law and led up to its passage, and that there were also similar bills prepared by members of the Wisconsin, Nebraska, and other State legislatures.

Among the bills prepared by Minnesota legislators I have been informed of the following:

House File No. 32, by Representative Leonard Eriksson, of Fergus Falls.

House File No. 461, by Representatives Lewis Hefindahl, of Benson Township, in Swift County; Theo. E. Thorkelson, of Renville County; and Hjalmar Petersen, of Askov.

House File No. 252, by Representatives Lewis Herfindahl, of Swift County; Theo. E. Thorkelson, of Renville County; and August A. Zech, of Howard Lake.

House File No. 270, by Representatives Theo. E. Thorkelson, of Renville County, and Lewis Herfindahl, of Swift County.

House File No. 859, by Representatives Alex Lowe, of Hadley; Otto Goetsch, of Dexter; John L. Roebke, of Sherburn; George W. Olson, of Jackson County; Ralph E. Gryte, of Ruthton; and John I. Jordahl, of Lake Benton.

House File No. 1425, by Representatives Theo. E. Thorkelson, of Renville County, Lewis Herfindahl, of Swift County; Carl J. Eastvold, Jr., of Ortonville; and Eric Friberg, of Roseau.

Bills or contributions to bills by Senator Laura E. Naplin, of Thief River Falls; Senator George Nordlin, of St. Paul; and Representatives John Allard Weeks, of Minneapolis; Albert Pfaender, of New Ulm; O. K. Dahle, of Spring Grove; and Speaker Charles Munn, of Hennepin County.

A complete survey of the struggle for a Minnesota mortgage moratorium law would be a valuable contribution to American history. I hope that story will be placed in the RECORD at some future date, and I ask that Minnesotans who read the material here presented inform me of any names and facts omitted which will give information of interest to the general public.

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman and members of the Committee, 5 minutes is insufficient time for me to tell you what I think you ought to know. I want to say that I agree heartily with my friend Congressman LUNDEEN, who has just finished speaking about the soldiers. I maintain they are not getting a square deal and will not until we repeal the Economy Act, which has taken away from the World War veterans, the Spanish War veterans, and their dependents the compensations and pensions to which they are entitled.

Since Congress opened I have introduced three bills. One of them asks the Federal Government to appropriate $20,000,000,000 to carry on the work which has been started by our good President, which the Democrats as well as Republicans are supporting.

I also introduced a bill whereby the soldiers shall have their pensions or compensations increased 30 percent.

Another bill I introduced was to provide an increase of 25 percent for all Federal employees who receive less than $3,000 a year. Now, Mr. Chairman and Members of the House, I want to say that there are many employees working for less than $65 a month.

It is true there are poor women in these buildings of ours going to work at 5 o'clock in the morning, scrubbing and dusting, who are receiving but $50 a month. In other words, Mr. Chairman, I think it is inhuman to have men and women working for the Government and paying them wages that not even a black-and-white mule could exist on. I think it is the duty of the Members of this House to increase the salaries of the Federal employees, especially those who are not obtaining sufficient funds for adequate maintenance.

I do not doubt that every problem that confronts us could be solved if we would permit ourselves, as I have said many times, to be actuated by humanitarian motives. We could eradicate the slum districts, we could abolish poorhouses, we could bring about a pension system in this Government whereby the aged, the widows, and all those who are physically incapacitated could obtain an adequate pension. If this would be done they would not be compelled to get on their knees and ask the would-be charitable agencies for relief. I say it is an outrage that men and women who are willing to work cannot obtain work because they are physically incapacitated, or are too old to obtain employment.

Again, I say it is not a question whether we are Democrats or Republicans. We are here to represent the people and not political parties, and I know if we will do our utmost in representing the people of this country we are bound to bring all of the unfortunates out of the rut, who are now in it because of a depression. [Applause.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman and members of the Committee, I am proud to know that we are getting some nonpartisans on both sides of the aisle. I am proud to know that the leaders of neither the Republican nor the Democratic Party represent or speak for all of the members of their party—from now on we are going to be citizens first and Republicans and Democrats afterward—all politicians look alike to us. From now on we are going to think and work for all of the people of the United States of America, and not only for Republicans or Democrats. May I say to my colleagues from New York, if a few of the Representatives from their State would come up here to the Speaker's desk and sign the petition to discharge the committee and bring the Frazier-Lemke bill out onto the floor for discussion and passage, that then the agricultural West would be more in sympathy with the ideas and suggestions of the gentlemen from New York.

I am now going to discuss, for just a few minutes, the proposed gag rule. The Constitution vests all legislative powers in the Congress of the United States. It says that Congress shall make the laws of this Nation. It vests the power of making the laws of this Nation in Congress and in Congress alone. If the Constitution means anything, it means that we will openly, fearlessly, and frankly discuss, debate, and consider the laws that we are about to pass upon. This is especially true when those laws are prepared by a so-called "brain trust"—humorously so called in the same sense, and to the same extent, and for the same reason that the tallest man you ever knew was called "Shorty" and the fattest man you ever knew was called "Slim." I maintain that the Members of Congress have the right to open discussion and debate, and to offer amendments on all of these bills. If we blindly surrender that power to outsiders who are not Members of Congress, then we may as well go home and tell our constituents that we serve no useful purpose here. But if we discuss, debate, and consider these laws openly and frankly as representatives of all the people and not as representatives of a party or faction, then and then only shall we be true to the trust imposed upon us by the Constitution and the founders of the Republic.

I am opposed to the gag rule that will be brought up here for adoption at noon tomorrow—the gag rule that will prevent Members from offering amendments or debating the provisions of the independent offices appropriation bill. I am especially opposed to that gag rule because it is brought in here now to help continue the crucifixion of the disabled soldiers, the veterans of this great Nation; I am opposed to it because I am satisfied that without that gag rule you will not be able to continue the crucifixion of the veterans of this Nation, and that the great wrong that you have done to the veterans by the adoption of the so-called "Economy Act" will be corrected.

The way we are treating the veterans of this Nation is a disgrace. We no longer protect the protectors of this Nation—the men who gave their limbs and their health and were willing to give their lives for the Nation. We are even misusing the veterans' hospitals that the people and taxpayers of this Nation built for the veterans. The doors of these hospitals are closed to many of the veterans—they cannot get hospitalization while the doors are open to men working for the C.W.A., the P.W.A., and the C.C.C. They, when in need, are given hospitalization in these hospitals. I have no objection to that, but I do want these hospitals to be equally open to the veterans. I do not want to see the veterans crucified any further.

I am opposed to the gag rule being applied to the independent offices appropriation bill, because it has for its aim and purpose to continue the cut of the salaries of Federal employees. This rule has for its purpose and object to continue the salary cut of the boys and girls who are working for the Government and who are trying to go to school and educate themselves.

Further, the object of this gag rule is to permit us to be untrue to our trust and to deceive the people of this Nation by voting for the rule first and then go home and tell our constituents, when we are taken to task for some of the things done here, that we could not help it; that we had no opportunity to debate or offer amendments to the bill because we were gagged. In other words, the object is to gag yourself first and then to say that you could not do anything because you were gagged. May I, however, say to you that for the first time in the history of this Nation the veterans and the farmers are watching each and every Member of this Congress, and that your record will be before them when you go before your constituents at the next election, and no Member will be permitted to hide behind the gag rule that they helped impose upon this Congress.

A great deal has been said here today about Democrats and Republicans. I am not concerned with either Republicans or Democrats. I am glad to note that there are a lot of nonpartisans on both sides of the aisle. I was elected as a nonpartisan on the Republican ticket. Suppose some of my Democratic friends get themselves elected as nonpartisans on the Democratic ticket. It is easy. The people are sick and tired of party lines. They are getting away from placing party above the people of the United States.

It has been suggested by my Republican colleague from New York that we were going back to the ideals of Cleveland and Coolidge. Let us permit the dead to repose in peace. This is the twentieth century. We are going forward, not backward. The suggestion has even been made that we are going back to Hoover. God forbid! We will never go back there. If you Democrats fail us now, then we will take a Jeffersonian-Lincoln Democrat and nominate him and elect him on the Republican ticket. We are going to be nonpartisans all the way through in the future. The time is here. We must defeat this gag rule. We must not permit ourselves to be gagged and then go home and tell our constituents that we could do nothing for them because we were gagged. We, new Members, elected to Congress for the first time, must not allow ourselves to be misled by party leaders because of the so-called "seniority rights" and "party alinements." We were elected to bring about a real new deal.

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

Mr. LEMKE. Yes.

Mr. BYRNS. The gentleman says that we are going to be nonpartisan all the way through. Does the gentleman speak for the entire Membership on the other side of the aisle?

Mr. LEMKE. No; I speak only for the Cherokee strip over there. [Laughter.]

You know that strip is growing. May I say to the Republicans on my extreme left that a cyclone struck you in 1932, and if you, my Democratic friends on the extreme right, do not look out, a tornado will hit you. The people of this Nation have made up their minds that our slogan in the future shall be "Forward ever, backward never." We are going into a new age, a new civilization. Whether we like it or not, we cannot alter it. Whether we like it or not, we are being pushed forward.

Mr. FOCHT. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. FOCHT. I listened, of course, with great pleasure, and was very much impressed with the speech which the gentleman has made, but I should like to know whether any attempt has been made to get this bill out, this bonus bill, by the usual process of legislation, by offering a resolution? Has the gentleman done that? I have voted twice on this measure, and I should like to see something done in an active way instead of all this talk.

Mr. LEMKE. The petitions to discharge the committees in charge of the Frazier-Lemke bill and the Patman bill are on the Speaker's desk; and if we get 145 signatures, then these bills will come up automatically for discussion and passage. There are about 67 signatures on the petition for the Frazier-Lemke bill, and almost the same number on the Patman bill. Now let us get busy and go up there and sign the petitions.

Mr. FOCHT. Why not get up in your place and vote? I have not been able to find it, and I have been here several months now. Why can you not offer a resolution, as I have done many times in the Pennsylvania Legislature, and put them all on record? Why does not the gentleman do that and do it in the regular way? Why run around behind the desk somewhere and sign a petition? The gentleman should wake up.

Mr. BOILEAU. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. BOILEAU. Is it not a fact that the petition lying on the Clerk's desk is the only regular way in which it can be done, the Committee having refused to bring the bill out?

Mr. LEMKE. That is exactly correct.

Mr. FOCHT. Does the gentleman mean to say that is not correct parliamentary practice to offer a resolution to discharge the committee and take a vote on it?

Mr. BOILEAU. That petition is now on the desk, which we are asking the gentleman to sign.

Mr. FOCHT. I will sign it as far as that is concerned, but can you not take a vote on the resolution?

Mr. BOILEAU. Not until we get 145 signatures.

Mr. LEMKE. That is the rule of the House. Some Members are even talking about changing that rule and making it more difficult. That is part of the system of the gag rule, and, as I understand, some of my Republican friends and Democratic friends attempted to form a coalition and change the required number of signatures from 145 to 218. I should like to see them try it, because I am confident that it cannot be done in this House, unless I misjudge the temper of the Members who compose this House.

