

its dictator, Chancellor Adolph Hitler, an explanation of its high-handed, autocratic, dominating, and unwarranted attitude toward persons of Jewish origin and extraction, which course of action distinctly violates Germany's express treaty obligations to respect the civil and religious liberties of the minority nationalities residing within its borders; to the Committee on Foreign Affairs.

2172. By Mr. RUDD: Petition of Flatbush Chamber of Commerce, Brooklyn, N.Y., opposing the passage of House bill 7251 providing for the construction and use of an underground pneumatic-tube service from Holmes Airport in Jackson Heights to the general post office, New York City; to the Committee on the Post Office and Post Roads.

2173. Also, petition of the Chamber of Commerce of the Borough of Queens, city of New York, favoring the passage of House bill 7469, amending the Federal home loan bank law; to the Committee on Banking and Currency.

2174. Also, petition of the joint committee on unemployment, New York City, interested in the welfare of the unemployed and the increase in purchasing power of the agricultural, industrial, and salaried workers of America; to the Committee on Ways and Means.

2175. By Mr. TREADWAY: Resolutions of the General Court of Massachusetts, urging the greater use of granite in Federal building projects; to the Committee on Appropriations.

2176. By Mr. WERNER: Petition of citizens of Kimball, S.Dak., urging adequate issuance of currency, restoration of silver, and suggestions for use of new currency; to the Committee on Coinage, Weights, and Measures.

2177. By the SPEAKER: Petition of Mrs. E. G. Polster, and others, supporting the proposed pure food and drug bill; to the Committee on Interstate and Foreign Commerce.

2178. Also, petition of the United Mine Workers of America, Henryetta, Okla., regarding a tax on natural gas; to the Committee on Ways and Means.

2179. By Mr. LINDSAY: Petition of Flatbush Chamber of Commerce, Brooklyn, N.Y., opposing the passage of House bill 7251; to the Committee on the Post Office and Post Roads.

SENATE

THURSDAY, FEBRUARY 8, 1934

(Legislative day of Tuesday, Feb. 6, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days February 6 and February 7 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. HEBERT. I desire to announce the necessary absence of the Senator from South Dakota [Mr. NORBECK] and the Senator from Rhode Island [Mr. METCALF].

The VICE PRESIDENT. Ninety-four Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 5397. An act to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein;

H.R. 5823. An act to authorize the purchase by the city of McMinnville, Oreg., of certain tracts of public lands and certain tracts reverted in the United States under the act of June 9, 1916 (39 Stat. 218);

H.R. 5905. An act to amend Public Law No. 425, Seventy-second Congress, providing for the selection of certain lands in the State of California for the use of the California State park system, approved March 3, 1933;

H.R. 7304. An act to amend the act entitled "An act to provide for agricultural entry of lands withdrawn, classified, or reported as containing phosphate, nitrate, potash, oil, gas, or asphaltic minerals", approved July 17, 1914, and for other purposes; and

H.R. 7305. An act to authorize the Secretary of the Interior to accept from the State of Utah title to a certain State-owned section of land and to patent other land to the State in lieu thereof, and for other purposes.

The message also announced that the House had passed the bill (S. 313) to amend section 5 of the act approved July 10, 1890 (28 Stat. 664), relating to the admission into the Union of the State of Wyoming, with an amendment, in which it requested the concurrence of the Senate.

JOHN N. KNAUFF CO., INC., v. THE UNITED STATES (S.DOC. NO. 128)

The VICE PRESIDENT laid before the Senate a letter from the Chief Clerk of the Court of Claims, enclosing, pursuant to order of the court, a certified copy of the special findings of fact and memorandum by Littleton, J., filed November 6, 1933, in the case of *John N. Knauff Co., Inc., v. The United States* (Congressional, No. 17630), which with the accompanying paper was referred to the Committee on Claims and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following house concurrent resolution of the Legislature of the State of Ohio, which was referred to the Committee on Public Buildings and Grounds:

House resolution relative to aid for the worthy indigent blind

Whereas the Ohio State Legislature, now meeting in special session, December 1933, wishes to be of service to the blind of the United States and therefore of Ohio; and

Whereas since the Ohio State Legislature is aware of the difficulties and problems which the sightless man and woman encounter in securing suitable employment for themselves and for their dependents; and

Whereas since the bill now before the National House of Representatives, known as H.R. 5694, and introduced by the blind Congressman, the Honorable MATTHEW A. DUNN, of Pittsburgh, which bill is, "to create a Bureau of the Blind in the Post Office Department, to provide for the issuing of licenses to blind persons to operate stands in Federal buildings, and for other purposes", and which would enable thousands of sightless persons, now dependent upon charity and other sources for a living, to earn their own way through life in fair competition with their fellowmen, and since the Federal Government has taken many steps to relieve the great unemployment problem of the country, by the passage of legislation for public works projects and for other purposes, and since all the legislation thus far passed will be of no benefit to the sightless of the United States but rather detrimental in that the cost of living will be increased, and has already been increased because of the Government's plan to raise commodity prices, and since the Dunn bill is in line with the administration's policy to put back to work unemployed persons now idle, due to conditions over which they have no control, and since the recent policy of the administration under its Civil Works Administration will not affect the blind or help them in any way, and since State and county funds are becoming depleted due to the grave situation in which State, county, and municipal governments find themselves, and since, due to such conditions, the sightless are receiving less financial assistance than they need,

especially in such times when their needs are greater; Therefore be it

Resolved, That the Ohio State Legislature go on record endorsing the Dunn bill and at the same time memorialize Congress with the view that it regards the problems confronting the blind in a sympathetic manner, and take action on the Dunn bill as soon as it is ready to be acted upon when in its final form: Be it further

Resolved, That a copy of this resolution be sent to the Honorable Franklin D. Roosevelt, President of the United States; Postmaster General James A. Farley; Congressman Henry T. Rainey, Speaker of the House of Representatives; Vice President John Garner, President of the Senate; Congressman Joseph W. Byrns, majority leader of the House of Representatives; and Senator Joseph T. Robinson, Senate majority leader, with the urgent request that they use their good offices to bring about the early passage of the Dunn bill soon after Congress convenes in January 1934.

The VICE PRESIDENT also laid before the Senate a letter from the Secretary of War, transmitting copy of radio-gram dated at Manila, P.I., January 31, 1934, from Mr. Felino Cajucom, president of the Sakdalista Party, relative to Philippine independence and autonomous concessions, etc., which, with the accompanying paper, was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a telegram in the nature of a petition from Walter A. Cook, master of St. Lawrence County Pomona Grange, Potsdam, N.Y., praying, on behalf of the grange, for the prompt ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty, which was ordered to lie on the table.

FARM CREDITS

Mr. LOGAN. I ask to have printed in the RECORD a concurrent resolution of the General Assembly of Kentucky dealing with farm credits.

The concurrent resolution was referred to the Committee on Agriculture and Forestry, and, under the rule, ordered to be printed in the RECORD, as follows:

Concurrent resolution memorializing Congress that it is the sense of the members of the Kentucky Legislative General Assembly, the senate and house concurring, that the Government of the United States should perform its solemn promise and place American agriculture on the basis of equality with other industries by providing an adequate system of credit, and that adequate legislation to that end should be adopted at the earliest possible date

Whereas, unless immediate relief is given, hundreds of thousands of farmers will lose their farms and their homes and millions more will be forced into our cities and villages and the army of unemployed will necessarily increase to alarming proportions; and

Whereas the price of agricultural products during recent years has in fact been far below the cost of production; and

Whereas there is no adequate way of refinancing existing agricultural indebtedness and the farmers are at the mercy of their mortgagees and creditors throughout this State and Nation; and

Whereas Senate bill no. 457, introduced in the Senate of the United States by Senator LYNN J. FRAZIER, of North Dakota, provides for the liquidating and refinancing of agricultural indebtedness and provides for a reduced rate of interest for the same through the Federal Farm Loan System and Federal Reserve Bank System; and

Whereas the provisions of this bill will have a vital effect upon the agricultural industry of the State of Kentucky; and

Whereas at the present time many loans relating to the agricultural industry should bear a reduced rate of interest; and

Whereas agriculture is the basic industry of this country and there can be no sound business prosperity until agriculture is put on an equality with other industries: Now, therefore, be it

Resolved, That it is the sense of your memorialists, the members of the Kentucky Legislative General Assembly, the senate and house concurring, that the Congress of the United States should enact the provisions of the said Senate bill no. 457; and be it further

Resolved, That a copy of this memorial, duly authenticated, be sent by the clerk of the Kentucky Senate to the Senate and House of Representatives of the United States and to each of the Senators and Representatives of Kentucky in Congress and to United States Senator LYNN J. FRAZIER, the Senator who introduced the bill.

In senate February 5, 1934.

Passed.

Attest:

[SEAL]

BYRON H. ROYSTER,
Chief Clerk of the Senate.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY—MEMORIAL

Mr. LOGAN. I also desire to have printed in the RECORD and to lie on the table a resolution adopted by the Senate of Kentucky protesting against the ratification of the St. Lawrence Deep Waterway Treaty. I placed a resolution in

the RECORD the other day which asked for the ratification of the treaty, and I desire this one in opposition to the treaty also to be printed in the RECORD.

The resolution was ordered to lie on the table, and, under the rule, to be printed in the RECORD, as follows:

Senate Resolution "C", opposing ratification of the Great Lakes-St. Lawrence Waterways Treaty

Whereas this body some days ago, without due consideration and careful deliberation, passed a resolution memorializing the United States Senate to ratify the Great Lakes-St. Lawrence Waterways Treaty now pending before the United States Senate; and

Whereas after due consideration and careful deliberation it is hereby resolved that the United States Senators from Kentucky be respectfully requested to oppose ratification of the said treaty, which will entail an expenditure of several billions of dollars; and

Whereas the opening of this waterway would permit British, German, French, and Russian coals to be delivered by vessel to Canadian and American ports on the Great Lakes amounting to millions of tons annually, carried as ballast, returning with Canadian grain and food supplies; and

Whereas it is reasonably certain that fifteen to twenty-five millions of tons of coal per year for many years sent to Canada from the coal-mining districts of southern coal fields would be displaced by the importation of foreign coal, resulting in a serious displacement of labor in the mines and thousands of men employed on the railroads, and in resultant unemployment of men employed on the farms and in industries which provide materials and supplies to the coal and railroad industries; and

Whereas the development of this waterway in addition to being destructive to the coal industry of this State, resulting in substantial losses in taxation needed for the support of public schools, the State government and public institutions, would also be destructive to railroads traversing the mining and farming districts of the country, whose securities are owned by thousands of our citizens and insurance companies in which many of our citizens have their life savings; and

Whereas millions of dollars are now being expended to improve our economic stabilization which must be paid from future taxation, to expend other billions of dollars to destroy properties upon which we are dependent and to cast thousands of persons on the unemployment rolls is in a measure economic suicide; and

Whereas Lake Michigan, which lies wholly within the boundaries of the United States, has always been regarded as American waters, is now sought by this treaty to be made an international lake and joint control thereof turned over to Canada in opposition to the interests of the American people: Therefore be it

Resolved by the Senate of Kentucky, That we respectfully request the Honorable ALBEN W. BARKLEY and the Honorable M. M. LOGAN, representing the State of Kentucky in the Senate of the United States, to oppose ratification of the pending treaty in an honorable effort to aid the best interests of the people of this State.

Resolved further, That the clerk of the senate be directed to forward to the Honorable ALBEN W. BARKLEY and the Honorable M. M. LOGAN duly attested copies of this resolution.

Passed in senate February 5, 1934.

Attest:

BYRON H. ROYSTER,
Chief Clerk of Senate.

PURCHASE AND SALE OF FIREARMS

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a letter from Donald S. Hopkins concerning Senate bill no. 885, in regard to the purchase and sale of firearms. Mr. Hopkins asserts that bills of this type have been tried in various States and have been ineffective as far as crime prevention is concerned and dangerous from the standpoint of the rights of honest citizens.

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

LOCK HAVEN, PA., February 7, 1934.

HON. JAMES J. DAVIS,

3012 Massachusetts Avenue, Washington, D.C.

DEAR MR. DAVIS: I notice that there has recently been introduced into the Senate bill No. 885, in regard to the purchase and sale of firearms.

Bills of this type have been tried in various States and have been found sadly wanting in effectiveness. About all the effect they seem to have had is to make it more difficult for the honest man to secure a rifle or revolver and to add to his expense of owning one. I cannot notice any cessation in crime in New York State or in Pennsylvania from the passage of laws like the Sullivan law. This law will not prevent the criminal from getting arms and will merely tend to disarm the honest citizen, who should be encouraged to arm himself and defend himself in the face of inadequate protection. I think it well to try to prohibit the sale of machine guns and sawed-off shotguns, but such laws as have been intro-

duced in the Senate will merely tend to hurt the sportsman without preventing the criminal from securing weapons.

I notice that one of the laws calls for the marking of every bullet. This law is simply ridiculous, because anybody can pull a bullet from a rifle case with a pair of plyers, file off the initial or letter on the bullet, and reseat the bullet in just a moment or so, and this law would not be of any avail except to add to the cost of manufacture of bullets.

As to keeping a sample bullet for each gun, everybody knows that if the bore of a rifle gets pitted after use it changes the markings on the bullet entirely, and a trifle of rust or wear in a barrel will change the markings on the bullet. Therefore the provision in the law to keep sample bullets from the various guns sold would not be of any value at all.

These laws would make it impossible for more than half a million sportsmen in Pennsylvania to ship their guns out of the State for repairs, or to sell them to anybody outside of the State, or to have their guns shipped to repairmen. It would also be impossible for any dealers to carry a stock of pistols or revolvers from which sportsmen might make selections.

To say that these laws will not inconvenience sportsmen is simply ridiculous, and they will affect a great proportion of our population who use guns intelligently and honestly, and who support a great industry in this country. I hope you can see your way clear to vote against such ridiculous, useless, and even dangerous bills as these are. What they will tend to do will be to disarm the honest citizen without in any way preventing the criminal from securing weapons.

One of my good friends was almost killed by a hold-up man a year or so ago. The hold-up man struck him with a lead pipe. Wouldn't it be good policy to have all lead pipe marked with initials so that they would make the imprint of the initial on the skull and the man owning such lead pipe could thereby be identified! It seems to me such a law would have about as much sense as some of the gun laws now being proposed.

Thank you very much for your consideration of this matter.

Yours very truly,

DONALD S. HOPKINS.

THE MATCH INDUSTRY

Mr. DAVIS. I ask unanimous consent to have printed in the RECORD and referred to the Committee on Finance a letter addressed to me by J. H. Weaver, of the Columbia Match Co. This letter shows that the N.R.A. match code has increased employment 20 percent and wages 28 percent to 43 percent. However, this increase in employment is being nullified because of foreign importations. The Government is losing a large revenue because foreigners are evading part of the import duty of 20 cents per gross. Thirty-percent protection results in a 70-percent loss, not alone to our workers but to the Government through evasion of tariff duties.

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

CLEVELAND, OHIO, February 8, 1934.

HON. JAMES J. DAVIS,
Washington, D.C.

MY DEAR SENATOR: The following facts regarding the match industry of the United States are respectfully submitted for your consideration:

1. Foreign matches imported in 1933 total more than 13 train-loads of 50 cars each (667 cars), or 13.9 cars for each State. This is fully 50 percent of the smokers' size strike-on-box matches consumed in the United States.
2. Foreign matches being sold, delivered, at an average price of 42 cents a gross, when American matches made under the N.R.A. match code cost approximately 70 cents per gross.
3. Consumers pay same price for foreign matches, closing our factories and allowing foreign factories to operate.
4. American factories now existing can produce, conservatively, three times the quantity used.
5. America is a natural match-producing country, as we have an abundance of all the needed raw materials.
6. We produce a quality far superior to foreign matches, for which the consumer pays the old pre-war price, 1 cent for smoker's size and 5 cents for household size, with our manufacturers assuming a high excise tax.
7. Under the N.R.A. match code, our manufacturers increased employment 20 percent and increased wages from 28 percent to 43 percent.
8. This increase in employment is being nullified because of foreign importations. Factories have laid off employees, and future outlook not bright.
9. The Government is losing a large revenue by foreigners evading part of the import duty of 20 cents a gross, by the mere coloring of splints with a cheap aniline dye and entering them as fancy matches as low as 6 cents per gross, only 30 percent of protection intended by Congress.
10. American match manufacturers pay approximately 24 percent of their net return from sales in excise tax.

11. American match industry has but one market for its products, being barred from most foreign countries by Government monopolies.

12. American match industry has suffered for many years with foreign match imports, causing the closing of more than 10 factories in the last 10 years.

The American match industry on February 1 and 2 appeared before United States Tariff Commission to protest against foreign importations of matches under provisions of section 3, National Industrial Recovery Act. Our plea is now before commission, that all imported matches be restricted, subject to an equalization fee, or sold at a fair American price.

I earnestly request your support in righting the injury to the American match industry by your asking the President to act under provisions of N.I.R.A. and grant the relief the American match industry is seeking.

The President has full authority under the above section of N.I.R.A. to grant this form of relief to an industry that has lost 50 percent of its home and only market strike-on-box and penny-size matches.

Yours very truly,

COLUMBIA MATCH CO.,
J. H. WEAVER, President.

P. S.—Foreign match imports are not the only menace to our industry as lighters are not subject to any excise tax and the Government is losing revenue through failure to place a tax on lighters commensurate with match tax.

Last week the Secretary of the Treasury saw fit to remove the dumping order against Russia without giving the match industry any hearing, and we now believe the Russians are bringing matches here in large quantities, which will still further hurt our industry.

RESOLUTIONS OF OHIO UNEMPLOYED LEAGUE

Mr. BULKLEY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD and to lie on the table resolutions adopted by the Ohio Unemployed League Special State Conference on the C.W.A.

There being no objection, the resolutions were ordered to lie on the table and to be printed in the RECORD, as follows:

The following resolutions were adopted as a basis for militant organized action of the unemployed in Ohio at the special State-wide conference of the Ohio Unemployed League held January 21, 1934, in Columbus. This conference was called by William R. Truax, president of the Ohio Unemployed League, to formulate plans to cope with the imminent collapse of the Civil Works program.

The resolutions read as follows:

"Whereas 46,000 of the 246,000 men employed on C.W.A. jobs in Ohio have been fired; and

"Whereas a general wage cut has been instituted of 20 to 50 percent through reductions in working hours ranging from 6 to 15 hours per week; and

"Whereas Harry L. Hopkins, Federal C.W.A. Administrator, has called for the demobilization of the C.W.A. by May 1 at the rate of 1,000,000 men every 2 weeks: Be it

Resolved, That the following demands be adopted by the Ohio Unemployed League, in special conference assembled, as a basis for organized action of the unemployed throughout Ohio:

"1. That all C.W.A. work be resumed immediately, and that jobs be provided for all unemployed workers.

"2. That a 30-hour week and 6-hour day be maintained, and that the first 5 days of the calendar week shall constitute the working week, and that Saturday shall be a holiday.

"3. That all carry-over time or make-up work shall be performed within the stipulated 5 days, provided that no workday, including carry-over time, shall exceed 8 hours.

"4. That uniform rates of hours and wages be maintained throughout the State.

"5. That all work be paid for at a minimum uniform rate of \$1 per hour, \$30 per week; that this rate shall be increased in direct proportion to increases in average prices; and that all work covered by union wage scales above the minimum rate shall be paid for at the prevailing union rate.

"6. That straight pay of \$30 per week shall be the minimum wage on C.W.A. and P.W.A. projects regardless of time lost due to bad weather.

"7. That wages be paid regularly on Friday of each week, and that the distribution of pay checks be done during the working hours.

"8. That all tools, equipment, and necessary protective clothing be provided through a C.W.A. appropriation.

"9. That free and adequate transportation be provided to and from the place of work for all C.W.A. and P.W.A. workers.

"10. That heated shacks, windbreaks, and salamanders for fires be provided on all open C.W.A. and P.W.A. jobs for protection from bad weather.

"11. That there shall be no infringement on the right of workers on C.W.A. and P.W.A. jobs to organize on the job into organizations of their own choosing for collective bargaining; be it further

Resolved, That these demands be presented in person by the executive board of the Ohio Unemployed League immediately to Gov. George White and the State Civil Works administration, and

to President Franklin D. Roosevelt and the Federal Civil Works Administration.

Submitted by the committee on C.W.A. resolutions.

Geo. W. Snyder, Perry County, chairman; Bernard C. Michael, Allen County; Pearl Bolen, Meigs County; Ralph Hernandez, Fairfield County; W. B. Brown, Licking County; Herb Richards, Hocking County; Ross E. Cox, Franklin County; E. J. McCormick, Wood County; J. Darlington, Mahoning County.

Adopted at Columbus, Ohio, January 21, 1934, by the Ohio Unemployed League special State conference on C.W.A.

READMISSION OF EMMA GOLDMAN

Mr. ASHURST presented a resolution, adopted by the Arizona Peace Officers' Association, protesting against the readmission of Emma Goldman to the United States, which was referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

Resolved, That the Arizona Peace Officers' Association, an organization of some 500 members, does hereby protest the recent decision of the Department of Labor to permit the notorious anarchist, Emma Goldman (Mrs. James Colton), to reenter our country, as it is our belief that such action is a violation of the spirit if not the letter of the United States immigration laws.

We feel that as such it is calculated to establish a dangerous precedent for future guidance and will serve to lessen the fear of and minimize the effectiveness of our deportation laws.

It is obvious that our deportation laws, so far as they apply to alien radicals, are of a deterrent rather than a punitive force; and we feel that if a precedent is established whereby persons of widely known anarchistic views are permitted to reenter our country after deportation for cause, as was clearly the case with Miss Goldman, that the spirit and the purpose of our immigration laws is thereby set at naught.

Therefore the members of the Arizona Peace Officers' Association do thereby protest the readmission of Miss Goldman to this country, and do place themselves on record as upholding the stringent enforcement of our immigration laws in the spirit as well as in letter.

J. G. CROWLEY,
President.
J. E. WILKIE,
Secretary-Treasurer.

REPORTS OF COMMITTEES

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

H.R. 6370. An act to extend the time for completing the construction of a bridge across the Missouri River at or near South Omaha, Nebr. (Rept. No. 270);

H.R. 6492. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Alexandria Bay, N.Y. (Rept. No. 271);

H.R. 6794. An act authorizing the State of Pennsylvania and the State of New Jersey to construct, maintain, and operate a toll bridge across the Delaware River at a point between Easton, Pa., and Phillipsburg, N.J. (Rept. No. 272);

H.R. 6909. An act to extend the times for commencing and completing the construction of a bridge across the Des Moines River at or near St. Francisville, Mo. (Rept. No. 274); and

H.R. 7291. An act authorizing the city of Hannibal, Mo., its successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the city of Hannibal, Marion County, Mo. (Rept. No. 273).

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 1994) for the relief of Estelle Johnson, reported it with an amendment and submitted a report (No. 275) thereon.

Mr. GIBSON, from the Committee on Claims, to which were referred the following bills, reported them severally with amendments and submitted reports thereon:

S. 405. An act for the relief of Capt. Asa G. Ayer (Rept. No. 276);

S. 489. An act for the relief of the J. M. Dooley Fireproof Warehouse Corporation, of Brooklyn, N.Y. (Rept. No. 277); and

S. 1731. An act for the relief of Marion Von Bruning (nee Marion Hubbard Treat) and others (Rept. No. 278).

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (S. 2509) to readjust the boundaries of Whitehaven Parkway at Huidekoper Place,

in the District of Columbia, provide for an exchange of land, and for other purposes, reported it without amendment and submitted a report (No. 279) thereon.

PRINTING OF HEARINGS ON FOODS, ETC., BEFORE COMMERCE COMMITTEE

Mr. HAYDEN. Mr. President, by direction of the Committee on Printing I report back with an amendment Senate Resolution 171, and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Is there objection?

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

The amendment of the Committee on Printing was, in line 6, after the words "during the", to strike out "second session of the Seventy-third Congress, on food, drugs, and cosmetics" and insert "current session on the bill (S. 1944) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drugs, and cosmetics."

The amendment was agreed to.

The resolution as amended was agreed to, as follows:

Resolved, That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Commerce of the Senate be, and is hereby, empowered to have printed 1,000 additional copies of the hearings held before said committee during the current session on the bill (S. 1944) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drugs, and cosmetics.

BILLS INTRODUCED

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

By Mr. THOMPSON:

A bill (S. 2678) for the relief of S. E. Marty; to the Committee on Claims.

By Mr. GEORGE:

A bill (S. 2679) to establish the Ocmulgee National Park in Bibb County, Ga.; to the Committee on Public Lands and Surveys.

By Mr. DILL:

A bill (S. 2680) exempting David Sinclair from the provisions of sections 203 and 205 of the World War Veterans' Act, 1924, as amended; to the Committee on Finance.

A bill (S. 2681) authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport*; to the Committee on Naval Affairs.

By Mr. TYDINGS:

A bill (S. 2682) to exempt certain articles from the tax on floor stocks imposed by the Agricultural Adjustment Act; to the Committee on Agriculture and Forestry.

By Mr. REED:

A bill (S. 2683) for the relief of certain officers of the Dental Corps of the United States Navy; to the Committee on Naval Affairs.

By Mr. KING:

A bill (S. 2684) to regulate foreclosure of mortgages and deeds of trust in the District of Columbia; and

A bill (S. 2685) to provide for the conservation and settlement of estates of absentees and absconders in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. SHEPPARD:

A bill (S. 2687) for the relief of Alfred W. Kliefoth; and
A bill (S. 2688) to validate payments for medical and hospital treatment of members of Reserve Officers' Training Corps and Citizens' Military Training Camps; to the Committee on Military Affairs.

PENALTY FOR PRESENTATION OF FALSE WRITTEN INSTRUMENTS

Mr. ASHURST. Mr. President, I introduce a bill and ask that it may be referred to the Committee on the Judiciary, and request to have printed at this juncture, following the bill, a letter from the Secretary of the Interior describing the bill.

There being no objection, the bill (S. 2686) to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of the Secretary of the Interior, Administrator of the Federal Emergency Administration of Public Works, or Administrator of

the Code of Fair Competition for the Petroleum Industry, was read twice by its title, referred to the Committee on the Judiciary, and, with the accompanying paper, ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That every person who knowingly or willfully makes or aids, or assists in the making, or in any wise procures the making or presentation of any false or fraudulent affidavit, declaration, certificate, voucher, or paper or writing purporting to be such, concerning any application, bond, bid, loan or payment thereof, or pertaining to any other matter within the jurisdiction of the Secretary of the Interior, Administrator of the Federal Emergency Administration of Public Works, or Administrator of the Code of Fair Competition for the Petroleum Industry, or who knowingly or willfully makes or causes to be made, or aids or assists in the making, or presents or causes to be presented, any false or fraudulent affidavit, certificate, voucher, or paper or writing purporting to be such, and every person before whom any declaration, affidavit, voucher, or other paper or writing to be used in aid of the prosecution of any application, bond, bid, loan, or payment thereof purports to have been executed who shall knowingly certify that the declarant, affiant, or witness named in such declaration, affidavit, voucher, or other paper or writing personally appeared before him and was sworn thereto, or acknowledged the execution thereof, when, in fact, such declarant, affiant, or witness did not personally appear before him or was not sworn thereto, or did not acknowledge the execution thereof, shall be punished by a fine not exceeding \$5,000, or by imprisonment for a term of not more than 5 years.

The letter from the Secretary of the Interior presented by Mr. ASHURST is as follows:

THE SECRETARY OF THE INTERIOR,
Washington, February 7, 1934.

HON. HENRY F. ASHURST,
Chairman Committee on the Judiciary,
United States Senate.

MY DEAR SENATOR ASHURST: There is transmitted herewith a draft of a proposed bill providing a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of the Secretary of the Interior, Administrator of the Federal Emergency Administration of Public Works, or Administrator of the Code of Fair Competition for the Petroleum Industry.

A large number of cases are arising constantly in the enforcement of the laws relating to the Interior Department; the transaction of business in connection with the Public Works Administration; in violations of the code of fair competition for the petroleum industry; and enforcement of regulations under section 9 (c) of the National Industrial Recovery Act of June 16, 1933, which are not susceptible of successful prosecution on charges of perjury, and there is no law at present under which prosecutions may be secured for the presentation of false papers.

The early enactment of this legislation is especially desired, so that prompt and vigorous steps may be taken while expenditures are being made of Public Works Administration funds, in view of the following provisions of section 2 (c) of the National Industrial Recovery Act:

"This title shall cease to be in effect and any agencies established hereunder shall cease to exist at the expiration of 2 years after the date of enactment of this act, or sooner if the President shall by proclamation or the Congress shall by joint resolution declare that the emergency recognized by section 1 has ended."

It is respectfully requested that the proposed measure be placed before the Senate for appropriate action.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

SPECIAL STATISTICAL STUDIES BY DEPARTMENT OF LABOR

Mr. WALSH. Mr. President, I introduce a bill for reference to the appropriate committee, and ask to have published in connection with the bill a letter from the Secretary of Labor explanatory of it.

There being no objection, the bill (S. 2689) to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes, was read twice by its title, referred to the Committee on Education and Labor, and, with the accompanying letter, ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the Department of Labor be, and hereby is, authorized, within the discretion of the Secretary of Labor, upon the written request of any person, to make special statistical studies within the general scope of the Department's activities; to prepare from its records special statistical compilations; and to furnish transcripts of its studies, tables, and other records upon the payment of the actual cost of such work by the person requesting it.

Sec. 2. All moneys hereinafter received by the Department of Labor in payment of the cost of such work shall be deposited to the credit of the appropriation of that bureau, service, office, division, or other agency of the Department of Labor which supervised such work, and may be used, in the discretion of the Secretary of Labor, and notwithstanding any other provision of law, for the ordinary expenses of such agency and/or to secure the

special services of persons who are neither officers or employees of the United States.

Sec. 3. The Secretary of Labor shall prescribe rules and regulations for the enforcement of this act.

The letter from the Secretary of Labor presented by Mr. WALSH is as follows:

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, February 8, 1934.

HON. DAVID I. WALSH,

United States Senate, Washington, D.C.

MY DEAR SENATOR WALSH: I am writing to urge you to introduce the attached draft of a bill to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes.

There is a great need for the passage of this bill. From time to time persons request the Department of Labor to make special statistical studies within the general scope of the Department's activities and in relation to labor matters and offer to pay the full cost of this work. This has been particularly true since the passage of the National Industrial Recovery Act. Various code authorities, including, for example, the planning and coordination committee of the petroleum industry, have asked the Department to collect data relating to hours of work, wages, and similar working conditions. These statistics would have been of great value not only to the person or authority requesting the survey but also to the Department of Labor and to the Government generally since they would have served not only to show the existing state of facts but to help formulate policies for future action. Moreover, if the Department of Labor had made the studies which it was asked to undertake, a closer cooperation between business and Government would have resulted, and, if the work had been satisfactorily performed, there is no doubt that business would have had an increased confidence in the accuracy, efficiency, and thoroughness of this Department.

Unfortunately at the present time the Department of Labor cannot undertake this work even though the person requesting the statistical or other information is willing to pay the full costs of the enterprise. The reason is that the act of March 3, 1918, (39 Stat. 1106, 5 U.S.C. 66), provides that no Government official or employee shall receive any salary in connection with his services as such an official or employee from any source other than the Government of the United States. This statute as interpreted by the courts and administrative officers makes it impossible for the Department of Labor to accept from outsiders the cost of special services even though rendered for their exclusive benefit. See *International Railway Co. v. Davidson* (257 U.S. 506, 515 (1922); 31 Op. Atty. Gen. 1919; 16 Comp. Dec. 43).

To overcome this bar, other departments have from time to time asked Congress for permission to enter into arrangements to perform compensated services for private persons. Thus, for example, section 18 of the act of June 18, 1929 (46 Stat. 25, 26; 13 U.S.C. 218), authorizes the Bureau of the Census to make statistical compilations at cost for private individuals; and the appropriation act for the Department of Agriculture for 1920 (act of July 24, 1919, 41 Stat. 270; 5 U.S.C. 513), and section 14 of the Perishable Agricultural Commodities Act (act of June 10, 1930, 46 Stat. 537; 7 U.S.C. 564), authorize the Department of Agriculture to enter into cooperative arrangements with States and private agencies as a result of which these non-Federal agencies contribute in part to expenses incurred by the Federal Government.

I can see no valid objection to the proposed bill and I think its merits are so outstanding that it deserves immediate passage by the Congress. The importance of prompt action is increased by the universal desire to know the full effects of the recovery program undertaken by the present administration.

Very truly yours,

FRANCES PERKINS.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on Public Lands and Surveys:

H.R. 5397. An act to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein;

H.R. 5823. An act to authorize the purchase by the city of McMinnville, Oreg., of certain tracts of public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218);

H.R. 5905. An act to amend Public Law No. 425, Seventy-second Congress, providing for the selection of certain lands in the State of California for the use of the California State park system, approved March 3, 1933;

H.R. 7304. An act to amend the act entitled "An act to provide for agricultural entry of lands withdrawn, classified, or reported as containing phosphate, nitrate, potash, oil, gas, or asphaltic minerals", approved July 17, 1914, and for other purposes; and

H.R. 7305. An act to authorize the Secretary of the Interior to accept from the State of Utah title to a certain

State-owned section of land and to patent other land to the State in lieu thereof, and for other purposes.

CHANGE OF REFERENCE

Mr. LOGAN. Mr. President, on the 6th of February I introduced Senate bill 2644, for the relief of Mary Seeley Watson. Through inadvertence the bill was referred to the Committee on Military Affairs.

I ask unanimous consent that the Committee on Military Affairs be discharged from the further consideration of the bill and that it be referred to the Committee on Foreign Relations.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky? The Chair hears none, and it is so ordered.

AMENDMENT TO NAVAL APPROPRIATION BILL

Mr. GOLDSBOROUGH and Mr. TYDINGS submitted an amendment intended to be proposed by them to House bill 7199, the naval appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 38, line 4, to strike out "\$176,040" and insert in lieu thereof "\$238,410."

On page 38, line 9, to strike out "June 30, 1933" and insert in lieu thereof "June 27, 1933, and the Secretary of the Navy is authorized to reinstate the civilian instructors released subsequent to such date, and so much of the above amount as may be necessary for the payment of the instructors so reinstated shall be immediately available."

AMENDMENT TO INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. HAYDEN submitted an amendment intended to be proposed by him to House bill 6951, the Interior Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 45, after line 10, to insert a new paragraph reading as follows:

"For the fiscal year 1935 all expenditures by the Indian Service shall be segregated by functions of the Service and jurisdictions, such expenditures to be classified thereunder in accordance with approved character and object designation; and the estimates for the Bureau of Indian Affairs for the fiscal year 1936 and thereafter shall be prepared and submitted to the Bureau of the Budget and to Congress accordingly: *Provided*, That for the fiscal year ending June 30, 1936, in addition to the budget provided for by this paragraph, there shall also be prepared and submitted an alternate budget for the Bureau of Indian Affairs which shall follow the order and arrangement of the appropriations for the fiscal year ending June 30, 1935."

INVESTIGATION INTO ACTIVITIES OF DEALERS IN ARMS AND MUNITIONS

Mr. NYE. I submit a resolution which I ask to have read and referred to the Committee on Foreign Relations.

There being no objection, the resolution (S.Res. 179) was read and referred to the Committee on Foreign Relations, as follows:

Resolved, That the Foreign Relations Committee of the Senate be, and is hereby, authorized and directed to investigate the activities of individuals and of corporations in the United States engaged in the manufacture, sale, distribution, import, or export of arms, munitions, or other implements of war, and particularly to investigate and ascertain:

(1) The nature of the industrial and commercial organizations engaged in the manufacture of or traffic in arms, munitions, or other implements of war.

(2) The methods used in promoting or effecting the sale of arms, munitions, or other implements of war.

(3) The quantities of arms, munitions, or other implements of war imported into the United States and the countries of origin thereof, and the quantities exported from the United States and the countries of destination thereof.

(4) The adequacy or inadequacy of existing legislation, and of the treaties to which the United States is a party, for the regulation and control of the manufacture of and traffic in arms, munitions, or other implements of war within the United States, and of the traffic therein between the United States and other countries.

INVESTIGATION RELATIVE TO APPOINTMENT OF MR. ERICKSON AS SENATOR FROM MONTANA

Mr. KING, from the Committee on Privileges and Elections, reported the following original resolution (S.Res. 180), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Privileges and Elections, or any duly authorized subcommittee thereof, is authorized and

directed to examine into the circumstances surrounding the appointment by the Governor of the State of Montana, on March 13, 1933, of the Honorable JOHN E. ERICKSON as a Senator from such State. The committee shall report to the Senate, as soon as practicable, the results of its investigation, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress, to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$2,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

REPORTS OF PUBLIC-UTILITY COMPANIES IN THE DISTRICT

On motion of Mr. KING, it was

Ordered, That the annual reports of the following-named public-utility companies in the District of Columbia, for the year ended December 31, 1933, heretofore transmitted to the Senate, be printed as a Senate document: Capital Traction Co.; Capital Transit Co.; Chesapeake & Potomac Telephone Co.; Georgetown Barge, Dock, Elevator & Railway Co.; Georgetown Gaslight Co.; Potomac Electric Power Co.; Washington Gas Light Co.; Washington Interurban Railroad Co.; and Washington Railway & Electric Co.

LAND GRANTS IN WYOMING

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 313) to amend section 5 of the act approved July 10, 1890 (28 Stat. 664), relating to the admission into the Union of the State of Wyoming, which was, on page 2, line 5, to strike out all after "years" down to and including "years" in line 7.

Mr. CAREY. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

THE MENACE OF KIDNAPING

Mr. ASHURST. Mr. President, the menace of kidnaping and the holding of kidnaped persons for ransom is a ghastly thing that is now and for some months past has been suspended like the sword of Damocles over the homes and the lives of the American people.

It is impossible to describe the terror, the anguish, and the torturing suspense of the relatives and close friends of kidnaped persons who are held for ransom. It is quite understandable that such distressed relatives, in their mental anguish, will yield to the threats and demands of the kidnapers who have seized, secluded, and secreted a person.

I am of the opinion that if the demands of the kidnapers were refused, the kidnapers treated with contempt, their communications entirely ignored, the outlaws notified that no terms would be made with them, and they were given to understand that no ransom would be paid under any circumstances, the kidnaping of persons for ransom would measurably cease in the United States.

In those countries which have laws making it a crime to pay a ransom the crime of kidnaping persons is practically unknown.

During the past few weeks I have caused an examination to be made; and from my brief investigation it would appear that a law making it a crime to pay a ransom to persons who have seized and secluded an individual would reduce kidnaping almost to the vanishing point in our country. At an appropriate time I expect to prepare and introduce such bill.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the following bills of the Senate: S. 248. An act for the relief of Rolando B. Moffett; S. 381. An act for the relief of Samson Davis; and S. 727. An act for the relief of Francis N. Dominick.

ENROLLED BILLS SIGNED

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

S. 157. An act to amend an act approved March 4, 1929 (45 Stat. 1548), entitled "An act to supplement the last three paragraphs of section 5 of the act of March 4, 1915 (38 Stat. 1161), as amended by the act of March 21, 1918 (40 Stat. 458)";

S. 284. An act authorizing the conveyance of certain lands to School District No. 28, Deschutes County, Oreg.;

S. 1774. An act to provide for extension of time for making deferred payments on homestead entries in the abandoned Fort Lowell Military Reservation, Ariz.; and

S. 2152. An act granting certain property to the State of Michigan for institutional purposes.

GOLD CLAUSE IN BONDS

Mr. GLASS. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the decision of the highest court in Great Britain in what is known as the "Belgian bond case". It is very complete and parallels some of our recent transactions.

Mr. STEIWER. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Oregon?

Mr. GLASS. I yield.

Mr. STEIWER. Is the material sent to the desk the decision of the House of Lords?

Mr. GLASS. It is. Has it been printed in the RECORD?

Mr. STEIWER. I thought that it had been so printed, but I have no objection to the Senator's request.

Mr. GLASS. Of course, if it has been printed in the RECORD, I would not care to have it duplicated. I did not know that it had been printed.

The VICE PRESIDENT. Is there objection to printing the decision in the RECORD?

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

[From the London Times, Saturday, Dec. 16, 1933]

HOUSE OF LORDS—BONDS OF A BELGIAN COMPANY; CONSTRUCTION AND PAYMENT—FEIST AGAINST SOCIÉTÉ INTERCOMMUNALE BELGE D'ELECTRICITÉ

Before Lord Atkin, Lord Warrington of Clyffe, Lord Tomlin, Lord Russell of Killowen, and Lord Wright.

The house allowed this appeal by Mr. Josiah Feist from a judgment of the court of appeal, dated March 17, 1933, dismissing an appeal from an order of Mr. Justice Farwell, dated October 27, 1932, on an originating summons issued by Mr. Feist to obtain the decision of the court on the construction of a bond held by him and issued by the present respondents, Société Intercommunale Belge d'Electricité.

The bond was a bearer bond for £100, dated September 1, 1928, and formed part of a total issue of £500,000 bonds issued by the respondents, a limited company incorporated under the laws of the Kingdom of Belgium. On its face the bond was described as a 35-year sinking-fund 5½-percent sterling bond, due September 1, 1963.

RELEVANT CLAUSES

The following clauses, inter alia, appeared on the face of the bond:

"1. Société Intercommunale Belge d'Electricité (Société Anonyme) * * * for value received will, on the 1st day of September 1963, or, on such earlier day as the principal moneys hereby secured become payable in accordance with the conditions endorsed hereon, pay to the bearer * * * on presentation of this bond the sum of £100 in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st day of September 1928.

"2. The company will during the continuance of this security pay at the registered office of the bankers * * * interest thereon at rate of 5½ percent per annum in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st day of September 1928, by equal half-yearly payments on every 1st day of March and 1st day of September in accordance with the coupons annexed hereto.

"4. This bond is one of an authorized issue of bonds of the company of an aggregate principal amount not exceeding £500,000 in sterling in gold coin of the United Kingdom at any one time outstanding.

"5. This bond is issued subject to and with the benefit of the conditions endorsed hereon, which are to be deemed part of it."

Condition 6 provided that the bonds of the issue should constitute and they and each of them were thereby declared to be the direct and unconditional liability and obligations of the respondents in sterling in gold coin of the United Kingdom in accordance with the provisions of the bonds and the conditions.

Condition 18 provided:

"This bond shall be construed and the rights of parties regulated according to the law of England and as a contract made and

according to the terms thereof to be performed in England * * *"

The half-yearly interest coupons annexed to the bond stated on one side, inter alia: "Coupon for £2 15s. being half-year's interest due on ——" and on the other side bore the words: "For £2 15s. in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st day of September 1928 * * *"

On March 1, 1932, a half-yearly installment of interest on the appellant's bond fell due. The respondents claimed the right to pay the nominal sum specified in the coupon, that was, £2 15s., and to pay it in whatever might be legal tender in England at the day of payment as a full discharge of their obligation under the bond.

The appellant thereupon, by originating summons, claimed (1) a declaration that on the true construction of the bond the respondents thereby warranted or guaranteed to the appellant as holder that they would discharge their obligations thereunder by tendering him in payment of the principal and interest due on the bond at the times specified therein gold coin of the United Kingdom to the appropriate amount of or equal to the standard of weight and fineness existing on September 1, 1928.

He also claimed that in the event of any breach of such warranty or guarantee the respondents should be made liable in damages.

Alternatively, he asked for a declaration that the respondents were bound to tender to him such a sum in sterling as might be sufficient to purchase in the market on the day of payment gold of not less weight and fineness than that contained in the gold coin of the United Kingdom, which would have sufficed to discharge such payment if falling due on September 1, 1928.

Mr. Justice Farwell held that on the true construction of the bond the respondents were entitled to satisfy the principal moneys and interest by tendering whatever might at the due date of payment respectively be good legal tender for the nominal amount of the bond or coupon.

The court of appeal, affirming the decision of Mr. Justice Farwell, were of opinion that the bond was a contract for the payment of the nominal amount of money by way of principal and interest, and that it was impossible to construe it as a contract for the payment of any other sums of money ascertained by their gold value from time to time.

Mr. Feist now appealed.

The previous hearings were reported in the Times of October 28, 1932, and March 18, 1933, and in 49 the Times L.R., 8, 344.

Sir William Jowitt, K.C., Mr. Lionel Cohen, K.C., and Mr. Cyril Radcliffe appeared for the appellant; Mr. Gavin Simonds, K.C., and Mr. H. S. G. Buckmaster for the respondents.

JUDGMENT

Lord Russell of Killowen, in giving judgment, said that the difficulty in the case arose from the presence in the bond of what was sometimes known as a "gold clause", and from the particular phraseology which it had assumed.