Mr. FOCHT. Does the gentleman mean to say that this body of men, sent here to represent the sovereign will of the people, cannot get that bill before the House?

Mr. LEMKE. They cannot.

Mr. FOCHT. I say you are very weak on parliamentary procedure if you admit that fact.

Mr. LEMKE. I am sorry but the obtaining of 145 signatures is the only parliamentary procedure under the rules of the House.

Mr. BOILEAU. Will the gentleman yield further?

Mr. LEMKE. Certainly.

Mr. BOILEAU. I wish the gentleman from Pennsylvania [Mr. FOCHT] would tell us how to do it, because many of us are anxious to do it. I do not know how it can be done under the parliamentary rules of this House.

Mr. FOCHT. As I understand, you have a requirement that before you offer a resolution, a petition must be signed by at least a hundred Members. I call that rank Democratic gag rule.

Mr. BOILEAU. Well, I do not know whether it is gag rule or not, but it is the rule of the House.

Mr. FOCHT. There is no other bill in this House as important as that one relating to the relief of the soldiers and their widows. I say the sovereign will of the people can be expressed here, and I will show you a way before long, if you are going to delay by trying to get 200 names to a petition.

Mr. BOILEAU. Will the gentleman yield further?

Mr. LEMKE. I wish to say to the gentleman from Pennsylvania that I am very sympathetic with his views; but I do say that under the parliamentary procedure, I know of no other way by which these bills can be brought out, and if the gentleman knows of such a way I am sure many of us will be very, very pleased to get the information.

Mr. FOCHT. I certainly will show you a way.

Mr. BOILEAU. Thank you very kindly.

Mr. LEMKE. I want to say that I am in whole-hearted accord with the gentleman from Pennsylvania and will work together with him. I will call on the gentleman tonight to have him show us a way, if the Sargeant at Arms does not put us out. We will get together and bring this bill out.

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. LEMKE] has expired.

Mr. WIGGLESWORTH. I yield the gentleman 2 additional minutes.

Mr. FIESINGER. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. FIESINGER. When the Republican Party was in power in this House, did not the rule require 218 signatures?

Mr. LEMKE. It was 218 until there was a deadlock and they could not elect a Speaker, and you good Democrats and a few in the Cherokee strip here changed it to 145. I want to thank you for calling our attention to it.

In conclusion permit me to suggest that the time has come when we stop crucifying the veterans of this Nation—when we restore their disability compensation and hospitalization. The time has come when we should restore the salaries of the underpaid employees of this Nation—at least those who are getting small salaries. I am not concerned about the men with the high salaries. I am confident the time is here to reduce the salaries of those who are getting over $10,000.

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

Mr. LEMKE. I yield.

Mr. DUNN. Does the gentleman know that the Capitol police receive but $85 a month?

Mr. LEMKE. I know that; and I know, too, that the boys who take us up and down in the elevators get about $80.

Mr. DUNN. I agree with the gentleman in his attitude.

Mr. LEMKE. If there is a deficit in our revenue, then I again suggest that we suspend the interest on the public debt for 2 or 3 years. [Applause.] That would be far better than to continue our mistreatment of the veterans and the Federal employees. Suspend this interest and pass the Frazier-Lemke bill refinancing the farmers at 1½-percent interest and 1½-percent principal on the amortization plan, not by issuing tax-exempt, interest-bearing bonds, but by issuing Federal Reserve notes, and pass the Patman bill and pay the soldiers' compensation in cash, not by issuing tax-exempt bonds, but by issuing Treasury notes. Then there will be no need to guarantee the principal as well as the interest of tax-exempt, interest-bearing bonds in the hands of coupon clippers. Then there will be no deficit. [Applause.]

[Here the gavel fell.]

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

Mr. GLOVER. Mr. Chairman, I do not expect to make a speech in 5 minutes, but I sought this time to call attention to the progress which has been made by one of the regional agricultural credit corporations in my State, which is located at Pine Bluff, Ark., in my district, the Sixth Congressional District of Arkansas.

I received a letter from my good friend, W. A. Ragon, a brother of our former colleague, Hon. Heartsill Ragon, who has been assistant manager.

With this letter he transmits a statement of the work done by this corporation and the results accomplished. I think it will be of interest to tell you how successfully this plan has worked out for agriculture in my State.

This one regional corporation at Pine Bluff, serving several counties, made 5,893 loans this last year, amounting to a total of $3,110,527.18. Of these loans, 4,848 have been paid in full, amounting to $2,745,420.08, leaving but 1,045 loans which have not been collected in full, amounting in money to a total of $365,107.10, and I am informed by Mr. Ragon that most of these loans will be collected. He says they will collect 98 percent of the more than $3,000,000 loaned by this corporation to farmers. The small farmers are the kind of people who have been taken care of largely with this character of loans.

My good friend the gentleman from South Carolina, Mr. FULMER, a member of the Committee on Agriculture, on which committee I have the honor to serve, has introduced a bill to extend loans of this character for another year. I believe it ought to be done. I was for the bill passed last year providing for the setting up of cooperative loans, but there is a feature in that legislation which I am afraid will militate against the man who has to ask for small loans.

You will remember that in the plan which is entered into with cooperative associations for borrowing, the borrower must subscribe for 5 percent of stock. This is for the purpose of preventing losses. For instance, if 50 of us were going to go into a cooperative association for borrowing, each of us would take 5 percent of the stock to guarantee payment of the loans and we would be exceedingly careful about whom we take into this organization. I am afraid this plan will militate against the small man. Unless this restriction is lightened, the beneficial effects of the legislation will not reach one quarter of the territory which can be served by the organizations which have been formed.

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

Mr. GLOVER. I yield.

Mr. HOEPPEL. Will the gentleman kindly inform the House what interest was paid by these poor tenant farmers?

Mr. GLOVER. I understand it was 6 percent.

Mr. HOEPPEL. And the gentleman recognizes, does he not, that bankers are paying only 2½ percent on money they borrow?

Mr. GLOVER. Yes; I recognize that, but I do not have time to enter into a discussion of that question now with only minutes of time allotted to me.

Mr. HOEPPEL. Certainly not.

Mr. GLOVER. There is a class of farmers who have not been helped by the legislation we have passed, and I feel that provisions should be made in the law to allow us to help them.

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

Mr. GLOVER. I yield.

Mr. PIERCE. What is the general nature of the business in the neighborhoods of which he speaks?

Mr. GLOVER. Farming.

Mr. PIERCE. They are not in the dairying and cattle business?

Mr. GLOVER. Yes; both dairying and cattle raising are carried on in this district, as well as general farming——

Mr. PIERCE. Is it largely a cotton-raising district?

Mr. GLOVER. Yes; many of the loans now outstanding are secured on cotton which is held and not yet sold.

Mr. PIERCE. Precisely.

Mr. GLOVER. Mr. Chairman, I challenge anybody to show any organization for the relief of agriculture, or the conduct of any other enterprise, an organization fostered by the Government which can make a better showing than this.

Mr. Chairman, in order that the House may have the benefit of this statement, which is particularized, I ask unanimous consent to extend my remarks by having this letter and statement included therein.

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

There was no objection.

The matter referred to follows:

FARM CREDIT ADMINISTRATION,
PINE BLUFF BRANCH,
REGIONAL AGRICULTURAL CREDIT CORPORATION
OF ST. LOUIS, MO.,
Pine Bluff, Ark., December 21, 1933.

Congressman D. D. GLOVER,
Malvern, Ark.

DEAR MR. GLOVER: While in the office several days ago you requested the writer to send you a current statement of the operations of the organization for the year of 1933.

Enclosed is statement made up as of the close of business, December 15, giving detailed information from date of organization to December 15.

Upon careful examination of this statement, think you will find it a very interesting document and one that reflects credit upon you as well as other Members of Congress who had a part in the making of a bill creating the Regional Agricultural Credit Corporation.

Shall be glad to furnish any additional information you might desire.

With the compliments of the season, I am,

Very truly yours,

W. A. RAGON, *Assistant Manager.*

Information regarding operation of Pine Bluff Branch Regional Agricultural Credit Corporation, from organization, Oct. 18, 1932, to Dec. 15, 1933, inclusive

	Number	Amount
Applications received	9,420	$4,605,907.00
Applications withdrawn by applicants and rejected by loan committee	1,892	972,042.05
Balance	7,528	3,633,864.95
Applications pending	14	15,207.02
Loans authorized by loan committee	7,514	3,618,657.93
Authorized loans withdrawn or canceled	1,591	483,892.36
Net authorized loans	5,923	3,134,765.57
Loans disbursed ($3,071,738.56)	5,893	3,110,527.18
Loans renewed (38,788.62)		
Loans authorized, not disbursed	30	24,238.39
Loans authorized, not disbursed, pending completion of papers	30	16,873.39
Deferred disbursement on closed loans		7,365.00

Recapitulation of loans by classifications

	Total loans disbursed		Repayments		Dec. 15, 1933, outstanding balance	
	Number of loans	Amount	Number of loans	Amount	Number of loans	Amount
Livestock:						
Range	395	$181,933.33	110	$52,926.12	285	$129,007.21
Breeder	9	2,287.25		97.35	9	2,189.90
Pasture	1	50.00	1	50.00		
Feeder	18	24,503.51	11	15,411.99	7	9,091.52
Total	423	208,774.09	122	68,485.46	301	140,288.63
Agricultural:						
Crop production	5,324	2,777,769.80	4,671	2,591,005.04	653	186,764.76
Warehouse	34	87,341.54	25	69,364.21	9	17,977.33
Dairy	53	23,743.90	9	8,502.35	44	15,241.55
Poultry	49	5,596.48	16	2,845.91	33	2,750.57
Barnyard	10	7,301.37	5	5,217.11	5	2,084.26
Total	5,470	2,901,753.09	4,726	2,676,934.62	744	224,818.47
Grand total	5,893	3,110,527.18	4,848	2,745,420.03	1,045	365,107.10

Recapitulation of outstanding loans

	Original loans not yet due		Renewal loans not yet due		Past-due loans	
	Number of loans	Amount	Number of loans	Amount	Number of loans	Amount
Livestock:						
Range	199	$73,468.10	27	$17,572.34	59	$37,966.77
Breeder	2	540.00	1	275.00	6	1,374.90
Pasture						
Feeder					7	9,091.52
Total livestock	201	74,008.10	28	17,847.34	72	48,433.19
Agricultural:						
Crop production	19	5,940.00	17	5,196.38	617	175,628.33
Warehouse	7	16,500.00	2	1,477.33		
Dairy	30	8,449.17	1	1,250.00	13	5,542.33
Poultry	2	185.00	9	881.90	22	1,680.67
Barnyard	1	301.37			4	1,782.89
Total agricultural	59	31,375.54	29	8,808.61	656	184,634.32
Grand total	260	105,383.64	57	26,655.95	728	233,067.51

Statement of operating expense in relation to authorizations and disbursements

Item	Amount	Percentage of total	Authorization	
			Number	Amount
Office pay roll	$55,620.86	54.20		
Office expense	[1] 16,116.65	15.70		
Inspection cost	30,887.99	30.10		
Total	102,625.50	100.00	5,923	[2] $3,134,765.57

Item	Operating expenses per $100 of authorization	Amount disbursed	Operating expense per $100 disbursed
Office pay roll	$1.774		$1.8107
Office expense	.514		.5246
Inspection cost	.985		1.0055
Total	3.273	$3,071,733.53	3.3403

[1] Includes $3,507.73 office furniture and fixtures.
[2] Average size of loans authorized $529.25.