The company claimed that they were entitled to satisfy the principal moneys and interest secured by the bond by tendering whatever might at the due date of payment be good legal tender for the nominal amount of the bond or coupon, as the case might be. "It is obvious", said his lordship, "that this decision deprives of all effect the words which occur in clauses 1 and 2 of the bond—namely, 'in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on September 1, 1928.' Those words need, in that view, never have been inserted at all."

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

He (his lordship) agreed that the question of construction was a difficult one; but after careful consideration of all the contractual provisions of the bond he had come to the conclusion that they should give to the gold clause the meaning and effect for which the bondholder primarily contended.

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

QUESTION OF CONSTRUCTION

He approached the question of construction in a different way. He considered, first, the state of affairs existing at the date of the bond. The gold standard act, 1925, had exempted the Bank of England from obligation to pay its own notes in legal coin but had provided that such notes should not thereby cease to be legal tender. Further, it had repealed the provision of the currency and bank notes act, 1914, entitling the holder of a currency note to be paid its face value in gold coin. It had, however, provided that the Bank of England should be bound to sell on demand gold bullion at the price and, as therein specified, to any person on demand, but only in the form of bars containing approximately 400 ounces troy of fine gold.

The currency and bank notes act, 1928, had received the royal assent, though it did not come into operation until November 22,

1928. By that act the Bank of England was authorized to issue bank notes for £1 and for 10s., which were to be legal tender for any amount. Existing currency notes were converted into bank notes, the bank becoming liable on them; and the bank was empowered to require any person in the United Kingdom owning gold coin or bullion to an amount exceeding £10,000 in value to sell it to the bank on payment (in the case of gold coin) of the nominal value thereof. The country was on the gold standard, but the notes were inconvertible and gold coin was substantially no longer in circulation.

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

He then turned to the bond to see if from the contents of the document itself it was apparent that the parties did not use the words of the gold clause in accordance with the literal meaning which they would bear if considered apart from the rest of the document and the circumstances which surrounded its execution. His lordship referred to clauses 2 and 4, and said that, taking even clause 1 by itself, it would be practically impossible to fulfill its literal requirements even if a sufficiency of gold coin were still in circulation, for according to its strict reading the coins tendered would all have to be coins of the exact standard of weight and exact standard of fineness specified in the coinage act, 1870, without remedy, allowance, or variation from the standards. Thus, neither in clause 1 nor in clause 2 could the words have been intended by the parties to carry their literal interpretation.

TWO COURSES

He, therefore, asked himself the question: If the words of the gold clause could not have been used by the parties in the sense which they literally bore, ought he to ignore them altogether and attribute no meaning to them, or ought he, if he could discover it from the document, attribute some other meaning to them? Clearly the latter course should be adopted if possible, for the parties must have inserted those special words for some special purpose, and, if that purpose could be discerned by legitimate means, effect should be given to it.

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

He was conscious that that construction strained the words of the document, and that it fitted awkwardly with some of its provisions, but he preferred that to the only other alternatives—namely, attributing no meaning at all to the gold clause, or attributing to it a meaning which from other parts of the document and the surrounding circumstances the parties could not have intended it to bear.

THE DECLARATION

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

The other noble and learned lords agreed.

Solicitors: Messrs. Allen and Overy; Messrs. Stephenson, Harwood, and Tatham.

THE LOUISIANA ELECTION INVESTIGATION

Mr. LOGAN. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the New Or-

leans Item of February 6, 1934, entitled "That Election Inquest."

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

[From the New Orleans Item, Feb. 6, 1934]

THAT ELECTION INQUEST

We note with regret that Chairman CONNALLY, of the Senate committee which recently investigated election practices in New Orleans, seems to have misconceived the attitude of some of the New Orleans newspapers. In addressing the Senate last week Senator CONNALLY said that the Louisiana press "was very unfair and very unfriendly to the committee in the first days of its hearing."

"Mobs", he added, "were clamoring to get into the hearing—both mobs. The mob allied with the Senator from Louisiana and the mob allied against him."

We quote an exchange between Senator CONNALLY and Senator LONG:

"Mr. CONNALLY. I am not complaining about what the papers did, but that does not change the fact. The fact is that two of the papers in New Orleans were allied on one side and one paper allied on the other side.

"Mr. LONG. Oh, no; we have none.

"Mr. CONNALLY. I was informed that one of the papers was with the Long organization.

"Mr. LONG. No; we have none.

"Mr. CONNALLY. Be that as it may, I do not retract what I said, and while we public men have to take the punishment of unfair publicity, I am not complaining. But I do say that the Louisiana papers, when the committee first met, seemed to want some sensational and scandalous stuff to put on the front pages."

We can speak only for the Item and the Morning Tribune. Both these newspapers tried from the first to be absolutely fair and impartial in their extensive reports of those hearings, both as to the contending parties and the senatorial committee. We particularly desired to be courteous to the visiting Senators, not only because we recognized their dignity as members of the world's foremost deliberative body but also because we realized that they were assigned to a difficult and disagreeable business.

Mr. CONNALLY has overstated the manifestations at the hearing very little if any. These occasionally became almost moblike. We are frank to say that they wellnigh disgusted us at times, for the inquiry was essentially judicial in its nature, and we wished to see it carried on in a manner befitting its character.

The Item and Tribune certainly took no position, nor adopted any tone, either editorially or in its news columns, derogatory to either of the parties at bar or to the court itself.

In order to maintain complete neutrality, we even suspended the usual welcome to our distinguished visitors, nor did we print any comment of our own on the hearing at any of its stages until the verdict was rendered.

We certainly did not seek sensations or scandals in the hearing for the first page. On the contrary, we rather regretted that so many of these thrust themselves forward unsought. Mr. CONNALLY came into the committee after the death of Senator Howell. The fact is that when the committee then returned to New Orleans to resume its hearings it had already been bombarded extensively with numerous attacks. These originated and were circulated not only in Louisiana but in other parts of the country. They contributed considerably to a prejudice against the committee. They were further aggravated by a very unusual and bitter personal attack on Senator CONNALLY himself, even before he got here, by the committee's own official investigator—Mr. Holland.

A long train of other agitating developments continued to punctuate the proceedings. Mr. CONNALLY is right in recognizing the existence of scandals and sensations, but he is not quite right in his apparent impression that the newspapers caused them. And certainly our own newspapers neither caused nor contributed to them.

They arose of themselves as spontaneous outbursts among the partisans, quite incidental to the hearing. And when they arose the newspapers were bound to report them. Our newspapers reported them without exaggeration or bias. They were too frequent and conspicuous to be disregarded.

We think Mr. CONNALLY missed the true bearings of this situation, so far as the newspapers are concerned. For very few persons who are busy day and night, on a particularly hot spot to boot, read completely or critically all that the newspapers are saying about them.

We have never before felt called on to pass upon the point, but in view of Mr. CONNALLY's remarks, it is a pleasure to say that we think he and his colleagues conducted themselves with dignity and tact in a generally creditable manner under very difficult circumstances.

Senators often throw each other flowers that they do not always deserve. We think on the whole, however, that Senator ROBINSON, the Democratic floor leader, was well within the record when he closed the Senate debate last week in these terms:

"It seems to me, Mr. President, respecting the subject that has just been discussed, that the select committee of the Senate has had a very difficult duty to perform; that it has encountered numerous impediments and embarrassments; and that the committee has discharged its duty with fidelity and ability."

Louisianians who cherish the good name of their State, value their own privilege as voters, and realize how fraud and corruption

can nullify their personal rights and undermine their public institutions will do well to take serious note of the Senate committee's denunciation of political methods that have been widely employed and too softly tolerated in this State.

They will do well to give their thought and lend their time and effort wherever and whenever these can serve to improve Louisiana's political methods and election system.

ADMINISTRATION OF CIVIL WORKS IN WEST VIRGINIA

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD an article relative to the administration of Civil Works in West Virginia which appeared in the Fairmont Times on February 7, 1934.

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

[From the Fairmont (W.Va.) Times, Feb. 7, 1934]

GOOD MORNING!

In spite of all the denials, evasions, and such which have followed the efforts of Senator NEELY and the West Virginia delegation in Congress to get rid of this fellow, Beehler, and clean out most of the C.W.A. organization in West Virginia, the fact remains that there is plenty of fire behind the Neely smoke. We could give you what the late Judge Charles Powell would call "day and date" on enough stuff to convince the most skeptical that by design, little short of sinister, there were built up in many counties of the State Republican organizations with no other motive in life than to beat the Democrats this coming fall. The C.W.A. work seemed to be wholly subordinated to this aim.

We have before us a letter from a man in whom we have the greatest confidence. He has made a survey of the situation, and in one paragraph he sums it up as follows:

"I know definitely that this whole scheme is adroitly laid to promote the interest of the Republican Party, and Beehler is either a party to it or he doesn't know what is going on. I agree with Hopkins that no particular political affiliation should be required to either give or withhold work from any individual, but I do think that after the tremendous vote in West Virginia in 1932 in turning out those who had plundered and robbed this State, bombed newspaper plants, gone to the penitentiary for embezzlement, and those convicted of many other crimes should not be placed in administrative positions. Over all this State ex-Republican officeholders, ex-gunmen, and ex-convicts are running this C.W.A., and if Beehler had been sent into West Virginia with only one set of instructions, namely, 'You build the best Republican machine that is within the power of man to build', he could not have progressed more effectively along such lines as he has to date."

If nothing were involved in this question except the building up of political machines to help the outs get back in, the people as a whole probably would take little interest in the present controversy and let the politicians fight it out. But the C.W.A. is so vital to all the people in West Virginia that it is little short of criminal to have it made a political football in which the chief aim seems to be the restoration of power to the most corrupt set of political gangsters this State has ever known.

When these facts are finally brought out, there will be no doubt what the administration in Washington will do. The President is already on record that there must be no politics in these recovery efforts. If it comes to his attention that the cards have been stacked in a dozen or more West Virginia counties where the whole C.W.A. program has been turned into a Republican political machine, we'll let you guess what will happen.

Here is an example of the type of discrimination that has been practiced in the giving of employment in Logan County:

In December 1932 the West Virginia Coal & Coke Co. shut down its operations at Earling for lack of running orders, having supplied labor for about 84 men 5 days a week up to that time. The following day two investigators were dispatched from welfare headquarters to Earling and proceeded to register these men. Within the following 3 days every man was given employment upon the roads in preference to 3,500 men previously registered and who had been without employment for months.

That is just one instance. The other day a similar thing happened in Marion County, the facts of which are being assembled now for use in the investigation now being conducted by the legislature.

A thorough and complete reorganization must be had in West Virginia before the spirit of this great effort of the Government will be lived up to.

DECISION OF FEDERAL COURT IN ELECTRIC PATENT CASE

Mr. NYE. Mr. President, I ask unanimous consent to have printed in the RECORD the decision of Federal Judge Paul Jones, of Cleveland, in the Federal District Court for the Northern District of Ohio, on day before yesterday involving a subject of which much has been said in the Senate. It involves the electric manufacturing industry and has to do with patent rights which were alleged by the General Electric Co., and which alleged rights entered very largely into the controversy involving a certain N.R.A. code.

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

IN THE DISTRICT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF OHIO, WESTERN DIVISION
GENERAL ELECTRIC CO., PLAINTIFF, V. SAGE SALES CO. ET AL., DEFENDANTS,
IN EQUITY, NO. 1265

(Memorandum filed Feb. 2, 1934. F. J. Denzler, clerk United States District Court, Northern District of Ohio)

JONES, J.: This matter is for review on exceptions to the report of the special master finding the patent in suit valid and infringed. The master's report well covers the issues and matters in controversy, which have been adequately briefed by solicitors for the parties. Under these circumstances, there is no occasion for an extended statement of issues and arguments; but it will be sufficient to set forth the considerations upon which a conclusion has been reached.

The validity of this patent only could be asserted by giving the claims the most limited scope, in view of what was known and practiced in respect of frosting electric-light lamps, outside and inside. Transferring the frosting from the outside to the inside was not invention, unless some new result of a distinctive character was accomplished. Minimized light reduction and increased strength of the bulb appear to be the chief results accomplished over clear or other frosted lamps. Double dipping was practiced before Pipkin. It is the precise character of the second dipping and its effect and result that mark any improvement over the earlier treatments; but the fact that Pipkin first claimed increased strength of bulb by his treatment would not entitle him to rights of conception if such increased strength was present but not known to exist in the earlier teachings. The failure to claim what is inherently present and apparent upon investigation and experiment does not impair the effectiveness of a prior disclosure. Wood apparently had not figured percentage of brightness or of strength, as compared with clear lamps; but I do not believe that percentage of maximum reduced brightness or percentage of increased strength are patentable features. If they should be thought to be patentable, then the variations in percentage of increased strength are patentable features, although it be "but in the estimation of a hair" would escape infringement due to the narrow scope to be accorded the claims. But Wood did disclose the features of rounding jagged edges. And so the Patent Office thought when rejecting earlier applications of Pipkin.

No doubt the plaintiff has put the inside-frosted lamp into widely increased commercial use by improved methods of production, and perhaps has supplied the market with a better and more satisfactory lamp; but I think Wood furnished the germ of the idea in the correspondence and in his patent. Under these circumstances, the evidence of commercial success has no persuasive force.

The Patent Office history of the Pipkin patent so far impairs its patentability over Wood as to give adequate force to the challenge of validity in the granting of this patent. I think the patent invalid for lack of patentability over Wood, whose patent clearly anticipates the Pipkin claims. Insofar as the master's findings and conclusions are inconsistent with this result, the exceptions thereto will be sustained.

Accordingly, the bill will be dismissed and costs awarded the defendants.

JONES,

United States District Judge.

FEBRUARY 2, 1934.

THE N.R.A.—SPEECH BY SENATOR BORAH

Mr. NYE. Mr. President, I ask unanimous consent that there may be printed in the RECORD a very splendid address delivered over the National Broadcasting chain last night by the senior Senator from Idaho [Mr. BORAH].

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

I am deeply indebted to the National Broadcasting Co. for an opportunity to discuss with you tonight a matter which seems to me of very great moment.

Upon the subject which I am going to discuss, I have received in the last few months thousands of letters, sometimes as high as 300 letters a day. Necessarily, I cannot make answer personally to all of these letters. I am in a sense undertaking to reply to these letters tonight. I feel doubly indebted to the broadcasting company for the opportunity.

The questions are two—but in a sense one and the same. The first question is: Can the people, particularly the less-well-to-do people of this country, and that constitutes now about 90 percent of our people, be protected from unjust and extortionate prices now imposed upon them through the price-fixing methods of combines, trusts, and monopolies? Can those who, through great industry and self-denial, are endeavoring to pull themselves out of their present economic distress, be shielded from the cruel exactions of monopolies? There are millions of people in our country still in want of sufficient means to properly feed and clothe and educate their families (a million children, it has been published, are kept out of school in one city for want of proper nourishment), who are now being driven to a still lower standard of living because prices have been fixed at a point beyond their reach. They are compelled to still further deny themselves

and their families the things they sorely need. And these prices are being fixed without restraint, without hindrance, by combinations and monopolies, passing under the euphonious terms of "trade associations", and the prices are being fixed regardless of humanity or justice. This is the first question.

The second question is this: Can small business be rescued from ruin—small business, independent business, which is the real economic strength and backbone of the Nation? The same combinations and monopolistic methods which are fixing prices for the people generally are, through price-fixing and other monopolistic methods, destroying small business. This may seem a strong statement, but it is not too strong; it is true. It can be proven by the facts. I received in one day over 50 letters from small business firms alone scattered throughout the land. These letters tell the story of the battle which they are waging for existence. In many instances the battle has been lost. The second question, therefore, is: Can small business be saved from utter destruction?

In order to fully understand this situation it is necessary to go back in history. When the Industrial Recovery Act came before the Senate for consideration at the last session it provided for the suspension of the antitrust laws, for all laws which had for their purpose the control and restraint of combines and monopolies. When it came to be considered in the Senate I offered an amendment for the purpose of restoring these antitrust laws. The amendment was adopted by the Senate. It went to conference and was there stricken out. A generalization with reference to monopolies was inserted which has proven wholly ineffective. So the National Recovery Act became a law with a provision therein suspending all antitrust laws. All effective control or restraint upon these powerful combinations were removed. They have made good their opportunity.

It is my contention that the antitrust laws should be restored and that they should be enforced. I do not believe it is possible to protect the people of this country from exorbitant and unjust prices or to save small business from utter ruin if these great combines and monopolies are permitted to go unrestrained and uncontrolled. I may say that I have pending now an amendment to the Industrial Recovery Act which would restore the antitrust laws.

It was thought by some, and is still by some contended, that the antitrust laws, if in full effect, would conflict with the administration of the National Recovery Act. If the National Recovery Act is to be executed and administered in harmony with its true terms and its declared purposes, the antitrust laws would not be a hindrance but a distinct assistance in its administration. Neither in practical effect, in moral effect, or in law, is there any conflict between the National Recovery Act and the antitrust laws. The principal contention as to this phase of the matter came from those who were most anxious to get rid of the antitrust laws and the principal objection to restoring the antitrust laws comes from the same source. It is my contention that this is a poor subterfuge, that these two bodies of law, the antitrust and the National Recovery laws, can be made to work in perfect harmony for the welfare of the great body of the American people. It is also my contention that unless the antitrust laws are restored and enforced, the American people will continue to be pillaged and robbed through extortionate prices and that small business will continue to be crushed and driven into bankruptcy. If the antitrust laws are not necessary for the protection of the people and the N.R.A. can, without the aid of the antitrust laws, protect the consumers and small business men, then why has it not done so, and why does it not do so? What I am asking tonight is: Who is responsible for these exorbitant prices and for the harassing and destruction of small business? Everything which the average person engaged in manual labor must purchase has risen in price all the way from 67 percent to 150 percent. Cotton towels have risen 87 percent. Did the N.R.A. do that or consent to that, or was it those who sit about a table and fix the prices of these articles? And if its machinery without the aid of the trust laws can prevent such things, why is it not used? Children's hosiery has risen 94 percent. Who is responsible for that? Men's wear, such as men's socks, have risen 67 percent; cheap shirts, 72 percent; overalls, 110 percent. This is rather an important item to a large body of people in the United States, whose purchasing power is at the lowest ebb. Who is responsible for this, picking the meager pockets of the workingman? I contend it is the result of combines, price fixing. Who is it that is contending the N.R.A. is responsible for it?

I have a letter in my files from an elderly lady from the South who says: "I am sending you a sample of knitting cotton which sold last spring—1933—for 50 cents a pound. Now I must pay 90 cents a pound." And she asks, "Who gets this large profit?" Yes; who does? It is my contention that the few who control the sale of this particular product have raised the price nearly double. I ask: Does the National Recovery Act and those who are administering it need any help to prevent this extortion? Has the blue eagle become a hawk? Certainly not. What is happening is this. While the N.R.A. is seeking to restore purchasing power, monopoly hovers around, soars down like a bird of prey upon the citizen, and not only takes all gain from the laborer, from the farmer, from the people generally but, while taking is good, it takes more than the gain assured by the N.R.A. And while it is in the act of extortion it is screaming "chiseler" to all who object to being fleeced.

According to a monthly survey of business, put out by the American Federation of Labor sometime ago, a 6-percent increase in wages was more than eaten up by an 8.5-percent increase in

living costs. In other words, the laborer is more than paying as a consumer for his increase in wages. He is worse off by 2.5 percent than he was last March. Using the figure of 100 to represent pre-war prices, the Bureau of Agricultural Economics index showed farm prices on August 15 at 72, as compared with 76 on July 15, and 64 on June 15. The prices of things the farmer buys were 103 on June 15, or 3 points over the pre-war. This moved to 107 on July 15 and reached 112 on August 15. What a perfect scheme. As the farmer's prices increase, the prices of the things which he has to buy increase so as to remove all possible gain to the farmer. Just so long as a few men sit about and fix prices upon the things which the farmer has to buy, the farmer will never be able to enjoy that equality with industry which has been promised. Those who can control prices can always keep just ahead of the prices of the commodities from the farm.

At the present time it is perfectly clear that monopoly is gathering up everything which the average man and woman might reap in the way of benefit from the present recovery program. These monopolies and combines can, so long as they have unrestrained power to fix prices, deprive the people of any opportunity to make any real gains in their income or in their standard of living. With the antitrust laws suspended these monopolies are restrained neither by the feelings of remorse, the stings of conscience, or the fear of punishment. They are now free and untrammelled to extort the last cent they can from the people of this country and to harass and drive small business to its desperation and ruin.

Let me quote briefly from letters of small business. Under date of January 22, from New York, the writer says: "In almost every industry there are large units. These large units are made up of a number of concerns being merged together. In ninety-nine cases out of a hundred, where these mergers take place the concerns are overcapitalized. Now these concerns that are overcapitalized attempt to make a profit on the overcapitalization with the result they have to get exceptionally high prices for their merchandise. Such concerns are not able to compete with small units except by price fixing. And if they can fix the prices for the entire industry, they will naturally fix them high enough for themselves to make a profit. And if the little man should get the business, he would make a profit out of all proportion to what he was entitled and what he would ask for if he were permitted to sell the goods in his own way. But the real trouble exists where one price is fixed in an industry, the larger units are usually the people who get all the business and the small units get nothing."

Here is the secret, both of high prices and of injury to small business. The people are paying on overcapitalization and are not permitted to pay on the basis of honest capitalization. The high prices they are compelled to pay not only covers overcapitalization but they cover high salaries, and many of them. Small business is not permitted to sell upon a basis of honest capitalization or reasonable salaries.

Another letter under date of January 30 says: "There may be a lot of good in the N.R.A., and incidentally there may be a lot of harm. In the opinion of the writer, unless immediate steps are taken to correct the representation constantly being made by monopolies, it will only hasten the time when there will be no need for the N.R.A. May I ask if the N.R.A. is supposed to help the masses, or is it supposed to add more money into the pockets of the very selfish class?" This is a business house in Brooklyn.

Let me say to the writer that the N.R.A. is supposed to benefit the masses. The law was passed for that purpose. The objective was a righteous one. But monopoly put one over on the framers of the National Recovery Act in securing a repeal or suspension—which amounts to the same thing—of the antitrust laws. It is a notorious fact that big business made it known they were not willing to get in and cooperate unless the trust laws were suspended or repealed. For thirty-odd years an effort has been put forth here in Washington to repeal or emasculate the antitrust laws. Here was the opportunity and they succeeded. And the people are paying for the mistake.

A business house from Kansas City, Mo., writes: "Entrenched industry and capitalistic industries can use this new set-up even more selfishly than they were able to use it under old methods." The writer goes on to state how, through monopolistic practices, such as price fixing, they are ruining small business. Another small business firm in Brooklyn says: "Representing a small business struggling for existence, we are at the mercy of monopolies who control raw material and consequently prices. Under the guise of the N.R.A., the ——— industries have raised prices 30 percent on items the price of which was the same from 1928 to about 1933."

A business firm from Wisconsin says: "They themselves tell us that if we were to ask 20 ——— manufacturers for quotations, their prices would be so identical as not to vary one cent. Not only that, ——— salesmen now openly boast that their concerns have a large bond posted with the ——— ring, which is to be forfeited the minute they cut the prices set by the combine. Many of these companies have boosted their prices by 60 percent, with no excuse of processing taxes to justify this advance." Another letter from a business man at Jacksonville, Ill., says: "Without the antitrust laws in effect, small business cannot survive."

I shall not, for want of time, quote further. But these letters are coming from all parts of the United States and from men anxious to keep in the recovery program. But they also want the right to live, to continue business. And it is the duty of the Government to all that they enjoy the right to live and continue business.

Since this discussion about the small business man has arisen, I had a conversation with one of the prominent figures in one of the great industries in the country which is under a code. I do not feel justified in using his name, but he made this statement: "Senator, you must realize that the small business man is passing out. He does not belong in our modern industrial development. It is not in the interest that a business should be conducted upon the theory that he must be retained. It is natural for us to sympathize with him, but the philosophy of the present constructive program is against him."

Gasoline is a necessity, as modern society is now organized, to the American public in an extent exceeding 2½ pounds daily, for every man, woman, and child in the United States. Its price is, therefore, almost as critical as the price of bread and meat. The domestic consumption of gallons in the year 1933, as reported by the United States Bureau of Mines, was 378,143,000 barrels, 42 gallons each; 378,143,000 multiplied by 42 makes 15,882,006,000 gallons. An increase of 1 cent in the retail price per gallon means an increase of \$158,820,060 annually, or \$435,000 daily, at the 1933 rate of consumption. Since last June the price of gasoline has increased over 30 percent. In June it was about 12½ cents a gallon and has gone up to an average of 16 cents a gallon. The major companies are in a position to fix prices and to drive out of business the small independent oil men.

My State produces a large amount of lumber. I know most of those engaged in the business. Naturally I have only the friendliest feeling for the industry. But let me call your attention to a statement furnished me by a western lumber company. This statement says:

"In the week of February 5 to 11, 1933, we sold retail \$276.18 worth of lumber consisting of 120 different items. On November 3, 1933, our retailed price on this same material was \$445.49, showing an increase of 61 percent over the February 1933 prices. Today's price (Feb. 1, 1934) is \$484.90, an increase of 9 percent over November 3, 1933, prices, and 75 percent over February 1933. And now, under the new minimum selling price established by the code, this selling price has increased another \$71.40 to \$556.30, a jump overnight of 15 percent and 25 percent over November 3, 1933, prices, and 101 percent, or more than double, the February 1933 prices. These exact figures are taken from our records."

Balzac, the great French novelist, once said that money never loses an opportunity to be stupid. It seems to me that economic power never loses an opportunity to be stupid. These prices will in the end injure the lumber industry. People who want to build a home will not build a home; they cannot build it. Farmers who want to improve their barns and granaries or build new ones will not do so. They will either do without or find substitutes. But such is the program that is now being carried out.

The Secretary of the Interior, Mr. Ickes, is a hard-working, able, conscientious, courageous public servant. But he has some most peculiar ideas. It is difficult to understand him. To illustrate: He believes that the taxpayers who must pay these great bills are entitled to some protection. He insists on competition in the matter of bidding for public works. He believes the Government cannot be protected if these bidders for public works are permitted to get together and put in the same bids. He goes so far as to say these people who get together and put up prices on the Government are crooks, or something to that effect. And he seems to think they are such, regardless of what their politics may be.

Now, Mr. Ickes has been much criticized for these ideas. But I venture to think he is right. The taxpayer ought to be protected and the Government ought not to be "gypped" by a combination of bidders. But if the Government is entitled to the benefit of competition, if the Government is entitled to protection against fixed bids and thereby fixed prices, are not the people entitled to protection against price fixing? If a farmer wants, for instance, to buy a farm implement, he could travel from San Francisco to New York and he would, I suspect, find the price the same all the way along, fixed by somebody and fixed at an unconscionable point. If a workman wants to buy a pair of overalls, he might travel from the Canadian line to the Gulf, but he would likely find the same price. And he would further find that if some small business man felt that, owing to his less highly watered business, he was willing to sell for a lower price, he would be put in jail. Now, my friends, this is all wrong. It is an injustice to the whole people. And in many instances and in many respects it cannot be defended morally any more than the exactions of Dick Turpin on the London road.

Billions of dollars are being expended by the Government to restore prosperity. When the game is played through, in whose possession is this money? Largely in the possession of trade associations, combines, and monopolies, which have the power to fix, and are fixing, prices. If workmen get a little higher wage, it is taken away by the higher prices of things they must buy, and they are unable to save a dollar. If the average man or woman makes a gain somewhere, the cost of living goes up and they are no better off—the situation is not changed. If the farmer receives some benefit from some policy of the A.A.A., the monopolies and combines, which operate under the N.R.A., take it away. Last summer when the packers came to the conclusion that the consumers would not carry the processing tax, they made themselves safe by reducing the price of hogs. Play the game as you will, the monopolies, who are able to fix prices, will win.

What benefit is it to the laborer to raise wages if a few companies may raise prices to rob him of the benefit of the raise in wages? What is the use to kill pigs and reduce acreage if the harvester combine, the packers, and the major oil companies can put up prices so as to grab off to themselves all the benefits? Until we can increase the purchasing power of the masses, until

they can buy more, not less, as they are doing now, until they can make some savings, there can be no permanent prosperity. Prices should be kept down within reason and the price of labor raised and unemployment decreased. When that is done the increased demand for goods, for the things which men and women must have in order to live, that of itself will stimulate business, and that stimulation will normally raise the prices of articles which the people need. But to raise prices first, as monopoly is doing, is simply to hold labor down, likewise the producer, to the bare level of existence. With the price-fixing power in the hands of those interested in charging all the traffic will bear, there is no hope of restoring the purchasing power of the masses and no hope of prosperity until that is done.

When these conditions are pointed out someone goes into a trance and begins to ejaculate about how we cannot go back to rugged individualism; that we have arrived at a new era, the era of planned industrialism. I do not care to enter into a discussion as to the merits or demerits of rugged individualism or of planned industrialism. So far as the subject I am discussing tonight is concerned, I am not interested in that question. What I have to say is that it matters little what you call it; if combines, trusts, and monopolies dominate the program, it is just the same to the people, whether you call it rugged individualism or planned industrialism. It makes little difference to the consumer paying extortionate prices or to small business fighting for its life against monopolies whether you call the process rugged individualism or planned industrialism. If monopoly is permitted to have its way under both schemes, permitted to fix the rules of the game under both schemes, the results are the same to the people. Any scheme, whatever you may call it, which does not protect the individual citizen from unjust charges and prices, which fails to insure to him economic justice; any scheme which does not give small and independent business a fair chance in the struggle for existence, is a libel upon government, a travesty upon justice, and a brutal indefensible system, regardless of whether you call it new freedom, old freedom, rugged individualism, or planned industrialism. The test is whether the citizen is free from these injustices and is permitted to have his portion of the wealth and income of the country. If we are to have planning and a great scheme of cooperation, we are certainly not going to consent that it shall be a legal rendezvous for monopoly. If we are going to have this new scheme, the average man and woman must be treated, not merely as an economic cog in a vast machine but as human beings, hoping, aspiring, feeling, sentient souls. The average man or woman cannot be reduced to economic slavery, carrying the weight which kills, simply in the name of this or that scheme. They are entitled to be treated as citizens and to be protected against the rapacious charges of combines and monopolies. If a plan is defective in that respect, it is nothing but legalized robbery. I do not care what you call it.

POST-OFFICE APPOINTMENTS

Mr. STEIWER. Mr. President, yesterday during the time the Senator from Indiana [Mr. ROBINSON] was addressing the Senate I was permitted to interrupt and to make some comments upon the existing rules in the Post Office Department with respect to the appointment of postmasters. In submitting such comments, I asserted that I understood that changes had been made in this administration with respect to the system of appointment. My statements were denied by Senators, and because they were so positively challenged I desire to take a few minutes to place in the RECORD the Executive order under which postmasters are presently to be appointed.

It is not necessary, I think, to read the statements made yesterday by the Senators who challenged my statement, but I am referring to the statements made by the Senator from Kentucky [Mr. BARKLEY] and the Senator from Tennessee [Mr. McKELLAR]. Both those Senators made the statement that the system under which the Department is now operating is identical with the system under which it has been operating in the appointment of postmasters for many years, and specifically is identical with the system that was employed under the Hoover, the Coolidge, and the Harding administrations.

At that time I was not prepared to offer the Executive order because I did not have it in my possession. But since then I have acquired a copy and have examined it. I read from the order:

When such examination has been held and the papers submitted therewith have been rated, the Commission shall furnish a certificate of not less than three eligibles, if the same can be obtained, to the Postmaster General, who shall submit to the President the name of one of the highest three for appointment to fill such vacancies: *Provided*, That the Postmaster General may reject the name of any person or persons so certified if he shall find that such person or persons is disqualified.

I will conclude the reading at that point although that does not complete the paragraph.

The language last read, namely, "that the Postmaster General may reject the name of any person or persons so certified if he shall find such person or persons is disqualified", constitutes a significant change from the earlier Executive order. In the brief time since yesterday I have not had time to examine all of those orders, but I have examined one of them, namely, the one in effect just previous to the order from which I am reading. I find that in that order this extraordinary power of unlimited rejection is not conferred upon the Postmaster General. So far as I can learn by inquiry of those interested in the Post Office Service, the language to which I have alluded appears in the Executive order of July 12, 1933, for the first time since the commencement of the merit system in this country.

I did not yesterday intend to charge the Postmaster General with any impropriety under the order. Indeed, I have no information about the conduct of the Postmaster General with respect to it. I did not intend to impute anything with respect to him. What I did intend to say is that there had been a change in the system, a change in the rule. It was that statement of mine that was controverted and it is with respect to that matter that I am addressing myself briefly this morning.

Mr. President, I ask that the Executive order to which I have referred may be printed as a part of my remarks at this point.

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

The Executive order is as follows:

EXECUTIVE ORDER
APPOINTMENT OF POSTMASTERS

When a vacancy exists or occurs in the position of postmaster at an office of the first, second, or third class, the Postmaster General may submit to the President for renomination the name of the postmaster whose term has expired or is about to expire, or the name of some qualified person within the competitive classified Civil Service. If no such person is nominated, the Postmaster General shall certify the fact to the Civil Service Commission which shall forthwith hold an open competitive examination to test the fitness of applicants not in either of the above-mentioned classes to fill such vacancy. When such examination has been held and the papers submitted therewith have been rated, the Commission shall furnish a certificate of not less than three eligibles, if the same can be obtained, to the Postmaster General, who shall submit to the President the name of one of the highest three for appointment to fill such vacancy: *Provided*, That the Postmaster General may reject the name of any person or persons so certified if he shall find that such person or persons is disqualified, in which event the said Commission shall upon request of the Postmaster General complete the certificate of three names: *Provided*, That no person who has passed his sixty-sixth birthday at the date for close of receipt of applications for such examination shall be permitted to take the same: *And provided further*, That no person shall be examined for postmaster who has not actually resided within the delivery of the office for which application is made for 1 year next preceding such date: *And provided further*, That at the expiration of the term of any postmaster, or anticipating such expiration, or upon the death, resignation, or removal of any postmaster, the Postmaster General may, in his discretion, request the Civil Service Commission to hold an examination.

If, pursuant to this order, it is desired to submit to the President for nomination the name of a person in the competitive classified service, such person must first be found by the Civil Service Commission to possess the requisite qualifications.

No person who has passed his sixty-sixth birthday shall be appointed acting postmaster in an office of the first, second, or third class unless he is already in the Postal Service.

The Civil Service Commission, in rating the examination papers of candidates who are veterans of the World War, Spanish-American War, or the Philippine insurrection, shall add to their earned ratings five points and make certification to the Postmaster General in accordance with their relative positions thus acquired.

The time such candidates were in the service during such wars may be reckoned by the Commission in making up the required length of business experience. As to such candidates all age limitations shall be waived.

This order shall supersede all previous Executive orders affecting the appointment of postmasters to post offices of the first, second, and third classes.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, July 12, 1933.

Mr. BARKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Kentucky?

Mr. STEIWER. I yield.

Mr. BARKLEY. I merely rise to suggest to the Senator that while it may be that the sentence he read was not in the former Executive order, it has not brought about any change in practice. The Postmaster General has never been required to appoint a disqualified man, not only as postmaster, but as rural carrier. The same rule has applied from time immemorial with reference to the appointment of rural carriers. For instance, if one of the highest rated is discovered to be a nonresident of the territory or for some reason not shown on the civil-service examination is disqualified, the Postmaster General has never been required to appoint him. It has been the practice, always, to require a new certification so as to get a full list of qualified people, regardless of whether they were the first three on the list or not.

Mr. STEIWER. That is true; and it is equally true that in the order which I have just sent to the desk there is an exception, as it has always existed, to the effect that disqualified men need not be appointed; and the disqualifications are enumerated. The disqualifications are defined in this Executive order and in previous Executive orders. But the language to which I have called attention does not appear in previous Executive orders, and it has the effect of conferring upon the Postmaster General the right, without the assignment of a reason, without any reference to the qualifications enumerated in the Executive order, but solely within his own discretion, to refuse to accept any one of the three highest names on the list.

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

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

Mr. STEIWER. I yield.

Mr. VANDENBERG. I invite the Senator's attention to the fact that sometimes reasons are assigned for the removal of Republican postmasters which are rather inconclusive and not particularly persuasive. For instance, I know of several situations where Republican postmasters whose terms have not expired have been removed for so-called "pernicious political activity", that being the official excuse or reason assigned by the Post Office Department. I have repeatedly sought to obtain from the Post Office Department a definition of what precisely "pernicious political activity" consists, because it occurred to me that it would be interesting to apply the rule reciprocally. But I never have been able to get a bill of particulars.

I fully realize the Postmaster General's very tender and unremitting aversion to political activity of any nature, and I can sympathetically understand how keenly he would desire to have the entire Post Office Department, from the top down, separated from any remote relationship to politics. But it does seem to me if Republican postmasters are to be removed for a violation of the Democratic Postmaster General's tender political conscience in this respect, it would be interesting to know precisely what constitutes the "pernicious political activity" that ought to separate a man from his postal job. Then we should be able to apply the rule uniformly and perhaps assist the Postmaster General in attaining the antipolitical isolation which these orders would indicate he seeks.

Mr. STEIWER. That would be interesting, of course, but I hope the Senator from Michigan is not seeking to divert me from my original purpose. I do not intend to join with him in his subtle allusion to the Postmaster General or his administration of the matter. I have no desire to touch upon that. All I intend to do is to make the record show plainly that the system today is not the system of former administrations.

Mr. McKELLAR and Mr. CLARK addressed the Chair.

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

Mr. STEIWER. I will yield in just a moment.

There was written in the Executive order language which is most pertinent with respect to the suggestion of the Senator from Michigan and which, if it is to be given any meaning at all, is bound to result in the exercise of un-

limited discretion at some time by some Postmaster General and will, in my judgment, completely destroy the merit system in the appointment of postmasters.

I yield now to the Senator from Tennessee.

Mr. MCKELLAR. What the order does is to put in effect in words just what the three previous administrations have been putting into effect in practice, nothing more, nothing less. The selection of postmasters is made in exactly the same way.

With reference to the two individual cases referred to by several Senators, will the Senator from Oregon permit me to say that on yesterday my good friend the Senator from Ohio [Mr. FESS], whom I admire very much, pointed out the case of a postmaster by the name of Geren, at Columbus, Ohio, who said he had been dismissed and another man appointed in his place when Mr. Geren had 3 more years to serve. That was not correct, and the Senator was misinformed. The postmaster in question at Columbus, Ohio, had served 10 months beyond his term. It was a civil-service appointment. Another man had been appointed 10 months after the term of Mr. Geren had expired.

Mr. STEIWER. I now yield to the Senator from Missouri.

Mr. CLARK. I simply want to say that I heartily agree with the statement of the Senator from Oregon that postal affairs are not being conducted under this administration as they were under the preceding administration. As an example of that I cite the visit of Fourth Assistant Postmaster General Phillips to Missouri about a year ago, when he served notice on the postmasters at a meeting out there, in effect, and almost in exact words, that if they did not indulge in pernicious political activity they were going to be fired.

Mr. STEIWER. That has nothing to do with the system under which the Post Office Department is administered. If the statement be true, it merely reflects upon the officer who was guilty of that misconduct.

I am not talking about the misconduct or the good conduct of any officer in an earlier administration or in this administration, nor am I imputing any misconduct to the Postmaster General or any assistant in this administration. I am merely insisting that there is a change in the rule under which the system may differ if the Postmaster General wills it to be different.

I want to say a word with respect to what was said a moment ago by the Senator from Tennessee. If the system is the same today as it has been previously it is merely because the Postmaster General wills it so. It is not the same by reason of the force of an Executive order, because there is a difference in the Executive order as has been stated. There is a difference in the meaning of the language. There is a difference in the object to be attained by the language, and it is impossible to say that the system necessarily is going to be the same now as it was under the former system.

Now that the matter has been challenged let me refer to the earlier order, the one in effect at the time the President issued the order of July 12, 1933. The former order, after providing that appointment should be made from the three highest, provided that the Postmaster General could reject the name of any person or persons so certified if he should find that "by reason of character or residence such person or persons shall become disqualified after such examination."

That language very clearly conferred upon the Civil Service Commission authority to determine the qualifications and the eligibility of those to be certified to the Postmaster General. It gave to the Postmaster General a discretion only in the event that something happens after the names have been certified, and then only for stated grounds which were clearly identified in the Executive order.

But in the Executive order to which I have invited attention the discretion of the Postmaster General is not limited to anything happening after the examination has been held by the Civil Service Commission, and it is not defined by limitation as to character or anything else. By the express

language of the order the whole discretion is turned over to the Postmaster General to be exercised in accordance with his judgment, without rule and without limitation. If the Postmaster General in his wisdom has seen fit to adhere to the old practice, that is one thing; but if this or any other Postmaster General shall subsequently determine to depart from the old practice by reason of having powers and discretion conferred upon him, that most certainly is another thing.

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

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Rhode Island?

Mr. STEIWER. I yield.

Mr. HEBERT. Until we were informed by the Senator from Michigan [Mr. VANDENBERG] a moment ago that postmasters had been removed for pernicious political activity, I had supposed that that had not been considered as a cause for removal from office. I was led to that conclusion because it happens that in the city of Providence only recently the chairman of the Democratic committee of Providence was named as postmaster. I understand he is still acting in that capacity. I do not mean to say that he has not the qualifications to fill the office. The fact is that he was postmaster there previously, and, so far I know, performed his duties in a perfectly satisfactory manner.

I merely allude to the fact because of my amazement at the statement made by the Senator from Michigan.

Mr. STEIWER. Mr. President, I have one more—

Mr. ROBINSON of Arkansas. Mr. President—

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

Mr. ROBINSON of Arkansas. No; I do not ask the Senator to yield. I am rising to a question of order.

The Senate has been in session for 30 minutes engaging in what is essentially a political discussion. I am going to demand the regular order, and that the Senate proceed with its business.

The VICE PRESIDENT. The regular order is demanded.

CIVIL WORKS ADMINISTRATION APPROPRIATION

The Senate resumed the consideration of the bill (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Arizona [Mr. HAYDEN].

Mr. STEIWER. Mr. President, I ask recognition.

The VICE PRESIDENT. The Senator from Oregon.

Mr. STEIWER. I will now proceed with my comment, if I may.

The effect of the two orders, taken in comparison, leads to this conclusion: That under the former order the Postmaster General was bound to appoint from the three highest eligibles; or, within the strict limitations of the order, he could select someone else, provided that other person had been found to be qualified by the Civil Service Commission. Now, the Postmaster General, under the latitude allowed him, and in the exercise of his discretion, may name not only one of the three eligibles but may name, if he sees fit, in the exercise of his discretion, any other person who has taken the examination, provided such person meets the qualifications of residence and is not more than 66 years of age. The new authority and wide discretion conferred by the President's executive order upon the Postmaster General permits an appointment system entirely different from all former systems employed under civil service, and, of course, it is susceptible to grave political abuses.

So I conclude that the statement I made yesterday is supported by the record. The contentions made in contradiction to my statement apparently are unsupported.

Mr. BULKLEY. Mr. President, my attention has been called to certain remarks made by my colleague [Mr. FESS] on the floor here yesterday concerning the removal of post-

masters in Ohio without charges, merely to supplant Republican postmasters by Democrats.

I am sure my colleague did not intend to misrepresent the facts, but he has been so badly misled into making these statements that I think it necessary to make a brief statement as to what the actual truth is.

My colleague said here that the postmaster at Columbus had been removed, that his resignation had been asked, without any charges being made against him. The fact is that his term expired in December 1932. He was allowed to serve until October 1933; and then, having had a civil-service status before his service as postmaster, he was restored to civil service as a clerk in the Columbus post office, so as to preserve his retirement rights.

My colleague said that the same thing happened in Toledo, and the same thing actually did happen in Toledo; namely, the term of the postmaster there expired in December 1932. He was allowed to serve until August 1933.

My colleague said the same thing happened in Cleveland, and I know he will agree now, after a conversation I have had with him, that he was grossly mistaken about the Cleveland situation.

He did not allude specifically to Cincinnati, but the fact is that the Republican postmaster there became a candidate for public office, and so was required under the law to resign, and he did proffer his resignation without its having been asked.

In Dayton, Youngstown, and generally throughout the State, Republican postmasters are being permitted to serve out the terms for which they have been appointed. I do not think there is a single case in the whole State of Ohio where any Republican postmaster has been removed without cause. So far as I am concerned, it seems to me fair play that Republican postmasters should be permitted to serve out the terms for which they have been appointed and confirmed.

I hope my colleague will agree that this statement is the truth. If he has any instance where he thinks a Republican postmaster has been unjustly removed, I should like to hear what it is.

Mr. FESS. Mr. President, my colleague [Mr. BULKLEY] called attention this morning to the particular cases to which I referred yesterday in a colloquy with the Senator from Tennessee [Mr. MCKELLAR] when he was speaking about the policy that had been in vogue under President Harding, and contrasted that policy with the policy of the present administration.