Miscellaneous information

Outstanding balance, Dec. 15, 1933	$365,107.10
Less deferred credits to borrowers (items in transit), Dec. 15, 1933	6,359.39
Balance after transit items are collected as of Dec. 15, 1933	358,737.71
Interest collected to Dec. 15, 1933	73,851.21
Funded interest	233.47
Total interest	74,087.68
Earned interest to Dec. 15, 1933, uncollected	15,005.30
Total earned interest	89,092.98

Operating expense on basis of disbursement vouchers issued Oct. 18, 1932, to Dec. 15, 1933

Item	Amount	Cost per application	
		Received	Approved
Pay roll:			
Officers	$10,732.92		
Office employees	42,461.02		
Total office pay roll	53,193.94	$5.647	$8.981
Rent, light, and heat	3,545.61		
Telegraph and telephone	1,201.16		
Printing and stationery	3,618.07		
Office supplies	1,571.21		
Miscellaneous expense	1,596.38		
Travel expense, officers	540.20		
Total office expense other than pay roll	12,072.63	1.282	2.033
Total office expense	65,266.57	6.929	11.013
Directors' salaries	2,426.92		
Directors' travel expense	536.29		
Total directors' expense	2,963.21	.315	.500
Field inspectors' salaries	19,479.90		
Field inspectors' travel expense	11,408.09		
Total field inspectors' expense	30,887.99	3.278	5.215
Total expense	99,117.77	10.522	16.734
Furniture and fixtures (asset account)	3,507.73	.372	.592
Total disbursements	102,625.50	10.894	17.326
Applications:			
Received	9,420		
Approved	5,923		

Mr. WIGGLESWORTH. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Chairman, I congratulate the Members who are present this afternoon, because it appears that we have a liberal audience of Congressmen.

Tomorrow when the independent offices bill is under discussion there will be a group of reactionary Members of

Congress here, and they will state that the President demands this and he demands that, and then add: "Now, like galley slaves, gentlemen, we plead with you to support the administration and keep the Federal employees from receiving a just restoration of their pay."

Mr. WOODRUM. Would it interrupt the gentleman if I asked him to yield for a moment in order that we may rise and receive a report?

Mr. HOEPPEL. I yield; certainly.

Mr. WOODRUM. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. BANKHEAD] having assumed the chair, Mr. BULWINKLE, 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. 6663, the independent offices bill, and had come to no resolution thereon.

RULE FOR CONSIDERATION OF INDEPENDENT OFFICES BILL

Mr. POU, from the Committee on Rules, reported the following resolution, which was referred to the House Calendar and ordered printed.

House Resolution 217

Resolved, That during the consideration of H.R. 6663, a bill making appropriations for the Executive Office and sundry independent bureaus, boards, commissions and offices, for the fiscal year ending June 30, 1935, and for other purposes, all points of order against title II or any provisions contained therein are hereby waived; and no amendments or motions to strike out shall be in order to such title except amendments or motions to strike out offered by direction of the Committee on Appropriations and said amendments or motions shall be in order, any rule of the House to the contrary notwithstanding. Amendments shall not be in order to any other section of the bill H.R. 6663, or to any section of any general appropriation bill of the Seventy-third Congress which would be in conflict with the provisions of title II of the bill H.R. 6663, as reported to the House, except amendments offered by direction of the Committee on Appropriations, and said amendments shall be in order, any rule of the House to the contrary notwithstanding.

INDEPENDENT OFFICES APPROPRIATION BILL, 1935

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 6663, the independent offices appropriation bill.

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 further consideration of the bill H.R. 6663, with Mr. BULWINKLE in the chair.

The CHAIRMAN. The gentleman from California is recognized.

Mr. HOEPPEL. Those of us who are opposed to the gag rule will not have an opportunity to speak tomorrow on the rule. For that reason I am pleading with and appealing to every Member of the Congress who is in favor of a just pay scale for our Federal employees to vote against this rule, unless we have liberty of action in connection with amendments to this proposed bill.

In addition thereto, I hope those of you who have expressed yourselves as being in favor of restoration of pay to our Federal workers will go to the desk and sign the petition which I have caused to be placed there. I do not believe in pussyfooting. Those who have gone on record as favoring restoration to the Federal employees of the amount of their 15-percent pay cut should stand on their own feet. They should not take dictation from any group in this House or elsewhere.

I am also in favor of increasing the pay of the boys in the C.C.C. camps. I found during the past summer that these boys were receiving subsistence allowance of only 33 cents per day, whereas the N.R.A. men, working on the same projects, were receiving $1.05 per day.

Mr. DUNN. Will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. DUNN. Does not the gentleman also believe in increasing the pay of the soldiers, sailors, and marines?

Mr. HOEPPEL. Yes; I am coming to that in a moment.

Here is another feature to which I wish to refer. Just because veterans are receiving as low as $6 a month, they are being denied work with the C.W.A. Because our underpaid postal substitutes receive a small, insignificant salary, much less than $50 a month on an average, they are also denied the opportunity to work under the C.W.A. I cannot imagine anything more inhuman and more incompetent than the opinion of the Comptroller General, who ruled that the postal substitutes must take a deduction of 15 percent in pay, notwithstanding the fact that many of them receive less than $25 per month.

We are also denying our veterans, the Spanish-American War veterans especially, county relief under the subterfuge that they are receiving $15 per month. In the county of Los Angeles, if they have their homes paid for, the county will not extend any aid to them until the veterans assign their homes to the county, and then the county graciously gives to these disabled veterans the munificent sum of $17 a month, and that is only after they have taken their homes away from them. That is the situation in a democracy under gag rule. If we could have more liberty of action in this Congress, we could do something for the people.

A friend wrote to me stating:

> Your American Congress has enacted a bill giving us fertilizer under the Muscle Shoals project. There is more fertilizer manufactured in the Congress for the common people and more interest-bearing coupons manufactured there for the banker than can possibly be conceived.

I am inclined to believe that that man had an excellent viewpoint.

Just today we received a message from the President in which he proposes that we should validate farm-loan bonds and thus make the bankers a little richer. I am going to vote for those bonds, because of and to relieve the suffering of the people, but I cannot understand why a Congress as intelligent as this one seems to be does not have the courage to vote to extend credit to the people without the medium of tax-exempt securities.

Under the bill which the President is proposing to us, you are adding to the burden of the American farmer—the tenant farmer, who is an impoverished man and who is likely to lose his home—$80,000,000 annually in unnecessary interest which will eventually revert to those in Wall Street who clip the coupons.

We have here, in these Government departments, charwomen, women performing the lowest of menial tasks, and we are cutting their low stipend 15 percent.

I personally told the President of the United States that, by his order, he was cutting the pay of hundreds of men who are receiving as low as $35 per month, after having served 30 years in the Army, men who were decorated for bravery in battle, and yet you and I and all of us, if we vote for this reduction, as it is now, are cutting the pay of these honorable men.

We are cutting the pay of the enlisted men in the service today approximately 33 percent. Do you know what happened in England when they cut the pay of the men in the navy over there? They mutinied. We cut the pay of our officers approximately 38 percent. This is all in the official record. Our lower ranking officers in the United States have had their standard of living debased. I state this from personal knowledge.

All this is being done because the Congress does not have the courage to stand on its own feet. The Members are taking dictation from other sources, and I do not know but that dictation comes from the very shadow of Wall Street; at least I believe it came from there when we enacted the Economy Act.

We have our retired men, men who were retired after 30 years of service, receiving an insignificant salary, and a number of them are bedridden. We took 15 percent away from them and at the same time we are increasing commodity prices. They write me from various places that prices are double what they have been, especially on coal and other

fuel, and yet there are those here who want us to continue the salary reduction. We can and we should restore the Federal pay.

I am just presenting my viewpoint, but nevertheless I believe it will be more or less substantiated as time goes on.

Mr. Hoover lost the Presidency because of the ejection of the bonus marchers. We who are here, especially the Democratic Members of the Congress who voted for the Economy Act and those of you who vote against restoring Federal pay, are going to find when the reaction comes that it will be a juggernaut which will squash us, and there will be many men filling these seats here who are not here today. This is not a threat, but the American people are aroused, and they are not in favor of the Economy Act, notwithstanding all you may hear. I know, because I associate with them continuously, and I receive letters from all over the country. They protest when the Government, under the Economy Act, performs a function like it did in the case of a man I am going to tell you about who is a personal friend of mine. He was shot in the forehead in the Philippines and now has a silver plate in his head. He was also shot in the stomach and in the leg. He was three times wounded and then discharged for disability incurred in line of duty. They discharged him from Letterman General Hospital while he was yet ill, and 10 days afterward he collapsed on the streets of San Francisco. For 5 months he was in a charity ward of a San Francisco hospital regaining his health. Pension attorneys immediately appealed to him to apply for a pension. He refused, and for 30 years he refused to apply for any pension. In 1930 he did apply and was receiving $50 a month. Now, under the Economy Act, an act to maintain the credit of the United States—bear that in mind—they reduced this man's pension to $15 per month, an insignificant figure for a man who, at three distinct times, was wounded in action. Do you call this humane? Any man who will vote for a measure like the Economy Act, any man who understands the situation concerning Federal pay, especially of those in the lower brackets, and will vote to keep in effect the present reduction of 15 percent, I say that man's heart is as cold as granite. He is not human from my point of view.

If there are to be any adjustments in Federal pay, there ought to be a graduated scale, and individuals receiving insignificant amounts, most of whom have extra dependents relying upon them for support, should not have their pay cut to practically nothing while, at the same time, we are using every facility of Government to raise the price of commodities. This procedure is absolutely unfair and no one can stand on his feet here before me and justify it. He may try to justify it on the assumption that he must follow the administration.

Any man who comes to this Congress and does not have a mind of his own is not doing justice to himself, his office, or his constituents. A galley slave at least had the liberty of thinking; and from what I see here, some of our Congressmen decline to think; at least, if they do, they have failed to transmit their thoughts into action.

This report will come to us tomorrow and there will be a repetition of the gag rule. I thought we had all we wanted of the gag rule in the last session, but it seems it is going to be the same thing over again. In the language of the poet, "It seems the words are new, the singers too"; but it is the same thing over again—with Congress working for the interests of the bankers and not for the interests of the American people. [Applause.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman and members of the Committee, a few moments ago I made an observation in regard to bringing to a vote, or rather the conclusion of this question of bonus for the soldiers. I feel more deeply on that, probably, than any other question. It is the one thing I cannot be in agreement with our President on his economy bill. Every one of you here has leaned far out over the platform on Memorial Days and paid your tribute to the soldiers, and yet when we come to a little recompense, a sort of souvenir of the war times, you refuse to get the bill out of the committee for a vote by the Members. As I suggested, it might apply to the homes in every township in North America. In the dimly lighted room where you see the flag and sword against the wall. We know what that means, and that it is the home of loyal people.

I had a visit not long ago to my own town by a southern friend. I hope that many of you may come in the same way to my beautiful university town where Bucknell is located and where you gentlemen also put a penitentiary during my absence from this Chamber. I was very much against having a penitentiary located in a town where there is a university; education and criminality do not go together. But the answer by the proponents of this method of restraint and reform was that these men sent there were gentlemen, high-toned criminals, bank robbers, bootleggers, men who stop trains in the night. You see them in that penitentiary. They are there, 1,200 of them.

When I speak of that town, I am referring to a town where there are loyal people, and to this town and my home came this man of big soul.

My friend, Mr. Ellis B. Betts, is the manager of an elevator here. He is from the heart of Georgia, 600 miles from here, deep into the South. I gave him the greatest surprise of his life, not in the classic university nor in this wonderful penitentiary, but I took him out to the cemetery. [Laughter.] I showed him something that when I was in the South with Colonel Lockwood, speaking at different places, I told this same story, and they said they believed it was untrue. I said to this southerner that all the bad blood of the Civil War was gone. I took him out to this cemetery and showed him a tombstone which was erected to the memory of Major Jordon, of the Confederate Army—the Army of Northern Virginia—and which tombstone was erected between two similar stones of soldiers of the Civil War and on the burying plot of the Grand Army of the Republic.

Mr. WIGGLESWORTH. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. FOCHT. The suggestion has been made here as to whether or not we buried the old man there. No; we did not. He is too good a man to go that way for a long time, for he has done a great deal for the North and the South by the good spirit that he daily manifests on that elevator.

Now, let us take your Democratic President. I knew him before he came here—a wonderful, genial man. I had no idea at the time that he would ever be President of the United States. I had more of an idea that I might be—perhaps an erroneous idea, it is true. But he is there, and I knew him. I believe that he is patriotic, that he has fine spirit, and that he acts with the idea of progressing when he can away from some of the old methods of doing things. So far as his wisdom is concerned, of course, you have to prove that in the operation of his legislative conceptions.

You cannot tell what will be the result of anything that you do here, even with the collective genius and wisdom of this whole crowd, because when you put into operation the wonderful legislation that you passed here and that was pronounced to be perfect, legislation that was going to wipe away all the tears—after you have had that legislation in operation for a short time, it comes in contact with the laws of nature, and there is where the errors are unfolded; and you will have to bring back all the legislation that was passed here for amendment and correction. There were 16 bills passed here, major pieces of legislation. Every one of them will have to be corrected, and we will have to be patient about it, because, unfortunately, you have tried them out for only a short time and yet have found errors in every one of them. You passed legislation in 40 days that ought to have taken about 30 years.

Mr. McFARLANE. I should be glad to have the gentleman tell us how he is going to get the soldiers' bonus legislation out.

Mr. FOCHT. I told you that I would come to the beginning of my address sometime later.

Mr. McFARLANE. But the gentleman is about to run out of time.

Mr. FOCHT. But not out of conversation. What did you want me to tell you about?

Mr. WOODRUM. Tell us how the gentleman is going to get the bonus bill out.

Mr. FOCHT. Oh, I am going to tell you why you will not get it out, although you can. I know something of the ways of legislation here. I learned that the first time that I came into a caucus, when probably the greatest parliamentarian on this hill, at least the fastest worker, was James Sherman, later Vice President of the United States. In the caucus I undertook to make a speech or to address the Chair, and he ordered me to my seat. He finally told me that if I had been here in the room when the meeting was opened I would have learned that the rules were adopted that there was to be no debate or amendment; so I took my seat. That is the first thing that I knew about parliamentary practice that was not practiced in the Pennsylvania Legislature. Several other times when Mr. Gillett was Speaker I had reason to believe that I could get recognition from him in the last 5 days of the session, but every time I got up he would say, "I very much regret that I cannot recognize the gentleman from Pennsylvania for that purpose." In other words, sit down! They talk about Joe Cannon or Champ Clark or any Speaker or anyone who undertook to arrogate the power and concentrate it in the hands of one man—and that is where it finally gets, does it not? When you wind up this session, there is one man who is the supreme power in this country, and he is the Speaker of the House of Representatives. We all know that this Committee on Rules was created to break up that power, but it is really more potential than ever, particularly with a majority like this, consolidated around the Presidency, just starting to operate, a new administration with all the appointments, all the big things, all the great legislation to originate. So we have this Committee on Rules. That was debated, discussed by all the "brain trusts" long before the present "brain trust" was ever heard of and by all the magazines of the country—all about this concentration of power.

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

Mr. FOCHT. Will the gentleman give me some more time?

Mr. WIGGLESWORTH. How much time does the gentleman want?

Mr. FOCHT. Oh, 15 minutes.

Mr. WIGGLESWORTH. Very well.

Mr. FOCHT. I do not get up very often. You understand that I know the power of this committee. I know that on occasions members of the Rules Committee did not even meet. I am pretty certain this is what happened right on the floor. They went around and got the consent or an agreement of a majority of the members that a certain bill was to be brought out at a certain time on the floor of this House. That resolution was adopted by the House, and that resolution took away the highest privilege of parliamentary procedure, namely, debate and amendment. A bill had to come out at a certain time without debate or amendment. Talk about autocratic powers! There is where this bonus bill is slumbering, but for a time only I hope.

Mr. BANKHEAD. Will the gentleman tell us who was in charge of the Rules Committee at the time to which he refers?

Mr. FOCHT. I could not do that except in the way I have. It was not the gentleman, for you would not do it in that way.

Mr. BANKHEAD. You might be surprised tomorrow when we bring in this rule.

Mr. FOCHT. I should like to see you or some Democrat, if it must be, take hold of this bonus question and heartily respond to the wish of the people and enact it along with other legislation for the soldiers and their dependents.

When I was here 10 years ago, I voted several times for that bonus bill. During my 10 years of absence I have read constantly about the bonus and why they do not get it, and the power is here to give it to them. As I said, I believe that you all believe that they ought to have it, but the alibi is that we do not have the money. When we see what has been appropriated, getting up into billions of dollars, that is a small amount. I talked with Secretary Cordell Hull. We lived at the same hotel down here, and he agreed with me that we needed a protective tariff, but he said, "Your $600,000,000 is all you can raise from the tariff. That will not be sufficient to run this Government. We have to get it some other way." As you know, Mr. Hull proceeded to reintroduce his legislation putting on the income tax. It was finally declared constitutional. So they get the money in that way. Just think of it, my friends. At that time, sitting down there in front of the Corcoran Hotel, where he and I lived, he said, "Just look at it. Here is the first time in your life or mine when we have been called upon to appropriate a billion dollars to run the Government."

I once heard a fellow say up in Harrisburg, "Who cares for a million dollars?" And he never came back to the Legislature again. [Laughter.]

Mr. BLANTON. Will the gentleman yield?

Mr. FOCHT. With great pleasure. I have just been reading the History of the Texas Republic, the gentleman's home State.

Mr. BLANTON. I was wondering whether the gentleman had forgotten a dozen years ago when he was somewhat of a dictator himself?

Mr. FOCHT. Well, why not now?

Mr. BLANTON. When the gentleman spoke in terms of millions of dollars, when he made his famous banquet speech, and said that with him the Treasury doors were wide open and the blue sky was the limit on what he was going to give the District of Columbia, and as soon as he went home we did not see any more of him for 12 years.

Mr. FOCHT. That is the reason you are seeing me now. If I had stayed here perhaps I would not be here now, because when I came back there were about 35 who had not disappeared, and I might have been one of them.

Mr. BLANTON. I was just remembering what the gentleman said about my district. He called it a jack-rabbit district.

Mr. FOCHT. Well, I guess it is yet, is it not? [Laughter.]

Mr. BLANTON. But it has been here operating all the time the gentleman has been in Pennsylvania.

Mr. FOCHT. I see the gentleman from Texas has subsided somewhat. I do not know what is the occasion, or who has been after him since I have been gone, but we always got along and we are going to get along. Now, just to show you how a misconstruction might be placed upon some innocent statement. I did go to a banquet out here. I was chairman of the Committee on the District of Columbia at that time. I said to Mr. Wardman, "What do you want me here for? What do you want me to do?" He said, "Build us a city." "All right", I said. Unfortunately for BLANTON, he takes some things too seriously. I know what is in his mind. It would go better today than it did at that time, although I think that was before prohibition. Anyway, his idea is that these extravagant pictures that I painted, of the fluted columns and the wonderful architecture of Nineveh and Greece and Rome that would all be surpassed when I got through building this city for Harry Wardman would cost too much money. Instead of that city being built, Harry Wardman got into financial difficulties, and I got licked for Congress. But he is still living and going to come back, and I have arrived. But to show you what occurs, my friends, I did say, I think, when I spoke in terms of dollars, that it might cost fifty or a hundred million dollars to beautify this great city.

Someone asked a man how he liked New York. He said, "I think I shall like it pretty well after they finish it." So that will be the way with this city after they finish it. What

has happened? Instead of a hundred million—just see how extravagant ideas grow from that night out at the Wardman Park Hotel. Instead of a hundred million dollars, they took my plan and laid out a program of a billion dollars, and they are working on it today, and there is no difficulty and no one offering any complaint even in this great depression. Let it go. Let us make it a great city. It is our city. There has been a lot of conversation about laying out avenues and places to put automobiles. If they had carried out the plan we had then, you would have had a place for automobiles long, long ago. We were going to dig out the whole Mall down here and make a place for a garage. It would not be congested for 5 miles. Elevated railroads, underground railroads; no beer gardens or anything like that, because they had enough in those alleys, but thank the Lord I helped clean them up, too. They were not desirable anywhere. I was called wet because I was not a radical dry. So that is the way I got my position understood.

Mr. McFARLANE. The Cherokee strip.

Mr. FOCHT. The Cherokee strip. Now, there is only one way to accomplish this program, of course, and that would be by an appeal to the conscience, the judgment, and the patriotism and fairness to these soldiers.

How impotent a minority is! It may be wonderfully aggressive and accomplish great results with a passive majority, but it does not seem that that is going to happen during this session or possibly another session; it may, however, if you resist the popular demand for the justice due these soldiers, the honor, mercy, pity, and compassion you owe them and ought to have for the children, the wives, and mothers. This thing has impressed me very emphatically since my return a few weeks ago to find these many appeals. I do hope that while you are talking about the farmer—we are all for him, we are all for everybody, we want prosperity to come back—you will not forget the veterans. I voted with the President. I voted with him because my patriotism ran way beyond any partisanship. Surely the patriotism and lack of partisanship of the North is manifested when we see laid away side by side one man wearing the blue and the other man wearing the gray. There is no spirit of partisanship in the North and there ought not to be between the parties. You have the advantage—you have the control of this Government. But a responsibility has been thrust upon you in this matter. The appeal does not come from any particular section; it comes from all parts of this country; it comes from the depths of the souls of the American people. I cannot help but feel that if Mr. Roosevelt understood this he would modify the provisions of the Economy Act affecting the veterans.