I made the statement without any thought that it would be any reflection upon my colleague. There is no one in this body for whom I have a higher admiration than my colleague. His conduct in all the matters in which I have been associated with him, politically or otherwise, has been without blemish, and has been, as I regard it, very much on the square. When he called my attention to the matter this morning, I explained to him why I made the statement; and I certainly did not at the time think of making any reflection upon him.

As I stated before, I have never made any complaint in this body or to any individual about the postmaster situation in Ohio until yesterday; and I did it yesterday when it was called to my attention by the comparison of the two administrations.

Mr. President, I think it is due to the Senate and myself and all concerned that I state that my statement probably has been misinterpreted. For example, all of these people were reappointed, given recess appointments.

Mr. BULKLEY. Mr. President, that is not quite accurate. The postmasters in Columbus and Toledo had recess appointments which the Senate did not confirm.

Mr. FESS. Yes.

Mr. BULKLEY. And, of course, if the Senator is seeking to draw a parallel with the Harding administration, he will remember that the precedent for the refusal of the Senate to confirm appointments last winter goes right back to the beginning of the Harding administration.

Mr. LONG. Mr. President—

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

Mr. FESS. Not now. Just a moment.

These reappointments were made. They were not confirmed by the Senate. They were made in recess, then submitted after we came into session and were not confirmed by the Senate, and therefore, were not really reappointments. That is the error into which I fell.

When these persons spoke to me and said there had been no complaint made, I realized, as Senators will, that there was no basis for complaint if confirmation was not made. All that was necessary was to make the appointments; and the appointments were made without calling for any particular resignation, but simply to fill the vacancies that would occur when these men ceased to hold their offices.

Mr. BULKLEY. Mr. President—

Mr. FESS. I yield.

Mr. BULKLEY. Will my colleague agree with me that he was mistaken about Cleveland?

Mr. FESS. I have to accept the Senator's statement of facts that I did not know. Evidently I was mistaken in the facts; and the Senator, instead of being subject to criticism there is entitled to the highest commendation for what he did. That was all unknown to me.

Mr. President, in the light of what occurred in the case of the Federal Trade Commission, where vacancies were demanded because of a change of administration on the ground that the administration could get along better and more effectively with persons of their own political thinking, and in view of the statements of the Postmaster General that "Democrats can ride horses just as well as Republicans", and so forth, I assumed that this was the general practice, although, as I stated before, I had never made any complaint; and I stated to my colleague that in the appointment of postmasters I knew that he would not have anybody nominated who would fall below the basis of his standard of character, and as long as that was done I had no opposition; I would go along with any recommendations he might make. So I want my colleague especially to understand that I meant no reflection upon him in what I stated yesterday, and it is in a sense a misinterpretation of the facts as they existed.

Mr. BULKLEY. Of course, I well understand that my colleague did not intend any reflection upon me; but I should be sorry to have any reflection on the action of the Department, either.

Mr. LONG. Mr. President, I was hoping we could vote on the amendment of the Senator from Arizona [Mr. HAYDEN]; but I have quite a post-office discussion in my system with regard to Louisiana, and if this line of debate is going to continue, now would be a good time for it.

If we can vote on the pending amendment, I shall withhold a 2- or 3-hour discourse that I want to make on post offices; but if the post-office discussion is going to continue I want to discuss post offices, too.

Mr. MCKELLAR. Mr. President, let us finish the bill.

Mr. ROBINSON of Arkansas. Mr. President, I suggest to the Senator from Louisiana that he do withhold his discussion and let us go on with the bill.

As every Senator understands, all this discussion this morning on post-office nominations is, under the peculiar rules of the Senate, permitted because a Senator, when he takes the floor, does not have to speak to the subject before the Senate, provided he is willing impliedly to say that he thinks he is doing it. I suggested the regular order, but, of course, Senators took advantage of the interpretation of the rules of the Senate.

I hope we may go on with the work before us.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arizona [Mr. HAYDEN]. [Putting the question.] By the sound the noes appear to have it.

Mr. LONG. I call for a division, Mr. President.

Mr. HAYDEN. I ask for the yeas and nays.

The yeas and nays were not ordered.

On a division, the amendment was agreed to.

Mr. CUTTING. Mr. President, I send to the desk an amendment which I ask to have read.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. The Senator from New Mexico offers the following amendment:

On page 2, line 2, to strike out "\$950,000,000" and to insert "\$2,500,000,000."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from New Mexico.

Mr. CUTTING. Mr. President, I think there is no need of spending much of the time of the Senate in discussing the proposed amendment. Every Member of the Senate has weighed in his own mind the action which is going to be taken today. I do not anticipate that anything I may say will influence any votes, but this is a question of so great importance that I think I should briefly state the grounds which lead me to offer the amendment.

It has become a platitude that the chief cause of the depression is the failure of our purchasing power to live up to our productive power. It is, as I have said before, a platitude in our speech, and yet it seems that all our official actions are governed by entirely different principles.

In my conception the C.W.A. has been by far the most successful effort of the present administration to deal with the fundamental problem. I say that not in criticism of other efforts, but in particular commendation of the work which has been done by the C.W.A. administration since it was inaugurated in November.

I need scarcely say, Mr. President, that I am not one of those who agree with Governor Smith that we should abide by experience as against experiment. The experience of the last few years has been bitter and futile experience. I think the experience we have had is experience in what should not be done. I do not believe it can justly be used as a criterion for what we should do from now on. I entirely approve of the policy of the administration in experimenting as widely as possible so long as the experiment seems to have any rational or reasonable basis which may give us hope of success. Personally, I have voted for all the experiments suggested by the administration, with the single exception of the economy act, which in my opinion was untenable in theory, and which I do not believe any Member of the Senate could at the present date successfully defend as a practical operation.

I am blaming no one in the administration or out of it for the fact that most of the experiments have failed, but I think that is the fact. I think it is a further fact that this experiment of the C.W.A. has done more to put purchasing power in the hands of the masses of the people than all the other experiments which the administration has adopted put together. I think it has been a magnificent success. I do not yield to the Senator from Tennessee or any one else in my admiration of the way Mr. Hopkins and his assistants have handled this tremendous problem. I do not believe any of us could in November have anticipated the speed and success with which over 4,000,000 people were put to work in this short space of time. And just because it has been such a magnificent success, I appeal to the members of the majority party in this Chamber and elsewhere to keep it going; not to let it drop on the 1st day of May.

This, in brief, is the purpose of my amendment.

Mr. Hopkins has testified before the committee that during most of the time the C.W.A. was expending \$70,000,000 a week; that recently, on account of the reduction of the hours in rural sections from 24 to 15 hours a week, the expenditure had been reduced to \$45,000,000 a week. At \$45,000,000 a week, with such minor reductions as may be possible in the summer months, it will require something like \$2,000,000,000 to keep this work going until the next regular session of Congress. My amendment calls for two and a half billion dollars because, as Senators well realize,

the total sum must include the \$500,000,000 which is expected to take care of the regular relief work for that period of time.

Mr. President, a great many objections to the C.W.A. have been raised on the floor of the Senate. Many of them come from this side of the aisle. I feel that Mr. Hopkins has been fair enough to admit the existence of certain defects in the administration of the C.W.A. There has been the question of graft. There has been the question of political discrimination. I know quite well that both those things exist, and I am convinced that it was impossible for any administration to put to work as many men as Mr. Hopkins has put to work in so short a space of time without defects being found throughout the program.

I know that in my own State there is probably not a county from which there have not been complaints about political or other discrimination in the C.W.A. I know, further, that some of the work which has been done by the present administration throughout the country has been in itself comparatively insignificant in tangible results. I do not think that criticism is as valid as a great many people believe. There is at any rate an enormous amount of useful public work still to be done. Where C.W.A. activities have been confined to raking leaves, I believe it has been largely the fault of those locally in charge of the work. It is also due to the fact that this work had to be done at short notice, and that it was impossible to give the broad supervision which was undoubtedly necessary, and which can be given in the future.

I agree that in some parts of the country the wages have been so high as to attract men from other occupations. The Senator from Tennessee, in my opinion, answered that objection satisfactorily yesterday, showing that that was due to a part of the law which will no longer be in effect.

I think, furthermore, that in many parts of the country there has been dissatisfaction because where in a community there were three unemployed, it has been possible to put only one to work. I believe in increasing the program. But if we are not going to increase the program, then I think that in many parts of the country it would be better to stagger the work; to give three times as many men employment at wages which in many cases are commensurate with what they would normally be receiving. Mr. Hopkins himself makes that admission in the hearings.

Those are the current criticisms of C.W.A. I concede that they are valid criticisms, so far as they go, but I submit that when we are talking in those terms we are looking at the trees so hard that we are unable to see the woods. I know that in my State—and I think I am speaking for the majority of States west of the Mississippi—the C.W.A. work has been the only work which has ameliorated the situation in any way.

I do not want to criticize the other activities in which the Government has been engaged. In some parts of the country no doubt some of them have given help. But I do say that in the West, at any rate, the C.W.A. work has been the principal Government activity toward which people have looked to obtain relief. I am not speaking merely of the unemployed; I am speaking of the communities as a whole. When the unemployed are given purchasing power, it, of course, enables the small storekeepers who have for years extended them credit to get their bills paid, and in return to pay the bills of the wholesalers who have kept the storekeepers going. The process is far-reaching. It is important. It is more important, to my mind, than anything else which has been done in the United States during the past few months.

I think that when the history of 1933 is finally written the greatest plume in the crest of the Roosevelt administration will be the C.W.A. work under Administrator Hopkins.

Why, then, are we proposing to cut this work down on the 1st of May? If the Senate votes for the recommendations of the committee, the C.W.A. work will begin tapering off almost at once, and on the 1st of May it will cease altogether.

So far as I can find from the hearings, the only reasons were those given by Mr. Hopkins on page 33 of the Senate

hearings, which were quoted yesterday by the Senator from Tennessee. Said Mr. Hopkins:

Our reasons for not recommending a sum of money which will continue Civil Works I think are substantially these.

Let me discuss these for a moment seriatim.

First. It was started as an emergency enterprise. When the President announced Civil Works, it was to meet the emergency this winter.

Mr. President, I submit that that argument would apply with equal validity to every other effort which the administration has made. Neither the C.C.C., nor the N.R.A., nor the P.W.A., nor the A.A.A., nor any of the other Government activities were initiated with the intention of being continued permanently. They were all undertaken, in the first place, as emergency measures.

Mr. CLARK. Mr. President—

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

Mr. CUTTING. I yield.

Mr. CLARK. I should like to say that, so far as I am concerned, I agree entirely with the position of the Senator from New Mexico that the most helpful money that has been spent by the Government in its whole recovery program has been spent by the C.W.A., but is it not a fact that the C.W.A. was called into being as a temporary measure by reason of the failure of the P.W.A. to get in operation? In other words, the only excuse that I have heard offered or that I can conceive of being offered upon the floor of the Senate at the time the appropriation for \$3,300,000,000 was made for Public Works Administration was that of the Senator from New York [Mr. WAGNER] who said, "You cannot prime a pump with an eye-dropper." In other words, the whole theory of the original appropriation was that so much money would be thrown into the undertaking, that such a vast program would be started that unemployment would be hit a staggering blow before cold weather.

Without any criticism of the administration of the Public Works, nevertheless it is true that so far as the purpose of Congress was concerned it was a complete failure. It was tied up in so much red tape, it was so cumbersome, so slow-moving, so timorous and fearful in the selection of projects that cold weather was approaching without any appreciable blow having been given to the unemployment. It was for that purpose that the C.W.A. was created. Now at the present time, with the Public Works Administration belatedly coming along, it is my understanding that they are tapering off the C.W.A. because P.W.A. will soon be performing its functions. I may say further that while I intend to follow the recommendation of the President in this matter, I would personally much prefer making this further grant to the C.W.A. to making further grants to the slow-moving P.W.A.

Mr. CUTTING. Mr. President, I agree with what the Senator from Missouri has just said. Of course, the C.W.A. was an emergency undertaking; it was an undertaking which was not submitted to Congress and with which Congress had nothing to do. It was meant as a substitute for the P.W.A., for which Congress did provide. I prefer to deal with that matter in a moment. I was trying to discuss first the first reason stated by Mr. Hopkins, namely, that this was purely an emergency enterprise. I say in that respect that when we are dealing with experimental measures we are dealing with emergency enterprises all the way through, and the theory means that where the experiment is successful it will be kept in effect and that where an experiment has failed it will be dropped.

Mr. TYDINGS. Mr. President—

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

Mr. TYDINGS. Without discounting for a moment the emergency and the need for taking some action, one thing that is worrying me considerably is what will happen when we actually do cut off the money for Civil Works Administration, because I can see no prospects of the people now working under that administration being employed in any other line of activity.

Mr. CUTTING. That is exactly what is worrying me.

Mr. TYDINGS. If we are going into a long-time expenditure, I do not think that this activity is calculated on that basis. It is calculated for a year only or for 6 months, and what I am afraid of is that we are going to run out of money after a while without having planned for a situation that may eventually be on our doorsteps.

Mr. CUTTING. I began by discussing the five reasons given by Mr. Hopkins as to why the work ought to stop. I should like to continue to discuss the five reasons before yielding any further. After that I shall be glad to yield and to state my own personal viewpoint about the whole matter.

First—

Mr. Hopkins said—

It was started as an emergency enterprise.

To my mind, while that is a correct statement, in what respect does the C.W.A. differ from any of the other experiments entered upon by the administration?—

Second—

Said Mr. Hopkins—

There will be a substantial pick-up in public works.

Of course, we all hope that that will be the case. I do not want to argue that question, except to say that none of us has any idea as to how much of the C.W.A. work will be absorbed by the P.W.A., and that we ought not to take any chances until we do know definitely facts which are not on record either in Mr. Hopkins' testimony or anywhere else. I should like to read a few lines in this connection from the Philadelphia Record of this morning:

How long shall we continue C.W.A. work?

The question is without point. It is like a debate between the captain and the first mate on how far to sail the ship in a storm. "Let's sail 100 miles", says the captain. "Make it 150 miles", says the first mate.

But the ship must sail until it gets to port. C.W.A. must continue until it is no longer needed.

I quote further:

Well, then, how long shall we continue C.W.A.?

Until the P.W.A. succeeds in creating enough jobs to take C.W.A.'s place.

If it be decided that we should keep 4,000,000 at work, let us keep 4,000,000 at work. The Record thinks the number should be greater if we are going to increase mass purchasing power.

I may say, Mr. President, that I heartily agree with the Philadelphia Record in that respect. I quote further:

But even granting that 4,000,000 is the proper number—

If P.W.A. creates 500,000 jobs, then cut C.W.A. to 3,500,000. If P.W.A. creates 1,000,000 jobs, cut C.W.A. to 3,000,000.

But let's stop taking guesses as to how many jobs P.W.A. will create. Let's wait until it creates them. Let's consider C.W.A. and P.W.A. as complementary projects, with the one purpose of "stabilizing" 4,000,000 jobs.

So far, C.W.A. offers more hope than P.W.A.

C.W.A. has spent \$286,000,000 since November 15; P.W.A. has advanced only \$51,000,000 to States and cities for construction since July 1.

In the month of January, C.W.A. spent \$188,000,000. In that entire month, P.W.A. advanced only \$2,953,000 to States and cities, or less than 2 percent of C.W.A. expenditures.

I think that is a sufficient answer to the second reason given by Mr. Hopkins.

Third—

Says Mr. Hopkins—

Third. Civil Works was started at the low point of employment—that is, December and January have always been the low months in factory reemployment—so there will be a seasonal pick-up.

There again is something which we all hope will be the case, but we have no possible figures to show what kind of a seasonal pick-up there will be during the present year.

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

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

Mr. WAGNER. By increasing this appropriation it does not follow, does it, that the money necessarily is going to be expended?

Mr. CUTTING. Of course not.

Mr. WAGNER. If private industry, plus the Public Works Administration, should absorb enough of the unemployment

to obviate the necessity for a continuation of the program under the C.W.A., it can be retarded; but if we fail to make an appropriation, demobilization has got to take place by May 1, and we may walk right into another serious recession.

Mr. CUTTING. Of course, Mr. President, I hope as sincerely as anyone else does that the prophecies made by Mr. Hopkins will come true, and in that case nobody would suggest spending money which it would be unnecessary to spend.

Mr. MCKELLAR. Mr. President—

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

Mr. MCKELLAR. But if the appropriation were changed from the sum carried in this bill, namely, \$950,000,000, to \$2,500,000,000, would not the Senator take that as a direction to Mr. Hopkins to continue the work? Suppose the Senator were in Mr. Hopkins' place. After he had recommended that this work be gradually discontinued by May 1, after an appropriation of \$950,000,000 for that purpose had been recommended, then, if the Congress should increase the amount to \$2,500,000,000, if the Senator were in Mr. Hopkins' place, would he not regard that as a direction to continue the work rather than to shut it off?

Mr. CUTTING. Oh, no; I should not regard it in that light for a moment if there were no necessity for the work. I should not regard it as such a direction any more than Mr. Ickes, the Public Works Administrator, would take advantage of an appropriation for his administration if he did not think the money could be properly expended.

Mr. WAGNER. Mr. President, I will suggest that, after all, the entire program is under the direction of the President, just as the President directed the transfer of the \$400,000,000 in order to inaugurate the C.W.A. program.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

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

Mr. LA FOLLETTE. As a matter of fact, the Civil Works Administration was created by Executive order, and at any time the President should determine that it was necessary to do so another Executive order could terminate it.

Mr. CUTTING. Exactly.

Mr. MCKELLAR. Here are the facts before us: The President, as the chief administrator of this work, has sent his representative here, who recommends, as the President recommends, that the appropriation be \$950,000,000. If the President is looking after it—and evidently he is, and evidently he is doing it well—why can we not trust him to go on and continue the work?

Mr. CUTTING. Mr. President, I am not disposed to depart from my line of argument in order to discuss at this time the main principles involved. I am dealing with the arguments which Mr. Hopkins—sent, as the Senator from Tennessee says, by the President—came before Congress to present, and I am trying to show that, in my judgment, these five particular arguments are transparently weak.

Mr. COSTIGAN. Mr. President—

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

Mr. COSTIGAN. It was not my intention at this time to interrupt the argument of the able Senator from New Mexico. I had expected later to present the inquiry I wish now to make. It is, however, pertinent to what has been stated by the Senator from Tennessee.

In the Washington Post of yesterday morning, February 7, Mr. Elliott Thurston, one of the best known and most reputable press correspondents in Washington, made a statement which, with the permission of the Senator from New Mexico, I shall read.

Mr. CUTTING. I think it is a very interesting statement, and I shall be glad to have it go into the RECORD at this point.

Mr. COSTIGAN. I shall read only a portion of the article. Mr. Thurston said:

The Civil Works Administration, now employing 4,000,000 men at a cost of \$70,000,000 weekly, is not to be ended on May 1, as the administration originally planned. To the \$950,000,000 appropria-

tion which the administration is now requesting of Congress will be added enough to bring the figure to around \$2,500,000,000 and to continue C.W.A. until Congress meets again next January.

This is the program now approved but not yet announced by the President's emergency council.

If this article correctly describes the facts, the Senator from New Mexico is working in harmony with, not against, the policy of the administration. If not, this is the appropriate moment for us to be so advised by the Senator from Tennessee.

Mr. MCKELLAR. Mr. President, I have no advice to give the Senate other than what the President has himself recommended. He has sent a message here asking the Congress for \$950,000,000 to carry out his program in connection with the Civil Works Administration. That is the only information I have, and, so far as I know, that is the only information that anyone has about the matter.

Mr. COSTIGAN. So far, then, as the Senator from Tennessee is informed, I take it he does not know that the article of Mr. Thurston is other than correct.

Mr. MCKELLAR. I do not know anything about it, but I feel this way: Inasmuch as the President has made a recommendation for \$950,000,000, if he wanted a larger sum he would ask for it. He has not asked for a larger sum, but has simply asked for \$950,000,000; and, in view of the wonderful work that has been done by this administration, I do not think we ought to give him more money than he has asked for.

Mr. BYRNES. Mr. President—

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

Mr. CUTTING. I yield.

Mr. BYRNES. May I add to what has been said by the Senator from Tennessee that before the Committee on Appropriations Mr. Hopkins, who appeared in behalf of the administration of the C.W.A., declared it to be his intention to gradually proceed with the reduction of the forces until May 15, and that his statement is not in accord with the statements contained in the Washington Post.

Mr. CUTTING. I am sorry the Senator from South Carolina has missed my argument up to date. Of course, we know what the Administrator has recommended, and I have been trying to show that the arguments which he used before the committee were obviously on their face entirely inadequate and feeble.

Mr. BYRNES. I did not mean to make that statement at all in reply to the arguments being presented in a very logical way by the Senator from New Mexico. I was simply responding to the inquiry propounded by the Senator from Colorado [Mr. COSTIGAN] as to what information the committee had with reference to the accuracy of the statements referred to in the Washington Post.

Mr. CUTTING. I understand that; and, of course, I always welcome any remarks from the Senator from South Carolina.

The fourth reason given by Mr. Hopkins is as follows:

A great many of the persons on Civil Works are tenant farmers and other farmers who need the benefits this winter because of their economic situation, and who in the spring, in the beginning of the planting season, when they can get their cattle out to grass in the Northern States, will be able to get along.

Mr. President, I appeal to some of my friends from the Northern States as to the number of farmers now employed on Civil Works, who in their judgment, will be able to get along in the spring on permanent employment. How many people will actually be able to get back to the soil who are not employed there now?

Mr. LA FOLLETTE. Mr. President—

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

Mr. CUTTING. I yield.

Mr. LA FOLLETTE. I think that any calculation which anticipates a substantial absorption on agriculture of those now employed on Civil Works is bound to be refuted by events. In the first place we have a program of the Agricultural Adjustment Administration which is endeavoring to curtail acreage and production. Obviously insofar as

that succeeds, it will reduce the man power required for labor in planting and cultivating and harvesting crops.

So far as the dairy interests are concerned in the North, their situation is so desperate that I would not hesitate to predict that there will be a sharp decrease in the amount of agricultural labor employed by dairy farmers in the Northern States this coming spring, summer, and fall.

Mr. CUTTING. I am glad to have that confirmation of my own views from one who speaks with authority.

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

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

Mr. CUTTING. I yield.

Mr. SHIPSTEAD. The Northwest States from the standpoint of agriculture are in a very desperate situation. I think they are in worse condition now, everything considered, than they have been at any time in the last 40 or 50 years. I have letters and telegrams almost every day from people living on farms who have not had a crop for 2 years. They have no credit. Because some of them have not any mortgage on their dairy herds they cannot get Federal relief, or feed and hay to save their dairy herds and breeding stock. It takes 10 to 15 years to build up a dairy herd.

If the Federal Government cannot make the Agricultural Adjustment Act work better than it has worked in our part of the country, the increase in Federal relief must be amplified rather than diminished. These people tell me they cannot get work under the C.W.A., that there are not enough funds to go around to give them work. They have no credit because there is no one to lend them money even if they had security. I do not know how this fund of \$950,000,000 will be allocated, but it looks very much as though our part of the country will have to have very much more relief in the next year than during the last year.

Mr. CUTTING. I take it from what the Senator from Minnesota is saying that he feels that the Northwestern States require more relief rather than less than they have been getting. Is that correct?

Mr. SHIPSTEAD. Yes. I am not sufficiently well informed to say how much more will be needed, but from present indications and the present condition of the country, and based on the information I receive, they will need more relief. They are not the kind of people to ask for relief unless they need it. I do not know whether \$2,000,000,000 is too much or too little. I do not know whether \$950,000,000 is sufficient. I can only speak for my part of the country, but that part of the country, so far as agriculture is concerned, is in worse condition than it was a year ago.

Mr. CUTTING. Exactly, and therefore I submit that the fourth reason given by Mr. Hopkins is entirely inadequate to justify a reduction in the present appropriation.

Fifth—

Mr. Hopkins said:

With the pick-up in general business through the instrumentality of the Recovery Act we will get very substantial numbers of these totals on a self-sustaining basis in industry.

I do not intend at this time to discuss the Recovery Act. That is a very controversial subject. I should prefer to leave any discussion of that matter to the Senator from Idaho [Mr. BORAH] and the Senators from North Dakota [Mr. FRAZIER and Mr. NYE].

Nevertheless, it will be obvious that no specific figures are given which justify the prediction of any particular absorption in industry as a result of the Recovery Act. My own belief is that the Recovery Act by its very nature increases costs and prices more rapidly than it increases wages, and to that extent it is decreasing purchasing power rather than increasing it. If there is going to be a rapid increase in production through the Recovery Act, it will probably end in a worse crash than anything we have had up to date.

However, that is a matter of speculation. All I can say at the present time is that the West and most sections of

the country, other than the great industrial centers, have found the Recovery Act an obstacle rather than a benefit to the promotion of their own immediate recovery.

In conclusion, Mr. Hopkins said:

Finally, I do not believe that anybody can now project the economic situation over a period of months ahead to an extent that would warrant asking an appropriation from the Congress to do certain and specific things. It seems to me that this \$950,000,000 is a fund which will carry us through until the Congress meets again.

That is the entire argument which Mr. Hopkins made in the course of a long examination before committees of the House and Senate as to the reasons for reducing the present C.W.A. program.

Let me read now what the senior Senator from New York [Mr. COPELAND] asked the Administrator:

Senator COPELAND. Mr. Hopkins, let me ask you this question: Let us take the gloomy view. Suppose there were no recovery such as we anticipate there will be, and it should be necessary for you to continue your activities longer than your present program calls for. Would you then, in your opinion, have money enough to last you until Congress convened again?

Mr. HOPKINS. I doubt it. I do not see why you should take a gloomy view, however.

Mr. President, I submit that when we are dealing with a depression of this gravity, when we are admittedly experimenting with one program after another, the only reasonable assumption that Members of Congress can take is the gloomy view. If we take the optimistic view and we are disappointed, on Mr. Hopkins' own testimony we shall not have enough money to carry out the program. If we take the gloomy view and things turn out for the best, as the Senator from New York [Mr. WAGNER] pointed out a few moments ago, there will be no necessity for making a single unwarranted expenditure.

I think there is another reason which more than any of those mentioned by Mr. Hopkins impels a great many Senators to go slowly and cautiously with regard to any program of this sort. The Senator from Maryland [Mr. TYDINGS] said a few moments ago that there is a serious danger that when we once start putting people on the dole, we shall find it difficult to end the practice. I am not quoting the exact language of the Senator, but that was his general point of view, and it is the point of view which I know is in the minds of many of us whether we are for or against this particular appropriation.

I do not believe we can end it until we find some better way to care for the mass of our unemployed. No one likes a dole, conceding that the C.W.A. expenditure is a dole. I do not concede that it is necessarily so. I insist that this program can be built up into a constructive program of public works of importance to the Nation. But, granting that it is a dole, what are we going to do with these people? Are we going to let them starve? There are twice as many of them off the C.W.A. rolls today as there are on them. We have to take care of those people before we begin considering turning off the rolls of employment any of those who are already there.

I do not think we should take an overoptimistic view of the situation which confronts this country. I do not believe Federal budgets are going to be decreased in magnitude. I think for a long period of years they are going to increase. We must face that fact among many others which may be distasteful.

Mr. PITTMAN. Mr. President—

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

Mr. CUTTING. I do.

Mr. PITTMAN. The administration seems to feel that the amount requested at the present time will be adequate. Naturally, the sooner these men can be returned to private industry, the better it will be. Whether we look at the situation gloomily or optimistically, we should at least attempt to encourage the starting of private industry and the transfer of these men to private industry. I think we all agree on that.

We shall undoubtedly be in session here in Congress until the 1st of May, and perhaps much longer than the 1st of May.

Mr. LEWIS. The Fourth of July.

Mr. PITTMAN. But it is within the power of Congress at any time to pass a deficiency bill for this matter or any other matter. If we were adjourning this body tomorrow, or the next week, or even within a month, the argument the Senator from New Mexico has made would seem to me almost unanswerable; but, in view of the fact that we are going to have 2 or 3 months' experience on this matter, I do not feel that there is any emergency at this particular time.

Mr. LEWIS. The Senator may add 4 or 5 months.

Mr. McKELLAR. Mr. President—

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

Mr. CUTTING. I do.

Mr. McKELLAR. Further, in regard to what the Senator from Nevada has just said, and referring again to what was said by the Senator from Colorado [Mr. COSTIGAN] a while ago, if the administration has the matter under advisement, why not just wait and see what the administration expects to advise the Congress about it?

This was an administration plan. It was not a plan that was gotten up by Congress. It was an administration plan, and it seems to me we ought to follow the administration about it.

Mr. CUTTING. I am glad to have the assurance of the Senator from Nevada that we shall be in session on the 1st of May. I have not the slightest doubt that if that is the fact, and if we do not increase the amount suggested by the committee, we shall have to do so at or about the 1st day of May. I see no particular reason, however, for making two bites of the cherry. I think most of the facts on which we can reach a decision on a question of this sort are before us now. The money appropriated will not have to be expended except under the direction of the President of the United States; and I submit that the reasons given by Mr. Hopkins are, to my mind, altogether insufficient to justify any retrenchment in the magnificent work which he has been doing.

May I for a moment call the attention of the Senate to a rather significant turn of phrase used by Mr. Hopkins in introducing these reasons? He says:

Our reasons for not recommending a sum of money which will continue Civil Works I think are substantially these—

I submit to the Senate that probably no man charged with the administration of a great public office ever before appeared before a committee of either House of Congress and said, "I think the reasons for my doing this or that are these"; and Mr. Hopkins does not say quite that. He says:

I think our reasons for doing this are these—

Those are not the words of a man who is convinced that the fundamental facts of the situation necessitate the action which is being recommended. He says in effect: "I think the reasons for which these works are going to be retrenched are these."

I submit that it is quite obvious that Mr. Hopkins came before the committee of the Senate in order to give the reasons which might be urged in favor of retrenchment, good or bad, and that he did not give the reasons which could be urged in favor of continuing the work at its present level. That is a perfectly natural thing. It is not a reflection either on Mr. Hopkins or on those who were responsible for the administration program with regard to Civil Works. It is our responsibility to decide whether those arguments which Mr. Hopkins thinks are the reasons which induced the change of policy with regard to Civil Works are or are not sufficient to counterbalance the reasons which some of us have advanced in order to justify the continuation of this splendid and magnificent administration success.

Mr. President, I said a little while ago that our national budgets, in my opinion, are bound to get larger, and not to

decrease. Our States and our municipalities are practically bankrupt in many parts of the country. They are not going to be able to carry the share which they have carried of the general burden. They have no control over the distributive system of the United States. That control rests in the Federal Government.

The burden of education, for instance, is one which I am convinced is going to have to be more and more borne by the Federal Government and less and less by the property owners who pay taxes in the States and cities. The destitute and the hungry and the unemployed are going to have to be dealt with more and more by the only branch of our Government which has sufficient power to translate the inherent wealth of this country into terms of credit to the average man who is without it.

We are the wealthiest country that has ever been known in the history of the world. Our man power, our resources, our industrial and agricultural plant are superior to anything in history; and yet we are still dealing on the old economic assumptions of scarcity and want and insufficient resources. The Federal Government is the only government which we have which can in any measure equate the consuming power of the country with what is acknowledged to be the overwhelming productive power of the United States.

Now, may I say just a word about the arguments which were made yesterday afternoon by the Senator from Tennessee?

In reply to a question propounded by the Senator from North Dakota [Mr. FRAZIER], who asked whether it would be possible to take care of any of the unemployed who were not being taken care of at the present time, the Senator from Tennessee said:

I do not think it is proposed to take care of every unemployed person, but those in charge of this work are going to take care of all the worthy unemployed they can find.

I hope my friend from Tennessee, for whom I have the warmest regard and affection, will pardon me if I say that when I heard him make that remark, he reminded me for a moment of ex-President Hoover. I know that is asking the Senator to extend his indulgence pretty far.

Mr. McKELLAR. I beg the Senator's pardon; I did not hear the statement. What was it?

Mr. CUTTING. The Senator stated that we were going to try to take care of the worthy unemployed. It reminds me of Mr. Hoover.

Mr. McKELLAR. I withdraw the remark entirely if that is what it reminds the Senator of. [Laughter.]

Mr. CUTTING. I shall be glad to withdraw my remark, then, as applied to the Senator from Tennessee. I do remind him, however, that Mr. Hoover in 1931 made the promise that under the program of his administration no person in the United States would starve; but a year later, in the 1932 campaign, he altered those remarks to the statement that "no deserving person" would starve.

Mr. McKELLAR. Mr. President, I see the point of the Senator's statement. I thank him for calling my attention to it; and I most cheerfully withdraw that statement from the RECORD if I made it yesterday, and I know I did, or the Senator would not charge me with it.

Mr. CUTTING. I appreciate what the Senator from Tennessee has said; and I hope he agrees with me that the Houses of Congress, or the administration, or anyone else in the country, cannot afford to start drawing a line between the worthy starving, on the one hand, and the unworthy on the other. We must deal, so far as we can, with the total mass of our destitute people.

Mr. McKELLAR. Mr. President, if the Senator will yield again, I think, speaking seriously, the Senator is correct about it. In the running debate I may have used the expression "worthy unemployed." I did not intend to. Of course, people who are unemployed and who are suffering from starvation ought to be helped.

Mr. CUTTING. I was merely trying to make my point, and I hope the Senator from Tennessee understands that nothing personal was intended; but it does help to make the

point, to emphasize that this is, in my conception, an inherent duty of the Federal Government.

What is the government? In a democracy surely the government is merely the citizens of a country coming together as a unit to take care of the common welfare. This is not a gratuity which we, as Members of Congress, are showering upon the starving and the destitute. It is not, in my conception, a matter of graciousness or generosity. It is a matter of duty. If we were giving a gratuity, I think we would be morally, at least, violating our oaths of office, because it is not our own money that we are spending; it is the money of the taxpayers. In my conception, however, we are representing, and the executive branch of the Government equally is representing, the 15,000,000 unemployed or the 10,000,000 unemployed or the 6,000,000 unemployed, whatever their numbers may be, just as much as we are representing the taxpayers. If anything, we should be representing them more, because to a greater degree they need our assistance.

But I do not think the primary purpose of legislation of this kind is simply to aid the starving, important though that may be. I believe the primary purpose of this legislation is to aid the entire people of the United States, rich as well as poor, and that such aid can be accomplished effectively only by putting purchasing power down at the bottom. How long we are going to have to continue this particular process I do not know. My opinion is that we are going to have to continue it until we find some better method of accomplishing the same results. When that time comes I hope that we will adopt that better method.

May I recall to the Senate briefly one or two of the statements made in the campaign of 1932, which I think crystallized this issue.

Governor Roosevelt during the campaign wrote a letter in which he spoke of the inherent right of every citizen to employment at a living wage.

Speaking at Detroit a few days later President Hoover said that Mr. Roosevelt was wholly blameworthy for bringing politics into the question of unemployment. He said that Mr. Roosevelt was "holding out for political purposes promises to 10,000,000 men which cannot be kept." He added that such a program would cost from \$9,000,000,000 to \$12,000,000,000, and was, therefore, in the nature of things, impossible.

To my mind, those two statements marked a definite cleavage in political thought. They crystallized an issue on which the citizenship of the United States was asked to decide on one of two candidates for the Presidency.

There were, of course, other issues involved in the campaign; but when Mr. Hoover took that position at Detroit, and when Mr. Roosevelt continued to take his position in favor of the duty of the Government toward the unemployed, most of the liberal thought of the country, in my opinion, decided to go with Mr. Roosevelt. If I may speak for myself, personally, it was that particular issue which determined me to desert my party affiliation and support for the Presidency the man who would acknowledge and glory in his responsibility to the masses of the people.

I do not for a minute believe that Mr. Roosevelt has gone back on his word. I believe he still stands where he stood in the campaign of 1932. I hope that the administration as a whole, and the people who are carrying out the program, will stand by at least the spirit of those words.

Many people say that technological improvement is going ahead at such a speedy rate that in the long run we will not be able to find employment for all our people, even though we reduce the hours of labor to a comparatively small figure. The fact remains that when, through the ordinary channels of labor, or through other channels, the people cannot find employment the Government owes a duty to those who are starving and those who are destitute, not merely in behalf of those who are starving and those who are destitute, but in behalf of the people of the country as a whole.

Mr. LONG. Mr. President—

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

Mr. CUTTING. I yield.

Mr. LONG. The Senator from New Mexico states that, according to the estimates, we are going ahead with such rapidity along the lines of technological improvement that we cannot absorb our labor. I do not believe that the Senator is one who subscribes to that theory. I have not so listed him in my general calculations. But whether he does or does not, the fact is that as long as we produce enough for the people to live on it can be shared in such a way that all can be employed for such length of time as is necessary for every man to produce and have his share. If it ever gets down to the point where 15 hours a week is enough, then, the Lord should be praised for having made it such a simple thing for the people to live.

Mr. CUTTING. I quite agree with the Senator from Louisiana. For a long time to come technological improvements will not be sufficiently great to prevent people from working increasingly fewer hours, and still be doing useful work, work which needs to be done for the national welfare. What I did say was that if such a time should come, we should then have to consider some other method of procedure, but that the basic principles would even then remain the same, namely, that the people of America, the common people of America, have a right to share in the benefits of our civilization. If they do not share through one process, they will have to share through another. That, I think, was the fundamental issue which was fought out in the campaign of 1932, and that same issue is being fought out today, and the fight is going to be continued until it is settled one way or the other.

Mr. TYDINGS. Mr. President—

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

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

Mr. TYDINGS. I desire to ask the Senator from New Mexico a question. Assuming that the expenditures are necessary to take care of the unemployed during the present emergency, is it the Senator's opinion that we should continue on with a nationalistic program, or is it his opinion that we will absorb most of the unemployed in normal occupations if we revive the world's trade, at least revive as much of it as we can?

Mr. CUTTING. Mr. President, I am not a prophet nor the son of a prophet, and I hesitate at times like these to venture any indication of what may happen with regard to world trade. Within the last week we went ahead with one of the great experiments, which was guaranteed on both sides of the aisle to depreciate the dollar on the foreign market. A great many people were in favor of the bill. Others said it would do very little domestically; that it would not increase the purchasing power of the people of the United States by one penny. But there was not a single man on either side of the aisle who had the temerity to rise and say that this program was not calculated to depreciate the dollar on the world's exchanges. Yet what happened? As soon as we passed the bill the dollar went up. So I should prefer at this time not to make any prophecy about what is going to happen in regard to international trade or exchange, because I am quite certain that I should be found in error tomorrow or next week.

Mr. TYDINGS. Mr. President, will the Senator from New Mexico yield further?

Mr. CUTTING. I yield.

Mr. TYDINGS. I did not ask the Senator to make a prophecy. We are, of course, trying to find out what is the best thing to do. I was just wondering whether or not the Senator thought it was the better thing for the country to pursue a course of nationalism, curtailment of acreage, buying up of marginal land, and movements of that kind which are calculated to decrease employment and make necessary such expenditures as the one under discussion, or whether,

on the other hand, we should try to live with our neighbors and revive world trade, if possible, so that they might find markets?

It has occurred to me—and I am no prophet, either—in answer to my own question, that the thing we are short on now is markets for the commodities that we produce, and of course we cannot create a market without buying from foreign peoples. We cannot expect to sell to them without letting them sell to us. And while in other days that policy perhaps was not so necessary as it is today, with the necessities of the occasion, I simply asked the Senator whether he did not feel that perhaps a policy of international cooperation was more calculated to serve the unemployed than a policy of nationalism.

Mr. CUTTING. Mr. President, I think that in the long run the Senator from Maryland no doubt is correct. We are going to need international cooperation before the conditions of the world as a whole are improved. I am afraid, though, that we shall have to wait a long while before we can put into effect any tangible methods toward that end, because cooperation means cooperation from two sides. While the world is in such an extremely chaotic condition as it is in at the present time, I should hesitate to risk the welfare of any of our own people on any future policy of that sort, although I agree with the Senator from Maryland that sooner or later that will be the ideal toward which we shall have to move.

Mr. TYDINGS. Will the Senator further yield?

Mr. CUTTING. I yield.

Mr. TYDINGS. I am glad to have the Senator's very valued opinion. I am glad to know that he thinks we must eventually cooperate with each other in order to get out of the chaos which we are now sensing.

One of the bad things about the depression, in a way, has occurred to me to be the dictatorships, which have been inevitable. However, they may be a blessing in disguise. In order that the world may be rebuilt, there is a call for sacrifice on the part of the people of every nation in the world. No one yet wants to make a sacrifice. The only men, it seems to me, who can get the people to make the necessary sacrifice in all countries are those who have the confidence of the people to the extent that they can lead them to make the essential sacrifices which all of us must make in order to rebuild an international well-being.

I think that if it were possible for the President of the United States and the leader of Germany, the leader of Italy, and Mr. MacDonald—and perhaps whatever person will emerge out of the French situation—to meet in a room, they would all recognize what must be done, and if they would make up their minds to get each of their respective peoples to make the necessary sacrifices, a lot of our international and national problems might be solved. But until that leadership comes, I doubt very much whether legislative bodies can secure the necessary reform which must precede any real, sound, substantial recovery.

Mr. LEWIS. Mr. President—

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

Mr. CUTTING. I yield.

Mr. LEWIS. May I divert the Senator from the interesting colloquy passing between him and the Senator from Maryland, to ask him to revert his mind to his amendment and be so kind as to explain to me wherein he sees any difference or feels any difference in the policy his amendment suggests from that which is the present policy of the Government touching the subject matter?

Mr. CUTTING. Mr. President, I tried to make that plain in my statement.

Mr. LEWIS. I will say to the Senator that I regret very much having to be absent during the early part of the Senator's statement. I was unavoidably detained in the committee room and did not hear his statement.

Mr. CUTTING. I have no hesitancy, however, in repeating it for the benefit of the Senator from Illinois. The policy of the administration, as expressed in the hearings, was to begin tapering off the C.W.A. work from the present

date so that it may cease entirely on the 1st of May. The policy which I advocate is to continue the C.W.A. work until it shall have been found by experience that it is safe to let it go.

Mr. LONG. Mr. President—

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

Mr. CUTTING. I yield.

Mr. LONG. Mr. President, as I understand the position of the Senator from New Mexico—and if I do not, I hope the Senator will correct me—it is this: My information is that there are about twice as many people undertaking to get on the C.W.A. rolls as there are already on the rolls. As an example, the center of the white area shown by the United States Chamber of Commerce as its estimate for recovery in the United States is located at Shreveport, La. That is the center of the best-recovered part of America. Yet today the report that I had brought to me shows that in the city of Shreveport, where they have 4,000 people on the C.W.A. rolls, there are around 7,000 people trying to get on the C.W.A. rolls who cannot get on there, and who have nothing to do, and who are not going to get anything to do. Now, if we unload the balance of them, certainly we are not going to promote recovery.

Further, I think that I might say we do not need any dictatorship, we do not need any foreign trade to share the food that we have in this country among the people who are here. We do not need any trade agreement with Hitler or with Mussolini to share the wearing apparel that we have in this country which we have to share. There is not a thing on God's earth that America needs any international trade or any international treaty to bring here. We have got too many houses, and we will not let people live in them; we have too much to eat, and we will not let the people eat it; we have too much to wear, and we will not let the people wear it, but everybody wants to go over to Mussolini and make a treaty about something under conditions of this kind.

Mr. CUTTING. Mr. President, in that case, does not the Senator from Louisiana agree with me that this is a bad time to cut down the purchasing power which is being provided and which has, to my mind, been most successfully provided since the C.W.A. program started?

Mr. President, that is all I have to say.

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.

CIVIL WORKS ADMINISTRATION APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

Mr. LA FOLLETTE obtained the floor.

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

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Maryland?

Mr. LA FOLLETTE. I yield.

Mr. TYDINGS. I simply wish to say to the Senator from Louisiana that I think it would be a good idea, when we get ready to take care of those who are going to be taken care of by a division of what each of us has, if the Senator would set us the example by act rather than by words.

Mr. LONG. I will set that example now, but when the Government gets all I have, all it will have will be a deficit. That may be one of the reasons. But let me say, if the Senator from Wisconsin will pardon me for just a moment, for this might do a little good, that if the Senator from Maryland can take his eyes off Italy and off Mesopotamia and off the Balkan States and look right here at America he will find here a land that is flowing with milk and honey, with more stuff than the people can eat and more stuff than they can wear. So what is the use of dodging and whipping the devil around the stump? We have got to redistribute

wealth in America if the people are going to live. That is the only way it can be done.

Mr. TYDINGS. Mr. President, if the Senator from Wisconsin will indulge me just a moment further.

The VICE PRESIDENT. Does the Senator from Wisconsin yield further to the Senator from Maryland?