I sometimes doubt whether the man who becomes President really receives the impulse and expression of the will of the people. Somehow, the man who becomes President seems to have too little time to understand these things; his vision runs off into economic questions and not to the care of these soldiers.

During the last session of Congress I voted with your President as I voted repeatedly with President Wilson.

I think in all probability President Wilson delivered to the world the greatest hope any man ever held out for the abandonment of war as a method of settling differences. He ceased to believe with the cave man that you should strip your raiment from the leopard and get direct results with the knife. Woodrow Wilson wanted to resort to peaceful methods of settling disputes. But they lied to him over there, and they cheated him. In turn, Congress was cheated. Who in the world would have voted to send the American Army over to Europe after what George Washington said on the subject and after what Monroe said on the subject? It would not have been done had they not told President Wilson that in the treaty of peace there would be incorporated a doctrine that should live forever; that is, that there should be no conquest, that there should be no victory. Yet, Mr. Chairman, think what happened in the treaty of peace! That sickened President Wilson; it broke his heart and he came home and died.

Mr. Chairman, I believe our present President has the proper impulse, the proper spirit of patriotism, the best understanding possible of humanity, but I do not believe there has been a free flow up to him of the sentiment on that bill, the first one passed at the last session of Congress, the one we called the "economy bill."

The veterans must be taken care of. They are public spirited. They have taken the hazard. I will agree with you on almost anything else relating to this question, but we must take care of the veterans. [Applause.]

It was courageous, but none have yet said it was wise or helpful to the country in our present plight for President Roosevelt to have gone to the Chicago American Legion Convention to tell the soldiers that because they wore a uniform is no reason why they should be considered over a citizen who did not serve as a soldier.

Right here is where the President breaks with the opinion of men throughout all history. He would assume an attitude toward the men who take the hazard that is a contradiction of all nationalism from the pagan days of Alexander, who sent his sick and exhausted soldiers back to Macedonia with orders for their reward; Napoleon, when confined on the barren rock of St. Helena, and just before he died, willed millions to his soldiers of the empire, although he did not have a franc. The French Government made good every bequest.

England and every other civilized nation knights and bestows fortunes upon her soldiers. And to soldiers we might add firemen and policemen—men who take the hazard for all men and women and our families, men who stand between attack upon our liberty and homes and enemy attack of soldiers; and the firemen who are on guard day and night to save property and rescue lives at the risk of their own. The police officers and guards in our penal institutions have a constantly increasing risk hanging over them.

That these men, in the estimation of the President, are not to be differently considered or set apart from other men whom they have protected and saved, as well as glorified as nationals, is where we are afraid the President has gone far afield in his effort to find agreement with the popular mind.

A contradictory previous judgment was rendered when the law was made that now gives the soldier a 5-percent preference in all civil-service examinations.

The President spoke of two principles he would have the members of the Legion contemplate and accept. We quote the following from his speech delivered in Chicago on Monday:

> The first principle, following inevitably from the obligation of citizens to bear arms, is that the Government has a responsibility for and toward those who suffered injury or contracted disease while serving in its defense.
>
> The second principle is that no person, because he wore a uniform, must thereafter be placed in a special class of beneficiaries over and above all other citizens. The fact of wearing a uniform does not mean that he can demand and receive from his Government a benefit which no other citizen receives. It does not mean that because a person served in the defense of his country, performed a basic obligation of citizenship, he should receive a pension from his Government because of a disability incurred after his service had terminated and not connected with that service.
>
> It does mean, however, that those who were injured in or as a result of their service are entitled to receive adequate and generous compensation for their disabilities. It does mean that generous care shall be extended to the dependents of those who died in or as a result of service to their country.
>
> To carry out these principles, the people of this country can and will pay in taxes the sums which it is necessary to raise. To carry out these principles will not bankrupt your Government nor throw its bookkeeping into the red.

Here is a vast change in Presidential dictum since Lincoln fell the victim of an assassin's bullet. The great man repeatedly said what would be done for those who saved the Union. And it was done, for finally every soldier and soldier's widow received Government pension regardless of wounds or disabilities service connected.

The President need not live long to see quite the opposite to his second point set forth in the above quotation from his speech put into action just as previous Presidents of this country sanctioned pensions not only for the wounded soldier

but the needy ones as well, and out of the Government revenues, for the soldiers in all of our 19 wars fought for the flag of our country and what it symbolizes, and not merely for a State.

Everybody will stand by the President in his drive to bring the country back to prosperity, and suffer to do it, just as they fought for peace and democracy, but which are hard to find, at least in Europe.

But when we are asked to concur in the sentiment that a man who took or is willing to take the great chance for his country, or a community or individual, whether he be soldier, fireman, or policeman, is not to have special regard or consideration above other men, the President is going to be lonesome in attempting to rally any measure of concurrence. It would be a contradiction of every element of human nature as impressed and nurtured by the tragedies of advancing civilization under banners and the cross. Chivalry and gratitude will have to die, and the flag lose its meaning, before rich, proud America will deny after a war what was promised before the conflict, for we have the desire and money to do it. If we do not have the money, that might be a reason for temporarily withholding help, but there can be few who will agree that the man who assumes your peril does not stand apart and deserve special consideration.

In contrast it should be noted how America poured out billions to the ungrateful nations of Europe and cannot take care of our own soldiers! But we can, and will.

The President has said he expects to make mistakes but would correct them.

We hope he may make many corrections in his economy bill, and in this latest declaration which cannot stand against the traditions of antiquity and the ready acceptance by every President of the past and the people of today.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. SWICK].

Mr. SWICK. Mr. Chairman, I believe it is my duty to call the attention of Congress to a condition that has existed in one of the divisions of the Home Owners' Loan Corporation, as an example of what may be happening in many other branches of the various emergency agencies set up within recent months for the purpose of extending relief to citizens of the United States.

In securing personnel for the many emergency organizations, the usual civil-service requirements are not insisted upon, to the end that personnel officers, and in many instances chiefs of divisions, have the authority to secure personnel and place them on the rolls in any manner they desire, despite the fact that Congress has provided employment agencies to furnish such help without charge.

Despite this provision, and the fact that every Member of this House is contacted daily by many men and women seeking employment, having qualifications for almost any position from file clerk to scientist, I have discovered, through the assistance of one of the victims, that the services of a private employment agency, located in Washington, has been used in securing personnel by one of the Home Owners' Loan Corporation divisions.

In this particular case, the employee, then unemployed, registered with the Washington Business Bureau, an employment agency located in the Bond Building, Washington, D.C., paid the customary registration fee, and then in company with several other registrants, was sent to the chief of one of the divisions of the Home Owners' Loan Corporation, who placed them on the pay roll as typists. Upon the receipt of their pay they are required to remit a percentage of same to the Washington Business Bureau as compensation for having been given employment.

Needless to say, when this matter was called to my attention I was inclined to doubt the story; however, the matter was placed in writing by one of my constituents now located in Washington, with the request that it be investigated.

I first contacted the Better Business Bureau, to determine the character of the Washington Business Bureau, and found that it had been the subject for investigation a few months ago for certain practices which were of such seriousness as to be called to the attention of the district attorney's office. The bureau is operated by John D. Kendall, a resident of the District. Mr. Kendall could not be contacted at his office, but was located by telephone at his residence. He admitted having furnished help for the division of the Home Owners' Loan Corporation, saying he was called by a Mr. Downes to do so. He admitted having collected a registration fee from the persons selected for the assignment, and the further collection of a percentage of their salaries since they have been employed.

Mr. Downes, who holds a supervisory position in one of the Home Owners' Loan Corporation divisions, when contacted by phone, admitted having secured employees through the assistance of Mr. Kendall, but denied having any knowledge that Mr. Kendall operated an employment agency at that time. He stated that it was necessary to secure personnel in a hurry, and that he was unable to get it through the regular channels provided by Congress. Mr. Downes denied having any knowledge of the employees having to pay the Washington Business Bureau, until the first pay day, at which time the matter was brought to his attention. He says he endeavored to contact Mr. Kendall immediately in an effort to release the clerks from further payment, but was unable to locate him, until I called him yesterday, January 9, 1934.

All of the facts have been transmitted to the Chairman of the Home Loan Bank Board, with the request that the matter be thoroughly investigated by the proper authorities and that the persons responsible for the exposure be protected in their positions.

I appreciate the impossibility for the heads of these large emergency agencies to keep their fingers on every detail of activity in their organization, and realize they must of necessity rely on their many assistants to carry on.

It is quite evident however, that under the present methods of securing personnel, there is opportunity for petty graft and victimizing of unemployed persons securing positions in the Government service. Certainly in the administration of the great emergency program having for its basic purpose the relief of unemployed, Congress should not countenance a condition that puts Government employment on the auction block.

I do not contend that this condition prevails generally, I hope this is an isolated case, but the fact remains that unless personnel officers are required to fill positions through proper channels such as the Civil Service Commission or the Federal employment offices, either by Executive order or act of Congress, we will find chiseling has become a racket in the governmental service just as it is operating between contractors and employees on Federal building projects.

It is time we place some safeguards about the huge expenditures being made for recovery, and subject emergency activities to the same restrictions and regulations, that experience has warranted in the past.

Mr. WOODRUM. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, I think this afternoon all of the Members have been intensely interested in the speeches which have been made from the floor. I think, too, that I can agree with most of the Members in what they said. The gentleman from Minnesota [Mr. LUNDEEN] was not referring to me, however, when he criticized those gentlemen who had not supported the veterans' legislation; nor was the gentleman from North Dakota referring to me when he mentioned those who had not signed the petition to discharge the committee from consideration of the Frazier bill. I signed the petition last session to discharge the committee from consideration of that bill. This fall I made 20 stump speeches at organization meetings of the Farmers' National Union in my State. Let me inform the gentleman from North Dakota that again I will sign his petition to bring out the Frazier bill. Not only will I sign his petition, but I will use every effort at my command to follow the message of the President of the United States read here today, in which he asked this Congress to guarantee the principal as

well as the interest of the $2,000,000,000 of Federal Farm Land Bank loans.

I wonder if all of us realize that every day we spend in this Chamber 3,000 farmers and home owners in this country are having their life savings legally stolen by the money lenders of this country? All of us thought in the last session of Congress that we had at least temporarily alleviated the misery and suffering of these people, but in my own State, the State of Ohio, last month, there were some 800 foreclosures and confiscations of property.

I cannot agree with the gentleman from Arkansas [Mr. GLOVER] when he said that the Farm Credit Corporation is functioning well. It may be functioning well in his State, but it is not in my State. I want to give you just two or three tabulations, official tabulations from the Federal Land Bank of Louisville, Ky., which were given out on January 5 of this year.

During the year 1933, 15,834 applications were received from the State of Ohio. Up to the present time there have been actually loaned in the State of Ohio, with drafts paid, 1,331 loans, totaling $4,999,000, and 735 commissioner's loans, totaling $952,000. The total amount of loans requested in the applications on file to date amount to $58,000,000.

Think of this staggering comparison. Only a little over $5,000,000 actually loaned and $58,000,000 requested to be loaned. There have been more rejections of applications to date than the actual drafts that have gone forth to lift mortgages.

Mr. Chairman, I say to you this: I agree with the gentlemen who have expressed a desire to restore in full the Federal pay cut of Federal employees. I am in full sympathy with any and all efforts that will be made to restore the compensation cuts of Spanish-American War veterans and of service-connected disability cases of World War veterans, and, in fact, I am introducing bills to cover this feature.

I agree with what has been said about the Economy Act. Mr. Chairman, if the Economy Act has slain its thousands, the administration of that act has slain its tens of thousands, and the sooner that mistake is rectified that much better will this great country of ours be.

Mention has been made that elevator operators only receive $85 a month, and it is true, and it is a low salary, and I will vote to correct it; yet I can produce for you 1,000,000 farmers in Ohio who, if you will take their farms, will gladly work for $85 a month.

I care not what statements are issued from the Department of Agriculture. When they tell me they are pouring millions of dollars into my State as they have done, I say to them the answer is 2½-cent hogs; the answer is 3½-cent cattle; the answer is 7-cent poultry; 10 cents a pound butter fat; and I am speaking of the farmers of the great Corn Belt. I am not referring to the southern planters, because they have been vastly helped. I am not referring to the tobacco growers, but I am referring to the great Corn Belt, the boundary of which begins in my State and stretches on toward the Pacific coast, and in these States the raisers of hogs and of cattle, the dairymen, the poultrymen, are in the worst condition they have ever been since the beginning of the history of this great country of ours.

Three thousand homes and farms are being foreclosed every day. Have we done our duty to these poor unfortunates, whose throats have been cut from ear to ear and whose blood gushes forth every day at the feet of the Shylocks and the money lenders of this country. I say we have not done our duty.

On April 27 last I introduced a bill that provided for a national moratorium against foreclosure. This bill was passed upon by a number of constitutional lawyers.

I again remind you that the Congress of the United States has plenary power over the bankruptcy law. This bill of mine provides that whenever a landowner cannot pay his taxes or his interest or a portion of the principal which constitutes a default thereof, he becomes a bankrupt for the purposes of this act, and no creditor can proceed against him for a period of 1 year, until he can refinance his holdings, either through the Farm Loan Act or the Home Loan Act of 1933.

I may say to the gentlemen who have petitions lying on the Speaker's desk that I expect to have a petition there soon which will ask to discharge the committee from consideration of this bill so that it may be given consideration in the House and action taken on the measure here, and I ask you gentlemen to support this bill the same as I shall support your bills.

Mr. KVALE. Will the gentleman yield?

Mr. TRUAX. Certainly.

Mr. KVALE. Does the gentleman's measure apply also to indebtedness to the United States Government?

Mr. TRUAX. My measure applies to any landowner or owner of real estate who is about to be foreclosed because of nonpayment of taxes, interest, or principal.

Mr. KVALE. The gentleman did not understand my question. Does the bill apply to indebtedness which the landowner may owe to the United States Governemnt?

Mr. TRUAX. The gentleman means Federal Land Bank loans?

Mr. KVALE. Land-bank loans, seed loans, feed loans, it matters not.

Mr. TRUAX. My measure applies only to real estate, but I think it could be amended to cover all the indebtedness that the gentleman has mentioned.

Mr. Chairman, I ask unanimous consent to read a portion of a letter which I received this morning.

The CHAIRMAN (Mr. MCFARLANE). Without objection, the gentleman may proceed.

Mr. TRUAX. They tell you that the Federal land bank is functioning. Here is a letter which relates to a neighbor of mine, a man whose farm adjoins my farm, and this is his attorney writing the letter:

I am writing you in behalf of Mr. Blank, who is well acquainted with you and the facts of which you can attest. He has applied for a Federal farm loan and needs very little more than $4,000 for his 160 acres, the quality of which you know. It is an excellent farm, in bad repair. It is certainly worth far more, however, than the little he needs to save it. The money lender has a $2,500 mortgage at 8 percent interest and has started foreclosure and I have held it off for 2 or 3 months, but cannot do so any longer. The judge, today, postponed the order of foreclosure for 10 days when advertising will start.

J. O. had a hard time getting a secretary to accept his money and make application, but he finally did about 2 weeks ago. So you see, he has not much time. Knowing the old gentleman as you do, I was hoping you would give this matter your personal attention and see that Mr. Blank is given the attention he deserves and assist him in getting this loan. It certainly would be a shame and disgrace to permit the mortgagee to get this farm for his small mortgage. He is using every effort to discourage a loan and wants the farm badly.

Mr. LUNDEEN. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. LUNDEEN. I wish to call attention to the Minnesota law which, in a case like that, would extend the time in such a mortgage matter until May 1, 1935, within which time he would have an opportunity to refinance. Would not that meet the situation in the gentleman's State?

Mr. TRUAX. That would not cover the situation in my State. We have a moratorium law. The Governor, George White, was goaded into asking the legislature to pass a moratorium law, but the law that they passed stipulated that the man must have his interest and his taxes paid before the law becomes operative. Of course, that is absolutely useless, because if a man is able to pay his interest and taxes, the mortgagee will extend his time.

Mr. FOSS. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. FOSS. Does not the gentleman think that the fault can be laid directly to the door of the appraisers?

Mr. TRUAX. I would say that the blame must originally be laid to the door of A. M. Cardon, son-in-law of Reed Smoot, and also to the doors of Thomas E. Neeley, reviewing appraiser, and B. G. De Weese, assistant reviewing appraiser at Louisville, and John S. Beard, supervising appraiser for Ohio. I would state to the gentleman that I filed a report

with the President of the United States on December 9, and those gentlemen have been removed or demoted.

Mr. FOSS. And the blame can be brought back to the doors of these appraisers.

Mr. TRUAX. The gentleman is right. At the time my report was filed there were 186 appraisers. There were only about 15 actual, honest-to-God farmers in the whole list.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOODRUM. I yield the gentleman 5 minutes more.

Mr. TRUAX. It is a fact, and I have affidavits to support my charges, that some thirty-odd nonfarming occupation persons were selected as appraisers. It seemed as though every banker whose bank had closed up was sure to get a job as an appraiser. Then next came ex-county agents. Then we had insurance salesmen and ex-real estate men. We had automobile salesmen, oil salesmen. We had one man who was selling iceless refrigerators. I suppose he thought he could cool the farmers' wrath and troubles. We had 30 nonfarming occupations represented as appraisers. I said at one time that the only nonfarm occupations who failed to get jobs as appraiser was the barbers, but I found that I was mistaken. I afterwards found there were two barbers working as appraisers.

Mr. BOILEAU. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. BOILEAU. The gentleman states that the fault is with the appraisers. Should not the blame be placed upon Congress for permitting loans on 50 percent of the value of the land and 20 percent of the value of the building? Does the gentleman think Congress should have passed that kind of a bill?

Mr. TRUAX. In answer to the gentleman I will say that whenever it became necessary because of the inexperience of the appraisers because of their youth and general disqualifications—whenever it became necessary to send these fellows out with augers 5 or 6 feet long to bore into the soil to determine what the land was worth. This proved conclusively that it was futile to expect fair and reasonable appraisals from a white-collar, soil-boring army of misfits.

Mr. DUNN. Will the gentleman yield?

Mr. TRUAX. I will.

Mr. DUNN. How many of these farmers have lost their farms?

Mr. TRUAX. I cannot give the gentleman the number, but there were 2,000 every day.

Mr. DUNN. In the State of Ohio?

Mr. TRUAX. In the entire country. I want to say that some of the larger insurance companies who signed the agreement or made a verbal agreement with the President of the United States that they would withhold foreclosures have been the most ruthless of all in the past 3 months. [Applause.]

In our State we are also confronted with the evil menace of a so-called "State superintendent of banks", Mr. Ira G. Fulton, who is liquidating some 250 State banks in our State, among them the Union Trust Co. of Cleveland and the Guardian Trust & Savings, two of the biggest bank failures in the country. It has been the policy of Mr. Fulton under the Governor to ruthlessly foreclose when all other agencies have ceased. I recall one instance of a captain in the World War, a resident of my former home town of Sycamore, who was shell shocked. His four companions were killed instantly. This man came back from the war proud and erect, but in a few years this great shock began to tell on him. Today he is a physical wreck. He was drawing a pension of $148 per month, and that was completely emasculated on July 1 under the Economy Act. Within about 60 days later this captain of the World War, this hero, owed the Sycamore State Bank $1,500 and some interest, on which he had given his mortgage note which was past due. Ira Fulton, the State banking superintendent, sold him out. He did not sell him out, he stole his home legally, because there were no debts upon it, and Fulton bid it in in the name of the great State of Ohio. This war captain is now living in Toledo with his children.

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

Mr. WOODRUM. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. TRUAX. Mr. Chairman, the gentleman from Arkansas [Mr. GLOVER] has made some remarks, and I am glad to hear that there is one State in the Union where the Farm Credit Corporation is functioning well. If I mistake not, I have another letter here which I shall ask permission to read. This letter was received this morning:

> DEAR SIR: Since I read in the Toledo Blade of your investigation of the Louisville land bank, I want to write and tell you that the intermediate credit bank there needs a shaking up also. I have one of their chattel loans made through Mr. Dunipace, of Bowling Green, Ohio. They require the interest paid in advance, and threaten foreclosure when the farmers get behind with payments. They are trying to get me to turn over my milk cows on my Louisville loan. I appreciate what you are doing, and assure you the farmers are watching your efforts. Why cannot these loans be handled by the farmers instead of the bankers?

Those are only typical of the hundreds of letters I have received since the investigation was started last summer. I say to you that this country stands today on the brink of a revolution. My colleague from Illinois [Mr. BRITTEN] yesterday read a telegram that Chicago was without milk. Why is that so? It is because in many sections the farmers are receiving only 60 cents a hundred pounds for their milk, which is less than 1 cent a quart. In my section farmers are receiving as low as 80 cents a hundred pounds for their milk—and then you wonder why they rebel and revolt. Had not the American farmer been the most patient, the most tolerant individual on the face of the earth you would have had a revolution in this country years ago. We frequently hear or read of a recital of that first verse in Edward Markham's poem The Man with the Hoe, but did you ever read the last verse of that poem? Here is the way it goes:

> O masters, lords, and rulers in all lands,
> How will the Future reckon with this Man?
> How answer his brute question in that hour
> When whirlwinds of rebellion shake the world?
> How will it be with kingdoms and with kings—
> With those who shaped him to the thing he is—
> When this dumb Terror shall reply to God,
> After the silence of the centuries?

We need not go to Europe to find the peasant farmer. The farmers of Germany today are receiving $1.50 a bushel for their wheat, and the French farmer is getting $1.70 for his. The only progress that we have made is from an average of 47 cents in 1932 to an average of around 80 cents in 1933. These fellows down at the Department of Agriculture say that you cannot fix farm prices, yet the only success that they have had in the A.A.A. is where they have actually fixed prices by lending money on certain crops and commodities—cotton around 10 cents a pound, corn at 45 cents a bushel, and so on. In my State there are not 10 counties where we sell corn. We feed it into livestock, into hogs, and cattle, and poultry. This policy that is being urged on the farmers of the country today is the most fallacious and destructive of all times. They tell the farmer to lock up his corn, to sell it and get rid of his livestock, when every son of the soil knows that one of his major efforts must be to maintain and conserve the fertility of his soil by feeding his corn into his livestock.