Mr. LA FOLLETTE. I yield to the Senator if he desires to ask a question, but I do not wish to be interrupted unduly.

Mr. TYDINGS. Of course, I cannot transgress on the time of the Senator from Wisconsin unduly, but in my own time I shall try to take care of the subject matter which has just been discussed.

Mr. LA FOLLETTE. Mr. President, I rise to support the amendment offered by the Senator from New Mexico [Mr. CUTTING] to provide \$2,000,000,000 for civil works. I had not thought it possible, at this late stage in the worst economic crisis in the history of this country, that there would be any question concerning the necessity of increasing purchasing power on the farm and in the city. Senators on both sides of the aisle are questioning whether or not that proposition is sound. It is therefore pertinent to the question at issue to review some of the causes of the depression and some of the economic trends which were responsible for its creation. We should endeavor, if possible, once more to present to the Senate the frontal issue of the depression, as some of us have attempted to from time to time since its onset.

Most economists are now agreed that one of the primary causes of the present depression was the World War. During that conflict 10,000,000 of the flower of the young manhood of practically every civilized nation on earth were killed; nearly 20,000,000 more were crippled, wounded, and incapacitated; 9,000,000 children were orphaned by the war; 5,000,000 women were widowed. If we stop to remember that all wealth in the last analysis is the product of human labor we obtain some appreciation from these cold casualty statistics of the enormous wealth of which the world has been deprived by the killing and the maiming of man power in the war.

In addition, \$330,000,000,000 of capital was destroyed. This huge sum is almost beyond the comprehension of the human mind; but there can be no doubt that it was the product of the labor of generations of men, and it was destroyed during the war just as certainly and just as effectively as if we had piled it up into a mountain range of currency, touched a match to it, and burned it into ashes. It is perfectly obvious that the world could not cripple and destroy so great a percentage of its manpower, that it could not destroy this tremendous accumulation of capital, representing the labor of millions of men over a long period of time, without contributing to a dislocation of economic forces.

Mr. President, there had been going on in this country prior to the World War a process of concentration of wealth in the hands of but a relatively small proportion of the population. The World War tremendously speeded up concentration of wealth. The statistics of the United States Bureau of Internal Revenue show that 21,000 individuals in this country accumulated a million dollars or more of capital as a result of concentration of wealth during the war and the failure to tax war profits to the limit. The war, in other words, Mr. President, produced one new war-made millionaire in this country for every three American boys who gave up their lives in France.

War, of course, always produces a tremendous demand for goods. Nearly 4,000,000 men were withdrawn from production and put into uniform. The tremendous demand for goods produced by war, coupled with the diversion of manpower into active military service, greatly accelerated the process which economists call technological improvement of industry. In other words, it spurred on the inventive genius of American industrialists and engineers to find ways and means of producing more and more goods with less and less man power.

The result was belt-conveyor assembly-line factory design and the introduction of automatic machinery. This economic trend, carried on into the period of so-called "boom"

which followed, and even during these tragic years of depression this process has been tremendously speeded up, because every industrial organization with cash reserves has been investing them in more and more automatic machinery, more and more labor-saving devices, in order to reduce their production cost to meet cutthroat competition in the ever-diminishing domestic and foreign market.

Although wages appeared to be high in the war period and during the boom before they took a nose dive during the depression, the fact is that, measured in terms of the worker's ability to turn out goods, real wages in this country were falling. They were falling from the time of the war down to 1929, with the exception of just two industries—transportation and construction.

In this period there was plenty of lip service on the part of industrialists to the theory of the economy of high wages. In other words, although many employers endorsed the proposition that purchasing power must be kept in step with increased capacity to produce, as a matter of fact the ability of the wage earner in this country to buy the goods which he produced was constantly diminished. If the production curve should be plotted upon a chart and the curve of real wages plotted upon the same chart, those two curves would be shown to have been separating from 1920 to 1929. Of course, every Senator is familiar with what has happened to wages in this country since the depression enveloped us.

Mr. LONG. Mr. President—

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

Mr. LA FOLLETTE. I will yield for a question, Mr. President.

Mr. LONG. I am not trying to distract the Senator from his line of argument but, on the contrary, the Senator has touched a point which I was hoping he would not forget to discuss more fully, and that is the concentration of wealth that has resulted from the conditions which he has just described.

Mr. LA FOLLETTE. I expect to come to that a little later.

Agriculture, one of our great basic industries, received its first serious economic discrimination during the World War. Since that time this great industry and those engaged in it have been fighting a losing economic battle. During the World War the Government conducted a well-directed, well-managed, and well-financed campaign appealing to farmers all over the United States to grow more wheat, more corn, more cotton, more hogs, and to produce more dairy products. Each one of those appeals wound up with the slogan, "Help your Government win the war."

At the same time the Federal Reserve Board, which controls the credit policy of the Federal Reserve national banking system, adopted a liberal credit policy for both agriculture and industry, encouraging both the farmer and the industrialist to borrow money for the purpose of increasing their production. Farmers all over the United States responded to this appeal. They borrowed money with which to buy more land, to erect larger buildings and larger barns, to buy power machinery to take the places of sons who had patriotically joined the Army—many of whom were fighting at the front. The result was that farmers all over the country had their lines of credit at the banks extended almost to the breaking point.

Then in August of 1920 the Federal Reserve Board had a secret meeting in Washington and decided that the country was too much inflated as a result of their credit policy, and that afternoon ordered the Federal Reserve banks all over the United States to curtail the war-time loans made both to farmers and to business men. This produced a terrific process of deflation. It ruined thousands of business men in the country. So far as the farmers were concerned, there was just one place where they could turn for cash to meet the demand on the part of the banks to liquidate this war-time indebtedness which they had incurred largely as the result of appeals on the part of their Government. They were forced by this deflation policy to dump their crops on a falling market, and in the autumn

of 1920 this policy on the part of the Federal Reserve Board precipitated one of the worst crashes in agricultural commodity prices that the country had ever experienced up to that time.

Three years later, after a most careful investigation, the then Secretary of Agriculture, Mr. Wallace, father of the present Secretary of Agriculture, issued a statement over his own signature in which he reported that after a careful investigation he was convinced that this deflation policy upon the part of the Federal Reserve Board had cost the farmers of the country \$15,000,000,000.

As stated a moment ago, this great industry, taking it as a whole, has never recovered from that blow. The farmers have been fighting a losing battle against the depression, not begun in 1929 but the depression which began so far as their industry was concerned in 1920. The obvious effect was a constantly diminishing purchasing power on the part of the farmers. I sometimes think that those who are not familiar with our vast agricultural sections fail to realize the great economic importance of this group in our population and the absolute necessity of restoring the purchasing power of that group, if we are ever to recover from the depression and to build that recovery upon a sound basis.

There are 6,000,000 farmers in the country who with their dependents make up 30,000,000 of our population directly dependent upon agriculture for their income and support. I think it is an underestimate to say that there are at least 30,000,000 more people in the country who are engaged in manufacturing, distributing, and selling products which the farmers buy. Thus we find that 60,000,000 people, or nearly half the population of the United States, are dependent either directly or indirectly upon the purchasing power of the agricultural industry.

Another economic trend which developed in the post-war period and contributed to the depression was a too liberal policy on the part of so-called "investment or international bankers" in the matter of foreign loans. Those loans produced a false or temporary demand for American products in the export trade. Industrialists and financiers in this country increased plant capacity to supply this demand because they failed to realize that the demand was temporary.

Another factor in causing the depression was the stock-market boom, which operated like a suction pump upon the agricultural and manufacturing regions of the country. It sucked the credit away from the farming and manufacturing centers and diverted it to New York, where it was used not for the purpose of financing the production, distribution, and sale of things which people can eat and wear and use, but it was taken to New York where it was used for a wasteful purpose, from the point of view of society. It was used for the purpose of financing speculation of brokers and others in mere slips of paper—stocks and bonds.

At the peak of the boom, in 1929, more than \$8,000,000,000 had been drawn out of the Federal Reserve Banking System itself, taken around Robin Hood's barn, and shoved into the stock market, contrary, as I contended then and as I believe now, to the letter and spirit of the Federal Reserve Act. In addition, \$8,000,000,000 from other sources was attracted by the high call-money rates to the stock exchange, so that at the peak of the boom \$16,000,000,000 of the working capital, of the credit of the people of the United States, was being employed for the purpose of increasing the forced draft under the boiling caldron of the stock market.

This unprecedented boom turned the attention of responsible leaders of industry and finance away from the institutions for the management of which they had accepted responsibility. It concentrated their attention upon efforts to make quick, easy, paper profits for themselves. The revelations of the Senate Committee on Banking and Currency demonstrate that many men who were paid huge salaries to devote their ability and integrity to the management of some of the largest financial and industrial institutions formed pools for the purpose of manipulating the prices of securities issued by the concerns which employed them. These men got in on the ground floor of these pools and

manipulated the prices until they reached a fictitious value and then unloaded them upon unsuspecting investors.

Mr. Wiggin, for example, while at the head of the largest bank in the country, for the management of which he was paid \$250,000 a year, took advantage of inside information, which came to him as the result of his position of trust, and unloaded stocks on the market which he knew in advance were going to depreciate rapidly in price. We find him in the midst of this crisis selling short the stock of his own bank in order to make a profit for himself and members of his family.

The public was drawn into the stock-market boom. Bad advice from bankers and from financial counselors who talked over the radio and received in one instance the exorbitant sum of \$25 a week, encouraged investors to turn into cash their hard earned savings, at that time conservatively invested in gilt-edged securities, in order to buy stocks and bonds concerning which even these so-called "financial counselors" knew little or nothing.

As a result, when the crash came, it wiped out the reserves of millions of people who otherwise would have had those reserves not only to help carry them and their families through the depression but their combined purchasing power would have helped to carry the Nation through the crisis.

In the period from the war to the end of the boom purchasing power of the people on the farms and in the cities was constantly declining while at the same time, due to the improvement of industrial processes and the introduction of scientific agricultural methods, our ability to produce both manufactured and industrial products was constantly increasing.

I thought we had learned a lesson during these tragic years of depression. I believed it was acknowledged by nearly everyone that we could not maintain industry built on mass-production methods; I supposed it was universally recognized that we could not support agriculture developed on scientific lines unless at the same time the people had purchasing power with which to buy the products of the farm and factory. It appears from the debate upon this amendment, however, that some Senators question the soundness of this theory.

Mr. President, the Taylor Society of New York, a foremost scientific society in this country, sponsored a study of purchases by income groups in 1929, at the peak of the so-called "boom." They found that people with incomes of \$1,000 a year or less purchased 17.7 percent of all the goods sold; that those with incomes of \$1,000 to \$2,000 purchased 36.4 percent of all the goods sold in 1929; that those with incomes from \$2,000 to \$3,000 purchased 13.1 percent of the goods sold; that those with incomes of \$3,000 to \$5,000 purchased 10.7 percent; that those with incomes of \$5,000 and over purchased 22.1 percent.

In other words, Mr. President, according to this study, people with incomes of \$5,000 or less in 1929 purchased 77.9 percent of all the goods sold, while those with incomes from \$5,000 clear up to the top brackets of the income tax, purchased only 22.1 percent of all the goods sold.

The concentration of wealth fostered under the policy of laissez faire or of rugged individualism resulted in taking away the purchasing power of the great mass of the people of this country in relation to our increased capacity to produce goods. I could cite a number of statistics to show how far the process of concentration of wealth has developed, but instead I shall cite a simple illustration. I want to say, however, that it is sound; that it is just as sound as any estimate of that kind can be; for, although it is not sponsored or published by him, it is predicated upon the life-long studies of Dr. Willford I. King, of New York University, one of our recognized authorities upon distribution of wealth and income. This example also checks against the studies which have been made by the various branches of the Federal Government of this important question.

Suppose that \$100 represents all the wealth of this country and its people. Suppose that 100 people represent all

the people of the United States. If this \$100, representing all of our wealth, is distributed among these 100 people, representing all the people of this country, as wealth is now distributed among our people, what is the result?

One individual would have \$59; one individual would have \$9; 22 people would have \$1.22 each; and 76, or the rest, would have less than 7 cents apiece.

In a nutshell, this presents the problem that confronts the Congress and the Government of the United States.

Mr. LONG. Mr. President—

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. LA FOLLETTE. I yield for a question.

Mr. LONG. The figures that the Senator has quoted do not take into account that it is the class that would have the 7 cents apiece that owes the greatest pro rata of the debt.

Mr. LA FOLLETTE. I did not intend to go into the debt problem at this time.

Mr. LONG. I simply wanted to state that the facts are that when the debts are deducted from the wealth of the 76 per cent, they have not anything today on the basis of all fair computations. The 76 percent do not own a thing—not anything at all.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. LA FOLLETTE. I yield to the Senator.

Mr. NORRIS. I do not think the Senator has gone far enough. The 76 percent would all represent minus quantities.

Mr. LONG. Yes, sir.

Mr. NORRIS. They would have less than nothing. They would all be in debt.

Mr. LONG. Every one of them has not a thing on earth.

Mr. BONE. Mr. President—

Mr. LA FOLLETTE. I yield.

Mr. BONE. I should like to have the Senator indicate when he is through with his remarks. I simply desire to make one observation about the matter he is discussing for the purpose of the record, because I think it will follow up very beautifully what he has said.

Mr. LA FOLLETTE. I shall be very glad to have the Senator do so now, if he desires.

Mr. BONE. I do not desire to interrupt the chain of thought of the Senator. If he will be kind enough to indicate when he is through, I shall appreciate it.

Mr. LA FOLLETTE. Mr. President, I know there are people in this country—and I do not question the sincerity of their motives—who argue that it is a good thing, from the point of view of the country as a whole, that we should permit these enormous fortunes and these enormous incomes to concentrate in the hands of a relatively small portion of the population. Their argument is that these surplus incomes are wisely expended by this small group of individuals, and that the expenditure produces employment. Mr. President, that argument does not stand analysis. It certainly does not stand analysis in an era of mass production and scientific agriculture.

The difficulty is that after a certain amount of income and of wealth have been accumulated, these individuals have an excess income sometimes called unexpendable income. It is unexpendable insofar as the purchase of the ordinary commodities produced on the farm or in the factory is concerned. After all, if a man has 12 or 13 suits of clothes, if he has 9 or 10 pairs of shoes, 35 or 40 suits of silk underwear, 100 pairs of socks, 200 shirts, 350 neckties, 8 or 9 top or overcoats, and 7 hats, we do not expect that individual to buy any more clothing or haberdashery in the near future. After a man has 3 or 4 houses—1 at Newport, R.I., let us say; 1 in Westchester County, N.Y., or on Long Island; 1 at Pinehurst, N.C., and another at Palm Beach, Fla.—we do not expect to see him in the office of an architect or a contractor getting plans and specifications for any more houses. After he has 5 or 6 high-priced, long-nosed automobiles, he

finally discovers that he can ride in only one at a time; and, figuratively speaking, we no longer find him standing at the end of a belt-conveyor assembly line taking any more mass-production automobiles off the market. In other words, Mr. President, after the most exaggerated human desires for both the necessities and the so-called "luxuries" of life have been satisfied, there is, over and above that, a huge surplus income which the economists call unexpendable income.

I am perfectly willing to admit, for the sake of the argument, that some individuals enjoying these huge surplus incomes sit up all night trying to find ways and means of making a social and legitimate expenditure of that surplus income; but they are the rare exceptions. They are not the rule. Usually this surplus income is looking for a safe hiding place, and all too often it is invested in tax-exempt securities, where it escapes its fair share of the cost of government and the staggering cost of war under a graduated income tax.

From the beginning of this depression I have been convinced that we could not cure the economic ills afflicting this country by increasing the holdings of the individual in the illustration I gave a few minutes ago who has the \$59. I have been as certain as a man can be of anything in this life that if we want to start the wheels of industry, if we want to see the wage earners of this country get a decent living wage, if we want to see the farmer and his family get a fair return upon their capital investment and their long hours of labor, if we want in the last analysis to see the business and professional man receive a fair return for the services he renders under our system, there is just one way to do it, and that is to restore the purchasing power of the group of 76 people in the illustration who have less than 7 cents apiece.

We do not need to worry about what these people will do with a restored purchasing power if and when they get it. We do not need to be concerned that they will invest it in tax-exempt securities. We do not need to be alarmed that they will be investing in foreign exchange or exporting their capital abroad. We know what they will do with it if and when they get it. We know that the next day they will be in the stores buying the things which they and their families so tragically need. We know that if they have not permanently lost their homes they will start payments on them again. They will start paying taxes again; and if they start soon enough perhaps they will save some of the cities—yes; some of the counties—yes; some of the States of this Union—from bankruptcy and a collapse of local government.

Mr. LONG. Mr. President—

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

Mr. LA FOLLETTE. I yield for a question.

Mr. LONG. Did not the Senator from Wisconsin hear it said when the C.W.A. started, and was it not generally reported, that this was the beginning of a decentralization of wealth, of a spreading of wealth among the masses?

Mr. LA FOLLETTE. I did not see such a statement in the press.

Mr. LONG. It was generally reported and generally commented upon editorially. I have, for instance, an article written by a gentleman named Durno, in what I believe they call the "Washington Whirligig" in some of the papers, that this was intended as the administration's beginning of the decentralizing of wealth, as reported in a speech made by our President in Chester, Pa., that this would have to be done in order to save the country.

Mr. LA FOLLETTE. Mr. President, a small group of Senators in this Chamber started a fight early in the depression for a program to restore the purchasing power of the people. If I may be permitted to say so, it always seemed to me that we had the best of the argument in support of that program. In spite of the evidence we presented to show the alarming depths of the depression, regardless of our efforts to adequately describe the suffering on the farms and in the cities, a majority of the Senate turned a deaf ear. We were always confronted with the statement that the depression would soon be over.

Perhaps it was not surprising that a majority of the Members of this body should reflect the point of view and the opinion of most of the industrialists and financiers of this country. I always felt that most of that group, Mr. President, were what might be called "round-the-corner" boys. They reminded me of a group of people on a toboggan going downhill about 60 miles an hour. Every time the toboggan would level out a little bit, or even poke its nose in the air before it started over the next slide these "round-the-corner" boys would say, "Ah, it's all over now", and—whoops, down would go the toboggan again.

They refused to recognize, Mr. President, that certain basic, fundamental, economic changes have taken place in this country since the last serious depression. Their eyes were closed to facts and to arguments. They had absolute faith that we would get out of the depression after we had been in it for a certain length of time.

One of the most fundamental changes that has taken place in this country is the fact that our frontier is closed.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. LA FOLLETTE. I yield.

Mr. NORRIS. Before the Senator leaves that subject he ought to add, it seems to me, that every time the people got out of a depression and when, as it is said, the level has been found again, it was true, as it always has been true throughout the history of the world, that fewer people owned the wealth of the country than owned it before.

Mr. LA FOLLETTE. I thank the Senator for his observation.

Mr. President, the ever expanding frontier of this country has been in the depressions of the past the economic safety valve on the capitalistic system. Individuals wiped out in depressions of the past have always been able to move westward, take up more land, and make a new start on that frontier.

Furthermore, it was the expansion of the frontier which furnished the incentive to private capital to reinvest for capital-expenditure purposes. It was the expansion of the frontier which furnished the incentive for the investment of private capital for the construction of transcontinental railroads, to finance the building of the new agricultural communities growing up on the frontier, to finance the development and the building of cities.

Today, Mr. President, the frontier is closed. Some one has facetiously said, Any young man in this depression who took the advice of Horace Greeley to go West, in the first place would have to ride the brakebeams or thumb his way across the United States, and when he got to the edge of the frontier he would be very lucky if he got a job carrying a spear in the moving pictures in Hollywood.

The closing of the frontier in this country, together with the closing of frontiers in other countries, due to the rising tide of economic nationalism, is the most significant economic factor that confronts us today. There is no longer any substantial inducement for private capital to reinvest for capital-expenditure purposes. Oh, do not rise and tell me of a hotel or a railroad that can be bought for 20 cents on the dollar. I am not talking about that kind of reinvestment. I am discussing reinvestment of private capital for capital-expenditure purposes, and I say that with a few exceptions there is no inducement today for the reinvestment of private capital for capital-expenditure purposes.

If we had \$10,000,000,000 on the table here this afternoon, I would challenge Senators to say where it could be reinvested by private investors for capital-expenditure purposes with the hope of getting a return upon the investment. Certainly they would not build any more transcontinental railroads. Certainly they would not finance the building of any more agricultural communities. Certainly they would not build any more steel plants. They would not build any more automobile factories. They would not build any more rubber plants. They would not put up any more textile mills.

I am convinced that it was the reinvestment of private capital for capital-expenditure purposes that pulled us out of the depressions of the past. I am convinced that the inducement to private capital to reinvest for capital-expenditure purposes has practically disappeared, due to the closing of the frontier of this country, and the closing of frontiers elsewhere. I have believed from the beginning of this depression that there was only one way we could break its back, and that was for the Federal Government, in conjunction with the municipalities, counties, and States, to provide the capital for capital-expenditure purposes, and to provide it upon a scale large enough to lift the level of economic activity in this country to the point where we would have a breathing space in which we might work out the absolutely essential, long-time program to remedy the situation confronting us in industry, in finance, and in agriculture.

I started to say a few moments ago, Mr. President, that a small group in this Chamber began fighting for such a program early in the depression. But we were defeated again and again. We were defeated by the sentiments to which I have referred, an adherence to the fetish that recovery would come of its own accord. We could not convince a majority of the Members of this body that we were turning in on our continental economy, and that we had to learn to run the greatest mechanism of production and distribution the world has ever seen if it was not to wreck civilization.

If I may be pardoned for saying so, people who hold this point of view in a highly integrated industrial and agricultural society, such as we have today, remind me of the story about the mother who did not want her son to go into the Aviation Service during the war. When he left her he promised that he would not, but after he got into the service he was very anxious to get into aviation, and he pulled all the wires he could and finally was assigned to an aviation training school. He wrote his mother about it. She was terribly hurt. She wrote back protesting, but she said, "Willie, since you have violated my request that you should not go into aviation, I have just two more requests to make of you, and I hope that you will not violate those. One is that when you get to flying you will fly very close to the ground, and the other is that you will fly very slowly." [Laughter.]

I am convinced that we cannot take the highly integrated mechanism of production and distribution in this country and fly it slowly and close to the ground without getting exactly the same results that young man would have gotten had he taken his mother's advice about flying the airplane. In other words, I do not believe that we can turn back the hands of the clock of industrial and agricultural progress 15 or 20 years without breaking the mainspring and stopping the clock.

Mr. President, those who believed that we could remedy a major economic crisis by letting it run its course had a chance to try out their theories in this country. They were in control from 1929 to 1933. While they were trying their theory of letting the depression cure itself, 15,000,000 unemployed had their purchasing power altogether taken away from them. Three and one half million families in that group went through the demoralizing, cruel, and inhumane process of pauperization, for under the relief system that prevailed until recently no individual in the United States could obtain relief for himself or for his family until he had demonstrated—indeed, until he had proved and his statements had been investigated—that he had lost his home, that he had given up his life insurance, that he had exhausted his savings in the bank, that he owed the butcher, the baker, and the candlestick maker and everybody else in town, that he had moved from one place to another until he was about to be evicted from the hovel which then sheltered him and his family. Then all he could get, until recently, was a grocery order to keep the bodies and souls of himself and his family together.

Mr. President, we shall be paying a staggering bill in an attempt to rehabilitate the adults in this group who have

had their moral fiber torn asunder. In the future there will be a heavy burden for hospitalization and institutional care for the descendants of the undernourished children in this group—more than 3,000,000 of them—who have been warped in body if not in mind. While the theory was being tried of letting the depression run its course, 6,000,000 farmers and their dependents had their purchasing power greatly reduced or completely taken away from them, and hundreds of thousands in that group lost their farms and their homes—farms and homes which, in many instances, their parents or their grandparents had carved out of the wilderness almost with their bare hands.

Industrial production fell off 50 percent; credit was contracted \$15,000,000,000 through bank failures; the annual income of the people was more than cut in half while the theory of letting the depression run its course was in vogue. The reinvestment of capital fell from \$10,000,000,000 in 1929 to less than \$600,000,000 in 1932.

Mr. President, with that experience staring in the face Senators who are responsible to their constituents and to the Nation as a whole, will they turn back now upon this program of attempting to restore purchasing power in this Nation? Are we to have another collapse because we refuse to learn the lesson of the years from 1929 to 1933?

Oh, I know some Senators will say, "We are going to be here until the 1st of next May; we can decide then whether or not we are going to need this additional sum." Do those Senators realize that, beginning tomorrow, 250,000 men who are now employed on civil works will be laid off every week until the 4,000,000 who are now engaged on such works will have been discharged, by the 1st of May? If Senators cannot be aroused by the human tragedies involved in pushing 4,000,000 men back onto relief, can I not appeal to them upon the basis of the disastrous effect on business if Civil Works are abandoned? What do Senators think will happen to the level of economic activity in the United States if we withdraw the expenditure of \$70,000,000 a week?

Mr. President, Senators are once more beginning to talk as the "around-the-corner boys" talked from 1929 to 1933. What do they base that assumption on? Have they any statistics; have they any substantial proof? They have not produced a shred of evidence to support their argument for throwing 4,000,000 men out of work between now and the 1st of May. There is no basis for prediction that there will be such a sharp rise in industrial, agricultural, and public-works activity that 4,000,000 men, who are now employed upon civil works, may be absorbed into industry, into agriculture, and into public works.

The accepted statistical indices upon which the level of economic activity is judged do not indicate any such recovery as has been predicted by those who advocate the abandonment of civil works. I have before me the indexes of the Federal Reserve Board between July and December of 1933.

Industrial production reached the low of 1933 in March at 60. In July it was 100, in August 91, in September 84, in October 77, in November 73, and December 74.

The value of construction contracts awarded reached its low for 1933 in March and April, when it was at 13; in July it reached 21; in August, 24; in September, 30; in October, 37; in November, 48; and in December, 58.

Factory employment reached its low for 1933 in March at 57. It was 70 in July, 73 in August, 74 in September, 74 in October, 72 in November, and 72 in December.

Factory pay rolls were low for 1933 in March at 37. In July they were at 50; in August, 56; in September, 58; in October, 57; in November, 54; and in December, 53.

Freight-car loadings reached the low of 1933 in March at 50. In July they were 65; in August, 61; in September, 60; in October, 58; in November, 60; and in December, 62.

Department-store sales reached their low for 1933 in March at 57. In July they were 70; in August, 77; in September, 70; in October, 70; in November, 65; and in December, 69.

I ask unanimous consent, Mr. President, to insert this table in the RECORD as a part of my remarks.

The PRESIDING OFFICER (Mr. COOLIDGE in the chair). Without objection, it is so ordered.

The table is as follows:

Federal Reserve Board indexes (adjusted, except factory pay rolls and commodity prices, for seasonal variation)

Annual averages				Index	1933						Low, 1933
1929	1930	1931	1932		July	August	September	October	November	December	
119	96	81	64	Industrial production.....	100	91	84	77	73	74	60
119	95	80	63	Manufactures.....	101	91	84	76	71	73	56
115	99	84	71	Minerals.....	90	91	87	81	81	85	72
117	92	63	28	Value of construction contracts awarded.....	21	24	30	37	48	58	14
101	88	74	62	Factory employment.....	70	73	74	74	72	72	57
108	87	66	45	Factory pay rolls.....	50	56	58	57	54	53	37
106	92	75	56	Freight-car loadings.....	65	61	60	53	60	62	50
95	80	73	65	Department-store sales.....	70	77	70	70	65	69	57
				Commodity wholesale prices ¹	69	70	71	71	71	71	60

¹ December decrease in freight-car loadings less than seasonal.
² Bureau of Labor Statistics: 1934, Jan. 6, 71.0; Jan. 13, 71.7; Jan. 20, 72.3; Jan. 27, 72.4.
³ March.
⁴ April.
⁵ February.

Base period: 1923-25, except for commodity prices (1926).

Mr. LA FOLLETTE. A casual perusal of these figures will demonstrate to any person that, generally speaking, all we have been able to do since this program of the administration got into operation in July, so far as these indices reflect economic activity, is to hold our own.

When the first legislation for unemployment relief was taken up in this body I pointed out at that time, and in each succeeding session, that the amount of money provided would prove to be inadequate. When the Public Works appropriation of \$3,300,000,000 was under consideration, I endeavored to demonstrate that the sum was entirely inadequate to achieve the results which its advocates claimed. Unless the amendment offered by the Senator from New Mexico is adopted we shall run the risk of a most serious recession in economic and business activity in this country.

All that Civil Works has done thus far is to demonstrate the soundness of the theory of those who have been advocating a huge employment program.

Civil Works has proven that money pumped out at the bottom produces velocity and forces spending. Reports have come to me from many sections of the country indicating that the Civil Works program has practically arrested retail bankruptcies. In my opinion, it has been the chief prop which has supported the level of business activity during the winter months. I am convinced that if it is withdrawn at this time it will produce unfortunate results.

Senators must decide by their votes upon this amendment the question of whether or not we are to continue to hold the ground which has already been won in the struggle against the depression. From my point of view, we have taken altogether too little territory from the enemy; but I think every Senator is under a heavy responsibility when he casts his vote in favor of checking the offensive which has already been commenced against the depression.

I made a trip over this country in October and November. I visited some 12 States; and I assert that if it had not been for the inauguration of Civil Works the winter of 1933-34 would have been the worst winter this country has ever experienced.

Mr. President, in my opinion the Senator from New Mexico has very effectively disposed of the statements made by Mr. Hopkins in justification for a curtailment of this program. Any prediction that a million of the 4,000,000 men employed on civil works will be absorbed into agriculture this spring is based upon a refusal to face the facts insofar as the economic condition of that industry is concerned.

In the first place, there has been inaugurated a program for the curtailment of production and acreage under the

Agricultural Adjustment Administration. Insofar as that program is successful, it will require less man power to plant, cultivate, and harvest the crops in those areas than it did last season. Insofar as the great dairy regions of this country are concerned, those farmers are in the worst economic plight of their entire existence. In my own State, which is a foremost dairy State, farmers who have fine farms and splendid herds are in such desperate straits that a very small number of persons will be employed upon those farms this spring and summer. The dairy farmers in my State, generally speaking, will plant, cultivate, and harvest the crops which they are able to handle with the labor of the family, because they are not in a position to pay out cash in the form of wages for agricultural labor.

Any prediction that there will be such a sharp increase in the activity of private business in the United States as to absorb a substantial number of those who are now employed on civil works is not predicated upon anything except hope. I should like to remind the Senate that those in positions of economic power and responsibility in the United States have been predicting in advance of every normal seasonal rise at 6 months' intervals since the depression began that there would be a large increase of activity, and each and every time we have been bitterly disappointed.

Senators have suggested that through the Public Works Administration, the commencement of activity upon projects already allocated, would absorb a large proportion of those who are now on civil works. However, the most optimistic estimates I have seen are that the Public Works projects would pick up about 500,000 men between now and the 1st of July.

These calculations take no account, however, of the six to seven million persons who have registered for Civil Works, and who have been unable to find jobs. For some unknown reason, many Senators in considering this problem apparently hold that only the 4,000,000 men who are now upon civil works are to be given any consideration. In the county in which I live in Wisconsin, before demobilization of Civil Works began, there were approximately 6,500 persons upon civil works; and at the same time there were approximately 18,500 persons who had registered for and were clamoring to be employed upon civil works.

In the States stretching across the United States from West Virginia to Wisconsin for every person employed upon civil works there are on the average three persons registered and unable to obtain employment.

Mr. President, if I could have my way about it, I would expand civil and public works until every person in the United States who wanted a job would be employed either upon civil and public works or in private industry due to the stimulus of public and civil works expenditures.

I know that some Senators may say, "Oh, but that would unbalance the Budget!" I am convinced that a budget cannot be balanced while the level of economic activity is sliding lower and lower. I sat up night after night for 10 days on the Finance Committee in 1932. The committee was looking around for taxes to balance the Budget. After strenuous labors a bill was reported to the Senate which was alleged to balance the Budget, and upon the estimates made by the Treasury as to the yield of those taxes it would have balanced the Budget; but the Budget was out of balance in September. Why? Because the level of economic activity had so rapidly declined that the estimates of the Treasury were proved to be exaggerated.

I agree with some of the great economists who contend that the only way in which a budget may be balanced during a slide is when we reach the theoretical zeros. At that point there is no more income, and therefore there is no more expenditure.

This crisis confronting our country is more serious than any war in all its history, and the economic, social, and political consequences of losing the war against the depression will be more devastating than the loss of any war, or of all the wars in which this country has been engaged since its establishment.

In 1917, Mr. President, what Senator would have dared to rise on the floor of the Senate and suggest that we could not fight the war against Germany and her allies because it would unbalance the Budget? The first thing we did during the war, Mr. President, was to unbalance the Budget \$7,000,000,000 in the first few weeks.

It is unthinkable; but if war should be declared tomorrow by some country against the United States, would any Senator rise in his place in the Senate Chamber and say, "We cannot fight the war because it would unbalance the Budget"? If that unfortunate and unthinkable situation should develop, would anyone suggest that the Chief Executive should call in the Secretary of the Treasury and the Director of the Budget to ascertain how much money could be had for the purpose of conducting the war which had been declared upon us? Of course not. The Chief Executive would call in the Chief of Staff and the Chief of Naval Operations, and he would ask them how much money was necessary in order to defend our country against the enemy; and when he had obtained that statement, he would turn to the Secretary of the Treasury and the Director of the Budget and say, "Gentlemen, here is a job in your technical field. Get the money, and get it quickly."

Mr. President, I think that we have been trying to balance the wrong budget in this country. The budget that I should like to see set up would list upon the asset side 125,000,000 people; it would list our natural resources, our oil, our coal, our lumber, our minerals; it would list our transportation system; it would list the great industrial mechanism that has been built up in this country, the greatest industrial mechanism that the world has ever seen; it would list our great agricultural resources.

On the other side of the ledger would be listed the obligation of any society and of any government worthy of the name to assure to every man, woman, and child a decent and a full life. If we will discharge that obligation, if we will balance this greater budget, we will put the operating budget into balance almost at once. Fail to balance it and we can go on with your cheese-paring methods on the regular Budget, but we will never balance it so long as the level of economic activity remains at its present point or goes lower.

This program of necessity requires a tax system which will produce sufficient revenue not to balance the Budget but to maintain Government credit. The tax issue has not been faced yet, but it must be faced, and I hope it will be faced by the Senate at this session of Congress.

We have reached the point, Mr. President, where we must ascertain whether those who give lip service to our present system are willing to pay the price to save it. We must ascertain whether those who have the biggest stake in saving this system are willing to contribute to the Government through graduated income and estate taxes a sufficient revenue to make it possible to carry on these collective expenditures until the war against depression has been won.

To vote down this amendment will bring despair to 4,000,000 men and their dependents who have been lifted up out of the slough of despond and given the chance to resume their places as respected citizens. The defeat of this amendment and the rapid abandonment of civil works which must follow will mean the end of an activity chiefly responsible for averting another collapse.

INVESTIGATION OF AIR AND OCEAN MAIL CONTRACTS—WILLIAM P. M'CRACKEN ET AL.

During the delivery of Mr. LA FOLLETTE's speech,
Mr. BLACK. Mr. President—

The VICE PRESIDENT. Will the Senator from Wisconsin yield to the Senator from Alabama for the purpose of enabling him to present an order prescribing the procedure tomorrow?

Mr. LA FOLLETTE. Certainly; I gladly yield to the Senator for that purpose.

Mr. BLACK. Mr. President, from the Special Committee to Investigate Air and Ocean Mail Contracts, I report the order which I send to the desk and which I ask the Senate

to adopt. It has reference to the proceedings tomorrow in connection with the citations for contempt. I desire to state that the order has been carefully gone over by each individual member of the special committee, and has been unanimously approved by the committee. I request that the order be read, and I ask for its adoption.

The VICE PRESIDENT. The clerk will read the order submitted by the Senator from Alabama.

The legislative clerk read as follows:

Ordered, That in the matter of William P. MacCracken, Jr., L. H. Brittin, Gilbert Givvin, and Harris M. Hanshue, on an order to show cause, the mode of procedure and rules shall be as follows:

When the respondents shall present themselves at the bar of the Senate in obedience to the order of February 5, 1934, the Presiding Officer shall address them as follows:

"-----
"
"
"
"

"You have been brought before the Senate, by its order, to show cause why you should not be punished for contempt of the Senate on account of the destruction and removal of certain papers, files, and memoranda from the files of William P. MacCracken, Jr., after a subpoena requiring the production of such papers, files, and memoranda had been served upon William P. MacCracken, Jr., as shown by the report of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts."

The clerk shall then read Senate Report 254, Seventy-third Congress, second session, parts 1 and 2, submitted February 2 and 5, 1934, respectively, and Senate Resolution 172, agreed to February 5, 1934; after which the Presiding Officer shall address to each of the respondents the following question:

"Have you anything to say in excuse or extenuation of your connection with or participation in the matters described in such report and resolution?"

If the respondent shall answer, or fail to answer, they shall continue at the bar of the Senate until all the testimony in the proceedings (if any be adduced) shall be closed and then they shall retire while the Senate in closed executive session deliberates on the case; and when a decision is agreed upon the respondents shall, being previously notified of the time by the Sergeant at Arms or by a written notice left at their office or residence, appear at the bar of the Senate, in open session, and the Presiding Officer shall pronounce to them the decision.

The respondents shall be allowed the assistance of counsel while personally attending at the bar of the Senate, who, subject to the limitations hereinafter set forth, may be heard with respect to any matters charged against said respondents.

Counsel shall be limited to examination of respondents and other witnesses and to argument.

The respondents shall be permitted to summon such witnesses to testify to matters pertinent to the issue as the Senate may think proper.

Counsel for the respondents and members of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts shall be permitted to question respondents and witnesses orally; but no question shall be put by or at the request of any Senator not a member of the committee until completion of the examination by counsel and members of the committee, or by counsel if a witness is called by the Senate, until completion of the examination by the members of the committee.

After the completion of such examination by counsel and the members of the committee, if a Senator other than a member of the committee wishes a question to be put to a respondent or witness the question shall be reduced to writing and put by the Presiding Officer, but if any question put or any testimony offered shall be objected to by any member of the committee or by counsel, the member of the committee or counsel so objecting shall be heard briefly thereon and counsel or any member of the committee shall be heard briefly in reply thereto, after which the matter shall be decided by the Presiding Officer without further debate, unless a Senator or counsel shall ask that a formal vote be taken thereon, in which case it shall be submitted to the Senate for decision; or the Presiding Officer may at his option in the first instance submit any such question to a vote of the Senate.

Counsel for the respondents and Members of the Senate shall, subject to the foregoing limitations, have full opportunity to examine, cross-examine, and reexamine any respondent or witness with respect to any matter raised by any question.

All testimony shall be taken on oath or affirmation.

In all particulars not covered by the foregoing, the proceedings shall be governed by the Standing Rules of the Senate.

Mr. JOHNSON. Mr. President, I should like to make an inquiry of the Senator from Alabama. At the beginning of the resolution, I observe that a portion of the proceedings are to be had in closed executive session. Would the Senator mind stating the reason for that procedure?

Mr. BLACK. Mr. President, the evidence is to be taken in open session; the arguments are to be made in open session. The closed session to which the Senator refers is

with reference to the deliberations of the Senate after the evidence has been given and the arguments have been heard.

The Senator will recall that this was the method which was followed in connection with the recent impeachment case, and, so far as I know, is the method that has been followed with reference to the deliberations of the Senate in connection with reaching a decision in such cases. That is the reason why it is suggested that this particular portion of the proceedings be held in closed session.

Mr. JOHNSON. Mr. President, I am not seeking to make any captious objection to the procedure that is suggested, but I did not understand the theory upon which a closed executive session was to be held. I take it, however, now, from what the Senator says, that it is merely for the deliberations subsequently of the Senate?

Mr. BLACK. It is exactly in line with the ordinary proceeding of a jury after the evidence has been given and the argument has been heard.

The VICE PRESIDENT. Is there objection?

Mr. NORRIS. Mr. President, I am not going to object or even vote against the proposal. The question I wanted to ask the Senator from Alabama has already been asked by the Senator from California. I only had that in view.

I believe a mistake is being made. I think the deliberations of the Senate ought to be in the open. I think it will demand more respect and more consideration from the people of the country if all our deliberations are in the open. Unless there is some very good reason to the contrary, I hope the Senator from Alabama will change the order in that respect, although if he does not feel authorized to do so by reason of the action of the committee I shall make no further objection.

Mr. ROBINSON of Arkansas. Mr. President, taking note of what has just been said by the Senator from Nebraska, I desire to express my opinion that the Senate special committee has acted wisely in incorporating in its order of procedure the provision referred to. If, after the evidence has been submitted and the arguments have been heard, 96 Senators proceed in open session to deliberate upon a decision, there will result, in my judgment, such confusion as will occasion delay and embarrassment and tend to prevent the successful conclusion of the deliberations of the Senate.

It is not contemplated that there shall be any proceedings in closed executive session, except insofar as they relate to the efforts of the Senators, 96 in number, to agree upon a conclusion.

Mr. LA FOLLETTE. Mr. President—

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

Mr. ROBINSON of Arkansas. I am glad to yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. May I ask whether the Senator contemplates that after deliberation in executive session the Senate would then go into open session for the purpose of registering its decision?

Mr. ROBINSON of Arkansas. Oh, certainly. That is the provision in the order.

Mr. JOHNSON rose.

Mr. ROBINSON of Arkansas. The only proceedings in closed session, as contemplated by the arrangement, have reference to the deliberations of the Senate. If a jury, or, for that matter, a board of arbitration, in attempting to reach a conclusion, should hold their proceedings in open session, there would undoubtedly be influences brought to bear to stimulate obstructions which might prevent agreement.

I yield to the Senator from California.

Mr. JOHNSON. I was merely going to ask the Senator—and he answered it in the latter part of his statement—if he likened the proceedings to one of trial by jury, where the jury retire and in executive session determine their verdict.

Mr. ROBINSON of Arkansas. Yes, exactly; and that is the sole effect of the provision in the order to be entered relating to the proceedings of the Senate. All other pro-

ceedings are in the open, and properly so. Full opportunity is given not only to representatives of the respondents to ask any questions they desire but also to Senators generally after the members of the committee have had the opportunity of submitting their questions. The reason for that provision suggests itself. It is to avoid the confusion which inevitably arises when a large number of Senators seek to obtain the floor at the same time.

The VICE PRESIDENT. Is there objection to the entering of the order?

Mr. NORRIS. Mr. President, I want to be heard briefly, not with the intention of trying to change any votes, but for the purpose of leaving the record—

Mr. LA FOLLETTE. Mr. President, if this is going to lead to any extended debate, I would prefer that the Senator from Alabama should take up the matter when I shall have concluded my remarks.

Mr. ROBINSON of Arkansas. I do not understand that the Senator from Nebraska expects to prolong the debate.

Mr. NORRIS. I do not.

Mr. LA FOLLETTE. I shall be very happy to hear the Senator on the subject, but I would like to conclude my remarks.

Mr. NORRIS. I will simply say, then, that I am still not convinced—and I believe I can convince any honest man if I had the opportunity to do so—that the proceedings ought to be in the open all the way through.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the order is entered.

PRICES AND MARKETING OF SUGAR (H.DOC. NO. 246)

After the conclusion of Mr. LA FOLLETTE'S speech,

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Finance, and ordered to be printed, as follows:

To the Congress:

Steadily increasing sugar production in the continental United States and in insular regions has created a price and marketing situation prejudicial to virtually everyone interested. Farmers in many areas are threatened with low prices for their beets and cane, and Cuban purchases of our goods have dwindled steadily as her shipments of sugar to this country have declined.

There is a school of thought which believes that sugar ought to be on the free list. This belief is based on the high cost of sugar to the American consuming public.

The annual gross value of the sugar crop to American beet and cane growers is approximately \$60,000,000. Those who believe in the free importation of sugar say that the 2 cents a pound tariff is levied mostly to protect this \$60,000,000 crop and that it costs our consuming public every year more than \$200,000,000 to afford this protection.

I do not at this time recommend placing sugar on the free list. I feel that we ought first to try out a system of quotas with the threefold object of keeping down the price of sugar to consumers, of providing for the retention of beet and cane farming within our continental limits, and also to provide against further expansion of this necessarily expensive industry.

Consumers have not benefited from the disorganized state of sugar production here and in the insular regions. Both the import tariff and cost of distribution, which together account for the major portion of the consumers' price for sugar, have remained relatively constant during the past 3 years.

This situation clearly calls for remedial action. I believe that we can increase the returns to our own farmers, contribute to the economic rehabilitation of Cuba, provide adequate quotas for the Philippines, Hawaii, Puerto Rico, and the Virgin Islands, and at the same time prevent higher prices to our own consumers.