My friends, let me say before I conclude that I have been a farmer all my life. My family for generations back have been farmers. They know nothing else. On the mantel in my home is an old grandfather's clock that ticked on the farm of one of my ancesters 140 years ago. It ticks today in my home. I say to you that now it ticks at the zero hour for this great American agriculture of ours, supreme in all the world. [Applause.]

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

Mr. WOODRUM. Mr. Chairman, there have been several requests for time, but the gentlemen who requested it are not present. My colleague advises me there are no further requests on that side, so 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. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 6663, the independent offices appropriation bill, had directed him to report that it had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. McKEOWN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a decision of the Supreme Court of the United States in what is known as the "Moratorium Case", a mortgage case from Minnesota.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. BULWINKLE. Reserving the right to object, that matter has already been entered in the RECORD by the gentleman from Minnesota [Mr. LUNDEEN] this afternoon.

Mr. McKEOWN. Very well. In that case I will withdraw my request.

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in committee on the St. Lawrence waterway.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. SUTPHIN, for an indefinite period, on account of illness in his family.

ADJOURNMENT

Mr. WOODRUM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 56 minutes p.m.) the House adjourned until tomorrow, Thursday, January 11, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

275. A letter from the Postmaster General, transmitting herewith the cost ascertainment report for the fiscal year 1933; to the Committee on the Post Office and Post Roads.

276. A letter from Hamilton and Hamilton, transmitting copy of the annual report of the Georgetown Barge, Dock, Elevator & Railway Co. for the year ended December 31, 1933; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WOODRUM: Committee on Appropriations. H.R. 6663. A bill making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes; without amendment (Rept. No. 277). Referred to the Committee of the Whole House on the state of the Union.

Mr. POU: Committee on Rules. House Resolution 217. Resolution making in order for consideration the provisions of title II of the bill (H.R. 6663), and imposing certain restrictions upon amendments to general appropriation bills during the Seventy-third Congress; without amendment (Rept. No. 278). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOODRUM: A bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes; to the Committee on Appropriations.

By Mr. LEWIS of Maryland: A bill (H.R. 6664) to authorize the Secretary of the Treasury to provide for the sale of annuities to citizens of the United States in order to promote thrift, to provide ways and means for raising capital funds for necessary permanent improvements and additions to the property of the United States, and for other purposes; to the Committee on Ways and Means.

By Mr. CARTWRIGHT: A bill (H.R. 6665) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. McFARLANE: A bill (H.R. 6666) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. MARLAND: A bill (H.R. 6667) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. COCHRAN of Pennsylvania: A bill (H.R. 6668) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. MOTT: A bill (H.R. 6669) providing for a survey of the Skipanon Channel, Oreg.; to the Committee on Rivers and Harbors.

By Mr. JONES: A bill (H.R. 6670) to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes; to the Committee on Agriculture.

By Mr. ELLENBOGEN: A bill (H.R. 6671) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the executive offices and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. SIROVICH: A bill (H.R. 6672) to establish a Board of Civil Service Appeals and to amend an act entitled "An act to provide for the classification of civilian positions within the District of Columbia and in the field service", approved March 4, 1923, and for other purposes; to the Committee on the Civil Service.

By Mr. GOLDSBOROUGH: A bill (H.R. 6673) to provide for maintenance work on Ocean City Harbor and Inlet; and Sinepuxent Bay, Md.; to the Committee on Rivers and Harbors.

By Mr. McKEOWN: A bill (H.R. 6674) to provide for terms of the United States District Court for the Western Judicial District of Oklahoma to be held at Shawnee, Okla.; to the Committee on the Judiciary.

By Mr. DOBBINS: A bill (H.R. 6675) to authorize the acknowledgment of oaths by post-office inspectors and by chief clerks of the Railway Mail Service; to the Committee on the Post Office and Post Roads.

By Mr. MOREHEAD: A bill (H.R. 6676) to require postmasters to account for money collected on parcels delivered at their respective offices; to the Committee on the Post Office and Post Roads.

By Mr. LAMNECK: A bill (H.R. 6677) to authorize the Postmaster General to contract for air mail service in Alaska; to the Committee on the Post Office and Post Roads.

By Mr. GOLDSBOROUGH: A bill (H.R. 6678) to provide for the examination and survey of the waterway from the Pocomoke River at or near Snow Hill, Md., to the Chincoteague Bay; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 6679) to provide for maintenance work on Upper Thoroughfare, Deals Island, Md.; to the Committee on Rivers and Harbors.

By Mr. BLAND: A bill (H.R. 6680) to amend the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes", approved June 3, 1916, as amended, and for other purposes; to the Committee on Military Affairs.

By Mr. BAILEY: A bill (H.R. 6681) to provide revenue, to regulate commerce with foreign countries, to encourage the cattle industry of the United States, and for other purposes; to the Committee on Ways and Means.

By Mr. WOODRUFF: A bill (H.R. 6682) granting to the State of Michigan for institutional purposes the property known and designated as the Mount Pleasant Indian School; to the Committee on Indian Affairs.

By Mr. McFARLANE: A bill (H.R. 6683) to provide punishment for certain offenses committed against member banks of the Federal Reserve System, banks organized under laws of the United States, and banks located in the District of Columbia, the Canal Zone, and Territories and possessions of the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. GOLDSBOROUGH: A bill (H.R. 6684) to provide for maintenance work on Knapps Narrows, Talbot County, Md.; to the Committee on Rivers and Harbors.

By Mr. FULMER: A bill (H.R. 6685) to exempt hog producers, under certain circumstances, from the processing tax under the Agricultural Adjustment Act, not to exceed $100 in value; to the Committee on Agriculture.

By Mr. MOTT: A bill (H.R. 6686) authorizing a preliminary examination and survey of the Willamette River, with a view to the controlling of floods; to the Committee on Flood Control.

By Mr. REILLY: A bill (H.R. 6687) to provide for a survey of the Fox River, Wis., with a view to the prevention and control of floods; to the Committee on Flood Control.

By Mr. OLIVER of New York: A bill (H.R. 6688) to amend section 2 of the act of February 13, 1893; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BANKHEAD: A bill (H.R. 6689) for the relief of John A. Shannon; to the Committee on Military Affairs.

By Mr. BOLAND: A bill (H.R. 6690) for the relief of certain officers of the Dental Corps of the United States Navy; to the Committee on Naval Affairs.

By Mr. CARPENTER of Kansas: A bill (H.R. 6691) for the relief of William W. Brunswick; to the Committee on Claims.

By Mr. DOBBINS: A bill (H.R. 6692) for the relief of Howard Donovan; to the Committee on Claims.

By Mr. GILLETTE: A bill (H.R. 6693) for the relief of Mrs. H. H. Brugmann; to the Committee on Claims.

Also, a bill (H.R. 6694) granting a pension to Emma J. Eberly; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6695) for the relief of E. R. Bender; to the Committee on Claims.

Also, a bill (H.R. 6696) for the relief of William T. Roche; to the Committee on Claims.

By Mr. HAMILTON: A bill (H.R. 6697) granting a pension to Alla Gleece; to the Committee on Pensions.

By Mr. HUDDLESTON: A bill (H.R. 6698) to authorize William W. Hicks, major, United States Army, to accept certain decorations conferred upon him by the President of the Austrian Republic and the President of the Czechoslovak Republic; to the Committee on Foreign Affairs.

By Mr. IMHOFF: A bill (H.R. 6699) granting a pension to Bessie Humphrey; to the Committee on Pensions.

Also, a bill (H.R. 6700) granting an increase of pension to Emma J. Miller; to the Committee on Invalid Pensions.

By Mr. JONES: A bill (H.R. 6701) for the relief of John F. Cain; to the Committee on Claims.

By Mr. KOCIALKOWSKI: A bill (H.R. 6702) for the relief of the estate of Paul Kiehler; to the Committee on Claims.

By Mr. KRAMER: A bill (H.R. 6703) granting a pension to Pearl Bouchie; to the Committee on Pensions.

Also, a bill (H.R. 6704) granting a pension to Edith M. Cruise; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H.R. 6705) granting a pension to Clyde Rains Winters; to the Committee on Pensions.

Also, a bill (H.R. 6706) to reinstate John H. Babb, Jr., as midshipman in the United States Naval Academy; to the Committee on Naval Affairs.

Also, a bill (H.R. 6707) granting a pension to Lizzie May; to the Committee on Invalid Pensions.

By Mr. SHANNON: A bill (H.R. 6708) granting a pension to Katie Cummings; to the Committee on Invalid Pensions.

By Mr. SMITH of West Virginia: A bill (H.R. 6709) for the relief of Samuel E. Bowen; to the Committee on Claims.

By Mr. TERRELL of Texas (by request): A bill (H.R. 6710) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of E. W. Cole against the United States; to the Committee on Claims.

By Mr. THOMPSON of Illinois: A bill (H.R. 6711) granting a pension to Luther J. Smith; to the Committee on Pensions.

By Mr. THOMASON: A bill (H.R. 6712) for the relief of Emery C. Pickett; to the Committee on Military Affairs.

By Mr. UNDERWOOD: A bill (H.R. 6713) granting a pension to Mary M. Nichols; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6714) granting a pension to Mamie G. Poindexter; to the Committee on Pensions.

Also, a bill (H.R. 6715) granting a pension to Edith Pyle; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6716) granting a pension to Henry Charles Russell; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6717) granting a pension to William Conrad; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6718) granting a pension to Josephine Farris; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6719) granting a pension to Elmer E. Finley; to the Committee on Pensions.

Also, a bill (H.R. 6720) granting a pension to Fannie Himes; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6721) granting a pension to John W. Hamilton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6722) granting a pension to Surelda J. Gilpin; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6723) granting a pension to Nannie E. Bass; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6724) granting a pension to Willard Fulk; to the Committee on Pensions.

Also, a bill (H.R. 6725) granting a pension to Eliza McBroom Hoffman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6726) granting a pension to Margaret Keeley; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6727) granting a pension to Mary Emma Bussard; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6728) granting a pension to Mary Whitcraft Conkle; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6729) granting a pension to Alice M. Baker; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6730) granting a pension to Fannie Brittingham; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6731) granting a pension to George W. Bowen; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6732) granting a pension to Emma Blosser; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6733) granting a pension to Orlando Kildow; to the Committee on Pensions.

Also, a bill (H.R. 6734) granting a pension to Debbie Klingler; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6735) granting a pension to Stella Littlejohn; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6736) granting a pension to Maud E. Morrow; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6737) granting a pension to Mary C. Storer; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6738) granting a pension to Lottie Vangundy; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6739) granting a pension to Isaac Shreckengaust; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6740) granting a pension to Joshua Shreckengaust; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6741) granting a pension to Minnie Valentine; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6742) granting a pension to Margaret M. Warner; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6743) for the relief of Esther M. Frey; to the Committee on Claims.