The problem is difficult but can be solved if it is met squarely and if small temporary gains are sacrificed to ultimate general advantage.

The objective may be attained most readily through amendment of existing legislation. The Agricultural Adjustment Act should be amended to make sugar beets and sugar cane basic agricultural commodities. It then will be possible to collect a processing tax on sugar, the proceeds of which will be used to compensate farmers for holding their production to the quota level. A tax of less than one-half cent per pound would provide sufficient funds.

Consumers need not and should not bear this tax. It is already within the Executive power to reduce the sugar tariff by an amount equal to the tax. In order to make certain that American consumers shall not bear an increased price due to this tax, Congress should provide that the rate of the processing tax shall in no event exceed the amount by which the tariff on sugar is reduced below the present rate of import duty.

By further amendment to the Agricultural Adjustment Act, the Secretary of Agriculture should be given authority to license refiners, importers, and handlers to buy and sell sugar from the various producing areas only in the proportion which recent marketings of such areas bear to total United States consumption. The average marketings of the past 3 years provide on the whole an equitable base, but the base period should be flexible enough to allow slight adjustments as between certain producing areas.

The use of such a base would allow approximately the following preliminary and temporary quotas:

	Short tons
Continental beets	1,450,000
Louisiana and Florida	260,000
Hawaii	935,000
Puerto Rico	821,000
Philippine Islands	1,037,000
Cuba	1,944,000
Virgin Islands	5,000
	6,452,000

The application of such quotas would immediately adjust market supplies to consumption, and would provide a basis for reduction of production to the needs of the United States market.

Furthermore, in the negotiations for a new treaty between the United States and Cuba to replace the existing commercial convention, which negotiations are to be resumed immediately, favorable consideration will be given to an increase in the existing preferential on Cuban sugars, to an extent compatible with the joint interests of the two countries.

In addition to action made possible by such legislative and treaty changes, the Secretary of Agriculture already has authority to enter into codes and marketing agreements with manufacturers which would permit savings in manufacturing and distributing costs. If any agreements or codes are entered into, they should be in such form as to assure that producers and consumers share in the resulting savings.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, February 8, 1934.

Mr. LONG. Mr. President, I wish to remind the Chair that when the bill referred to in the President's message was before the Senate, on my motion sugar was put into the bill, and on the motion of the administration's spokesman it was taken out. I want to congratulate the administration on its wisdom in following my suggestion.

Mr. CLARK. Mr. President, in order that the record may be kept straight, I would like to call attention to the fact that sugar was put in the bill on the motion of the Senator from Colorado [Mr. COSTIGAN].

Mr. LONG. I beg the Senator's pardon. I thought I made that motion. Then I still congratulate the President of the United States in adopting the wise course suggested by the Senator from Colorado.

CIVIL WORKS ADMINISTRATION APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for

continuation of the Civil Works program, and for other purposes.

Mr. HASTINGS obtained the floor.

Mr. BONE. Mr. President—

Mr. HASTINGS. Mr. President, does the Senator from Washington desire me to yield to him?

Mr. BONE. If he will, Mr. President.

Mr. HASTINGS. Does the Senator wish to ask me a question?

Mr. BONE. I do not wish to ask the Senator a question. I desire to occupy the floor for a moment.

Mr. HASTINGS. I will yield.

Mr. BONE. Mr. President, I shall endeavor to be very brief. I presume to take this time because of the remarks of the Senator from Wisconsin, who has touched upon some matters that have engaged my attention during the last few days. His ability and his eloquence and his willingness to realistically face and offer some sane and wholesome remedies for the somber and tragic problems that confront the American people today excites my liveliest admiration.

The American Federation of Labor, various Government agencies, Standard Statistics, and other organizations which make it their business to provide accurate information have given us some figures on real wages and the economic conditions confronting the American people which have led to this plunge into the miserable economic abyss the Senator has so vividly described. I want to add these figures to what the Senator has said—not because I believe that they are of necessity a contribution, but to those who read the remarks of Senator LA FOLLETTE I am sure these figures will be illuminating.

Real wages from 1921 to 1929 increased 13 percent. Returns to industry in this period increased 72 percent. Dividends to stockholders increased 265 percent.

In 1922 all corporations in this country paid \$930,648,000 in dividends. In 1929 they paid \$3,478,000,000 in dividends.

In 1922 they paid in interest \$2,469,000,000. In 1929 they paid in interest \$7,588,000,000.

In 1923 the value of manufactured products was over \$60,500,000,000. In 1925 the value of the same products had risen to \$62,700,000,000. In 1929 the value of manufactured products had risen to \$69,400,000,000.

The interesting thing is that during this period there was no equivalent increase in the total volume of wages paid.

In 1928, the peak year for the production of wealth, \$32,235,000,000 was paid in wages. This was \$649,000,000 less than in the year 1927.

The number of employees in manufacturing establishments has been steadily lowering, while the annual production of wealth has been enormously increasing, in the manner indicated by the Senator from Wisconsin. Some of the figures I have supplied are from Government departments.

In 1922 the total income of people of the United States was computed at \$65,925,000,000. In 1928 it was computed at \$89,419,000,000. Those figures are a rough approximation from Government sources.

In 1922 the total volume of wages was \$24,553,000,000. In 1928 it was \$32,235,000,000.

In this period the total annual income had increased \$23,494,000,000, while the total volume of wages had increased \$7,682,000,000.

The spread between national income and total wages reveals starkly one of the major causes of this depression.

In 1929 the net income of 504 men in this country was more than the total gross income of 2,332,000 farmers, who raised all of the wheat and cotton of the Nation. Those figures were referred to by the Senator from Massachusetts [Mr. WALSH] in a speech which he made shortly after the figures were made available. They are a challenge to every citizen of the Republic.

In 1921 wage earners and salaried workers received 55.02 percent of the national income. By 1928 this had shrunk to 36.01 percent of the national income.

From 1923 to 1929 industrial production increased about \$9,000,000,000. During this period wages increased \$421,000,000, while, as I have said, industrial production had

increased \$9,000,000,000. For every additional \$18 that industry received, this industrial machine graciously allowed labor to keep one additional dollar. The Departments of Commerce and Labor gave out these remarkable figures.

Mr. LONG. Mr. President, I will ask the Senator to repeat the last statement.

Mr. BONE. From 1923 to 1929 industrial production increased about \$9,000,000,000. During this period wages increased \$421,000,000. For every additional \$18 that industry received during that period, our industrial machine, as I indicated, graciously allowed labor to receive one additional dollar out of the \$18.

Five hundred and fifty corporations, as appears from some figures made public a couple of years ago, do approximately 80 percent of the Nation's business in dollars and cents turnover. In 1929 they paid to security holders the sum of \$2,368,000,000, and in 1930 they paid to security holders \$1,886,000,000, or a loss from 1929 of \$482,000,000. This was an 18 percent loss to the security holders. In the same period, however, we find wage workers and salaried workers receiving \$51,000,000,000 in 1929 and only \$34,000,000,000 in 1930, a loss of 33 percent. The loss to labor was \$17,000,000,000, against less than half a billion dollars to industry.

The Senator from Idaho [Mr. BORAH] has made a remarkable comparison to which I want to refer for a moment. The Senator pointed out that the wealth of this Nation might be likened to five apples and the population of this great country of ours to 100 people. As presently distributed, 4 very rich people have 1 apple apiece, while the remaining 96 people have 1 apple amongst the 96. Governor Pinchot, of Pennsylvania, used a similar comparison.

I contribute these figures to the statement of the Senator from Wisconsin because I think it is time that the American people comprehend not only the condition that confronts them but how swift has been the descent into the economic abyss of national poverty. Yet there is no occasion for it. Had we taken an inventory of all the wealth in this country in 1928 and 1929, and counted the miles of railroad lines, the number of factories, and everything else that labor and man's genius can create, we would find the same wealth here now, the same factories, the same potentialities for the production of all the things that make life sweet and happy—rugs, radios, automobiles, food, clothing, shelter. There is something terribly wrong with an economic system that dooms millions to poverty in the midst of plenty. The thing that the Senator from Wisconsin pointed out, the terrifically rapid concentration of national wealth into the hands of a few, tells the story. There is no other answer to this terrifying riddle. Senator after Senator has called attention to this trend, which spells national disaster if not checked. With a little of that spirit which animated our sires when they went out to conquer the wilderness, when they bared their breasts to the bullets of the enemies of the infant Republic, we should meet this frightful challenge to the firesides of America.

Mr. HASTINGS. Mr. President, I am opposed to the amendment now pending, but principally for this reason: If the administration desires to hold out the hope that \$950,000,000 will be sufficient, and that when that sum shall have been exhausted there will be such an economic recovery in this land that it will not be required to appropriate additional money, I think we ought not to destroy that hope by adding to the sum the large amount suggested by the Senator from New Mexico. I have no doubt, however, that if the present session of Congress shall last until the first of May an additional appropriation will be suggested to the Congress, and I should not be surprised if it should not reach the figure suggested by the Senator from New Mexico.

Mr. President, I am only going to occupy a few moments, and I am not going to discuss this question in detail. I was interested in the first amendment that was adopted today, which was proposed by the Senator from Tennessee, who has the pending bill in charge. My remarks about this bill yesterday were a mere incident in the effort to show that the Congress had made a mistake in turning this kind of an undertaking over to the Executive. I insisted then, and I

insist now, that it is a work for the Congress, and I expressed the hope that if Congress would seriously consider it, it would be able to find a remedy that would be more effective and one that would not last throughout the coming years.

I particularly criticized some of the projects which I knew had been approved in connection with the expenditure of this fund. The Senator from Tennessee objected to the amendment to which I have referred because, he said:

The committee thought under the circumstances, and inasmuch as this work is being furnished purely for the benefit of the recipients, that it was not right to saddle upon the Government a large and perhaps perpetual compensation allowance.

The point I undertook to make yesterday was that what we were doing was purely for the benefit of the recipients and it was not a constructive work that would be helpful to the Government in the future.

Later the Senator showed that:

About \$14,000,000 have been paid out for compensation to persons who were injured. Mr. Hopkins thought this should be continued, but the committee did not agree with him. The committee thought that the furnishing of employment under the circumstances ought to be sufficient, and that otherwise a large pension roll would be built up. It was thought that \$21,000,000 would be required to pay for those injured, and if that sum was set aside it would not be spent for unemployment purposes.

To my mind there can be no good reason why those persons who are compelled to go to a particular job in order to get a particular check from the Government at the end of the week should be deprived of some compensation if they should get their legs cut off while going to that job. Having that point in mind, I propose to have printed at the conclusion of my remarks a suggested amendment, which I ask the Senator in charge of the bill seriously to consider.

I may add that it may not be very carefully drawn, but I shall endeavor to make plain the purpose I have in presenting it.

After the word "designated", in line 9, add the following:

Provided further, That no direct payments shall be made to any employees by the Federal Government unless such employee be engaged on a Federal project.

The Senator from Tennessee called our attention yesterday to the fact that out of the 4,000,000 men put to work 2,600,000 are working on Federal projects, leaving 1,400,000 on other projects. What I particularly complain about is that the Federal Government is paying out its own money by its own checks to persons who are not engaged on Federal projects.

I propose to follow the amendment I have just indicated by this additional paragraph:

Provided further, That any and all moneys paid to the States or municipalities under this act shall be free of any Federal regulation with respect to the rate of pay or the particular use to which such money may be applied by such States or municipalities.

I hope the Senator from Tennessee in particular will believe me when I say that I am suggesting the amendment in an effort to help in the situation which confronts us, because I realize, as I said yesterday, that the Federal Government cannot permit people to go hungry and cold, and something must be done about that.

It seems to me, however, if we will undertake to let the Government itself control Federal projects, finding as many such projects as it can and putting as many people to work on them as can be thus put to work in any aspect that might be called economical—in other words, there may be similar projects which under normal conditions one would not think of spending Federal money on; but in order that we might find jobs for the unemployed, I should be perfectly willing to see the Federal Government enter upon Federal projects which otherwise it would not think of undertaking—when we have found as many as we can, let us stop there; and if additional money is necessary, as it is, let us turn that additional money over to the States and let the States be entirely responsible for what they do with it. If they can find jobs within their own States or municipalities, let them find them and use the money for that purpose, because the unemployed

of this land would rather work for their pay than to be on a dole. Let us put it up to the municipality or the State to find jobs for their people. Then if they want to employ manicurists, as I pointed out yesterday, or if they want to do what the Herald Tribune called to our attention today that is taking place in Baltimore—300 people having been employed with 50,000 traps to catch rats in the city of Baltimore—let them go ahead and do it. But I say the psychology of the Government being engaged in that kind of business, employing people for that kind of work, is not good psychology. However, if Baltimore City wants to get rid of its rats, they might take the Government money and use it for that purpose without the same kind of complaint resulting.

The same principle applies as to many of these projects. For instance, it applies to the project suggested yesterday by the Senator from Georgia [Mr. GEORGE]. If the school teachers of the country are to receive Federal pay, who in this Chamber doubts that the States who control the educational institutions ought to say who shall be employed, how much money shall be paid to them, and to what extent they shall use Federal money for that purpose?

Another thing that would be cured by the amendment is this. In some of the States, particularly in the South—and I was there during the holidays and heard the experiences of many people there—there are being employed on C.W.A. jobs men at 40 cents an hour who are being taken away from the farmers, because the farmers cannot afford to pay 40 cents an hour. If we take the situation in South Carolina and leave to South Carolina the wage scale to be fixed, and let the money which goes from the Federal Government to that State go as far as it will, we will not be responsible for whether they pay 40 cents an hour or 30 cents an hour.

What business is it of the Federal Government to undertake to control the pay on an individual job that is for the benefit of the State or one of its municipalities? If they have to have Federal help, let us give it to them by turning the money over to them. If there is to be a scandal with reference to that money, it would be a State scandal or a municipal scandal, and not a Federal scandal. That is what I think we ought to do. I think this simple amendment will cure a lot of complaints about the bill.

I hope, if I have made myself clear, that the Senator in charge of the bill will seriously consider the proposal, because it is offered seriously.

Mr. McKELLAR. The adoption of the amendment offered by the Senator from Arizona [Mr. HAYDEN] this morning will put all of that matter in conference. I am sure the conferees will be glad to give it serious consideration.

Mr. HASTINGS. May I be permitted just a further word? The opposition which the Senator from Tennessee offers—and there is some reason in the opposition—is because these jobs are not Federal jobs. When we come to consider that and find that a person has been sent out to do some trivial thing in order to give him employment which is for the benefit of some city or county and in no sense is a Federal project, we are inclined to think that that particular person, if injured while doing that particular work, ought not to be permitted to make a claim against the Federal Government for compensation—that that burden ought not to be loaded upon the Federal Government. If that may be separated, as I have suggested, and let the Federal projects stand upon their own base, and then turn over to the States and municipalities the money which it is necessary for us to give them, I think we will have a very orderly distribution of the fund.

The amendment intended to be proposed by Mr. HASTINGS to the bill (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes, which was ordered to lie on the table and to be printed, is as follows:

After the word "designate", in line 9, add the following:
Provided further, That no direct payments shall be made to any employee by the Federal Government unless such employee be engaged on a Federal project:

"Provided further, That any and all moneys paid to the States or municipalities under this act shall be free of any Federal regulation with respect to the rate of pay or the particular use to which such money may be applied by such States or municipalities."

Mr. WAGNER. Mr. President, I propose to support the amendment which seeks to increase the amount to be appropriated by the bill. I propose, as briefly as possible, to give my reasons for supporting the amendment attempting to increase the amount of the appropriation.

Mr. President, since the advent of the present administration we have been realistic and resourceful and generous in the face of depression. Are we going to fall short when victory is within our grasp? Are we going to suffer a relapse because of the very failure to face the facts, which was our greatest handicap during the first years of our economic calamity?

What are these facts? What bearing do they have upon the adequacy of the \$950,000,000 appropriation for the Civil Works and Emergency Relief Administrations which is now being considered by the Senate? I propose to review the accomplishments of these agencies and to explain my conviction that they should receive far greater additional support than is provided in the present bill. They ought to receive an additional appropriation as incorporated in the amendment offered by the Senator from New Mexico [Mr. CUTTING].

The very first task that we faced in March was to provide food and shelter for the idle who could not secure jobs. The Federal Emergency Relief Administration, invested with half a billion dollars, has been spending \$60,000,000 a month to protect the desolate from complete annihilation. The 21,000,000 people dependent upon relief rolls in March were reduced to 15,000,000 even before the inauguration of the Civil Works plan. Thus, in addition to those still on the rolls, several million people who otherwise might have perished were sustained and encouraged until they secured employment.

The Relief Administration has done more than merely to ferret out the neediest cases with an eagle eye and to extend aid with the minimum of delay and waste. It has displayed incessant ingenuity in raising standards of service above the level of the dole. One example has been the promotion and support of adult education to restore the shaken morale of the idle until the day of revival. Another example has been the marked attention shown to classes who were in greatest danger of neglect. Innumerable transients whose very efforts in search of work had branded them with the stigma of the shiftless have been transported to home localities where there are no preferences operating against them. Key cities all over the country have been designated to assist in this work.

A matching policy has been developed which forces the States to bear their fair share of responsibility, but it has not neglected to deal charitably with the States that have suffered too much to help themselves.

The Federal Surplus Relief Corporation has been the medium for a doubly useful expenditure of relief funds. The purchase of supplies direct from producers has relieved centers of overproduction, while effecting great economies in securing goods for the needy. The shipments of food-stuffs alone aggregated over 114,000,000 pounds by the end of December, including salt pork, smoked pork, butter, flour, dried apples, and beans. Quantities of surplus coal have been absorbed in similar fashion.

Despite the irreproachable handling of the money at its command, it became obvious by last November that the Relief Administration could not meet the needs of the times. With 15,000,000 people still depending upon it for aid, its resources had become so depleted that only \$7 per person remained, with the long winter approaching; and there was the certainty of additional applications. Despite 5,000,000 workers reengaged under the Public Works and Recovery Act programs, there were still 10,000,000 unemployed, representing, with their families, 40 percent of our population.

For these reasons, the Civil Works program was inaugurated. The best cure for unemployment is employment. Utilizing \$400,000,000 drawn from the Public Works fund and \$100,000,000 from emergency relief, a tremendous volume of useful projects is being pushed forward, and resulted in the reemployment of 4,150,000 people before the new year.

These Civil Works enterprises throw into bold relief the tragic social waste that was involved in permitting large masses of people to remain needlessly idle. Most of the present activity is in the field of small-scale improvements which do not require the elaborate planning of the larger projects under the Public Works Administration. These include the repair of public buildings, town halls, and schools, the construction of feeder roads and bridges, and the paving of streets. Sanitation plays a large part, especially water works, sewers, and power plants. Experience has shown that even in normal times private industry cannot be relied upon to promote outdoor recreational facilities for people of moderate means; and the present opportunity is being seized to develop parks and playgrounds, swimming pools, band stands, and boathouses.

One of the prime defects in our earlier efforts to provide relief was the neglect of the millions of white-collar workers who have suffered as much as any other group during the past 4 years. In addition to the hardships thus imposed upon these people, the whole Nation lost because of the failure to capitalize their capacity for a wide range of useful services. I desire to relate the progress which the Civil Works program has made in promoting projects to remedy this oversight.

To improve our transportation facilities, a Nation-wide body of aeronautic advisers has been appointed to plan and approve a network of airports as a Civil Works project.

Scientific work and the conservation of natural resources are being extended. The Department of the Interior is undertaking a photo-mapping survey of 40,000 square miles in the South. The Department of Agriculture is conducting one study of land utilization and another of gypsy-moth extermination. Dairy experimental stations are receiving assistance. Mine fires are being extinguished, and abandoned coal mines are being sealed.

It would be a grievous oversight if this depression were allowed to pass without our making careful studies of its economic characteristics in order that we may be better prepared for coping with the hazards of the future. With the aid of Civil Works funds the Federal Coordinator of Railroads is commencing a study of employment and earnings of 300,000 railway employees on class A roads. The results will be of incalculable value to the Congress in connection with pension and unemployment insurance legislation.

Again, with the aid of C.W.A. funds, the Bureau of Labor Statistics is conducting a study of the effects of the Public Works program and other recent legislation upon employment and economic conditions generally. In addition, it is improving its surveys of nonmanufacturing industries. The Bureau of the Census is conducting a careful analysis of the problem of tax delinquencies. The Department of Agriculture is making a study of farm housing in order to determine rural needs and to investigate the feasibility of promoting farm-home financing.

Clerical, academic, and artistic positions are being created for sorely neglected groups. Some funds are devoted to the employment of teachers and the cataloging and classifying of the treasures of our public libraries. Two thousand five hundred artists have been engaged to embellish public buildings and to preserve on canvas and in stone the record of one of the most dramatic periods in our history. Records are being made of the historic buildings in all the States, involving the employment of architects, draftsmen, clerks, and stenographers.

For the first time the unemployed woman is receiving proper attention. By the end of 1933, 150,000 women had been engaged for Civil Works projects, including library work, indexing, social surveys, nursing, and clerical tasks.

A national safety campaign in cooperation with State agencies has been inaugurated to promote the safety of inexperienced men engaged in new kinds of industrial activity, and to study traffic accidents and the various proposals for safeguarding human life.

Of course, there have been some wastes involved in the Civil Works program; but these are not the fault of the program. They are the result of our failure to plan during times of prosperity. The Civil Works idea is directly in line with the Public Works remedy that I have advanced for years; namely, that governmental activity should be expanded in times of stress to take up the slack in private industry. Such expansion can move along smoothly only if a completed list of worthwhile projects have been prepared in advance. In this way alone can human values be preserved and the productive capacities of the Nation be utilized without interruption.

The Civil Works Administration is profiting by experience. It is making every effort to adapt its policies to national needs. I desire to quote from the testimony of Mr. Hopkins before the House subcommittee. He said:

It had been a job which we have tried to do with integrity. It has been a job which we have tried to do with intelligence. We have tried to do it realistically. We have tried to do it in the interest of the unemployed. And when we think of our rules and regulations and administrative policies, we think of almost 7,000,000 families that will get benefits either through the Relief Administration or through the Civil Works. That represents twenty-five or thirty million people in America. These people are important. We are their servants. This thing is a public trust which we take very, very seriously. We know we have made mistakes, but these mistakes have been made as honest mistakes of judgment.

This variegated Civil Works program has been subjected to criticism on the ground that its high standards have a dislocating effect upon private industry. Most of this criticism is voiced by those who regard the program as a dole to the unemployed. As a matter of fact, the administration has tried to apply every canon of economic efficiency, both as to the types of projects which it sanctions and the qualifications of the people whom it employs. Furthermore, the undertakings for the most part are not of the type which compete with private industry. They are public-service enterprises, which have always had to await the interest of public bodies, for they have a low capacity for yielding private profit and a high social value to the community as a whole. I do not understand how four and a half million people who are building up the wealth of the Nation by productive effort and spending half a billion dollars in a quarter of a year for consumer goods can be as great a strain upon our economic revival as four and a half million people suffering from enforced idleness, decaying physically and temperamentally, and with almost no wage receipts to pour into the channels of trade.

At the present time there is wide-spread acceptance of the need for continuing the Civil Works and the Emergency Relief programs. The former is necessary to provide jobs for those who want to work. The latter must be used to care for those who have become disabled by destitution or who suffer from irremediable handicaps. The only real question is, How much additional funds need to be appropriated?

Let us begin by considering the employment situation. In March 1933, 15,000,000 people were without jobs. No one could claim that more than 4,000,000 of these have been directed since then into the normal channels of industry, commerce, and agriculture. About 1,000,000 men are engaged in the Public Works program. This means that today there are at least 10,000,000 workers who must be cared for either by charity or by work financed through the use of public funds.

Private industry cannot make room for these people as fast as it has made room for others during the past 8 months. A large part of reemployment has been due to the shortening of hours. Obviously, there are limits to the amount of relief that can be afforded by this device; though I believe that hours should be even shorter than they are. In addition, simple common sense tells us that the closer

industry gets to normal running speed, the harder it will be to take on additional men. It is much easier to raise employment in industry from 60 to 70 percent of normal than it is to raise it from 70 to 80 percent of normal.

These hypotheses are confirmed by statistics. The index of employment in manufacturing rose from 55 in March to 70 in December, a gain of almost 30 percent. But during the last 3 months there has been no appreciable gain, and the most reliable estimates seem to indicate a slight recession. This recession, of course, is seasonal, and we may expect a considerable pick-up with the coming of spring. But almost no one would claim that more than 3,000,000 people are likely to be reemployed in industry between now and the beginning of 1935. According to liberal estimates, another million may be added through the operation of the Public Works program.

If these sanguine predictions are justified, there will be 6,000,000 workers dependent upon public relief or public employment at the end of the year, compared with 10,000,000 today.

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

Mr. WAGNER. I yield.

Mr. BORAH. I did not catch those figures. There were 6,000,000 unemployed at what time?

Mr. WAGNER. During the year; at the present time. That is, there would be 10,000,000 unemployed except for the Civil Works program, which has absorbed 4,000,000 people. If we abandon the Public Works program and demobilize, we will have 10,000,000 unemployed. If industry, during the next short period of time, out of that 10,000,000 absorbs 3,000,000 and public works 1,000,000, there will still be 6,000,000 people unemployed, and to be cared for by some sort of relief.

Mr. BORAH. Mr. President, will it interrupt the Senator if I ask him a question?

Mr. WAGNER. Of course not.

Mr. BORAH. I am at a loss to understand, under the circumstances, considering the facts and the figures the Senator has given, and others which we have had given us today, why the able Administrator of the C.W.A. is satisfied with \$950,000,000. I have been reading his statement, and I hesitate to vote to give a man more money than he wants, and he says that that is all he needs.

Mr. WAGNER. Mr. President, I am trying to convince the Senator that, whether he wants more or not, he needs more, if we are to take care of the unemployed, and if we are to avoid another recession and a possible economic catastrophe.

Mr. BORAH. The Senator is presenting a very strong argument, but it is puzzling to me why so able an Administrator as Mr. Hopkins, who certainly must be more familiar with this matter than most of us can possibly be, is presenting a bill here in the amount represented by the figures in the measure before us. I am disposed to vote with Mr. Hopkins, because of the fact that I believe in his ability. I know he is familiar with the subject, and I do not want to crowd upon a man more money than he thinks he needs to take care of the job. The Senator is presenting figures which tend to make one doubt that Mr. Hopkins knows his job.

Mr. WAGNER. I would not say that. I regard these figures as inexorable. They are there.

Mr. BORAH. What could be the object of presenting a bill here for this amount if it is not going to meet the task? Certainly Mr. Hopkins must know what the task is.

Mr. WAGNER. I cannot speak for Mr. Hopkins on that score. It may be that he is more optimistic than some of the rest of us as to the number who will be absorbed by the revival of private industry or in the prosecution of the Public Works program or through employment upon the farms. I cannot see any other answer to it except that he indulges in an optimism which I cannot share with him.

Mr. BORAH. Very well.

Mr. WAGNER. If we average these figures which I have just mentioned over the entire period, we will get a mean

figure during the year of 8,000,000 people to be cared for from public funds. What portion of these people will be dependent upon Federal aid? Mr. Hopkins, on the basis of an experience that cannot be questioned, has testified that about 62 percent of all public relief and employment must be furnished by the Federal Government.

I would like to have the Senator from Idaho listen to this testimony given by Mr. Hopkins.

Mr. Hopkins said that, on the basis of his own experience, about 62 percent of all public relief must be furnished by the Federal Government. He shows that, while the State appropriations are increasing slightly, those of the municipalities are falling off to an equal extent. Thus almost 5,000,000 working people must rely for some period of time upon Federal action. These constitute with their families, almost 25,000,000 people, or one fifth of our total population.

Mr. BORAH. Does that statement appear in the hearings?

Mr. WAGNER. Yes; it appears in the hearings. To continue:

What funds are available to provide these 25,000,000 people with a livelihood? The Federal Emergency Relief Administration has less than \$50,000,000 left, and the Civil Works Administration less than \$150,000,000. If we add to these sums the appropriation proposed by the present bill, we get a total of \$1,100,000,000. Is this sufficient even for the 10 months that must elapse before the next opening of Congress? It amounts to \$110,000,000 per month. It means \$22 per month for each of the 5,000,000 workers to whom I have referred. It means about \$5 per week for each family of five persons. It means \$1 a week for each individual. How much food, clothing, shelter, and medical care can this sum provide?

Mr. BORAH. Mr. President, may I ask the Senator a question?

Mr. WAGNER. Yes.

Mr. BORAH. If we follow the logic of the Senator, how long would this \$2,500,000,000 last. It would not last until Congress reconvenes next year, would it?

Mr. WAGNER. I will say to the Senator from Idaho that I believe it would. Those of us who have been making the estimate believe that it would last until about the end of November of this year, and allowing for some tapering off, and taking the view that we are a little too pessimistic, and that those on the other side are a little too optimistic, we will get a mean that will take care of this work to the end of the year by appropriating \$2,500,000,000.

This question I have just propounded must bring a deep sadness to every listener with average powers of imagination and normal tenderness of feeling. To those of us who have the power not only to feel and to think, but also to act and relieve, there must come a determination not to be satisfied with the present proposals.

Whatever qualms we might feel about more extensive action will be removed by a survey of those who need our aid.

Mr. BORAH. Mr. President, may I ask the Senator another question?

Mr. WAGNER. Yes.

Mr. BORAH. As the Congress will not be able to return here until January, why is a sum provided for that will run the work only until November?

Mr. WAGNER. As I said before, taking our pessimistic view as the rock bottom, and the other side's optimistic view as the top, we get an average, and based on that average I think I can say that the Civil Works program may be prosecuted to the first of the year and reasonably take care of those in need of our aid.

Mr. McKELLAR. Mr. President, may I ask the Senator a question?

Mr. WAGNER. Yes.

Mr. McKELLAR. Has not the Senator confidence in Mr. Hopkins and his management of the proposed plan?

Mr. WAGNER. Yes. That is the reason I am willing to give him this additional fund, and I know that he will not

spend it unless it is needed to aid the unemployed and to feed and shelter the destitute.

Mr. McKELLAR. Mr. Hopkins does not ask for it, and he proposes a plan. I think inasmuch as it has been intrusted to Mr. Hopkins, and he has made a splendid job of it, that the rest of us might have some confidence in his views on the subject.

Mr. WAGNER. But I also have confidence in my own analysis of the situation, and the cold facts and figures cannot be ignored, and they compel the conclusion that a larger appropriation is needed if we are to take care of these unfortunate people.

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

Mr. WAGNER. I yield.

Mr. FESS. The Senator spoke a moment ago about 6,000,000 people that will still be unemployed. Does the Senator have the facts that there are only 6,000,000 people out of employment now?

Mr. WAGNER. Yes. Those are the estimates at the present time, that there are 6,000,000 people out of employment.

Mr. FESS. I had understood from Mr. Green that there were something like 10,000,000.

Mr. WAGNER. No; I think that what Mr. Green stated was that if the Civil Works program is demobilized, thus throwing back upon relief, and putting out of employment the 4,000,000 working on the Civil Works projects, added to the 6,000,000 now unemployed, it will make the figure 10,000,000. Of course, I look to industry reviving sufficiently between now and next year to absorb between two and a half and three million people. The Public Works I expect will absorb another million. Thus if we demobilize the Civil Works program we are back to where we were before. We would still have the 6,000,000 which will eventually mean a recession.

Mr. FESS. So that the Senator really believes that unemployment is decreasing?

Mr. WAGNER. Undoubtedly. We are gradually emerging out of this tragic depression that we have been going through.

Mr. FESS. Is that emergence due to anything except the Government's spending public money?

Mr. WAGNER. Yes. It is due to the fact that approximately about 4,000,000 men have been reemployed in industry as the result of the shorter hours, the abolition of child labor and the raising of the minimum standard of wages. That has contributed about 4,000,000. But I call to the Senator's attention the fact that when the present administration took hold we had 15,000,000 people out of employment.

Mr. FESS. The Senator then really has confidence that there is a decrease in unemployment by the taking up by private industry of the unemployment, that is aside from supplying the need of the Federal Government expenditure?

Mr. WAGNER. I did not quite get the point of the question.

Mr. FESS. What I mean is this, and my question is quite a significant one. If there is an increase of employment in private industry—that is, outside of supplying the needs of the Government's program—that is very promising.

Mr. WAGNER. Yes.

Mr. FESS. Is there such an increase?

Mr. WAGNER. I am sure there is. But we must not forget that the expenditure of public funds has aided private industry a great deal.

Mr. FESS. Of course. I understand that.

Mr. WAGNER. We are talking here as if this were something that had no relationship to private industry. We are talking about Government expenditure. Where does the money go that is expended. It goes into private industry. It goes for shoes and hats and other capital goods, which to that extent aids private industry.

Mr. FESS. I know that the Senator's theory and the theory of the President is that by public expenditure we will

ultimately sufficiently stimulate private industry to take up the unemployment.

Mr. WAGNER. Certainly. And that will decrease our own public-works program.

Mr. FESS. I hope that is true, but it does not look promising.

Mr. WAGNER. We are all looking for that to happen.

Mr. FESS. I hope it will come, but it does not look promising to me.

Mr. WAGNER. We are going upward all the time due to a very inspiring leadership which the Nation fortunately has had since March 4.

Mr. FESS. A very adventurous leadership.

Mr. WAGNER. I should say inspiring. The people of the United States agree with me.

Mr. FESS. I think the Senator is right about that. Sometimes even the people are mistaken.

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

Mr. WAGNER. I yield.

Mr. CUTTING. In view of the questions asked a moment ago by the Senator from Idaho it has occurred to me in reading Mr. Hopkins' testimony that he nowhere is emphatic as to the undesirability of having further funds to spend.

Mr. WAGNER. Certainly. If I may interrupt the Senator, I wish to call his attention to the fact that he said he thought—

Mr. CUTTING. He said he thought "these were the reasons which impelled us to recommend the cessation of this work."

Mr. WAGNER. Yes.

Mr. CUTTING. I do not want to embarrass Mr. Hopkins or anyone else, but does not the Senator think that it is a position somewhat analogous to that of a Cabinet member who might wish to pursue a certain line of activity which the Director of the Budget had refused to approve? He is not in a position to recommend the carrying on of that work, and will have to give what reasons he can find to justify retrenchment, and yet he is in a position where it is unfair to press either him or his superiors for the reticence in expression which naturally goes with such a position.

Mr. WAGNER. Of course, I cannot answer that question.

Mr. BORAH. Mr. President, it must be remembered that these expenditures are matters over which the President is reported to have worked for days, and this whole question is one of the most difficult problems with which he has had to deal, and he came to the conclusion, if the press reports are correct, that we ought to hold the appropriation down to the amount asked in the pending bill. I want to hold down expenditures, for the taxpayer ought not to be forgotten.

It seems to me that Mr. Hopkins is carrying out a policy of the administration. I certainly do not want to put upon the administration a larger sum of money than the administration thinks it needs in view of the fact that it has to spend billions and billions of dollars, at best. It is a safe rule to allow less rather than more than a department asks.

Mr. WAGNER. The Senator's independent attitude upon all questions is so well known that I know he is not going to vote upon this question because of what someone recommends unless his own convictions are in accord with that particular recommendation. I hope the Senator will carefully examine these inexorable figures, and I am sure he will reach the conclusion that he ought to support the amendment.

I have been moved greatly by the testimony of Mr. Hopkins before the House subcommittee. In speaking of the applicants for relief and civil work, he said:

We know, from a careful study of their records, that they are made up of the finest people in America. You cannot get 4,000,000 families or four and one half million families on the relief rolls without getting from one end of the country to the other, the whole backbone of America's industrial and farm life.

The people for whom I plead are at the end of their rope. They have exhausted their savings. They have taxed to the limit the generosity of their friends and relatives. They

have dried up the sources of private charity. Their physical and moral stamina cannot stand further strain. In our joy over partial recovery, we must not allow them to be pushed to the stage where recovery for them would be impossible. Nor can we recover under such circumstances.

This is particularly true of young children. Studies in almost every State have revealed the fact that about one fifth of all the beneficiaries of relief are between 6 and 13 years of age, although this age group comprises only one ninth of the total population. We would have to possess the foresight of sages to envisage the sickness and suffering that will crop up in the next generation as a result of undernourishment and neglect at the present time.

In addition to the tremendous humanitarian urge for more adequate relief there is the purely economic reason. With the country on the upgrade, it is absolutely essential that purchasing power should be stimulated and maintained until industry can really regain its footing. During the months of July and August, in the first wild spurt of restored confidence, production in private industry shot far ahead of employment and pay rolls. The only thing that prevented a complete collapse was the steady flow of Federal funds which went into the pockets of consumers without placing additional competitive goods upon the market. Even today the index of production in industry is far ahead of the index of pay rolls, and it is imperative that public expenditures should continue to serve as a balance wheel. This is the only safeguard against a relapse.

In the beginning of 1933 the monthly volume of wages was one and two-thirds billion dollars less than in 1929. Due to the various relief measures and the operation of the Recovery Act, the monthly volume of wages has risen by almost \$600,000,000. But this leaves a gap of over a billion dollars per month which has to be filled in before we can begin to feel safe. Even then we shall need to take steps to prevent the disparity between wages and profits that foreshadows catastrophe. Compared with a gap of this magnitude, any assistance that the Federal Government might give is a mere drop in the bucket. But although the Federal Government cannot do everything, it should do as much as it can. I believe a Federal appropriation of \$950,000,000 at this time is a great deal less than we can do and a great deal less than is dictated by the minimum requirements of sound public policy.

I hope the amendment will prevail.

Mr. SHIPSTEAD. Mr. President, I regret the lateness of the hour; but I feel it my duty to say a few words upon the pending bill in view of the trend that the discussion has taken.

I supported Public Works appropriations last spring. I thought 3 years ago that a Public Works program would be beneficial. The C.W.A. has undoubtedly staved off a very serious situation this winter; but I have never thought there was any hope of the least shadow of a permanent remedy for the present situation in the expenditure of public funds. I have looked upon these expenditures as merely a temporary palliative to give us a breathing spell in which to inaugurate policies that will give us some hope of permanent restoration of purchasing power and of prosperity.

I cannot believe that public expenditures will restore purchasing power. They will increase temporary purchasing power, and I believe they have done so; and the effect has been beneficial.

We cannot hope to balance the Budget in that way, however. We cannot hope to balance the Budget by increasing taxes. The Federal Treasury can be filled only from the treasuries of its citizens and its business houses.

We have had a Government deficit for several years because of the deficit in the pockets and the tills and treasuries of our citizens. Those tills have been empty. The only source of revenue to the Government comes from the pockets of its people. If there is no money in the pockets of the people, no money flows to the Federal Treasury. Raise taxes where there is no income and you do not increase income from taxes. Raise taxes five times, still five times nothing is nothing.

So I believe if we are ever going to balance the Budget we shall have first to balance the budgets of the American people, our private citizens, our corporations, and houses engaged in commerce. The question before the Congress is, or should be, How can that best be done?

The private credit system of the United States—the foundation of our commercial life, the foundation of our banking life—is not functioning. The only credit that is functioning now is the credit of the Government of the United States. We do not know how long it is going to last.

I am not so much concerned at present about the present Federal Government debt, and I am not so much concerned about spending some public funds now, provided in the meantime we will inaugurate policies that will restore a healthy commercial life, a healthy economic life of our people, and balance the budgets of our private citizens.

Our per capita debt in this country is about \$254 for every man, woman, and child. Great Britain has a per capita debt of something like \$540 for every man, woman, and child. France has a per capita debt of something like \$854 for every man, woman, and child. So our Federal Government debt, as compared to that of Great Britain and as compared to that of France, is very small.

The Federal Government debt is not the debt we need to worry about. That is not the debt that has crushed the credit system of the United States. That is not the debt that has closed the banks. Our Federal debt is not the debt that has emptied the treasuries of our private citizens and our corporations who pay taxes to the Federal Treasury. We have another debt to which no debt in any country on the Continent of Europe can compare, and that is our private, municipal, and corporate debt.

Until we realize the fact of the bankruptcy facing this country on behalf of that debt, we shall continue to spend public funds in the vain hope of restoring prosperity. The Biblical manna fell gently from heaven, but it could not fall forever. The spending of Government funds cannot last forever. The public and private indebtedness of this country is given out as about \$250,000,000,000, the fixed charges of which are working night and day upon the income of the American people. There is only so much income produced in the country. If capital were to take its fixed charges upon an indebtedness of \$250,000,000,000 out of the national income, there would be so little left for the producers of wealth that it is quite likely they would have to go back to a standard of living such as that we had at the time of the Civil War.

There is not enough income produced in the United States to pay the fixed charges of interest and taxes, rents and leaseholds, and leave a decent standard of living for the great mass of the people.

The railroads have a total capitalization of \$25,000,000,000. The traffic will not bear the charges necessary to pay the interest on that debt structure, as old as the railroad history of the United States. What is true of the railroads is true of almost every other large industry.

The steel industry, overcapitalized, with its obsolete structures, with its fictitious capitalization, is a fair illustration, and, in order to maintain and collect from the producers of this country upon this tremendous fictitious capitalization and dead structure, what do we find is being done now? I do not intend to discuss at length some of the codes adopted under the N.R.A., but I want to refer to this particular industry. Because of the lateness of the hour I do not want to go into any extended discussion to illustrate what is taking place.

We were told that the N.R.A. was a program to redistribute wealth, to furnish employment. If we are to redistribute the wealth of this country it will have to be done by reducing the prices to the consumer, and by raising the wages of the workers in industry. If we are to redistribute wealth in this country we will have to put the 30,000,000 engaged in agriculture on a scale where they can at least get cost of production. The workers of industry, 40,000,000, working for wages, and the 30,000,000 working in agriculture, a total of 70,000,000, are the foundation of the pur-

chasing power in this country. They furnish the greatest market in the world, if they have the purchasing power.

Under the steel code we are not restoring the purchasing power. Under the steel code, the steel industry has revived the Pittsburgh-plus system of price fixing, which was condemned by the Federal Trade Commission after an exhaustive examination and hearing in 1924. That system of price fixing was pronounced, in a decision of the Federal Trade Commission, as a price-fixing scheme for the purpose of enabling those responsible to engage in monopolistic practices, fix prices, and to establish monopoly.

The Steel Corporation was organized in 1900. Not before 10 years had elapsed was a suit brought for its dissolution in the courts of the United States. Not for 9 years did that case come to the Supreme Court for final decision. The Supreme Court rendered a decision in favor of the Steel Corporation. Justice McKenna noted the fact that of 30,000 purchasers of steel, not one appeared to testify against the Steel Corporation in that suit, and he remarked from the bench that it was reasonable to assume that they did not want to testify; the facts are they did not dare to testify.

The investigation inaugurated and pursued by the Federal Trade Commission showed that whenever the Steel Corporation fixed the price based on the Pittsburgh-plus plan the independents followed suit. The Gary dinners were held for the purpose of fixing prices on the basis of Pittsburgh-plus. A venerable old gentleman who attended those dinners told me that there never was any agreement made at those dinners as to what was to be charged for steel, but, he said, "we always knew what the price of steel would be for the next 30 or 60 days"—avoiding the Sherman Antitrust Act.

This system has been revived under the code, and it gives me concern, because it lays the foundation for the suspicion that if the administration of that code continues, that steel code is not a code for the distribution of wealth or to prevent the concentration of wealth into the hands of fewer and fewer people. On the contrary, if permitted to continue to operate, it is going back to the time prior to the decision of the Federal Trade Commission, when they issued an order to cease and desist the practices of price fixing and monopoly practices prior to 1924.

What does it mean to restore the Pittsburgh-plus plan? I have here a statement showing the effect on the price of steel in the United States of the Federal Trade Commission's order of 1924. There was an overnight drop in the price of steel as the result of that order to cease and desist. In the territory of Spokane, Butte, Helena, Salt Lake, Ogden, Pueblo, and Denver the drop in steel was \$2 a ton overnight. At Fargo, N.Dak., there was an overnight drop in the price of steel from \$18 to \$10 a ton. At Omaha there was an overnight drop from \$14.50 to \$10. That refers to wire and wire nails. At Duluth there was a drop from \$12 a ton to \$2. This is from an excellent book by Fetter, called the "Masquerade of Monopoly." With the restoration of the Pittsburgh-plus system on a diffused basis, I believe, there are three or four points of ratemaking for the fixing of a base rate under the new code, but in our territory the base rate is fixed at Chicago.

There is a big steel plant at Duluth. Buying steel bars at Duluth, the consumer in that territory will pay the price fixed at Chicago, plus \$6.60 freight from Chicago, and the steel is not hauled from Chicago, the railroads are not paid to haul it from Chicago to Duluth; the money is paid to the steel industry, a freight charge of \$6.60 a ton is paid to that industry for steel made in Duluth, and the rate falls upon the consumer for the benefit of the steel industry, based on the freight rate from Chicago to Duluth, when it is not hauled on any railroad; it is produced at Duluth.

Mr. President, such practices are engaged in to maintain the fictitious capitalization of mortgages and bonds and stocks, the fixed charges of which became so overwhelming that they had, in my opinion, more to do with bringing on the depression than any other one thing. Hanging like a dead corpse over business, with our national income reduced to \$40,000,000,000, with fixed charges, including taxes and in-

terest, leaseholds and rents, to almost cover the \$40,000,000,000 of national income, what will be left if that capital-structure debt of \$250,000,000,000 shall be collected according to what is printed on the certificates of debt, \$70,000,000,000 of which was issued from 1920 to 1930, payable in gold, and the only gold that can be collected is the gold that is already on the star or seal that is on the piece of paper, and they can be made for a cent apiece, but they were peddled about the country by investment and other classes of bankers.

Mr. President, because of that fact I believe we will not begin to lay the foundation for a permanent recovery until we face the inevitable consequence of that expansion of debt. No country in Europe has so debauched its credit as we have here; and until we face that fact, I do not believe we can restore any permanent prosperity or purchasing power by public expenditures of funds.

Because of my firm conviction that this is the key to the cause of the depression, I believe that when the day comes that we realize that, then will come the day of reckoning when we will understand we will have to pay for our mistakes. The President of the United States seems to have recognized that fact, as announced in a news article printed this morning in the Washington Herald and also in the Post. I consider it the most important announcement, if correctly quoted, that has come from the White House since the beginning of the depression. It is a recognition by the President of the United States of a condition existing, according to this newspaper item written by Charles Stevenson, "Administration Fears 'Capital Tie-Up' Will Jeopardize Benefit From C.W.A., P.W.A., Etc." Because of the importance of this announcement, I will read the article.

Under threats that the Government otherwise will enter the private banking business on a wholesale scale, the administration is launching a campaign designed to force a Nation-wide scaling of debts, easing of credit, and a sharp reduction of interest rates on all forms of borrowings.

Full confirmation of the Government's intentions came last night following revelation that President Roosevelt favors a broad reduction of interest rates, not only as they apply to mortgages, personal, industrial, State, and municipal borrowings but also as they affect holders of foreign bonds.

PRESIDENT IN EARNEST

The threat to enter the private banking business at present is regarded as mere propaganda to force banks, insurance companies, and all other financial institutions to open up their money chests by providing reasonable collateral requirements and interest rates which will invite borrowing. However, it was learned the President is prepared to take this step if no other method can be found which will ease the flow of credit. Meanwhile he is considering less drastic remedial legislation.

Behind the campaign, it was learned, is the administration fear that the private- and public-debt load is so great as to jeopardize the benefits expected from the Government's multibillion-dollar C.W.A., P.W.A., R.F.C., and A.A.A. primings of the economic pump.

Its economists, backed by the President, pointed out that borrowers in a multitude of cases have their noses held so close to the figurative grindstone by high interest rates that they cannot afford to retire the principal of their debts.

CAPITAL TIED UP

The condition, it was stressed, has caused a tie-up of capital which will virtually be impossible to break unless interest rates are lowered to enable borrowers to liquefy and to bring money within the reach of would-be borrowers.

However, it was pointed out, if the industry does not carry out this hope, it would be easy for the Government to step into the private banking business.

If the President is quoted correctly in this newspaper report, I want to congratulate him. I think it is the most sensible news that has come to the Capitol in several years.

These debts, with the interest charges, are hanging over the economic life of the Nation, having caused the crash of 1929 and still freezing our credit system so it cannot function. Pumping Government credit into the commercial life of the Nation without reducing the interest rates by a capital levy on interest rates is in my opinion like pumping oxygen into the lungs of a human being whose respiratory system is paralyzed and cannot function. Unless we can restore the functioning of the respiratory system, what are we going to do when the oxygen tank is empty?

Under these codes, as illustrated by the steel code, business is now prohibited by law from selling below cost of

production, and in figuring cost of production is allowed to figure in all its debts, its obsolete plants, all so-called "cats and dogs", and prices are based upon cost of production in which the mistakes of the industry in the past are capitalized, where its vices are made virtues, where, if the public can be gouged to pay the price, it is not possible for the industry to lose money in the future even occasionally, but always to make profits. If that is to be the administration of the N.R.A., the original purpose for which Congress enacted the law will be frustrated and instead of having a reemployment program and redistribution-of-wealth program, we will have a price-gouging program, permitting monopolistic practices and going back to the practices that brought on the depression. I cannot believe President Roosevelt will tolerate the continuation of this code.

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

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Minnesota yield to the Senator from North Dakota?

Mr. SHIPSTEAD. I yield.

Mr. NYE. The Senator, of course, will agree that there are a great many in industries that have not, by reason of their past practices, built up the so-called "fictitious capitalization", will he not?

Mr. SHIPSTEAD. Oh, yes.

Mr. NYE. Does he recognize that under many of the codes those who have conducted themselves reasonably and fairly are required to charge such prices for their products as will represent a cost of production to the man who has the fictitious value?

Mr. SHIPSTEAD. Oh, yes; I understand that.

Mr. NYE. And that by so doing the operator who has been on the square is deprived of the only weapon he has, by reason of lower overhead costs, to offer in competition with those bigger industrialists?

Mr. SHIPSTEAD. The industrialist who has an honest capitalization has not the honest advantage in competition that he ought to have and to which he is entitled under that code.

I am willing to vote public funds to the C.W.A. to keep people from going hungry. I am willing to vote funds to them for another reason, for it is going down to fertilize the grass roots instead of merely the top of the tree. It was hoped when we enacted the Reconstruction Finance Corporation Act that by loaning money to the banks and the large corporations some of that money would trickle down to the average man in the street and on the farm. That is fertilizing the tree at the top. It is an old saying that if we fertilize the top of the tree we kill the tree. If we want the tree to thrive, we fertilize the roots and the top will take care of itself.

How much we ought to spend I do not know. We have to spend enough so the people shall not go hungry. I hope that by the first of May the program, to which I have referred, of reducing the interest rates on the borrowings in the United States, which will be in effect a capital levy, will be effective. We have gone through a period of deflation here. These interest charges are the wages of capital. They have not been deflated. Capital must take its share of the depression. It has to pay its share for its mistakes, because it is more responsible than anything else for the mistakes that brought on the depression. There are 70,000,000 people producing wealth in the United States. Capital furnishes the leadership. It dominates our foreign and domestic affairs. It furnishes the leadership that dominated the national policies inaugurated and pursued by the Government. It furnished the leadership that inaugurated policies that took away from the 70,000,000 people producing the wealth at least half of their income from 1920 to 1930 and collected an increase in their income of more than 72 percent. Having done most of the dancing, it shall now have "to pay the fiddler", because no one else can pay him. If it will take its share of the loss by a reduction in its wage in the form of interest by accepting an interest rate of 2 or 2½ percent instead of 4, 5, or 6 percent, it may save its capitalistic system. It will release the frozen credits of the banks and

start the credit system working again by relieving industry and the production activities of the country from the overwhelming burden of fixed charges that cannot be paid. It will make it possible for the farmer to pay the interest on his mortgage and, in time, pay an installment on his principal indebtedness. It will make it possible for the railroads to reduce their freight rates to such an extent that the people can afford to use the railroads. It will make it possible for the industrialist and for commercial enterprises to borrow money at a rate of interest that they may have some chance of earning enough to pay back the interest on their borrowings. It will make it possible for the home owner to pay the interest on the mortgage on his home out of his reduced earnings.

It is said that in the Middle Ages when a man committed a murder they tied the body of the murdered one to him and he had to drag it with him. The dead body of a ruined capital structure is hanging like a corpse upon all our industrial economic life. It is time that we face the facts.

Capital may object, but it is quite likely that if capital is wise it will take its share of the loss and reduce interest rates, as proposed by the President of the United States and set forth in this newspaper article, or the time may come when it may get nothing at all.

The Bourbons of France did not see far enough into the future to pay for their mistakes in time, before the price that they had to pay became so great that they paid with their existence. The pre-Soviet rulers of Russia did not see far enough into the future to be willing to pay a price for their mistakes that would not have been so great as to have wiped out their existence. If the capitalistic system desires to survive, it must pay the price for survival.

I do not believe that the American people will tolerate the economic slavery that will be forced upon them in order to pay the fixed charges upon the bonds and mortgages that the printing presses have been producing for the past 15 or 20 years, always keeping ahead of increased production. As production was increased, these pieces of paper were issued, mortgaging the future income of the people. They could not be paid under the dear gold dollar. Reducing the gold value of the dollar in foreign exchange is not affecting the purchasing power of the dollar domestically any more than the deflation of the pound in Great Britain to \$3.20 changed the purchasing power of the pound in Great Britain domestically.

I do not care to go any more extensively into this subject now, owing to the lateness of the hour; but, because of the news report coming from the White House, I wanted to have a reference to the question in the RECORD and to discuss it briefly, for I think if we spend a little more time studying the effects of the proposed program, the more hope we will have that we shall come to an understanding of what it is necessary to do in order to restore to some extent what we have lost and give us a chance to begin over again.

The expenditure of public funds, as I said in the beginning, cannot result in a permanent restoration of purchasing power. It can only be a temporary palliative to give us a breathing spell, to give us a chance to inaugurate policies that will revive the commercial life of the Nation and enable a start to be made toward a redistribution of the national income to the great mass of the people, making it possible to liquidate debts, pay interest, restore the credit and banking systems, and revive the economic life of the Nation.

Mr. MCKELLAR. Mr. President, may I say to the Senate that this is an emergency measure? It has been before the Senate now for 2 or 3 days and has been long debated. On Saturday next the funds of the Civil Works Administration will be exhausted and money will not be available with which to carry on. We have a special order set for tomorrow which may consume all of Friday and also Saturday. I do not want to cut off anybody, and, of course, I could not cut off anybody if I wanted to do so; but I do want to appeal to those Senators who are going to speak from now on to bear in mind that it is necessary to pass this bill tonight if the C.W.A. work is to be carried on. As I

understand, everybody is in favor of this bill; I do not know of any Senator who positively is going to vote against it. So, if Senators could be as brief as possible with their remarks, I certainly think it would be a very wise thing to do.

Mr. HEBERT. Mr. President, I hesitate to detain Senators at this late hour.

Mr. JOHNSON. Mr. President, will the Senator pardon me for a moment?

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from California?

Mr. HEBERT. I yield.

Mr. JOHNSON. I was going to make a suggestion to the Senator from Tennessee. I am quite anxious that the bill shall become a law at the earliest possible date, of course. Would it not be quite as well if it were passed at noontime tomorrow as tonight?

Mr. MCKELLAR. The trouble about that is that it could not pass at noontime tomorrow, even if we wanted to pass it then, because we have a special order set for tomorrow.

Mr. JOHNSON. I am speaking of passing it at noontime, not afterward.

Mr. MCKELLAR. We came very near to passing it last night; we were almost up to the point of voting on the passage of the bill last night; but we have been debating it all day long—debating the bill some, and, of course, debating other things some. So I hope we may go on and pass the measure tonight.

Mr. JOHNSON. I am sympathetic with the Senator from Tennessee.

Mr. MCKELLAR. I am delighted to know that.

Mr. JOHNSON. Because I am full of unfinished business myself. [Laughter.] What I was going to suggest is that the Senate take recess until 11 o'clock tomorrow, with a unanimous-consent agreement that we will vote upon any amendments and the bill, say, at 10 minutes to 12, quarter to 12, or 12 o'clock, as Senators see fit.

Mr. MCKELLAR. If we could get a unanimous-consent agreement to vote tomorrow, say at quarter to 12, that might be well enough; but we have no assurance of any kind that we could obtain such an agreement, and it seems to me we should proceed with the bill. There is no reason in the world why we cannot pass it tonight. I do not know how long the Senator from Rhode Island [Mr. HEBERT] will take. Are there any other speeches to be made, may I ask?

Mr. FESS. Mr. President, I desire to make a few remarks.

Mr. MCKELLAR. The Senator from Ohio will not take much time, I imagine.

Mr. FESS. No; not over 5 minutes.

Mr. MCKELLAR. And I hope the Senator from Rhode Island will not take very long.

Mr. HEBERT. Mr. President, I shall not delay the Senate unnecessarily. I desire to assure Senators of that fact. If I could have the floor tomorrow morning and proceed, I think perhaps in half or three quarters of an hour I could conclude what I have to say.

Mr. MCKELLAR. Then the Senator from Ohio would wish to follow the Senator, and by tomorrow there will be a dozen Senators who will want to speak.

Mr. ASHURST. Let us meet at 9 o'clock.

Mr. MCKELLAR. The trouble is that we could not meet at 9 o'clock. Let us proceed tonight and see if we cannot pass the bill. It is the only thing we can do.

Mr. FESS. I assure the Senator that I shall not speak over 5 minutes.

Mr. MCKELLAR. Then let the Senator from Rhode Island proceed now and conclude as soon as possible.

Mr. HEBERT. Mr. President—

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. JOHNSON. Mr. President, will the Senator from Rhode Island yield to me?

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from California?

Mr. HEBERT. I yield to the Senator.

Mr. JOHNSON. May I have the attention of the Senator from Tennessee? I ask the following unanimous-consent agreement:

That the Senate take a recess until 11 o'clock tomorrow morning; that at 11:45—make it 11:50, because the Senator from Ohio says he wants but 5 minutes—that at 11:50 tomorrow morning the Senate shall proceed to vote upon any amendments that are pending; and upon the conclusion and determination of amendments that may be presented, the Senate then vote upon the bill without further debate.

Mr. MCKELLAR. Mr. President, a parliamentary inquiry. The PRESIDING OFFICER. The Senator will state it.

Mr. MCKELLAR. Before action on an agreement of that kind will the presence of a quorum be required? Will the roll have to be called?

The PRESIDING OFFICER. The Chair will state that under the rule before any such agreement can be entered into the presence of a quorum is required.

Mr. MCKELLAR. May I say to the Senator from California that we have a special order for 12 o'clock tomorrow.

Mr. JOHNSON. Yes, sir.

Mr. MCKELLAR. And that will take precedence, because it is a matter of the highest privilege.

Mr. JOHNSON. Yes.

Mr. MCKELLAR. That will take precedence over any agreement we may make. The only way it could be done would be to have a definite hour fixed for the final passage of the bill.

Mr. JOHNSON. Does the Senator think that if the trial did not proceed until 12:05 we either would lose jurisdiction or anything would happen to any of us?

Mr. MCKELLAR. No; that would not happen, but what would happen would be that some Senator would call for the regular order, and it would have to be carried out.

Mr. JOHNSON. But we are in charge, and we could proceed.

Mr. MCKELLAR. Would the Senator be willing to change his request to 10:45 and have a final vote on the bill at 11:45?

Mr. JOHNSON. That is, to meet at 10:45?

Mr. MCKELLAR. To meet at 10:45, and have a final vote on the bill at 11:45.

Mr. JOHNSON. That is perfectly satisfactory to me, because I am not going to occupy 15 seconds; but I am wondering if it is satisfactory to my brethren here.

Mr. HEBERT. That will be satisfactory to me, upon the understanding that I will be recognized at the opening of the session tomorrow morning and will be permitted to conclude what I have to say within the hour. I hope it may not take an hour.

Mr. MCKELLAR. That would leave out the Senator from Ohio [Mr. FESS].

Mr. HEBERT. I will agree to cede 5 minutes' time to accommodate the Senator from Ohio if that becomes necessary.

Mr. FESS. That will satisfy me.

Mr. McCARRAN. Mr. President, I shall offer an amendment to the pending bill, and I shall offer it either this afternoon or tomorrow.

The PRESIDING OFFICER. The Chair will state to the Senator from Nevada that he cannot offer an amendment until the pending amendment shall have been disposed of.

Mr. McCARRAN. Certainly not.

Mr. MCKELLAR. There is an amendment now pending, and the amendment of the Senator from Nevada cannot be offered until that shall have been disposed of.

Mr. JOHNSON. May I ask the Senator from Nevada whether his is an amendment that will occupy any considerable time?

Mr. McCARRAN. I do not know how much time it may occupy, but I shall ask the privilege of addressing the Senate in furtherance of my amendment.

Mr. JOHNSON. Under those circumstances I feel that I cannot proceed further with my request for a unanimous-consent agreement, because I have an inborn prejudice

against cutting off any Senator who wants to address the Senate.

Mr. MCKELLAR. I have, too.

Mr. JOHNSON. And I neither want to curtail the remarks of my brethren on this side, nor to curtail those of the Senator from Nevada [Mr. McCARRAN]. They have a right to be heard upon the propositions in which they are interested, and they ought to be heard.

Mr. MCKELLAR. The Senator is entirely right. The Senator from Rhode Island says he can probably finish in three quarters of an hour. The Senator from Ohio wants only 5 minutes. I do not know how long the Senator from Nevada [Mr. McCARRAN] will take, but let us go ahead.

The VICE PRESIDENT. The Senator from Rhode Island has the floor.

Mr. HEBERT. Mr. President, I regret that we have been unable to reach any arrangement that would permit a recess until tomorrow morning, and that I am required to proceed tonight and detain Senators at this late hour. I should have preferred to proceed in the morning and allow Senators to attend to their several engagements this evening.

At any rate, I shall endeavor to curtail my remarks just as much as possible, and occupy the least possible time in saying what I have to say.

I intend to favor this bill as proposed by the administration—not, however, because I favor the principle involved in the bill. On the contrary, I have opposed all such legislation that has come before the Senate for consideration. I favor this proposal because I have reached the conclusion that there is no other source available at the present time from which to secure relief for those in need and for the unemployed.

One of the effects of the operation of the Civil Works Administration has been to break down all the agencies of relief in the several localities in the United States—in the municipalities, in the counties, and in the States themselves.

Mr. President, I would not have a single deserving citizen in need go without assistance, and I am prepared to vote any sum of money that may be necessary to that end; but I submit that the program outlined in the Civil Works Administration is an attack on the problem of unemployment from the wrong source.

My notion has always been that relief is a local question. It is a question which ought to be resolved and which ought to be attended to by the people in the neighborhood where the need of relief exists.

I realize that because of the protracted length of the depression through which we have passed and are now passing, the funds formerly available to the neighborhoods, and in fact to the municipalities, in many cases, are no longer available, and so it has become necessary to resort to State aid. That has been true in many States. It has been true in my own State, for when it was found that there were not sufficient funds available in the municipalities the State of Rhode Island appropriated funds for the relief of those in need and for the unemployed.

But all of those agencies, I repeat, have broken down. They are no longer in existence. The municipalities have simply stopped their relief; and I have reason to believe, as I read the public prints, that that is true in respect to the States. In other words, they have cast the burden upon the Federal Government, just as always happens in such cases.

I say that the problem of relief is essentially a local problem. There is no one better informed as to the needs of people in a given neighborhood than the neighbors themselves, and I venture to say that by and large there are none more willing to come to the aid of those in need than the neighbors themselves. That becoming impossible because of the burden to be assumed, then there is no one to take their place quite so well as the municipality. Failing there, then the States should come to the assistance of those in need. But as the result of the program advanced through the Civil Works Administration we have the anomalous situation of increased demands for relief, and at the same time, if we may rely upon the reports that come to us through administration sources, an increase in employment.

I shall refer to that condition and submit a table to sustain what I have just advanced.

I have said that States should assume the burden of providing relief for those in need within their bounds. To me that is only reasonable, and I cannot understand why representatives of the States should say to us that they have not the means whereby to take care of their unemployed. After all, States make up the Federal Government. The citizens of the several States are in a body the citizens of the Federal Government, and the Federal Government has no other source of income than from the States, from the individual citizens in the States. Whatever we provide out of the Federal Treasury must inevitably come from them. Therefore, being a local problem, I maintain that it should be solved locally; that the taxes necessary to take care of those in need should be levied in the several States, and that the several States should take care of that problem.

I have before me, Mr. President, excerpts from news articles that have appeared in various newspapers, with date lines from all sections of the country, setting out the operations of the Civil Works Administration, the evils that have crept into that Administration, the scandals that have been disclosed in the course of that Administration. These abuses are of two kinds. First, the diversion of funds to the benefit of some of those charged with their distribution among those in need; second, the use of those funds for the benefit of politicians and political organizations.

I desire to call attention to some of those articles. I have taken them at random. They relate to conditions in various parts of the country. I first desire to quote from an article appearing in the New York Times of January 21, 1934, as follows:

[From the New York Times, Jan. 21, 1934]

C.W.A. SEEN AS POLITICIANS' PARADISE, JOB-GIVING BUREAU STIRS CRITICISM—FAVORITISM IS CHARGED—FORMAL COMPLAINT MADE AGAINST METHODS USED IN CALIFORNIA—FEE COLLECTION ALLEGED—LACK OF ACCOMPLISHMENT CONTRASTED WITH WORK OF C.C.C. ARMY

By Chapin Hall

LOS ANGELES, CALIF., January 18.—The Civil Works Administration is in the dog house so far as its operation in southern California is concerned. The task of providing 60,000 jobs on short notice proved too much for the sketchy organization to bear up under, and charges of political favoritism and malfasant handling of the machinery have led to an investigation which promises startling revelations.

Newspaper exposés of the methods or lack of methods in distributing the work and of the manner in which it is performed were followed by formal charges laid on the doorstep of Federal Administrator Hopkins at Washington by John B. Elliott, local Democratic leader and possible candidate for Governor this year.

The 60,000 C.W.A. workers comprise about one third of the unemployed in Los Angeles County. Approximately 600 separate undertakings are under way, some of them requiring the purchase of large orders of equipment. The charges embrace alleged collection of fees for placing workers; incompetent oversight; an ineffective auditing system which requires the men to wait days for their pay, sometimes in line for hours at a time; paying too much for supplies and equipment; favoritism in allotting jobs; dictation by small-time politicians; placing men at work long distances from their homes; wasted work on unimportant projects; soldiering by the men so that the net result is only equal to about 25 percent of normal labor return.

There have been three local directors in quick order of succession. The buck is tossed from the C.W.A. to the Federal Unemployment Bureau, which theoretically hires and allocates the workers to the various projects, but the enterprise is still more or less of a mess, although now, under home-talent direction, improvement is expected.

RESULTS ARE CRITICIZED

Sixty thousand men working 5 hours per day equals 300,000 working hours per day, and the community feeling is that for this enormous manpower paid for by the Government some distinctly worth-while results should be achieved. They have not, and the public is plenty sore over the situation.

On the other hand, civilian concentration camps directed by Army and Navy officers and taking in about 50,000 young men in this section are proving highly satisfactory in accomplishing important results in the forests and back country; building fire breaks, fighting fires; road, bridge, trail construction, etc.

Much of the labor trouble just now disturbing southern California is directly traceable to the Cannery and Agricultural Workers Industrial Union, which fomented and caused so much rioting and property destruction in the San Joaquin Valley during the cotton-picking season last fall. This organization, with headquarters at San Jose, is not affiliated with the American Federa-

tion of Labor, and authorities claim to have abundant evidence that its roots are deep in communism.

In Imperial Valley, lying east of the Los Angeles metropolitan district and often called the bread basket of southern California, the Cannery and Agricultural Workers Industrial Union is at present operating a strike of lettuce pickers, that being the current crop moving from the valley at a normal rate of about 150 cars a day.

Because of the widely scattered area and rural population, concerted efforts to keep the situation in check are difficult. Fifty members of the State police mounted on fast motorcycles, a dozen patrol cars under jurisdiction of the sheriff, and a large number of deputies sworn in for the occasion have so far prevented much property loss, although there have been some tear-bomb engagements and not a few cracked heads. A feature of this strike is the enthusiasm with which citizens of the towns directly involved offer themselves for police duty.

FOLLOW THE CROPS EAST

It is the plan of this group of disturbers to move with the crops, not being particularly concerned with the success or failure of any specific strike. Agitators already are at work in the California citrus districts and packing houses where the next big movement is just getting under way. Then come the cantaloupes again in the Imperial Valley.

Investigators in touch with the situation say that leaders openly admit that their orders from headquarters (Moscow) are to concentrate in California this winter; make as much trouble as possible, and move east as the season advances. These disturbances, aimed at the orderly handling of major crops, the life blood of southern California's agriculture, are sufficiently annoying and destructive to offset some of the improvement in general production and economic conditions.

A successful vintage of California wine grapes is making work for about 12,000 and bringing into the State somewhere around \$100,000,000 of new money and business. The building of new wineries, rehabilitation of old ones, and extension of grape acreage involve large expenditures, and the rejuvenated wine industry is one of the most heartening signs.

I read another article from the New York Times of January 21, 1934, as follows:

[From the New York Times, Jan. 21, 1934]

DISCONTENT GROWS IN KENTUCKY C.W.A.—CHARGES OF NEPOTISM AND UNFAIR LOCATION OF PROJECTS ARE MADE—ADMINISTRATOR "DECEIVED"—CURTAILMENT OF WORK AND OF EMPLOYMENT NOW PUT INTO EFFECT

By J. Blanford Taylor

LOUISVILLE, KY., January 18.—Discontent in the Civil Works Administration in Kentucky is a recovery development here with charges of nepotism, failure to give veterans preference, and unfair location of projects being made.

Since the Kentucky Relief Commission was designated the Civil Works Administration for this State on November 7 last, with the same county committee members appointed to the new commission in most communities, there have been numerous charges of favoritism to relatives of the committeemen. So many complaints were received at State headquarters that the State C.W.A. committee felt it desirable to recommend that relatives of local relief, Civil Works, and reemployment committee members, of salaried public officeholders, and of other workers in the local relief and Civil Works offices be denied employment in the local relief and Civil Works offices. The State committee, however, left a loophole by adding that exceptions might be made to this policy in the interest of efficiency and by the approval of the entire local committee and the district supervisor.

Charges of favoritism and charges that veterans were not receiving preference in employment on C.W.A. work were made by Thomas Hayden, State adjutant of the American Legion. The committee action saved the veterans to some extent, but a careful eye is still on the employment committees and the Legion is getting its share of the jobs. Complaints of this nature in five counties were cited to the committee, and only after specific examples were given to State Director Thornton Wilcox did the committee act.

STATE DIRECTOR DECEIVED

That projects are being started in localities near members of the county committees has been reported on at least three occasions. All members of the Wolfe County committee reside in the same part of the county. If a line was drawn halving the county geographically, all committee members' homes and all projects would be found in the same half, the State committee was told. Also in Harlan and Bell Counties, in the eastern part of the State, similar reports are heard.

Work on a reservoir on property adjoining a distillery site near Stamping Ground was halted by Mr. Wilcox. The State director said he "had been deceived" in certain phases of the project.

Other complaints arise from the wage scale paid on various projects. On construction projects unskilled labor is paid 45 cents an hour and skilled labor \$1.10 an hour. On road projects the rate is 30 cents for unskilled and 40 cents for skilled labor. Unskilled laborers on the road projects object to the wage on the basis their work is virtually the same as unskilled workers on construction projects. Several have left their jobs and returned to the ranks of the unemployed rather than accept the lesser wage.

Also, some workers on road projects were forced to spend 1 to 4 hours going to and from the job, receiving pay only for the time actually spent at work. Several left projects on this account.

A DISMAL OUTLOOK

When the C.W.A. plan was instituted it was broadcast to all unemployed that the idea was "to give work and not a dole." Regular employment on projects to permit the workers to make more than a bare existence, which would build up the morale of the Nation, was the prime purpose. Part-time employment, with the pay being barely large enough for bread and meat, would not be tolerated, officials of the C.W.A. said.

But the picture is changed now.

"We feel that it would be more just to allow the stagger system to be used in all areas of the State", Mr. Wilcox said after orders from Washington instructed him to "taper off" on employment and projects. Men normally dropping out of the service will not be reemployed and no new projects started until the number of men working is reduced to the original quota.

So, with the curtailment of work, a stagger system of employment, and a gradual reduction in the number of men on the jobs, the picture is rather dismal for the unemployed Kentuckian.

Another article appeared in the New York Times of January 21, 1934, bearing a date line Philadelphia, January 18, and reading as follows:

[From the New York Times, Jan. 21, 1934]

"PULL" IN PENNSYLVANIA—BUT OFFICIALS DENY IT AND SAY THEY WELCOME INQUIRY—PINCHOT'S HAND SEEN—INVESTIGATION BEGUN IN PITTSBURGH, AND WILKES-BARRE WANTS ONE, TOO

By Lawrence E. Davies

PHILADELPHIA, January 18.—The word has been going the rounds in Pennsylvania that the Civil Works projects are producing a politicians' paradise. Federal investigations have been demanded in several parts of the State. Nothing short of these probably will determine to what extent the "political favoritism" assertion is true and to what extent it is the fabrication of disgruntled political leaders who have been rebuffed in their quests for preferential jobs for their henchmen.

An inquiry already is under way in Pittsburgh. Another has been demanded in Wilkes-Barre, where the Democratic county chairman has assembled a hundred or so affidavits from jobless persons complaining of favoritism in work awards. A group in Venango County has wired its protest direct to President Roosevelt.

The chorus in Philadelphia has been rising to such an extent that some employment officials lately have had to work far into the night to catch up, their daytime tasks having been interrupted so frequently by newspapers requesting confirmation of tales about this politician's daughter being given a job as a census enumerator and that faithful follower being put to work at the end of a shovel.

PINCHOT'S HAND SEEN

There seems to be no unified complaint as to the party affiliations of so-called "favored workers." In various regions it is whispered that Governor Pinchot, despite his illness, is controlling the award of jobs. In others the Republican organization is named as the big, bad wolf. In Philadelphia the Independent Democratic chairman, John Kelly, has admitted sending endorsements to his former overseas comrade, Franklin G. Connor, director of the Federal-State employment office, but says good-naturedly that his political followers have a better chance of landing jobs if he keeps his own name out of it. He avers that Connor has given him "a kick in the shins" for every job applicant proposed, and he is ready and even eager now to abide by the demand of Eric H. Biddle, State C.W.A. chief, that politics must play no part in the job distribution.

Mr. Biddle is an appointee of Governor Pinchot, who named him first to the executive secretaryship of the State emergency relief board. In November he was appointed Civil Works administrator for Pennsylvania by Harry H. Hopkins, Federal Director of the Civil Works Administration. This caused some surprise, in view of reports that Joseph F. Guffey, the Roosevelt leader in Pennsylvania, had recommended that a board of Democrats supervise the work in this State. Mr. Pinchot and the Democrats no longer are regarded as having a working agreement.

Some effort has been made this week to read into the situation a misunderstanding between Mr. Biddle and the Governor. It became generally known a few days ago that David W. Charles, formerly assistant treasurer of the closed Merion Title & Trust Co., had been appointed acting assistant State C.W.A. controller. When Mr. Charles received a 3-year suspended sentence in connection with charges growing out of the bank's failure, Mr. Hopkins demanded his resignation. Mr. Biddle defended him as trustworthy and able, indicating a belief that his conviction was unjust. Before Mr. Charles resigned Governor Pinchot declared that Mr. Hopkins, in demanding the resignation, "did the right thing."

COOLNESS IS SEEN

This led observers to conclude that there had developed a pronounced coolness between the Governor and his appointee, and was commented on as significant in view of Mr. Biddle's apparent resistance against political influence, and more especially in view of the Governor's expected fight for the senatorship this year.

Hardly had the Charles incident been closed and the investigation into alleged political control of the C.W.A. work in Pittsburgh been started before William Storer, a Pinchot follower there,

quit the Pittsburgh employment office on orders from Harrisburg. While it was protested that the move was one of routine, it nevertheless produced an "I told you so" attitude among critics of the Governor, some of whom asserted that persons carrying letters from political leaders frequently asked for Storer as they entered the Pittsburgh employment office.

Both Mr. Connor, director of the Philadelphia employment office, and William H. Connell, the county Civil Works administrator, declared they would welcome an investigation of the situation here. In the words of the latter, it would be found "clean as a hound's tooth."

At the close of every business day for the first few weeks of C.W.A. activities Mr. Connor's wastebasket was filled with letters from politicians and others, recommending unemployed persons for jobs. Now such letters, unread by himself, are stored away in big piles in an empty drawer. Jobs, he asserts, are filled on the basis of the individual applicant's qualifications. His office wants to know how long the applicant has been unemployed, where he or she was last employed, at what salary, in what position, the number of dependents, whether the applicant is a war veteran, and so on.

From the Baltimore Sun of January 23, 1934, is taken the following article:

[From the Baltimore Sun, Jan. 23, 1934]

C.W.A. PRONOUNCED "FLOP" BY CREATORS; BLAME LAID TO CHISELING AND GRAFT—PRESIDENT AND HOPKINS, TIRED OF UNDERMINING BY BUSINESS MEN AND POLITICIANS, ARE DETERMINED TO END SCHEME ON MAY 1—FEAR PUBLIC CLAMOR MAY FORCE ITS CONTINUANCE—HEAD OF AGENCY TO ASK CONGRESS FOR \$350,000,000 "BURIAL FUND"—UNEMPLOYED TO GO BACK ON DIRECT RELIEF WHEN WORK PROJECTS ARE ABANDONED

By Paul W. Ward

WASHINGTON, January 22.—The C.W.A., conceived by President Roosevelt and Harry L. Hopkins, its chief, to help the Nation's unemployed, is declared to have turned out to be a viper in the administration's bosom.

Chiseling by business men and politicians has made the whole program abhorrent to the men in charge of it, it was said officially today, and that is why the C.W.A.'s life is to be cut short if its projectors have their way.

FEAR PRESSURE OF PUBLIC CLAMOR

Their only fear now is that they may not have their way—that public clamor may force them to continue—although President Roosevelt was represented at the White House today as still determined to ask Congress for no more than enough to carry the C.W.A. program on to May 1.

"Abhorrent" is not too strong a word in which to compress the privately stated opinions of the men in charge. Moreover, those opinions were expressed so forcefully as to nullify report circulating here to the effect that the administration, faced with a budgetary dilemma, was trying to maneuver into a position where it later could say:

"We didn't want to spend all this money on the C.W.A. but the public—Congress—insisted."

DEMANDS ALREADY POUR IN

The insistence, the public clamor, already has begun. Mr. Hopkins said his office is getting 9,000 letters a day urging that the C.W.A.'s life be prolonged. Members of Congress are being similarly deluged. Mass meetings are being held in various communities.

In administration circles, however, there is strong inclination to regard the clamor as being "inspired." Mr. Hopkins himself called it "high-grade propaganda" and predicted more of it. He also said there was no doubt the C.W.A. had been "a great thing for the small business man."

Why officials take that skeptical attitude toward the clamor, and why they not only want to get rid of the C.W.A. but are afraid they won't be able to, may be summed up in the following items, based on authoritative information:

Politicians are riddling the program with their constant and frequently successful efforts to make it a part of the spoils system. In some sections of the country a man has to have political "pull" to get a job raking leaves, trimming trees, or digging ditches.

Business men are riddling the program by their efforts to "short-change" the Government by bribing C.W.A. officials to certify for payment supply invoices on which no delivery has been made. Their efforts, as well as the patronage efforts of the politicians, have slopped over into the emergency relief field as well, it was said.

BITTER TOWARD BUSINESS MEN

The officials from whom this information was drawn were inclined to look somewhat forgivingly upon the politicians, but they were bitter about the business men, whose sins, they said, out-ranked those of the ward heelers. When the remark was made that it was rather unforgivable to "chisel on the expense of persons on relief", one official retorted:

"I've learned since I've been here that business men will do most anything."

WHOLE THING'S A FLOP

It was that same official who, remarking his disgust with the C.W.A. program and his fear that it would not be allowed to die, said:

"We've got the bull by the tail and are afraid to hang on and afraid to let go. * * * We're spending tens of thousands of

dollars just to investigate charges of graft that fairly fill the air. The lid is liable to blow off at any minute. * * * Some of our directors are incompetent; we'll soon remedy that. * * * Some of our projects are lousy, and we know it. * * * The whole thing's a flop."

He mentioned several situations already under investigation by the Department of Justice and a few which are expected to produce criminal indictments in a day or so. He was specific as to certain situations and certain States. Maryland was not mentioned.

RELATES CASES OF GRAFT

He told of cases of graft in connection with truck hire. He told of cases in which foodstuffs and other supplies had been paid for but not received. He told of one city where, investigation had shown, "our own men, mind you", went to a certain alderman whenever there were trucks to be hired.

But he insisted that the amount of actual graft in terms of money as related to the total C.W.A. expenditure was niggardly. At the same time he insisted that the major onus be placed on "business men."

The politicians, he argued, were doing only what American tradition dictates.

"All that the politician wants", he said, "is to have John Jones know that he—the politician—got him his job."

There was no doubt, he said, that in some sections the politicians had succeeded in placing their followers on C.W.A. projects in preference to other and perhaps more deserving unemployed men.

NEW-DEAL DEMOCRATS INCLUDED

What incensed him most against these politicians, it appeared, was that the most demanding among them were "new-deal" Democrats, men who had clambered aboard the Roosevelt bandwagon when it first got under way, and thought that, therefore, despite the fact that they had never been notable for their party loyalty in the past, they deserved the first helpings from the pork barrel at this time.

What seemed to hurt administration officials most was the realization that, out of the 120,000,000 men and women in this country, they had been unable to pick a sufficient number that were bribe-proof to man the C.W.A. organization from top to bottom. And what seemed to concern those officials most was the fact that a lot of minor officials are going to have to be prosecuted for doing things that probably seemed to them traditional and therefore harmless.

OVERNIGHT DEVELOPMENT

It also appears to be their belief that the administration embarked upon the C.W.A. program without adequate consideration in advance of the problems it would raise. It was pointed out that the C.W.A. was an almost overnight development.

That overnight development, according to officials, will be prolonged into infinity if the politicians have their way. The belief was expressed that if the C.W.A. is continued the politicians will find a way to make it almost a 100 percent patronage affair.

It should be said that among administration officials no fear is expressed that without the C.W.A. there will be no way of taking care of the 4,000,000 unemployed and their families, who are its present beneficiaries. They would be returned to the outright emergency relief, given on a basis of actual, minimum need, which was their pre-C.W.A. mainstay.

HOPKINS STATES POSITION

Mr. Hopkins in discussing that point insisted, however, that he would not and could not predict the future needs of the country's unemployed.

"I am not going before Congress and say we need \$1,000,000,000 or \$3,000,000,000", he said. "If I say \$1,000,000,000, somebody will ask me how I know, and I'll have to say I don't know; nobody knows. Then they'll say, 'Why not \$3,000,000,000?' and I'll have to say, 'Why not?'"

TO ASK FOR \$850,000,000

"Nobody knows what will be needed. Anything I could say now would be just a guess in the dark. I, for one, am unwilling at this point to try to project the needs of the unemployed beyond spring."

There will go to Congress shortly—probably tomorrow—he said, a request for \$350,000,000 to carry the C.W.A. on from February 15 to May 1, along with a request for \$500,000,000 for emergency relief "from now on." He thought the C.W.A. and the E.R.C. appropriations would be kept separate and that they might be arranged as appropriations direct from the Treasury instead of through the R.F.C., as at present. Such a shift, however, would require some new legislation, he said.

MAY RESTORE 30-HOUR WEEK

Concerning the proposed \$350,000,000 "burial fund" for the C.W.A., Mr. Hopkins said:

"Its effect, if granted, would be to restore the 30-hour week on all C.W.A. projects except, maybe, in rural areas. We haven't taken off any men. We've just stopped putting more men on and we've cut them down to a 24-hour week. There are a little more than 4,000,000 men on now. A demobilization below this has got to start right away.

"We'll start laying men off February 15. What we have done, though, is to order 12 States that had more than their quotas at work to cut down to their quotas. Those States are Michigan, Arkansas, Maine, Minnesota, New Hampshire, Oklahoma, Texas, Utah, Washington, West Virginia, Kentucky, and Illinois.

TO COMPLETE ALL PROJECTS

"We haven't stopped buying materials for C.W.A. projects. We ordered \$3,000,000 worth today, and we're going to order some more. We took over the buying of materials because we wanted to get control of it, so we could keep our budget in hand."

Mr. Hopkins said he was confident all C.W.A. projects now under way would be completed by May 1.

Discussing present and future emergency relief needs, Mr. Hopkins said the Federal Government was paying 62 percent of the national bill and that it had been paying 70 percent. He was still in favor of granting relief funds to States on a matching basis, and in that connection he said he had written Gov. Ruby Laffoon, of Kentucky, asking him to "turn over the liquor taxes for relief; the Legislature voted it for relief, and where was it?" He had had no reply from the Governor, he said.

COUNTS 9,000,000 JOBLESS

Mr. Hopkins said he thought there were 9,000,000 unemployed in the United States, that 4,000,000 are on C.W.A. projects and that 2,000,000 are on relief, but only 500,000 of them are "employable." Of the 9,000,000, he said, about 2,000,000 are farmers and tenant farmers not ordinarily included in unemployment figures, and 3,000,000 are persons who were unemployed in 1929.

He thought the P.W.A. in the next few months would absorb between 1,000,000 and 2,000,000 and that "the seasonal pick-up" in private industry would absorb 1,000,000 more. There would be at least 4,000,000 employable persons still out of work after May 1, Mr. Hopkins estimated, and there his press conference ended.

Now, Mr. President, I come to an article appearing in the Baltimore Sun of January 24, 1934, entitled "The Great Game of Politics." This article has a date line of Washington, January 23, and a subheading, "An Unexpected Blast":

No more extraordinary thing than the sweeping attack of Mr. Harry Hopkins upon the Civil Works Administration has ever happened in Washington. It is without precedent because Mr. Hopkins, himself, is the Civil Works Administrator.

So far as known, this is the first time in history the head of a great Government department charged with the execution of a major administration policy has indicted his own department, branded the policy as a flop and a failure, urged its abandonment. Had such an assault been made, for example, by ex-Gov. Alfred E. Smith, or by a Republican, or in one of the newspapers appalled by the vista revealed when this huge, half-baked scheme was promulgated overnight—had the assault come from one of these sources, there would have been a storm of indignation. Mr. Smith would have been called a sorehead, the Republicans accused of playing unpatriotic politics, and the newspaper writers of trying to "sabotage the recovery program."

When, however, this blistering exhortation of the C.W.A. comes from the C.W.A. Administrator himself, then the wrath of those who believed blindly has no target upon which to center, and they are left in a baffled and somewhat bewildered state of mind. When this Civil Works idea was first announced it was hailed as the noblest thing Mr. Roosevelt had done. The country rang with praise, and it was pushed with tremendous speed. There were protests that the plan was by far the most dangerous upon which we had yet been launched; that this was the dole on the grand scale, and once embarked on this line the Government could not retreat without risking chaos. But these points were swept aside as trivial. A huge organization was set up, the billions were started flowing and more than 4,000,000 men and women are now on the Federal pay roll, doing trivial and unnecessary things. Approximately \$70,000,000 a week is distributed among them.

The Director now denounces the whole business. He charges waste, graft, and inefficiency. He lays the blame partly upon the politicians, partly upon the business men, partly upon our own people. The money will be exhausted February 15. He asks \$300,000,000 to continue in a greatly reduced way until May 1. Then he urges abandonment. But at that notion there is an enormous howl. Governors, mayors, and communities violently protest. They say it is impossible for the Government to shift this burden back. To stop in May will be to throw 4,000,000 men and women, with their families, out on the streets to starve. Neither the States nor the cities are in condition to take care of them. They are all about broke. Private charity has dried up as a result of the dole policy. Industry could not possibly absorb any considerable number of these people. They beg for another and more adequate appropriation.

Mr. President, I may say here that I have had telegrams from mayors of some of the cities in my State, and they have urged precisely what is set forth in the article from which I have just read. They feel that their agencies for the care of those in need have broken down. They can no longer provide the necessary funds. All the avenues of relief have dried up, and so there is no recourse except to the Civil Works Administration.

This article goes on:

But if the President yields, then his Budget calculations, already at the optimistic limit, will be upset and the difficulties in the way of the \$10,000,000,000 financing, to which the Treasury is

committed, vastly increased. The idea of an ultimate balance in 1936 would become fantastic. The President is reported reluctant to ask Congress to continue the C.W.A. He will ask another half billion for Federal relief, another \$300,000,000 for the C.C.C., but that is as far as he feels he dare go. On the other hand, Congress is under terrific pressure from States and cities to provide another billion anyhow.

The disposition will be to smooth things over and effect a compromise. Probably it can be done, but it serves no purpose not to look the facts in the face, and Mr. Hopkins has presented these in an impressive way. His action in indicating his own administration is explained in two ways. One is that he wanted to forestall the storm he saw coming and put the responsibility upon Congress; that he wanted personally to get out from under and not rush blindly into disaster. The other and more correct one is that Mr. Hopkins is an honest and fearless man. The waste and graft with which the C.W.A. is saturated has sickened him. He realizes the unworkability of the scheme, and what it means to make it permanent. Having got hold of the tail of the bull he knows the difficulty of letting go. But feeling as he does, he had to say so. It is a bad situation he has revealed, but it was right to reveal it.