Also, a bill (H.R. 6744) granting an increase of pension to Jeanette Wallace; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6745) granting an increase of pension to Sarah A. Swick; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6746) granting an increase of pension to Ellen J. Vince; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6747) granting an increase of pension to Bertie L. Santee; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6748) granting an increase of pension to Flora Smith; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6749) granting an increase of pension to Alwilda Ray; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6750) granting an increase of pension to Norma Roush; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6751) granting an increase of pension to Sarah Ella Pinney; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6752) granting an increase of pension to Mary M. Poling; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6753) granting an increase of pension to Eliza Noble; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6754) granting an increase of pension to Amanda J. Oxley; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6755) granting an increase of pension to Mary A. Moore; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6756) granting an increase of pension to Margaret R. F. Newell; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6757) granting an increase of pension to Mary A. Little; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6758) granting an increase of pension to Katherine Meyer; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6759) granting an increase of pension to Nettie Huffman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6760) granting an increase of pension to Julia A. Hull; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6761) granting an increase of pension to Alatha Hickman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6762) granting an increase of pension to Hattie B. Golden; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6763) granting an increase of pension to Hester Floyd; to the Committee on Pensions.

Also, a bill (H.R. 6764) granting an increase of pension to Elizabeth Foughty; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6765) granting an increase of pension to Mary M. Devol; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6766) granting an increase of pension to Estelle Eby; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6767) granting an increase of pension to Susanah Cooper; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6768) granting an increase of pension to Laura J. Dehnen; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6769) granting an increase of pension to Delilah Coffman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6770) granting an increase of pension to Nancy Consolver; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6771) granting an increase of pension to Mary E. Baker; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6772) granting an increase of pension to Martha Buckingham; to the Committee on Invalid Pensions.

By Mr. WALLGREN: A bill (H.R. 6773) for the relief of Fred Ferch; to the Committee on Claims.

By Mr. WILCOX: A bill (H.R. 6774) for the relief of Walter W. Johnson; to the Committee on War Claims.

By Mr. WILSON: A bill (H.R. 6775) for the relief of E. F. Purvis; 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:

1534. By Mr. AYERS of Montana: Memorial of the Montana State Legislature, relating to the condition of agriculture within the United States; to the Committee on Agriculture.

1535. Also, memorial of the Montana State Legislature, requesting the purchase of Montana cattle for distribution to workers on Federal projects and for relief of the destitute in the State of Montana; to the Committee on Agriculture.

1536. Also, memorial of the Montana State Legislature, requesting the establishment of an assay office at some appropriate place in Montana; to the Committee on Public Buildings and Grounds.

1537. Also, memorial of the Montana State Legislature, requesting the enactment of effective laws prohibiting the producers and distributors of gasoline from establishing unfair and unjust prices for the sale at retail to the people of the United States, and thus removing unjust discrimination; to the Committee on Interstate and Foreign Commerce.

1538. By Mr. BAKEWELL: Petition of Captain Charles B. Bowen Camp, No. 2, Department of Connecticut, United Spanish War Veterans, Meriden, Conn., praying for repeal of the Economy Act; to the Committee on Appropriations.

1539. By Mr. JOHNSON of Minnesota: Petition by citizens of Duluth, Minn., protesting against the passage of House bills 1608 and 1643; to the Committee on Interstate and Foreign Commerce.

1540. Also, resolution by the Minnesota Junior Taxpayers Association, urging allocation of funds to State educational departments to insure adequate educational facilities; to the Committee on Education.

1541. Also, resolution by the Minnesota Farm Managers Association, with reference to tariff on oils and fats; to the Committee on Interstate and Foreign Commerce.

1542. By Mr. KOPPLEMANN: Petition in the nature of a resolution of Captain Charles B. Bowen Camp, No. 2, Meriden, Conn.: *Resolved*, That the members of this camp go on record and respectfully request the repeal of the Economy Act and that benefits that have been taken away be restored; to the Committee on Appropriations.

1543. By Mr. HOEPPEL: Petition of residents of the Twelfth Congressional District of California, urging restoration of pensions, hospitalization, and care of veterans of the Spanish-American War as same existed prior to the enactment of Public, No. 2, Seventy-second Congress, and requesting especially the reinstatement of the act of June 2, 1930; to the Committee on Appropriations.

1544. By Mr. LAMBERTSON: Resolution adopted at the regular meeting of the Woman's Christian Temperance Union, of McLouth, Kans., urging favorable consideration of the Patman motion-picture bill H.R. 6097, providing higher moral standards for films entering interstate and international commerce, signed by the president, Anna K. Sanders, and secretary, Hattie Guest, of McLouth, Kans.; to the Committee on Interstate and Foreign Commerce.

1545. By Mr. LINDSAY: Petition of Western Union Cable Employees Association, New York City, protesting against proposed merger of communication companies; to the Committee on Interstate and Foreign Commerce.

1546. Also, memorial of National Association of Letter Carriers, urging repeal of the salary reduction as authorized by the so-called "Economy Act"; to the Committee on Appropriations.

1547. By Mr. PARKER: Petition of Mayor Thomas Gamble and other citizens of Savannah, Ga., who are not veterans of the Spanish War, asking the restoration of benefits to Spanish War veterans, and further asking that they have the same benefits as the Federal veterans of the war between the States; to the Committee on Appropriations.

1548. By Mr. AYERS of Montana: Petition of Harry Armstrong of Armington, Mont., praying for agricultural relief upon a basis of prices for farm and ranch products whereby agriculture may relieve itself without drawing on the Public Treasury; to the Committee on Agriculture.

1549. By Mr. RICH: Petition of members of the Kane (Pa.) Parent-Teachers Association, favoring the passage of Senate bill 1944; to the Committee on Agriculture.

1550. By Mr. SHANNON: Petition of Greater Boston Restaurant Association, 16 Waterford Street, Boston, Mass., with reference to the elimination of Government restaurants located on Federal property; to the Committee on Appropriations.

1551. By the SPEAKER: Petition of the Common Council of the City of Milwaukee, Wis., regarding the creation of a Federal commission; to the Committee on Ways and Means.

SENATE

THURSDAY, JANUARY 11, 1934

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

O Thou, to whose all-searching sight the darkness shineth as the light, bless us with the vision of Thyself, without which man is no longer man; for all that thought can grasp or eye perceive is but a shadow of Thy power, which hath created and upholdest all.

In the joy of Thy strength may we work without haste, without sloth, and, being faithful to the past, to eternal truth and beauty, may we, as watchers for the dawn, look for the unseen day when the city of God shall rise in splendor in our midst. And since before Thee all our hearts are bare, and not even the shadow of a thought can rise without Thy knowledge, do Thou guard each tempted heart and keep it pure from each unholy wish, that we may treasure only thoughts of Thee to guide us in our work through all the cloudy days that lie ahead.

Accept our prayer, the incense of the soul, and hallow it with Thy perfecting grace; through Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of yesterday, when, on request of Mr. ROBINSON of Arkansas and by unanimous consent, the further reading was dispensed with and the Journal was approved.

TAXATION OF INTOXICATING LIQUORS

Mr. HARRISON. I desire to enter a motion to reconsider the votes by which the bill H.R. 6131, the so-called "liquor tax bill", was ordered to a third reading and passed on yesterday. I desire to say that as soon as morning business shall have been concluded I will make the motion.

The VICE PRESIDENT. The motion will be entered.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from Frank J. Pexa, of Lonsdale, Minn., praying for the passage of the so-called "Frazier bill", providing for the refinancing of farm mortgages, which was referred to the Committee on Agriculture and Forestry.

Mr. WALSH presented a petition of 100 citizens of the State of Massachusetts, praying for the passage of the so-called "Hatfield-Keller railroad retirement bill", being the bill (S. 817) to provide for a retirement system for railroad and transportation employees, to provide unemployment relief, and for other purposes, which was referred to the Committee on Interstate Commerce.

Mr. TYDINGS presented a memorial numerously signed by sundry citizens of Baltimore, Md., remonstrating against the adoption of the so-called "Prince plan" for the consolidation of the Baltimore & Ohio Railroad Co. with the Pennsylvania Railroad Co. as tending to lessen employment, which was referred to the Committee on Interstate Commerce.

Mr. ROBINSON of Arkansas presented the following memorial of the House of Representatives of the Legislature of the State of Arkansas, which was referred to the Committee on Education and Labor:

House Memorial 1

To the honorable Senators and Representatives from Arkansas in the United States Congress assembled:

We, your memorialists, the House of Representatives of the State of Arkansas, being assembled in an extraordinary session of the forty-ninth general assembly, most respectfully memorialize and petition you as follows:

Whereas the United States Government is spending vast sums of money to provide employment; and

Whereas it behooves all of us in working for the Nation's recovery to work for the greatest good for the greatest number; and

Whereas by reason of the regulations under which money is being spent by the United States Government for the purpose of relieving the unemployment situation many persons are furnished steady employment while others receive none at all; and

Whereas this situation leads not only to the necessity for direct relief but to a condition of unrest among the people so affected:

Therefore we, the members of the House of Representatives of the State of Arkansas, respectfully petition you, collectively and individually, to use your influence to have the regulations aforesaid changed in such manner as will more equitably distribute the employment provided for; be it

Resolved, That the chief clerk of this body be, and he is hereby, directed to forward at once copies of this memorial to each Member of the National Congress from Arkansas at Washington, D.C.

STATE OF ARKANSAS,
County of Pulaski:

I, James R. Campbell, chief clerk of the House of Representatives of the State of Arkansas, hereby certify that the foregoing House Memorial 1 was duly adopted by the house of representatives at the extraordinary session of 1934 and is a true and compared copy of same.

JAMES R. CAMPBELL,
Chief Clerk.

Mr. CAREY presented the following joint memorials of the Legislature of the State of Wyoming, which were referred to the Committee on Finance:

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

UNITED STATES OF AMERICA,
State of Wyoming, ss:

I, A. M. Clark, secretary of state of the State of Wyoming, do hereby certify that the annexed is a full, true, and correct copy of enrolled Joint Memorial No. 1, house of representatives of the special session of the Twenty-second Legislature of the State of Wyoming, being original house Joint Memorial No. 1, approved by the Governor on December 16, 1933, at 4:55 p.m.

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

Done at Cheyenne, the capital, this 3d day of January, A.D. 1934.

[SEAL]

A. M. CLARK,
Secretary of State.
By C. J. ROGERS,
Deputy.

Enrolled Joint Memorial 1, House of Representatives, Twenty-second Legislature of the State of Wyoming, memorializing the President and the Congress of the United States to enact legislation prohibiting or curtailing the importation of canned beef

Be it resolved by the House of Representatives of the special session of the Twenty-second Legislature of the State of Wyoming (the senate concurring), That the Congress of the United States be memorialized as follows: That—

Whereas there is at this time an average monthly importation of South American canned beef to the amount of over 4,000,000 pounds, and this canned beef is sold throughout the United States to the detriment of the market for American-grown beef; and

Whereas the beef industry, Wyoming's largest industry, is suffering from this competition; and

Whereas the price of beef cattle produced in Wyoming is below the cost of production: Now, therefore, be it hereby