Mr. President, I come now to some articles which have appeared in the newspapers in my State.

For some time after the C.W.A. began to function in Rhode Island, charges were circulated that it was being used by certain unscrupulous people for political purposes. Those rumors grew to be so frequent that they became the subject of discussion pretty much all over the State. The Evening Bulletin, a newspaper published in my State, made an investigation and sent its reporters around to find out about the handling of the C.W.A., the methods pursued in employing those who were to have the benefits of it, who was doing the hiring, and whether or not there had been any favoritism.

I come now to an article appearing in the Evening Bulletin of December 30, 1933, entitled:

Warren Federal Jobs Office Used to Build up Political Machinery for Democrats—Head of Barrington Club Hands Out Notifications for C.W.A. Employment.

In explanation, I may say that the Barrington Club referred to here is a Democratic political organization having its headquarters in the town of Barrington, in the State of Rhode Island.

The article goes on:

VITULLO DENIES GIVING NOTICES TO DE SPIRITO

The Bristol County office of the Federal Reemployment Service, operated by a Democratic politician, is being used to build up the Democratic political machine.

At least 30 of this office's official notifications directing men to report for duty on Barrington C.W.A. projects were delivered to the successful applicants, not by mail, as the rules of the Service require, but by Jacob de Spirito, president of the Barrington Democratic Club.

When Mr. De Spirito, who is not in any way officially connected with the Reemployment Service, handed out these cards the implication was clear—the men were receiving a favor from the party and they were invited to reciprocate.

Mr. De Spirito on two separate occasions admitted to an Evening Bulletin reporter that he had distributed these cards to 30 men. The men were selected from a long list of applicants in the Warren office of the Federal Reemployment Service and the cards were made out in that office.

The head of that office is Peter E. Vitullo, a member of the Warren Democratic town committee.

Vitullo denied he had given the notices to De Spirito, refused to explain how these particular men had been selected to work on Barrington C.W.A. projects, and said: "That's just another one of those stories."

COUNCILMAN SPEAKS

A member of the Barrington Town Council told the Evening Bulletin that in the presence of Cosmo Gullano, of 544 Maple Avenue, Barrington, Vitullo had admitted to him that he had given the cards to De Spirito because he didn't have anyone else to do it.

Gullano admitted to the Bulletin that he called upon Vitullo with the councilman, but he did not remember the conversation that took place.

The Bulletin presents these facts revealing the manner in which the Federal Reemployment Service is functioning in Bristol County as showing how President Roosevelt's C.W.A. program of putting the needy and the jobless back to work on public projects easily may be perverted, and is being perverted, to serve cheap political ends.

In Rhode Island the Federal Reemployment Service is directed by Percival de St. Aubin. He appointed the heads of his various branch offices around the State.

DE ST. AUBIN TO INVESTIGATE

Mr. de St. Aubin, when acquainted this afternoon with the facts, said, "If I find there is anything which warrants an investigation I will make one."

He said that the deliverance of work notices by messenger instead of mail is in violation of the rules.

Asked what action he would take if he found the statements made by this newspaper to be correct, Mr. de St. Aubin said, "It would depend upon what I find out. At present, I know nothing of the case. I have been ill for several days."

About 18,000 men have been put to work on C.W.A. projects in Rhode Island. Approximately half of these were transferred from the lists of those who were receiving either money or food orders for relief on November 18. The other half have been requisitioned from the lists of those out of work, but not on public relief, who had registered with the various local offices of the Federal Reemployment Service.

EACH DISTRICT HAS QUOTA

Each local C.W.A. administrator was assigned a quota. For instance, he might have been directed to place 1,000 men at work. First, he would take all able-bodied men on his town's relief list. He then would ask the director of his Federal reemployment office to supply the remainder.

The rules of the Reemployment Service require that when a manager of one of these local offices receives a request from a local C.W.A. administrator to put a given number of men to work, the manager shall select the men best qualified for the work, giving preference to veterans.

Order of registration and relative needs of the applicants are entirely secondary considerations, according to the instructions that have gone out from Mr. St. Aubin's office. In fact, the Service has no machinery to ascertain the relative need of the men, and little effort is made to do so. So that a man with a home and an automobile and with several other members of his family working may receive preference over another man who is very close to becoming a public charge.

FIVE AT WORK IN FAMILY

Not only may, but does. This newspaper's investigation in Barrington reveals that one man, who was selected by Vitullo for a C.W.A. job, has 5 children at work, 3 of whom hand over their full pay to him. He also owns a home, although it is mortgaged, and he is making payments on a 1933 auto.

In another family both the father and a son were awarded jobs by Mr. Vitullo.

It was impossible last night to learn just how many men had registered with Mr. Vitullo's office in Warren, how many had been awarded jobs, and how many were still jobless. The Warren office said the information must come from Mr. de St. Aubin's office in Providence, and it was stated there that the figures could not be given out without Mr. de St. Aubin's approval and I don't know where he can be reached now.

Probably no one in Rhode Island begrudges these gentlemen and all their children jobs, but it is to be remembered that the purpose of the C.W.A. is to relieve distress, and that it is largely a substitute for the old public-relief systems.

The C.W.A. is a public agency for relief. Its expenses are borne by the taxpayer. If it continues no longer than May 1 it will cost the Nation about three quarters of a billion dollars. Of this amount the taxpayers of Rhode Island must pay, at some time and in some form, to the tune of fifteen or twenty million dollars. That is, they must pay for these relief expenditures stretching over but 6 months a sum considerably greater, perhaps almost twice as great as they pay to run every agency and activity of their State government for an entire year.

MAPLE AVENUE CONNECTIONS

Last week the Bulletin heard that the C.W.A. was doing great things for the Maple Avenue section of Barrington. Now, the Maple Avenue section is inhabited very largely by those who were formerly dependent for their living on the nearby brickyard. When these men worked at the brickyard they got, in most cases, no more than \$15 a week, and the work was irregular, with frequent lay offs. Now everyone on Maple Avenue who has a C.W.A. job is getting his \$15 a week with no lay offs.

But in the course of its investigation into the good times on Maple Avenue the Bulletin learned that it was no longer C.W.A. that was Santa Claus. It was "See De Spirito." So a reporter went to see Mr. De Spirito.

De Spirito admitted delivering notices to go to work to about 30 men in Barrington. He said he had not got these notices from Vitullo, but refused to say who gave him the notices.

Next the reporter saw a member of the Barrington Town Council. He said he knew that De Spirito had given the notices from the Federal office in Warren to four members of Mr. De Spirito's Democratic Club. He named the four men as former Police Chief Albert Pearson, Jr., Giannatista Colardo, John St. Ours, and Giuseppe Piccerelli. De Spirito admitted giving the cards to the latter three but denied giving one to Pearson. The councilman said Vitullo had admitted to him in the presence of Cosmo Gullano that he gave the notices to De Spirito.

AGAIN ADMITS DELIVERING NOTES

The following night De Spirito again admitted delivering the notices, and again declined to say where he got them. "I don't deny that I delivered the notices, because I did", he said, "but why should I tell you those other things when I don't think that I should?"

Vitullo was then seen and denied giving the notices, stating, "That's just another one of those stories." When asked to explain how applicants were selected for Barrington C.W.A. projects, he referred all questions to the State office in Providence.

Viall Stanley, Barrington C.W.A. administrator, admitted that he had heard a lot of talk to the effect that De Spirito distributed the notices, but knew nothing definite about it. "I know there has been a lot of talk, but I don't know how much there is in it", he said, and suggested that Vitullo "would have to answer that."

Mr. Stanley confirmed reports, however, that Antonio Petrucci, 53, and his son, Matty, 23, of Maple Avenue, Barrington, both had been given C.W.A. jobs. Both had been assigned by Vitullo's office, Mr. Stanley said.

VISIT TO SHOE SHOP

The reporter next encountered Sorzio De Angelis, of 173 Maple Avenue, in a shoe shop, and among others present was De Spirito. De Angelis took no part in the conversation when the reporter questioned De Spirito, but when the question, "Are you a member of the Democratic Club?" was put to him, De Angelis replied: "No; that's the reason I haven't got a job I guess. It is the general understanding around here that if you belong to the club you'll get a job, and if you don't you are out of luck." De Spirito remained silent during this conversation.

The next step in the reporter's investigation led to Cosmo Guliano, who was the companion of the councilman at the interview with Vitullo. Guliano admitted the interview, but asked if he could recall the conversation which took place, hesitated and then replied: "I don't remember."

Guliano explained subsequently that he had talked with Vitullo since the interview and had been advised to come back tomorrow.

DOESN'T WANT TO MAKE TROUBLE

"That is why I don't want to make any trouble", observed Guliano. He said he had registered at the Bristol County office in September, and couldn't understand why he didn't get a job when applicants more recent than himself had secured work.

"Are you a member of the Barrington Democratic Club?" he was asked.

"No; that's the trouble I guess", he replied.

Guliano said that after the attempts of the Barrington councilman to land him a job through Vitullo had failed, he went to see De Spirito.

"De Spirito told me, 'I don't want to do that job any more'", Guliano said.

He said he didn't know the names of the men who had been given jobs before him, though registered later, but advised the reporter to contact "Harry", who lived across the street.

UNABLE TO GET JOB

"Harry" turned out to be Harry Franklin, former Warren taxi driver, but now a resident of Barrington. A few minutes after the reporter began talking with Franklin, Guliano entered the Franklin home. Franklin stated that he had been unable to get a position, though Vitullo, whom he knows personally, had promised to have him assigned to a project.

"They tell me I can't get a job because my wife is working", he said. "I can't understand that when there are men with four or five children working who have been given C.W.A. jobs."

"The story is wide-spread throughout the town", he continued, "that you either have to be a member of the Barrington Democratic Club or else know Frank Adams (chairman of the Democratic town committee) if you want to get a C.W.A. job in Barrington."

"I had a fellow come right up to me and tell me he knew who could get me a job. He said he knew the man who had given out 40 notices to report to work on C.W.A. projects. He wouldn't name the man, but I think he must have meant De Spirito."

OFFERS INFORMATION

Guliano then volunteered the information that Tony Lombardi, of Maple Avenue, and Crescenzo Pompei, of Anoaer Avenue, had applied for jobs through the county employment office last September and had not got them, "yet another man, John Venditullo, who came to Barrington only about 9 months ago, and applied for a job less than a month ago, has already been given a job."

Giuseppe Piccerelli, of Church Street, Barrington, a former member of the Independent Citizens Club—now the Barrington Democratic Club—was the next person interviewed. He is one to whom De Spirito admitted giving a notice. He has 5 children in his family at work, 3 daughters and 2 sons. He owns his home, which is mortgaged, and has a 1933 sedan, purchased on time payment.

"How long have you been working under C.W.A.?" he was asked.

"Since December 13", he replied.

"How did you receive your notice?"

"In the mail."

Piccerelli said he had been out of work for 35 months when he got the C.W.A. job, and thought he was entitled to it. All his life, he argued, sickness handicapped him, but he saved his money when he worked, raised his family, paid his bills, and "now some people are jealous because I have a job."

Only 2 daughters and 1 son give him their full pay, he said, and a daughter, 24, and a son, 22, give part of their pay to their mother.

With one of the Piccerelli sons, the reporter then visited the Democratic Club, on Maple Avenue, where several members, including De Spirito, were sitting around a stove while two men played pool at a nearby table.

AGAIN CAN'T REMEMBER

De Spirito greeted the reporter affably, asking: "Have you found out anything more?" The reporter replied by asking again where

De Spirito got the notices, and this time De Spirito replied "he didn't know."

The reporter asked for directions to the home of Giannatista Colardo, one of those to whom De Spirito admitted handling a notice, and was told that one of the two men playing pool was Colardo.

"Are you a C.W.A. worker?" the reporter asked Colardo.

Before he could reply the Piccerelli son broke in, saying, "No; his son is."

"Shut your mouth", De Spirito shouted, and from then on discussion of C.W.A. was futile.

As the reporter left De Spirito said he wished him "the best of luck"; said he realized it was the reporter's job, but expressed the hope that he would stop trying to show a connection between the Barrington Democratic Club and the C.W.A.

The functions of the Civil Works Administration in Rhode Island are in the hands of a Mr. de St. Aubin, who is the branch manager in Rhode Island. In the Evening Bulletin of January 6, 1934, this article appeared:

ST. AUBIN'S BRANCH MANAGER APPOINTEES ALL DEMOCRATS

Here is the political record of the men who have been appointed by Percival de St. Aubin, State director of the Federal Reemployment Service, as managers of his branch offices in Rhode Island. Last Monday the Bulletin published a statement by W. Frank Persons, national Director of the Service, in which he said: "It is not in keeping with the President's wishes in the matter of C.W.A. administration that a political picture be created."

Patrick J. Cox: Woonsocket. Former Democratic senator from Woonsocket. Now a Democratic leader in the second ward of Woonsocket, and one of the lieutenants of that wing of the Democratic Party led by Martin M. McLaughlin.

Gordon Bennett: West Warwick, president of the combined seventh and ninth ward Democratic clubs in Warwick, and mentioned as coming head of Democratic city committee in Warwick. Was unsuccessful Democratic candidate for representative in third Warwick district in 1932.

Peter E. Vitullo: Warren. Member of Warren Democratic town committee for last 6 years.

Daniel J. Kehew, Jr.: Newport. President of Young Men's Democratic Club of Newport. In 1932 election was active in registration work for Democrats and served as Democratic supervisor in district 2, precinct 1. Alternate delegate to Democratic congressional convention for second district in 1932.

Timothy F. O'Hearn: Westerly. Democratic State central committeeman from Narragansett. Member of Democratic State executive committee, secretary of Narragansett Democratic town committee. Democratic candidate for senator in Narragansett in 1932.

James C. Appleton: Cranston. Active member of Edgewood and Pawtuxet Democratic Association. Democratic supervisor in 1932 election.

William J. Bannon: Pawtucket. A personal friend of Thomas H. Bride, Jr., Mr. de St. Aubin's chief assistant.

Richard J. Gilduff: Providence. Democratic Representative from first Providence district from 1912 to 1922. Democratic candidate for reading clerk of house, 1925. Democratic candidate for Providence Board of Canvassers, 1930, and again in 1931.

Another article, appearing in the Evening Bulletin of January 6, 1934, is as follows:

CRANSTON DEMOCRATS USE UNITED STATES JOB OFFICE TO STRENGTHEN PARTY—KENNELLY FOUND TO HAVE BIG PART IN ALLOTING WORK—FORMER DEMOCRATIC CITY CHAIRMAN HAS NO OFFICIAL CONNECTION WITH SERVICE—SPECIFIC CASES TRACED—CONDITIONS SIMILAR TO THOSE UNCOVERED IN WARREN OFFICE

The Cranston office of the Federal reemployment service, which supplies workers for C.W.A. projects, is being used by Democratic politicians, like the Warren office of the same service, to build up the fences of the Democratic Party.

The Evening Bulletin herewith presents evidence that former Democratic City Chairman Thomas A. Kennelly, not in any way officially connected with the service, has a good deal to say as to who among the many applicants for jobs shall be given work in the C.W.A. in Cranston.

The evidence throws some light on the extent to which the Cranston office of Percival de St. Aubin, State director, is being operated in harmony with President Roosevelt's directions that the Reemployment Service should be kept out of politics and should give work to needy men without any consideration of their political affiliations and backgrounds.

The Bulletin has statements revealing that three men who registered with Mr. de St. Aubin's Cranston office were placed on C.W.A. jobs only after Kennelly's influence had been exercised in their behalf. Two of these men saw Kennelly—the other got work after his father had seen Kennelly.

Still another man says Kennelly came to him and said he could place him in a C.W.A. job if he registered with the reemployment office. He says he told Kennelly he "didn't want the job."

The Bulletin informed Mr. Kennelly of each of these statements and requested his comment upon them. In each case, his reply was: "I have nothing to do with the C.W.A. and I am not responsible for stories that do not originate with me."

These specific cases are reported to be typical of many others in which men have quickly obtained C.W.A. jobs in Cranston after Mr. Kennelly had put in a word in their behalf at the local office of the Reemployment Service. To meet the C.W.A. pay rolls, the

Nation will spend during the 6 months ending May 1 about three quarters of a billion dollars, and of this amount the taxpayers of Rhode Island will eventually have to pay from 15 to 20 million dollars. A Democratic politician, holding no public office, has generously shouldered the burden of deciding to whom Cranston's share of this expenditure will go.

The beneficiaries of Mr. Kennelly's influence with Mr. de St. Aubin's Cranston office describe his activities for them as acts of friendship.

The picture in Cranston differs not in essentials but only in details from that in Bristol County. A week ago the Bulletin disclosed that at least 30 cards directing men to go to work on Barrington C.W.A. projects had been delivered from Mr. de St. Aubin's Warren office, not by mail or by any employee of that office but by Jacob de Spirito, president of the Barrington Democratic Club.

In Barrington it had become common knowledge that only deserving Democrats, or those who promised to be deserving, need apply. In Cranston word has spread through the ranks of the unemployed that the surest way to get a C.W.A. job is to see Tom Kennelly.

The head of the Warren office is Peter E. Vitullo, a member of the Warren Democratic town committee. The head of the Cranston office is James C. Appleton, a young man who has been active in the Edgewood and Pawtuxet Democratic Association and in Democratic politics in the first ward, where he was a Democratic supervisor at the 1932 election.

These men, and the heads of all other branch offices in Rhode Island of the Federal reemployment service, were appointed by Mr. de St. Aubin as State director of that Service. Thomas H. Bride, Jr., Mr. de St. Aubin's assistant director in the Providence headquarters, was the unsuccessful Democratic candidate for State senator from Cranston at the last election.

PARTY WORKERS GET JOBS

Other prominent Democratic workers in Cranston have no cause to complain at the new deal. Working as foremen on C.W.A. projects at the State institutions are Michael Como, a former Democratic city councilman; William Harvey, brother of Democratic City Chairman Frederick J. Harvey; and Salver Ruggieri, a member of the fifth ward Democratic committee. They are receiving 72 cents an hour, which foots up to \$21.60 for a 30-hour week.

Thomas A. Kennelly was elected Democratic city chairman in Cranston following the 1930 election, and served until a few weeks before the 1932 election. He is the big Democratic power in the fourth ward. But in State politics he is known as one of the small group that worked unremittingly to obtain for William S. Flynn the Democratic nomination for Governor in 1922.

David Goodman, of 14 Mayfield Avenue, Cranston, has the job of carrying water for the men who work on a C.W.A. project on Atwood Avenue. He told the Bulletin that he registered with the Reemployment Service and then waited a long time without getting any job. He says he then saw Tom Kennelly. Kennelly told him to drop in at the reemployment office. He did so and immediately a card was given to him and he was assigned to work in the C.W.A.

Goodman said that he did not know positively that Kennelly put in a word for him. He only knew that he registered; that he did not get a job for a long time; that he saw Kennelly; that Kennelly told him to go back to Mr. Appleton's office; that he did so and that he got a job at once.

ANOTHER INSTANCE

Latham Buddington, of Bateman Avenue, works on the same C.W.A. job with Goodman. He was pointed out by Goodman as another who got his job through Kennelly. Buddington said he didn't know who arranged for him to be put to work in the C.W.A.—"it was someone my father saw."

The Bulletin consulted Latham's father, Arthur N. Buddington. He said it was Tom Kennelly who got the C.W.A. job for his son, but wanted it known that it was an act of friendship.

"I told Mr. Kennelly", said Buddington, "that Latham had not worked for 4 years and 8 months, and that he had registered at the reemployment office at the first opportunity and had been told repeatedly there was no work at present.

"I did not go to Mr. Kennelly because he was in politics, but I met him and in the course of conversation I mentioned some of the difficulties being experienced, and he said if the boy reported at the reemployment office he would be cared for. He went there and secured a job.

"Mr. Kennelly was very kind to do it. It was just an act of kindness. He did not give a note and the boy did not have to say anything but give his name at the office."

Lewis N. Sault, a Democratic candidate for a seat in the House of Representatives from the fourth Cranston district at the last election, and an automobile mechanic by occupation, informed the Bulletin that Kennelly told him he could place him in a C.W.A. job if he registered with the Federal reemployment office in Cranston.

DID NOT NEED JOB

"I have been fortunate", Mr. Sault said. "I have been able to keep busy, and I told Tom I did not want the job. I gave him the name of a man I thought would be pleased to accept the offer."

Mr. Sault declined to reveal the name he had given to Mr. Kennelly and said he did not know whether the man had ob-

tained a job. "Politics have entered on both sides", he said. "The other side will not give a job to a Democrat."

He was told that the Bulletin was anxious to discover abuses in the C.W.A. by anyone of whatever political affiliation. He was asked to give specific instances were any Republican had played politics in giving C.W.A. jobs. He declined to do so.

(The organization that administered the old relief system in Cranston is Republican. When the C.W.A. was instituted Cranston was given a quota of 990 jobs to fill. Of these jobs 297 were filled by the transfer of men from the old relief lists. To fill the rest of the jobs requisitions were sent from time to time to the Federal reemployment office in Cranston, as is the requirement under the C.W.A. regulations. Cranston Democrats have complained in the past that the Republicans were playing politics by delaying the beginning of C.W.A. projects so as to provide no more jobs than necessary for those who had registered with Mr. Appleton's office.)

NO JOB FORTHCOMING

Irvin Smith, of 154 Curtis Street, Meshanticut Park, told the Bulletin that he registered for work when the Federal reemployment service opened an office in Providence last September. When the Cranston branch office was opened later, he said, he went there to register again but was told his card was in the file and the first registration was sufficient.

He said he has not received work, but that he has friends who had registered and had then seen Mr. Kennelly and were put to work immediately. He said Joseph Rogers, of 1956 Cranston Street, got a job 3 days after seeing Mr. Kennelly. He said Rogers had told him so.

A Bulletin man went to Mr. Rogers' home. Rogers was not there, but his mother said she knew Joseph had registered at the reemployment office and had been given work shortly after he had seen Mr. Kennelly.

"If it hadn't been for Mr. Kennelly, Joseph might not be working", she said.

Smith said he also needs a job badly because there is no one working in his home. He was one of the very first Cranston men to register with Mr. de St. Aubin's service, but he has not seen Mr. Kennelly.

I may say that Cranston is one of the thriving cities of the State of Rhode Island. It adjoins Providence, and has a population of approximately 50,000.

Another article, appearing in the Evening Bulletin on January 10, 1934, is as follows:

RELIEF LISTS MORE THAN DOUBLED SINCE TRANSFERS TO C.W.A.—TREND AROUSES CODY, WHO ORDERS "ADEQUATE" INQUIRIES AS TO NEED OF APPLICANTS—STEADY INCREASE SHOWN—CASE LOAD, REDUCED TO 2,100 AT START OF C.W.A. WORK, HAS RISEN TO 5,752

Aroused at the continued growth of relief lists in Rhode Island since the transfers to Civil Works Administration projects were made, George R. Cody, secretary of the State unemployment relief commission, has notified State relief administrators that "adequate investigations as to the need of applicants" must be made.

Mr. Cody informed the administrators that there has been a tendency toward making only superficial investigations since C.W.A. was inaugurated 6 weeks ago. In this connection it was learned that C.W.A. in this State has expended about \$1,100,000 up to this time.

Case-load figures compiled at the State unemployment relief commission show a steady increase in the relief lists since November 16, when C.W.A. transfers became effective. On that date there were 12,143 on work or home relief, and during the next 2 weeks approximately 10,000 were transferred to C.W.A., leaving approximately 2,100.

CASE LOAD JUMPS

The case load on December 30 had jumped from that approximate figure to 5,752, with many of the towns showing large increases.

Mr. Cody said today that the idea persons on relief rolls would be chosen for C.W.A. jobs quicker than if they were registered with the Federal Reemployment Service only is responsible for much of the increase in the relief rolls.

"This idea is erroneous", Mr. Cody said. "No one can be transferred to C.W.A. from relief rolls, except in cases where they are selected from the reemployment offices, and, as far as I know, selection from those lists is based on qualifications for the work, not need.

"These cases have all been investigated and found to be needy, but I do not believe they should get any preference over persons who have been self-sustaining while waiting to be chosen for C.W.A. from the reemployment lists. No such preference can be given anyway."

Much of the increase, according to directors of public aid, is due primarily to C.W.A. Many persons never before on relief applied for C.W.A. jobs when that plan began to operate, and, pending their selection from the Federal Reemployment Service, asked for relief.

Mr. Cody's instructions to the State relief administrators, dated January 5, and never made public before, read:

"It is extremely important that there be no let down in the manner of making careful investigations to all new applications for relief. There has been a tendency since the launching of the Civil Works program, because many people were under the impres-

sion that the way to get a job was to get on the relief rolls, for the relief officials in some parts of the State to make only superficial investigations before relief was given. I want to urge that the utmost care be taken in the making of adequate investigations as to the need of the applicants."

WOONSOCKET'S INCREASE

An indication of the growth of relief rolls can be gleaned from the figures for Woonsocket. The week ending November 18 there were 944 men and women on relief rolls. Of this total 802 were able to work and were transferred to C.W.A. within the next 2 weeks, leaving 142. Since that transfer Woonsocket's list has jumped from 142 to 844 on December 30—to within 100 of the total before transfers were made.

Alderman James H. Holland, spokesman for the Woonsocket Work Relief Bureau, commenting on the increase in his city's work-relief lists, made the statement: "I expect that the present number on work-relief rolls will decrease by approximately 200 as soon as that number of individuals realize they cannot obtain jobs on C.W.A. projects."

"The number of persons receiving relief in Woonsocket now is not so great as the number afforded relief at this time last year", Alderman Holland said. "Late in December 1932 there were approximately 2,000 receiving aid."

COMPLICATED FIGURES

Woonsocket transferred 802 to C.W.A. and now has 844 on relief, a total of 1,646, and this figure does not include the number since been given C.W.A. jobs through the Federal Reemployment Service. This number approximates 400, so that persons securing funds under C.W.A. or work and home relief totaled about 2,000 at the end of December 1933, as well as the year before.

Alderman Holland said, "Woonsocket's relief problems have been much more difficult of solution during the past few months than those of other cities and towns in the State. Our manufacturing industries have been much more affected by the recent let down in business conditions." He predicted there will be a pick-up in the woolen and worsted industries shortly.

Providence also shows a large increase in its relief lists since the C.W.A. transfer. The city had 836 on work and home relief after the C.W.A. transfer, and on December 30 this figure had grown to 1,869—more than double.

REIDY EXPLAINS

Edward P. Reidy, Providence director of public aid, laid part of this increase to the fact that many persons seeking C.W.A. jobs came to his office to apply. When informed that the jobs could not be given to them except through the Federal Reemployment Service, these people asked for aid, and after investigation were found to be needy. But, Mr. Reidy pointed out, it was the desire to get on C.W.A. that prompted these people to visit his office, and the result was an increase in the relief lists.

"I don't know how these people were getting by before they came to us", Mr. Reidy said. "Perhaps relatives were helping them or they were getting part-time work. We are now back to where we were last March, counting the number now on relief, the number transferred to C.W.A., and the number requisitioned for C.W.A. We had about 8,300 then and we have about that number now. During the summer we dropped to 4,300, and that was not all a seasonal drop. Many people went to work in all kinds of jobs during the summer, but now they are coming back."

PAWTUCKET LIST GROWS

Pawtucket has almost doubled its relief list since the C.W.A. transfers, but Dr. Robert E. Kelley said he believed the increase to be seasonal. The city had 1,449 on the work-and-home relief November 18, transferred all but 471, and on December 30 had a case load of 927.

Cranston more than doubled its relief list in the 6-week period, and John Hamilton, director of public aid, attributed the increase to the same reason as Mr. Reidy. He said applicants come in to get C.W.A. jobs, register at the Federal reemployment office, and then apply for aid to carry them until they have been selected for C.W.A. jobs. He said that after investigation it is found that these applicants are needy and they are placed on the rolls.

Cranston transferred all but 125 of its work-and-home relief workers to the C.W.A., and now has 278 receiving relief.

Warren had 215 on the work-and-home relief and transferred all but 16. Since then the town relief rolls have grown to 78, and Edward Maguire, deputy C.W.A. administrator, laid the increase to the small C.W.A. quota given the town. He said that because of the small quota many people could not get C.W.A. jobs and were forced to apply for relief. Also, about four men were transferred back to relief because they were discharged from C.W.A. projects.

UNUSUAL PICTURE

Jamestown presents an unusual picture. There were 53 transferred to C.W.A. and all assigned to Federal projects. No one was left on work or home relief, and this condition prevailed until just before Christmas when 26 came on the relief rolls, and a week later 27 had been investigated and found to be worthy cases.

Thomas F. Sheehan, director of public aid, said that these are all new cases. He pointed out that there have been two lean summer seasons, and that this caused the increase. He also said that the idea that through work relief could be found the door to a C.W.A. job was the motivating power in some cases, but insisted all are needy cases.

Central Falls shot up almost 100 percent after the transfer. The city had 85 left on work-and-home relief, but on December 30 this figure had sprung up to 165. City treasurer, Joseph T.

Curran, accounted for part of this increase by stating that included in the total are cases under which supplemental aid is given. He said these are cases now employed in industry but who do not earn sufficient to live on, and apply for supplementary aid.

In that connection, published in the same edition of the same paper, was a tabulation of the relief rolls, showing increases in the number of those applying for relief since the C.W.A. went into operation. I ask that that tabulation be published in the RECORD as a part of my remarks.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Is there objection?

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

RELIEF ROLLS JUMP GREATLY SINCE TRANSFER TO CIVIL WORKS ADMINISTRATION JOBS

The table shows how the State unemployment relief lists in Rhode Island have grown since the transfers were made to Civil Works Administration last November:

	On relief rolls Nov. 18	Transferred to Civil Works Administration	Balance after transfer	On relief Dec. 30
Barrington	65			14
Bristol	213	167	46	68
Burrillville	43			14
Central Falls	378	291	85	165
Charlestown	5			2
Coventry	61	55	6	31
Cranston	422	297	125	278
Cumberland	139	111	18	128
East Greenwich	47	43	4	23
East Providence	567			203
Exeter ¹				
Foster	31	22	9	30
Glocester	2			2
Hopkinton	31	31	0	0
Jamestown	53	53	0	27
Johnston	180	180	0	98
Lincoln	53	41	12	16
Little Compton	29	29	0	16
Middletown	59	53	6	42
Narragansett	55	36	19	23
Newport	557	536	21	194
New Shoreham	15	15	0	0
North Kingstown	49	49	0	16
North Providence	94			57
North Smithfield	32	32	0	38
Pawtucket	1,449	978	471	927
Portsmouth	51			16
Providence	5,171	4,335	836	1,800
Richmond	11	10	1	2
Scuttuate	68	68	0	13
Smithfield	49	42	7	33
South Kingstown	105	87	18	54
Tiverton	47	47	0	5
Warren	215	199	16	78
Warwick	451	308	143	171
Westerly	220			85
West Greenwich	8			10
West Warwick	176	130	46	169
Woonsocket	944	802	142	844
Total	12,143	10,000	2,100	5,752

¹ Not operating at present time.

² These are approximate figures. The cities and towns for which no figures of transfer are shown transferred the great majority of their cases to C.W.A., and in some cases, all to C.W.A.

Mr. HEBERT. Mr. President, I assume that this activity is a part of what has been described to us during the past few months as the "new deal." I have no quarrel with those who want to change the existing order. I have opposed this form of relief, and I have explained already in my remarks this afternoon the reason why I have opposed it; but I would not oppose the consideration of a change in the existing order. Under our form of government, I concede it to be the right of the citizens of this country to have that government which they want. But I am not unmindful of the provisions which have been set out in our fundamental law as the method of bringing about those changes. I am opposed to changing the fundamental law by mere legislative fiat, and that, I think, we have been doing here for the past 10 months.

I may say, parenthetically, that I opposed all such proceedings. I have some regard for the provisions of the Constitution. I know there are those who feel that it is out-moded. I know there are those who think that it no longer serves the purposes of our country, that it should be changed, that it ought to give way to the new order.

Only last evening a statement was made in my presence that it might be well for citizens of New England to take a trip out into the Middle West, and to the far West, perhaps, to get an idea of the thought of the people, to learn what the masses of the people are thinking. That might be of advantage; but I am not unmindful of the fact that this whole program is experimental in its nature. That is admitted by those who advocate it.

I prefer to be guided by the lamp of experience. We do know that we have been eminently successful under our form of Government, and that whenever there is an urge for a change in the fundamental law, it does not take very long to effect a change, once the people want it. That was clearly demonstrated when we removed from the Constitution the eighteenth amendment, and it took but a few months to do it.

I believe that if there is any urgent demand on the part of a majority of the people of this country to bring about such a change, it can be accomplished, and it can be accomplished in accordance with the provisions of that covenant into which the founders of this country entered 150 years ago. I favor that mode of procedure. So I oppose all measures which have for their object the chiseling away of any part of the foundation of the Constitution of the United States.

Mr. FESS. Mr. President, I will not detain the Senate for more than 5 minutes. I simply wanted to make a statement, before we reached a vote, in view of the fact that I opposed the inauguration of the movement which now is at full flood tide.

I do not think it is a matter of how much money we appropriate, whether it be \$2,500,000,000 or \$950,000,000. If we do not make the appropriation \$2,500,000,000 now, we are certain to do so by May. It is not a question of the amount.

When this movement was inaugurated, I sounded what I regarded as a warning, that it was not the length of the step we were taking, but that it was the direction in which we were taking it. It is not a matter of degree now; it is a matter of what is to be the effect.

I have been considerably concerned over our financial ability to carry out the program. I am equally concerned about the effect it is going to have upon the entire social and political fabric of our civilization. No one can look upon the movement which has resulted in what is really a dole without a feeling of wonder and fear. Mr. Hopkins said the particular relief we are now providing in this way is not as good as the British dole, that that would be better and would be less expensive. What worries me is not so much its cost, which is fabulous, but the obvious effect it is going to have upon our social and political order.

My concern at the present time is that, having inaugurated the program, it cannot be stopped. It would be cruel to stop it under present conditions. Having launched it as a Federal function, thereby destroying the local reliance that heretofore has always been sufficient to satisfy the needs, there is nothing left except to get out of it the best we may.

I look upon the growing expenditures as an exceedingly serious matter. Being \$9,000,000 a day last July, they reached \$16,000,000 a day by October, \$24,000,000 a day by December, and \$32,000,000 a day last month. We are in the course of carrying out a program which will mean an expenditure of \$15,000,000,000 a year if the present rate of expenditure shall be continued. The public debt in 1930 was \$16,500,000,000; it is now \$27,000,000,000, and by the close of next year it will be beyond \$32,000,000,000. At the rate of 4 percent, the interest charge alone upon that debt will amount to \$1,360,000,000, to say nothing whatever about the sinking fund. That interest charge is three times the total cost of the Government, including the Army and Navy, under the administration of Col. Theodore Roosevelt.

I have been concerned about what will be the end of it. Spokesmen for the policy have announced today that the only way out is by scaling down debts. When the Government starts upon that course it means repudiation. There is a very pronounced conviction throughout the country that

there will be no satisfactory outcome until we shall cancel all local indebtednesses, including individual indebtedness. How is it going to be done? Evidently it will not be done by the brutal method of officially canceling them; but it will be by way of cheapening the dollar in an inflation movement. That ultimately will be the method chosen.

One spokesman today said there is no such thing as balancing the Budget. I think he voiced the view of a great many people that we ought not to be concerned about governmental indebtedness, that it is not a matter to be looked into, but that we should proceed on the present basis, spending ourselves into prosperity and reaching the zero point where there is nothing further to divide.

I cannot see a bright future for our country by pursuing such a course as that. Years ago, Jerry Simpson, in the House of Representatives made a startling remark in relation to a movement which was then being discussed. He said, "Where in the devil are we at?" The famous Thomas B. Reed said, "That is a thing that nobody can ever tell when it is applicable to the Member who asks the question." I am paraphrasing that remark. "Where are we at" today in the midst of this program and where do we go from here? Yet there is nothing at this stage to do except to continue until we can perhaps taper off and get out of the situation with the least burden possible.

But, Mr. President, getting out of it is going to be a good deal harder than anything we have ever yet undertaken. I think I stated the truth a year ago at the time we launched upon it, when I said we have begun a thing we will never stop. That is my opinion today. We have the choice of two evils. I shall vote against the amendment; and if I were to have the privilege of voting upon the bill—which I will not have because I am paired with an absent Senator—I should feel constrained to vote for it because we cannot stop at this stage; but I want my colleagues to realize that I am deeply concerned about where this program is leading us, because it is certainly going to get beyond our control.

Mr. McKELLAR. Mr. President, it appears we are about ready to vote, so 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	Costigan	Keyes	Robinson, Ark.
Ashurst	Couzens	King	Robinson, Ind.
Bachman	Cutting	La Follette	Russell
Bankhead	Davis	Lewis	Schall
Barbour	Dickinson	Loneragan	Sheppard
Barkley	Dieterich	Long	Shipstead
Black	Dill	McCarran	Smith
Bone	Duffy	McGill	Steiwer
Brown	Fess	McKellar	Thomas, Utah
Bulkeley	Gibson	McNary	Thompson
Bulow	Goldsbrough	Murphy	Townsend
Byrnes	Gore	Neely	Trammell
Capper	Hale	O'Mahoney	Vandenberg
Clark	Harrison	Overton	Van Nuys
Connally	Hatch	Pittman	Walsh
Coolidge	Hayden	Pope	Wheeler
Copeland	Hebert	Reynolds	White

Mr. LEWIS. I am requested to state that the absence of the Senator from California [Mr. McAdoo] is occasioned by illness.

The VICE PRESIDENT. Sixty-eight Senators have answered to the roll call. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. CUTTING].

Mr. LONG. I call for the yeas and nays.

Mr. TRAMMELL. Mr. President, I desire to occupy only a moment.

I feel that the legislation we have before us is the only solution which has been proposed, and, in my opinion, is a very wise solution of the problem which confronts us at the present time.

We have heard considerable criticism, but we have heard no constructive suggestions. This is true not only of the present hour but it has been true during the last year, since the incoming administration assumed charge of the affairs of Government.

I believe that it was wise on the part of the administration to adopt the plan; that in the main it has been a won-

derful benefit to the American people; that it has caused more money to flow into general circulation and into the channels of trade than any other plan that might have been adopted. So I very heartily join with my friends in the Senate in supporting this measure.

I wish to announce, however, that I should not desire to have the impression go forth that, so far as I am concerned, the enactment of this proposed legislation carries with it a declaration that this policy and the plans adopted pursuant to it are working to a termination, say, in May of this year. I believe we should confront the problem as it presents itself from time to time, and as it presents itself in May of this year.

I do not believe the conditions of the country and of those in destitution who require aid and relief are such that we should at this time, in forecast, issue a declaration of policy that there is to be a termination of this character of aid in May.

My best understanding is that no such policy is contemplated by the administration or by those who are supporting the legislation. In supporting the bill I certainly do not have any such view in contemplation. Otherwise, I gladly support it.

As to the amount of appropriation that has been proposed, the administration that has been in charge of this policy, the administration that is most familiar with the needs and the conditions and the statistics, has recommended a certain amount. I appreciate the beneficent spirit and the humanitarian policy which has ever actuated Senators upon this floor who have proposed that we increase the amount from \$950,000,000 to \$2,500,000,000; but I believe we can safely trust the administration that inaugurated this policy, that had sufficient humanitarian spirit and desire to aid the American people to bring it forth, that is most familiar with its details, as to the sum which should be appropriated.

For that reason I shall support the appropriation of \$950,000,000 recommended by the administration.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. CUTTING].

Mr. LA FOLLETTE. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], but I understand that he would vote the same way that I shall vote on this particular amendment. Therefore I am privileged to vote. I vote "nay."

Mr. CUTTING (when Mr. NORRIS' name was called). The senior Senator from Nebraska [Mr. NORRIS] is unavoidably detained from the Senate. If present, he would vote "yea."

Mr. ROBINSON of Arkansas (when his name was called). I have a general pair with the Senator from Pennsylvania [Mr. REED]. I understand that if he were present he would vote as I intend to vote. Therefore I am at liberty to vote, and vote "nay."

Mr. STEIWER (when his name was called). On this question I have a special pair with the senior Senator from Nebraska [Mr. NORRIS]. I transfer that pair to the Senator from Vermont [Mr. AUSTIN] and will vote. I vote "nay."

May I add that if the Senator from Nebraska were present and at liberty to vote he would vote "yea", and the Senator from Vermont, if present and at liberty to vote, would vote "nay."

Mr. WAGNER (when his name was called). On this question I am paired with the senior Senator from Missouri [Mr. PATTERSON]. If he were present, he would vote "nay", and if I were at liberty to vote I should vote "yea."

The roll call was concluded.

Mr. LEWIS. Mr. President, I am authorized to announce that the Senator from Florida [Mr. FLETCHER] is paired with the Senator from West Virginia [Mr. HATFIELD]; the Senator from California [Mr. McADOO] is paired with the Senator from Connecticut [Mr. WALCOTT]; the Senator from Mary-

land [Mr. TYDINGS] is paired with the Senator from Rhode Island [Mr. METCALF]; the Senator from Arkansas [Mrs. CARAWAY] is paired with the Senator from Delaware [Mr. HASTINGS]; and the Senator from Virginia [Mr. BYRD] is paired with the Senator from California [Mr. JOHNSON].

I am advised and authorized to state to the Senate that Senators FLETCHER, TYDINGS, CARAWAY, BYRD, LOGAN, and GLASS, if present and voting, would vote "nay." I also wish to announce the general pair of the Senator from Georgia [Mr. GEORGE] and the Senator from New Jersey [Mr. KEAN].

Mr. BULKLEY (after having voted in the negative). I have a general pair with the senior Senator from Wyoming [Mr. CAREY], who is necessarily absent. I am advised that, if present, he would have voted as I have voted. Therefore I shall allow my vote to stand.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from West Virginia [Mr. HATFIELD] with the Senator from Florida [Mr. FLETCHER];

The Senator from Rhode Island [Mr. METCALF] with the Senator from Maryland [Mr. TYDINGS];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from California [Mr. McADOO]; and

The Senator from Delaware [Mr. HASTINGS] with the Senator from Arkansas [Mrs. CARAWAY].

Senators HATFIELD, METCALF, HASTINGS, REED, and AUSTIN, if present, would vote "nay" on this question. I am not advised how the other Senators would vote.

I also announce the following special pairs:

The Senator from Idaho [Mr. BORAH] with the Senator from North Dakota [Mr. FRAZIER];

The Senator from North Dakota [Mr. NYE] with the Senator from Kentucky [Mr. LOGAN]; and

The Senator from California [Mr. JOHNSON] with the Senator from Virginia [Mr. BYRD].

I am instructed to inform the Senate that the Senator from North Carolina [Mr. BAILEY] would vote "nay" if present.

Senators BORAH, LOGAN, and BYRD would vote "nay" on this question, if present; and Senators JOHNSON, NYE, and FRAZIER would vote "yea."

I am also requested to announce that the Senator from South Dakota [Mr. NORBECK] is necessarily absent. I have not been advised how he would vote on this question.

Mr. LEWIS. I wish to announce the necessary absence of the Senator from North Carolina [Mr. BAILEY], the Senator from Montana [Mr. ERICKSON], the Senator from Mississippi [Mr. STEPHENS], and the Senator from Oklahoma [Mr. THOMAS].

The result was announced—yeas 10, nays 58, as follows:

YEAS—10			
Black	Cutting	Long	Shipstead
Bone	Dill	McCarran	Wheeler
Costigan	La Follette		
NAYS—58			
Adams	Couzens	King	Russell
Ashurst	Davis	Lewis	Schall
Bachman	Dickinson	Loneragan	Sheppard
Bankhead	Dieterich	McGill	Smith
Barbour	Duffy	McKellar	Steiwer
Barkley	Fess	McNary	Thomas, Utah
Brown	Gibson	Murphy	Thompson
Bulkley	Goldsborough	Neely	Townsend
Bulow	Gore	O'Mahoney	Trammell
Byrnes	Hale	Overton	Vandenber
Capper	Harrison	Pittman	Van Nuys
Clark	Hatch	Pope	Walsh
Connally	Hayden	Reynolds	White
Coolidge	Hebert	Robinson, Ark.	
Copeland	Keyes	Robinson, Ind.	
NOT VOTING—28			
Austin	Fletcher	Kean	Patterson
Bailey	Frazier	Logan	Reed
Borah	George	McAdoo	Stephens
Byrd	Glass	Metcalf	Thomas, Okla.
Caraway	Hastings	Norbeck	Tydings
Carey	Hatfield	Norris	Wagner
Erickson	Johnson	Nye	Walcott

So Mr. CUTTING's amendment was rejected.

Mr. LA FOLLETTE. Mr. President, on page 2, line 2, I move to strike out the figures "\$950,000,000" and insert the figures "\$1,500,000,000."

This issue has been thoroughly debated, and I do not propose to detain the Senate at this late hour further than to say that, if this amendment shall be agreed to, it will enable the Civil Works Administration to carry on at its present level of activities until the time which so many Senators have indicated, namely, the 1st of May, shall arrive, and it will be possible to determine whether there has been such an increase in normal business activity or in the Public Works Administration or in agricultural employment as will justify the reduction of the Civil Works force.

If this amendment shall not be agreed to, it will mean that, beginning tomorrow, 250,000 persons now employed on civil works will be demobilized each week, until the 1st of May there will be no person in the United States employed on civil works.

During the course of this debate there has been some criticism of the kind of projects and of the administration which has been set up to carry forward this work. Every person familiar with the program knows that as time has gone on the character of the projects has steadily become better and the efficiency of administration has steadily improved. If a rapid demobilization is commenced tomorrow, it means that, even though the Congress and the Executive should change their minds later in the spring and determine it necessary to revive this work, a new organization will have to be drawn together; it means that there will be no planning upon the projects which are available, and that we will have the same tragic experience when this program shall be revived that we had at its inception.

I therefore have offered the amendment in the hope that it might appeal to the wisdom of the Senate that this work should be continued until we are in possession of the facts.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. MCKELLAR. Mr. President, I hope the amendment will be voted down. I base my objection to it upon the same arguments that have been made heretofore, and for the same reason.

Mr. RUSSELL. Mr. President, did I understand the Senator from Wisconsin to say that it was the purpose of the Civil Works Administration to demobilize the work at the rate of 250,000 men a week commencing tomorrow?

Mr. LA FOLLETTE. Yes; that is correct; that statement is contained in the testimony. Mr. President, I ask for the yeas and nays.

Mr. TRAMMELL. Mr. President, may I ask the Senator in charge of the bill if the statement is correct that it is contemplated under this bill to begin demobilization at the rate of 250,000 men a week beginning tomorrow?

Mr. MCKELLAR. Mr. President, Mr. Hopkins stated that it was the purpose of the administration gradually to reduce the number so that by May 1 the Civil Works program would cease.

Mr. TRAMMELL. Mr. President, I desire, of course, to vote with the administration on a question of this character, but I am entirely out of harmony with the idea that a plan should be adopted which would result in demobilizing all these people by the 1st of May, and I have been supporting the measure, if that is true, under a misapprehension.

Mr. LA FOLLETTE. Mr. President, did I lose the floor?

Mr. TRAMMELL. Mr. President, I thank the Senator from Wisconsin for permitting me to speak.

Mr. LA FOLLETTE. I merely wish to suggest, Mr. President, in view of the remarks of the Senator from Florida, that there should be no misunderstanding of the situation that confronts us upon this question. Beginning tomorrow 250,000 persons now employed on civil works will be demobilized per week until by the 1st of May there will not be a single person in the United States employed upon civil works. That is the kind of gradual demobilization which will ensue if we stand upon the appropriation provided in the bill.

Mr. WAGNER. Mr. President—

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

Mr. LA FOLLETTE. I yield.

Mr. WAGNER. In other words, Mr. President, between now and May 1, 4,150,000 men now employed on civil works will be out of employment.

Mr. LA FOLLETTE. Precisely.

Mr. LONG. Mr. President—

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

Mr. LA FOLLETTE. I yield.

Mr. LONG. I wish to inform the Senator from Florida for his further information that the demobilizing starts in Florida, and because of the nice weather they have down there they will probably demobilize all the people on C.W.A. work in a couple of weeks.

Mr. TRAMMELL. We can stand it better, of course, than some other parts of the country.

Mr. MCKELLAR. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Tennessee?

Mr. LA FOLLETTE. I yield.

Mr. MCKELLAR. The Senator from Wisconsin knows that under the pending bill an appropriation of \$950,000,000 is made, and the gradual reduction of the C.W.A. applies only to \$450,000,000. It is all under the control of the President and he can direct the procedure. The whole \$950,000,000 can be used for that purpose.

Mr. LA FOLLETTE. No, Mr. President; the difficulty with the Senator's statement is that \$500,000,000 of this amount is required for direct relief.

Mr. MCKELLAR. That is to extend over a period until next January, if it is to be used in that way.

Mr. LA FOLLETTE. Mr. President, I do not assume that the Senator has any desire to make a statement which is not substantiated by the record; as I understand it, \$500,000,000 is required for relief purposes, and \$450,000,000 of this appropriation, making \$950,000,000 in all, is to be used for civil works. It clearly is in the testimony—and Mr. Hopkins so informed the committee—that demobilization of Civil Works activity would begin and that it would be terminated on the 1st of May.

If Senators wish to vote in favor of putting 4,000,000 persons back upon direct relief, that, of course, is their responsibility. But I do not think that any Senator should vote under a misapprehension as to the effect of the policy, not only upon economic activity but upon human beings; the 4,000,000 persons and their dependents who are involved in the vote we are about to take.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FESS (when his name was called). Making the same announcement I made a moment ago with reference to my pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably absent from the Senate, I feel free to vote. I vote "nay."

Mr. WAGNER (when his name was called). I am paired with the senior Senator from Missouri [Mr. PATTERSON]. If he were present, he would vote "nay", and if I were permitted to vote I should vote "yea."

The roll call was concluded.

Mr. LEWIS. I desire to reannounce the pairs as stated by me previously and also the yeas and nays as stated by me previously, if the Senators who are paired were present.

Mr. ROBINSON of Arkansas (after having voted in the negative). Announcing the same pair as on the previous vote, I am informed that my pair, the Senator from Pennsylvania [Mr. REED], would vote as I have voted. Therefore I will let my vote stand.

Mr. HEBERT. I desire to announce that the pairs which were announced by me on the previous vote obtain on this vote, and that the Senators thus paired would vote the same way on this amendment as indicated on the last vote.

Mr. STEIWER (after having voted in the negative). I find that my pair with the senior Senator from Nebraska [Mr. NORRIS] is effective as to this vote. I will transfer the pair to the Senator from Vermont [Mr. AUSTIN], as I did previously, and permit my vote to stand. If the Senator from Vermont were present, he would vote "nay."

Mr. LEWIS. I am authorized to announce that the Senator from Ohio [Mr. BULKLEY] and the Senator from Wyoming [Mr. CAREY] are paired. I am unable to state how they would vote if present. I wish also to repeat my announcement of Senators who are necessarily absent.

The result was announced—yeas 14, nays 52, as follows:

YEAS—14			
Black	Dill	McCarran	Shipstead
Bone	Hatch	Murphy	Wheeler
Costigan	La Follette	Pope	
Cutting	Long	Russell	
NAYS—52			
Adams	Copeland	Hebert	Robinson, Ind.
Ashurst	Couzens	Keyes	Schall
Bachman	Davis	King	Sheppard
Bankhead	Dickinson	Lewis	Smith
Barbour	Dieterich	Loneragan	Steiwer
Barkley	Duffy	McGill	Thomas, Utah
Brown	Fess	McKellar	Thompson
Bulow	Gibson	McNary	Townsend
Byrnes	Goldsborough	Neely	Trammell
Capper	Gore	O'Mahoney	Vandenberg
Clark	Hale	Overton	Van Nuys
Connally	Harrison	Reynolds	Walsh
Coolidge	Hayden	Robinson, Ark.	White
NOT VOTING—30			
Austin	Fletcher	Logan	Reed
Bailey	Frazier	McAdoo	Stephens
Borah	George	Metcalf	Thomas, Okla.
Bulkley	Glass	Norbeck	Tydings
Byrd	Hastings	Norris	Wagner
Caraway	Hatfield	Nye	Walcott
Carey	Johnson	Patterson	
Erickson	Kean	Pittman	

So Mr. LA FOLLETTE'S amendment was rejected.

Mr. CONNALLY. Mr. President, I should like to ask the Senator from Tennessee a question in connection with the telegram I send to the desk and ask to have read.

The VICE PRESIDENT. The Senator from Texas presents a telegram, which will be read by the clerk.

The legislative clerk read as follows:

AUSTIN, TEX.

HON. TOM CONNALLY,
Senate Office Building:
Request allotment to Texas \$225,000 to supplement like amount from Texas hospitalization 500 indigent tubercular cases in private sanitarium.

J. W. E. H. BECK,
Senator, Chairman Public Health Committee.

Mr. CONNALLY. I desire to ask the Senator from Tennessee is it his contention that the language of this bill in lines 2 to 5, on page 2, is sufficiently comprehensive to warrant the action of the Federal Administrator in granting a request of that character?

Mr. MCKELLAR. Undoubtedly. That language reads as follows:

The sum of \$950,000,000, which shall be available for expenditure for such projects and/or purposes and under such rules and regulations as the President in his discretion may prescribe.

It would undoubtedly cover that subject.

Mr. CONNALLY. In other words, the President or, under his direction, the relief administrator may make regulations to authorize the Federal Government to supplement a like amount of funds from a State government for the treatment of charity and indigent patients in hospitals suffering from tubercular or other diseases?

Mr. MCKELLAR. I have no doubt that it is entirely in the discretion of the President and his administrator.

Mr. CONNALLY. The Senator is in charge of the bill and that is his construction of it.

Mr. MCKELLAR. That is my judgment as to what the bill means.

Mr. CONNALLY. I thank the Senator.

Mr. McCARRAN. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following as a new section:

SEC. 3. Any State director or administrator for any State whose duties involve the disbursement of funds under the Federal Emergency Relief Administration or under the Federal Civil Works Administration for any State shall be appointed for such State by the President, by and with the advice and consent of the Senate.

Mr. McCARRAN. Mr. President, this entire movement, from its inception until the present moment, belongs to and is attached to this administration. The credit for its success or the blame for the failure of the movement belongs to the administration. The States themselves select for the organization now set up the Civil Works projects that are most available and most beneficial for their own internal improvement and for the benefit of their people. We place the credit where it belongs, and the responsibility should rest there. That those who administer it should be in harmony with the full policy of the law cannot be denied. It seems to me that the administration should have a voice in nominating those who will spend the public money; but the Senate of the United States would not have permitted for a moment in years past, and should not permit even today, anyone to disburse \$950,000,000 without first having passed upon the responsibility and the eligibility of the man or men who are to disburse that money.

Because of the emergency, in view of the publicity that has gone forth, in view of the charges of scandal and fraud that have cut into the allotments, there is no reason now why we should not scrutinize those who will spend the public money. For that reason I am submitting the amendment.

More than that, those who are in the States where this public money is to be expended should have some voice in determining who shall direct and control the expenditures of the public moneys within the respective States.

Mr. LONG. Mr. President—

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

Mr. McCARRAN. I do.

Mr. LONG. The Senator's amendment only requires confirmation by the Senate?

Mr. McCARRAN. Appointment by the President and confirmation by the Senate.

Mr. LONG. Of whom?

Mr. McCARRAN. Of the public administrators.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Nevada.

Mr. McCARRAN. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. ROBINSON of Arkansas (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. REED]. I do not know how that Senator would vote on this question. If at liberty to vote, I would vote "nay."

Mr. STEIWER (when his name was called). Repeating my former announcement, I withhold my vote, not knowing how my pair would vote. If permitted to vote, I would vote "nay."

Mr. WAGNER (when his name was called). I am paired with the senior Senator from Missouri [Mr. PATTERSON]. Not being informed how he would vote if present, I am not at liberty to vote.

The roll call was concluded.

Mr. LEWIS. I desire to reannounce on this vote the general pairs previously announced on the former vote, but I am not advised as to how the various Senators would vote on this particular amendment.

Mr. KING. I have a pair on this vote with the senior Senator from New Jersey [Mr. KEAN]. Not knowing how he would vote, I am compelled to withhold my vote.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from West Virginia [Mr. HATFIELD] with the Senator from Florida [Mr. FLETCHER];

The Senator from Rhode Island [Mr. METCALF] with the Senator from Maryland [Mr. TYDINGS];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from California [Mr. McADOO];

The Senator from Delaware [Mr. HASTINGS] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Wyoming [Mr. CAREY] with the Senator from Ohio [Mr. BULKLEY];

The Senator from North Dakota [Mr. NYE] with the Senator from Kentucky [Mr. LOGAN];

The Senator from California [Mr. JOHNSON] with the Senator from Virginia [Mr. BYRD]; and

The Senator from Ohio [Mr. FESS] with the Senator from Virginia [Mr. GLASS].

I am not advised how any of these Senators would vote on this question.

Mr. ROBINSON of Arkansas. I have been informed that my pair, the senior Senator from Pennsylvania [Mr. REED], would vote as I intend to vote, and therefore I am at liberty to vote. I vote "nay."

Mr. LEWIS. I desire to further announce that the following Senators are necessarily detained from the Senate: The Senator from Arizona [Mr. ASHURST], the Senator from Tennessee [Mr. BACHMAN], the Senator from Colorado [Mr. COSTIGAN], the Senator from Montana [Mr. ERICKSON], the Senator from Georgia [Mr. GEORGE], the Senator from Nevada [Mr. PITTMAN], the Senator from Mississippi [Mr. STEPHENS], and the Senator from Oklahoma [Mr. THOMAS].

The result was announced—yeas 42, nays 19, as follows:

YEAS—42

Adams	Davis	Long	Thomas, Utah
Bailey	Dieterich	McCarran	Thompson
Barbour	Dill	McGill	Townsend
Black	Duffy	Murphy	Trammell
Bone	Gibson	Neely	Vandenberg
Brown	Goldsborough	O'Mahoney	Van Nuys
Bulow	Gore	Overton	Walsh
Capper	Hatch	Reynolds	Wheeler
Clark	Keys	Robinson, Ind.	White
Coolidge	Lewis	Russell	
Copeland	Loneragan	Smith	

NAYS—19

Bankhead	Cutting	Hebert	Robinson, Ark.
Barkley	Dickinson	La Follette	Schall
Byrnes	Hale	McKellar	Sheppard
Connally	Harrison	McNary	Shipstead
Couzens	Hayden	Pope	

NOT VOTING—35

Ashurst	Erickson	Kean	Pittman
Austin	Fess	King	Reed
Bachman	Fletcher	Logan	Steiwer
Borah	Frazier	McAdoo	Stephens
Bulkley	George	Metcalf	Thomas, Okla.
Byrd	Glass	Norbeck	Tydings
Caraway	Hastings	Norris	Wagner
Carey	Hatfield	Nye	Walcott
Costigan	Johnson	Patterson	

So Mr. McCARRAN's amendment was agreed to.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

Mr. LONG. Mr. President, I send to the desk an amendment which I desire to offer. I will have to read it, because it is in my own handwriting and the clerk probably cannot decipher it.

In line 23, page 2, after the word "duty", I move to insert the following:

Provided further, That a further sum of \$50,000,000 is appropriated and shall be transferred to the several States in proportion to population, to be disbursed by said States for the operation of their respective public schools, by and through their respective State educational boards and departments.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was rejected.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

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

The bill was read the third time.

The VICE PRESIDENT. The bill having been read three times, the question is, Shall it pass?

The bill was passed.

Mr. McKELLAR. Mr. President, I move that the Senate insist upon its amendments, ask for a conference with the

House of Representatives upon the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. Is it in order to move to instruct the conferees before or after the conferees are appointed?

The VICE PRESIDENT. The Chair does not know just what the Senate rules provide in that respect. In the House of Representatives it is necessary to make the motion before they are appointed.

Mr. CLARK. Then, Mr. President, I move that the conferees on the part of the Senate be instructed to insist on the McCarran amendment, just adopted.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Missouri.

Mr. LA FOLLETTE. Mr. President, is the question debatable? If it is, I should like to make a brief statement.

The VICE PRESIDENT. All questions before the Senate are debatable.

Mr. LA FOLLETTE. I understand that the amendment of the Senator from Nevada applies not only to Civil Works administrators in the States but also to those who are administering direct relief.

Mr. CLARK. I will say to the Senator that there is no difference between them.

Mr. LA FOLLETTE. Oh, yes; there is.

Mr. CLARK. I will state on the authority of Mr. Hopkins that the relief administrator is simply taken over and made the C.W.A. administrator.

Mr. LA FOLLETTE. That is not true in many States. I know it is not true in my own.

Before Senators tie the hands of the conferees on this question, I should like to point out that the whole set-up under the direct-relief bill which was passed provided for cooperation between the States and the Federal Government in extending relief; and the Governor, under the law, was directed to designate the authority through which the Federal relief administrator should work in connection with direct-relief activities. It seems to me unjust from the point of view of the States, so long as they are putting up a portion of the money for direct relief—as some of them still are—that we should insist upon a Presidential appointee to administer, in part, State funds.

Furthermore, it seems to me that before the Senate upsets the entire organization under the direct relief act, the matter should have more consideration than this amendment has obtained from the Senate. I should like to suggest to the Senator from Missouri that he ought not to tie the hands of the conferees in considering the phraseology of this amendment as it has been agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I make a point of order that the motion of the Senator from Missouri is not in order, the Senator from Tennessee having already moved, and the Senate having agreed to his motion, that the Senate insist upon its amendments and ask for a conference, and that the Chair appoint the conferees on the part of the Senate.

Mr. CLARK. Mr. President, the Senator from Arkansas is as familiar as I am with the fact that if that point of order is sustained I can accomplish the same purpose by making a motion to adhere. I do not want to do that.

Mr. ROBINSON of Arkansas. I do not think a motion to adhere would be in order at this time.

Mr. CLARK. I differ from the Senator from Arkansas on the question of order.

In response to what the Senator from Wisconsin said, I have no desire whatever to tie the hands of the conferees; but the Senator from Wisconsin is as familiar as I am with the practice that has lately prevailed in this body, when the Senate has repeatedly adopted amendments of this character and they have gone to conference and have been dropped out, sometimes at the instance of the Senate conferees, without giving the Senate an opportunity to pass on the matter. Then a conference report is brought in here, which must be voted up or voted down.

If the Senator from Tennessee [Mr. McKellar] is willing to give us assurance that he will afford the Senate a chance to express its will on this matter again unless it can be agreed to or the amendment perfected I have no desire to press the motion for instructions at this time.

The VICE PRESIDENT. Permit the Chair to suggest that the parliamentary clerk advise the Chair, who is not particularly familiar with the Senate rules, that it is in order, before conferees are appointed, to instruct them.

Mr. ROBINSON of Arkansas. Certainly it is; but that is not the question before the Chair. The suggestion of the parliamentary clerk is gratuitous. The question before the Senate is the motion of my friend, the Senator from Missouri; and I make the point of order that the Senator from Tennessee has already made a motion that the Senate insist upon its amendments and ask for a conference, and that the Chair appoint the conferees. It is not in order now to make a second motion that the Senate insist upon its amendments.

The VICE PRESIDENT. The conferees have not been appointed; and therefore, under general parliamentary law—

Mr. ROBINSON of Arkansas. No motion has been made to instruct.

Mr. CLARK. I made a motion to instruct.

Mr. ROBINSON of Arkansas. No; I beg pardon. The motion of the Senator was that the conferees of the Senate be instructed to insist upon its amendments, which was the same motion that was made by the Senator from Tennessee. Of course I am aware that the Senator from Missouri knows what motion he can make, and how to make it. I understand that perfectly; but the motion he has made is clearly out of order, and I make the point of order against it.

Mr. CLARK. Then, Mr. President, I move that the conferees to be appointed be instructed to insist on the McCarran amendment.

Mr. ROBINSON of Arkansas. Let the Chair rule on the point of order.

Mr. McKellar. Mr. President, before that is done let me suggest to the Senator from Missouri that the conferees, in my judgment—I know it will be so as far as I am concerned; I can answer for myself, and I think I can answer for the others—will in good faith insist upon this amendment; and if he desires, or if the Senate desires, and I think there is a desire here that we should do so, we will bring the matter back to the Senate for a vote.

Mr. CLARK. That is all I ask for.

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

The motion was agreed to; and the Vice President appointed Mr. Glass, Mr. McKellar, Mr. Copeland, Mr. Hale, and Mr. Keyes conferees on the part of the Senate.

REPORT OF ALIEN PROPERTY CUSTODIAN (H.DOC. NO. 133)

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 the Judiciary, as follows:

To the Congress of the United States:

In accordance with the requirements of section 6, of the Trading with the Enemy Act, I transmit herewith, for the information of the Congress, the annual report of the Alien Property Custodian on proceedings had under the Trading with the Enemy Act for the year ended December 31, 1933.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, February 8, 1934.

EXPENSES OF INTERNATIONAL TECHNICAL COMMITTEE OF AERIAL LEGAL EXPERTS (H.DOC. NO. 245)

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 Foreign Relations, as follows:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State to the end

that legislation may be enacted authorizing an annual appropriation in the sum of \$3,000, or so much thereof as may be necessary, for the purpose of defraying the expenses of participation by the Government of the United States in the meetings of the International Technical Committee of Aerial Legal Experts and/or of the commissions established by that committee.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, February 8, 1934.

[Enclosure: Report.]

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

ADDITIONAL REPORT OF A COMMITTEE

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (S. 828) to prevent professional prize fighting and to authorize amateur boxing in the District of Columbia, and for other purposes, reported it without amendment and submitted a report (No. 280) thereon.

ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. STEIWER:

A bill (S. 2690) for the relief of Norris R. Wentworth, Lloyd J. Wentworth, J. K. Wentworth, Jr., and George Finley; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 2691) for the relief of Western Knitting Mills, Wallace G. Kay, and Kay & Co., Inc.; to the Committee on Claims.

A bill (S. 2692) relating to the record of registry of certain aliens; to the Committee on Immigration.

SOME CONSTITUTIONAL ASPECTS OF THE NATIONAL INDUSTRIAL RECOVERY ACT AND THE AGRICULTURAL ADJUSTMENT ACT

Mr. WALSH. Mr. President, I ask unanimous consent that an article by Prof. Robert A. Maurer, of the Georgetown University School of Law, which appeared in volume XXII, pages 207-231, Georgetown Law Journal, January 1934, be printed in the RECORD. It is a very able as well as comprehensive study of the National Industrial Recovery and Agricultural Adjustment Acts, and a clear treatment of them from the constitutional viewpoint. The article has already occasioned considerable comment among the legal profession and, indeed, has been adverted to by several members of the bench in their decisions construing these acts. I wish, therefore, to have it printed in the RECORD, so that it may be available to the general public as well as to students and libraries.

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

[NOTE BY EDITORIAL STAFF.—Mr. Justice Adkins, of the Supreme Court of the District of Columbia, has said of this article: "I have also derived direct and substantial aid from * * * the draft of an article by Prof. Robert A. Maurer to be published in the January issue of the Georgetown Law Journal * * * on 'Some Constitutional Aspects of the National Industrial Act and the Agricultural Adjustment Act.'" The statement was part of Mr. Justice Adkins' opinion in *Victor et al. v. Ickes, Secretary of the Interior*, Supreme Court of the District of Columbia, Eq. No. 56298, decided December 1, 1933 (61 Wash., L.Rep. 870), in which four retail distributors of gasoline in Detroit sought by injunction to restrain the Secretary from interfering with their actions in violation of the code adopted for the petroleum industry under the N.R.A., and in which the constitutionality of the act was upheld and the injunction denied.]

It is futile to attempt to prove that the Agricultural Adjustment Act¹ and the National Industrial Recovery Act² as a whole are constitutional or that they are unconstitutional. The problems

¹Known as "A.A.A." (48 Stat. 31 (1933); 7 U.S.C. Supp., secs. 601-619 (1933).)

²Known as "N.R.A." (48 Stat. 195 (1933); 15 U.S.C. Supp., secs. 701-712 (1933).)

presented by these acts are many and varied, and the whole does not admit of one categorical answer. It may be conceded that both statutes must be brought within the authority of Congress delegated to it, either expressly or impliedly, by the Constitution of the United States. Some suggestions have been offered of new constitutional theory. For example, it has been said that the "general welfare" clause of the preamble may justify an assumption of power in Congress. This is unsound; but since it has been offered, it should be said that were this clause a grant of power, which it is not,³ yet it relates to the purpose of the Constitution as a whole, and it is quite obvious that the general welfare was sought to be promoted under a frame of government of dual character, separating Federal powers from State powers, and setting up countervailing departments with checks one upon another, with specific limitations upon all, and with specific guaranties to the people against excess of governmental authority. By all of these taken together is the "general welfare" to be promoted.

Again it has been suggested that the clause empowering Congress to lay and collect taxes for the general welfare⁴ may be invoked to sanction an exercise of power by Congress beyond the scope of the other clauses in which lie the delegated powers of Congress.⁵ If this suggestion relates to the money-raising and mere money-spending activities of Congress, all will concur, for the purposes of Federal taxation are admittedly broad, and there are no practical means, other than public opinion, to check the use of Federal money, where no regulatory power to command, to control, or to compel is sought to be exercised in connection with the spending,⁶ except possibly in the extraordinary event that an officer refuses to disburse funds on the ground that the purpose is unconstitutional.

There is definite purpose in a written constitution. This one of ours was ordained and established in a time of great stress and strain. It was not intended as a mere fair-weather instrument. That the Federal Government is one of delegated powers will, of course, not be questioned, and it is not believed that constitutional limitations will be permitted by the Supreme Court to be lightly swept aside. That would be revolution indeed, for it would mean the end of constitutional government itself. It must be assumed that Congress intended to remain within established limits when it enacted the so-called "N.R.A." and "A.A.A." statutes. The objects of this legislation were very far-reaching, yet an analysis of the statutes indicates a clearly discernible purpose to secure industrial recovery, in part through a broad voluntary effort on the part of industry and the trades, and by the Government as well, and, in a restricted sense, through enforcement of penal provisions. It is important that this distinction be kept in mind in an appraisal of the effects of these statutes when put into actual operation, even with respect to the declared emergency purposes set out in the opening sections of each act. Has Congress shown an intent to keep within specific constitutional limitations in the exercise of regulatory power, or does it rely upon some broader sovereign authority⁷ that goes beyond its definite constitutional grants of power? The Agricultural Adjustment Act may fairly be said to relate the emergency aspects of this legislation to the monetary and interstate commerce powers of Congress. And so related, they indicate no attempt of Congress to step outside its sphere of delegated authority, though they may involve an extension of such authority beyond that heretofore exercised. The declaration of policy in the Industrial Recovery Act likewise aims "to remove obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof."⁸ This purpose fairly adhered to needs no emergency to support it, unless it embraces, for a temporary and emergency period, an extension of governmental power beyond normal limits, and a consequent withdrawal of individual right to a corresponding degree. It must be admitted that when we deal with emergency legislation we enter upon a field for the most part unexplored. The Supreme Court has been called upon in but a few instances to define the limits. In the case of *Wilson v. New*⁹ the test of governmental power in Congress involved the maintenance of wages of railroad employees under the Adamson law¹⁰ for a fixed and limited period, to preserve the status quo pending the operation of special arbitration machinery

³ I Willoughby, *The Constitution of the United States*, (2d ed., 1929), secs. 61, 63.

⁴ Arr. I, Sec. 8, of the Constitution, provides that Congress shall have the power "to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States."

⁵ The report of the Committee on Ways and Means of the House of Representatives on the N.R.A. bill (H.Rept. No. 159, 73d Cong., 1st sess.) said of section 1: "This section also establishes the constitutional basis for this legislation, which is predicated upon both the interstate commerce clause and the general welfare clause of the Constitution." It did not make clear which of the "general welfare" clauses was in mind.

⁶ *Frothingham v. Mellon and Massachusetts v. Mellon*, 262 U.S. 447 (1923). See also *United States v. Realty Co.*, 163 U.S. 427 (1896).

⁷ The doctrine of inherent sovereign powers, as affecting internal affairs, was expressly repudiated in *Kansas v. Colorado* (206 U.S. 46 (1907)).

⁸ *Supra*, note 2, at § 1.

⁹ 243 U.S. 332 (1917).

¹⁰ 39 Stat. 721 (1916), 45 U.S.C., sec. 65 (1926).

designed to avert a threatened national strike of railroad employees. The power of government to regulate the wages of employees even of public utilities has, under normal conditions, been uniformly denied,¹¹ and was expressly denied in the court's opinion in that very case.¹² The Supreme Court has since referred to this exercise of power in the Adamson law as one warranted only by the emergency and for a temporary period.¹³ It is noted that the excess of power, beyond that which is normally valid, conceded to Congress in the case of *Wilson v. New*, is linked to the commerce power and is distinctly an outgrowth of that power. It may not be assumed either from this case or from the District of Columbia rent law case¹⁴—which involved the war power of Congress and its power exclusively to legislate for such District—that an emergency due to industrial depression opens up some entirely new field for Federal legislative experiment, for example, in matters purely local and within the domain of reserved State power, and not in some substantial manner related to interstate commerce. The dictum of Chief Justice White, who wrote the court's opinion in *Wilson v. New*, to the effect that, of course, a mere emergency could not give birth to a power that never lived,¹⁵ is a clear indication of the line which should separate the proper exercise of power within constitutional limitations from the mere usurpation of authority by Congress which would amount to an overthrow of constitutional government. The court characterized the legislation in question as the exercise of a power which inevitably resulted from Congress' authority to protect interstate commerce in dealing with a situation like that which was before it, "to the end that no individual dispute or difference might bring ruin to the vast interests concerned in the movement of interstate commerce, for the express purpose of protecting and preserving which the plenary legislative authority granted to Congress was reposed."¹⁶ Matters of purely local business and industry are not per se within the legislative power of Congress, and the ipse dixit of that body cannot be so extended without overthrowing the Constitution itself. It is only when the local intrastate matter works some burden upon or discrimination against interstate commerce, when there is some substantial interrelation, interdependence, or interaction between local business and interstate commerce, capable of proof of record, that the Supreme Court has recognized the intervention of Congress as proper to protect and preserve its grant of power. By indirection, local matters are then made capable of Federal control, but not in and for themselves. That is the doctrine of the *Shreveport* case,¹⁷ of the *Wisconsin Passenger Fares* case,¹⁸ and of *Stafford* against *Wallace*.¹⁹ Those who framed this legislation for approval and adoption by Congress sought to extend Federal authority to its uttermost limit for the laudable purpose of overcoming the depression. In doing so they provided for certain governmental activities as to which it was not necessary to bother about constitutional limitations. This is particularly true of the Agricultural Adjustment Act. The money-spending and money-lending function indicated in the making of cotton-option contracts,²⁰ payments to secure reductions in acreage,²¹ payments of money raised by the processing taxes,²² are none of them in excess of constitutional powers vested in Congress. If any citizen wishes to part with his property or limit his use of his property voluntarily for a money or other valuable consideration offered by the Government, he is not, of course, in a position thereafter to complain of a violation of his constitutional rights. We assume that in the exercise of such functions Congress is not attempting to exercise any control or command or compulsion, such as is associated with the ordinary regulatory process.

A CONSTITUTIONAL BASIS FOR ENFORCEMENT

In the licensing provision of the Agricultural Adjustment Act,²³ which carries a penal provision, the scope of enforcement is specifically limited. Power is given to the Secretary of Agriculture

¹¹ *Wolff Packing Co. v. Court of Industrial Relations of Kansas* (262 U.S. 522 (1923)).

¹² Also *Adkins v. Children's Hospital* (261 U.S. 525 (1923)). The Supreme Court, upon the authority of *Adkins v. Children's Hospital*, affirmed an order of the District Court of the United States for the District of Arizona allowing a preliminary injunction restraining the enforcement of the Arizona State minimum wage law for women (*Murphy v. Sardell*, 269 U.S. 530 (1925)).

¹³ *Adkins v. Children's Hospital*, *supra*, note 12; *Wolff Packing Co. v. Court of Industrial Relations of Kansas*, *supra*, note 11.

¹⁴ *Block v. Hirsh* (256 U.S. 135 (1921)). Cf. *Chastleton Corporation v. Sinclair* (264 U.S. 543 (1924)).

¹⁵ " * * * and 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", *supra*, note 9, at 348.

¹⁶ *Id.*, at 350.

¹⁷ *Houston E. & W. Texas Ry. Co. v. United States* (234 U.S. 342 (1914)).

¹⁸ *Railroad Commission of Wisconsin v. Chicago, B. & Q. Ry. Co.* (257 U.S. 563 (1922)).

¹⁹ 258 U.S. 495 (1922). See also *Board of Trade of Chicago v. Olsen* (262 U.S. 1 (1923)), and *Tagg Bros. & Moorhead v. United States* (280 U.S. 420 (1930)).

²⁰ *Supra*, note 1, at title I, sec. 6.

²¹ *Id.*, at sec. 8(1).

²² *Id.*, at secs. 8, 9.

²³ *Id.*, at sec. 8 (3).

"to issue licenses permitting processors, associations of producers, and others to engage in the handling, in the current of interstate or foreign commerce²⁴ of any agricultural commodity or product thereof." In the making, even, of marketing agreements²⁵ voluntary in character, the authority of the Secretary of Agriculture is restricted to agreements with those processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce, of any agricultural commodity or product thereof. This statute is without ambiguity. The enforcement through license control carries with it a responsibility, which rests upon those who administer the act, to establish their jurisdiction over licensees who are handling agricultural products as a matter of actual fact in the current of interstate or foreign commerce.

In the Industrial Recovery Act, also, there was no need to bring the President's voluntary agreements with trade or industry within any specific constitutional limitation.²⁶ What has been said above applies to this feature of the Industrial Recovery Act. However, an examination of the strictly regulatory features of both of these acts reveals for the most part a studied attempt by the authors to bring such exercise of power within some Federal delegated constitutional authority.

In the N.R.A. codes of fair competition for trades and industry are authorized. "After the President shall have approved any such code, the provisions of such code shall be the standards of fair competition for such trade or industry or subdivision thereof. Any violation of such standards in any transaction in or affecting interstate commerce shall be deemed an unfair method of competition in commerce within the meaning of the Federal Trade Commission Act,^{26a} as amended * * *." It is further provided that "When a code of fair competition has been approved or prescribed by the President under this title (title I), any violation of any provision thereof in any transaction in or affecting interstate or foreign commerce shall be a misdemeanor and upon conviction thereof an offender shall be fined * * *." If the penal provisions of this act, laid for its enforcement, were not intended by Congress to be limited to matters of fact in interstate commerce, in accordance with the recognized limitations upon the power of Congress itself, then why did not the act relate the effect of the act and the enforcement provisions to transactions generally, irrespective of their local or interstate character? In the licensing provision, which has a penal aspect, in that a license may be withheld or revoked, we find substantially the same limitation.²⁷

If the theory upon which these various enforcement provisions are founded is correctly stated, then the conclusion is inescapable that the problem before a court, passing upon the infliction of penalties, is primarily one of determining whether the factual situation of record brings the case within the indicated statutory limitation. It may be argued that the purposes of these statutes, as set forth in the declarations of emergency and of policy by Congress, are much broader than the commerce power of Congress. Presumably this may be true. These broad purposes of national rehabilitation are, however, sought to be accomplished through a variety of effort by mutual and voluntary agreements which carry no penalties, and also by a variety of mere money-spending activities of the Federal Government, particularly in the aid of agriculture. It is nevertheless true that in those provisions in which the Government exhibits the heavy hand of authority to control or to compel a surrender of individual right and individual initiative in the fields of agriculture and of industry, with pains and penalties, the statutes themselves in their very terms base the power to enforce upon the commerce clause. In this respect the intent of Congress has been made clear. It is not necessary to assume that the changed conditions, economic in character, do not call for a recognition of the necessity of extending, under present emergency conditions, the commerce powers of Congress beyond that heretofore exercised. The expansive nature of this commerce power is well recognized. The Supreme Court has on many occasions held, that when conditions call for new legislation not theretofore deemed necessary, it is no objection that the legislation is new. The power lies dormant in Congress until the necessity for its exercise arises. Changed conditions call for a development of legislation to meet them. The whole history of interstate commerce law from 1887 to this date is a forward movement, step by step, of the power of Congress even to the point of control by indirection of those things once deemed purely local, but later found to be within the commerce clause because of their substantial effect upon the interstate control of commerce.

²⁴ The italics are those of the writer in this and subsequent passages.

²⁵ *Supra*, note 1, at sec. 8 (2).

²⁶ "The President is authorized to enter into agreement with, and to approve voluntary agreements between and among, persons engaged in a trade or industry, labor organizations, and trade or industrial organizations, associations, or groups, relating to any trade or industry, if in his judgment such agreements will aid in effectuating the policy of this title with respect to transactions in or affecting interstate or foreign commerce, and will be consistent with the requirements of clause (2) of subsection (a) of section 3 for a code of fair competition", *supra*, note 2 at sec. 4 (a).

^{26a} 38 Stat. 719 (1914), 15 U.S.C., sec. 45 (1926).

²⁷ *Id.*, at secs. 3 (a), (b).

²⁸ *Id.*, at sec. 3 (f).

²⁹ *Id.*, at sec. 4 (b).

Reference has been made in support of this legislation to the current or stream of commerce, and to the emergency conditions which are said to bring all business within that stream. It is assumed in consequence that the powers of Congress extend to the sources of commerce and to all matters in trade or business irrespective of their local or interstate character. However, it would not be fair to assume that in the administration of the acts this view is taken as the basis of action to enforce. A statement made by Chief Justice Hughes in the recent *Appalachian Coals* case has been seized upon. The Chief Justice, after speaking of injurious practices in the industry which demanded correction, said, "When industry is grievously hurt, when producing concerns fall, when unemployment mounts and communities dependent upon profitable production are prostrated, the wells of commerce go dry."³⁰ It would be rash to assume, from such generalizations as this, that the Supreme Court is ready to sanction a complete overthrow of the police power of the States over trades and industry carefully guarded for a century, with respect to all those known provisions of the N.R.A. codes now in operation. Admittedly the codes cover virtually every aspect of industry and trades. It is to be remembered that by settled authority³¹ the exercise of legitimate State police power which affects interstate commerce, though permitted within recognized limits in the absence of legislation by Congress, must give way before any regulation enacted by Congress under its constitutional authority. The result of the codes under the N.R.A., in destruction of State police power, if every provision of them is enforceable, is apparent. It is common knowledge that the provisions of the codes do not stop with interstate commerce or with those trades or industries that are interstate in character. There is no pretense of such limitation. Things purely local in character by any conception or definition of intrastate, as distinct from interstate, are included. To bring such transactions within the constitutional regulatory power of Congress, enforceable under penalty of the law, it is necessary that we concede not only that Congress may pour money into the "wells of commerce" to keep them from going dry, but also that it may, under the power to regulate interstate and foreign commerce, reach back into the States and control without limit the sources of production, and manufacturing processes, output of farm and factory, and increase of goods and of labor; say who shall and who shall not engage in new enterprise; and generally dictate the hours of labor, the wages to be paid, the conditions of employment, and the relations of employer and employee. To the average layman, as well as to the average lawyer, a statement such as this portrays a system of constitutional government quite different from that under which we have lived, both from the point of view of the proper function of the States in our scheme of government, and of the proper function of government in relation to individual initiative and liberty. The Supreme Court said in the famous *Child Labor* case:³²

"The control by Congress over interstate commerce cannot authorize the exercise of authority not intrusted to it by the Constitution (*Pipe Line Cases*, 243 U.S. 548, 560). The maintenance of the authority of the State over matters purely local is as essential to the preservation of our institutions as is the conservation of the supremacy of the Federal power in all matters intrusted to the Nation by the Federal Constitution.

"In interpreting the Constitution it must never be forgotten that the Nation is made up of States to which are intrusted the powers of local government. And to them and to the people the powers not expressly delegated to the national Government are reserved (*Lane County v. Oregon*, 7 Wall. 71, 76). The power of the States to regulate their purely internal affairs by such laws as seem wise to the local authority is inherent and has never been surrendered to the general Government.

"* * * This court has no more important function than that which devolves upon it the obligation to preserve inviolate the constitutional limitations upon the exercise of authority, Federal and State, to the end that each may continue to discharge, harmoniously with the other, the duties intrusted to it by the Constitution."

We cannot doubt that this is a statement of fundamental principle, whether we approve or disapprove of its application by the court in particular cases.

³⁰ *Appalachian Coals, Inc., v. United States* (288 U.S. 344, 372 (1933)). This was a suit brought to enjoin a combination alleged to be in restraint of interstate commerce. The Government contended (at p. 358) that the creation by producers of coal of an exclusive selling agency "eliminates competition among the defendants themselves and also gives the selling agency power substantially to affect and control the price of bituminous coal in many interstate markets." The language of the Chief Justice above quoted was used by the court in justification of the plan adopted to improve fairly competitive conditions. The court (at p. 373) held that "the facts found do not establish, and the evidence fails to show, that any effect will be produced which, in the circumstances of this industry, will be detrimental to fair competition."

³¹ *McDermott v. Wisconsin* (228 U.S. 115 (1913)); *Second Employers' Liability Cases, Mondou v. N.H., & H. R. Co.* (223 U.S. 1 (1912)); *Northern Pacific R. Co. v. Washington* (222 U.S. 370 (1912)); *Chicago, Etc., R. Co. v. Hardwick Farmers' Elevator Co.*, (226 U.S. 426 (1913)).

³² *Hammer v. Dagenhart* (247 U.S. 251 (1918)).

It is conceivable that the courts may sanction such an extension of Federal authority as is contemplated under the codes in the face of the unusual needs caused by the depression, grown to the proportions of what we call an emergency, the excess of Federal regulation beyond the normal being only temporary, and leaving recognized constitutional limitations unimpaired under more normal conditions. Such a result, so far-reaching in its implications, would be justified only in case that issue is presented under a statute so clearly and explicitly founded upon a claimed emergency power as would admit of no other reasonable interpretation. Had the Congress provided, for example, that "When a code has been approved or prescribed by the President under this title, any violation thereof shall be a misdemeanor, and upon conviction thereof an offender shall be fined not more than \$500 for each offense, and each day such violation continues shall be deemed a separate offense", a prosecution by the Government of a plumber, or of a restaurateur, or of an hotel proprietor, there being no evidence of record of any interstate transaction or of any substantial injurious consequence to interstate commerce, would of necessity be based upon the broadest possible conception of an emergency power in Congress to regulate business irrespective of its interstate character. One cannot reasonably doubt the significant difference of the legislative intent when the statute adds words of limitation such as a code "of fair competition" and any violation thereof "in any transaction in or affecting interstate or foreign commerce."

The question, then, is this: Has Congress recognized in the N.R.A. and the A.A.A. the constitutional limitations upon its regulatory powers? The answer is "Yes", if we assume that it was intended that in the administration much should be left to voluntary agreement of a cooperative character and voluntary surrender of constitutional guaranties to Federal policy in return for a release from prosecution under the antitrust laws (the monopoly prohibition excepted), and an expectation or hope that mutual effort would hasten recovery; and if we accept as true that it was intended that enforcement of penal provisions was to be resorted to only where transactions complained of could be proven of record to be within Federal authority under the interstate commerce clause, as a matter of fact.

These conclusions find support in the legislative history of the N.R.A. In his address to the United States Senate, presenting to that body the Industrial Recovery Act, Senator WAGNER, of New York, who was largely instrumental in the formulation and drafting of this legislation, said:

"I have been discussing codes which are voluntary both as to their competitive practices and as to their labor provisions, and it is primarily upon such spontaneous action that the bill relies. It is not my intention to substitute Government for business, or to remove from the shoulders of business men the responsibility for economic recovery. The duties of industrialists are enhanced by the opportunities which the bill offers for constructive cooperation."³²

Again, in the same address, he said:

"The question of the proper exercise of Federal authority depends upon whether the bill confines itself to national matters, or whether it attempts to extend to matters which are of purely local concern. The answer is clear. The language of the bill expressly provides that any compulsory measures, such as the licensing feature of the bill, and any penalties for violation of the codes, shall be confined to business in or affecting interstate commerce. Thus no attempt is made to extend Federal action to an area of activity not covered by the commerce clause of the Constitution."³³

In view of Senator WAGNER's peculiarly intimate association with this legislation, and of the special deference paid to his sponsorship, which may be noted in the Senate's deliberations,³⁴ these pronouncements are important and persuasive.

It is admittedly difficult, if not impossible, to reconcile with established principles of law, and with the specific statutory limitations hereinbefore described, those provisions of the National Recovery Act, additional to the above-mentioned sections, which are obviously designed securely to guard and advance the interests of labor. Every code of fair competition must embody the following conditions: (1) Recognition of the right of employees to organize and bargain collectively, free from employer interference, restraint, or coercion, in self-organization, selection of representatives, and mutual aid and protection; (2) prohibition of the "yellow dog" contract as a condition of employment;³⁵ (3) compliance by employers with maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.³⁷ Having been incorporated in the codes, their violation is subject to criminal prosecution. No mention is here made of transactions in or affecting interstate commerce, but it should be remembered that it is only violations of the codes "in any transaction in or affecting interstate or foreign commerce" that constitute unfair methods of competition within the meaning of the Federal Trade Commission Act, and that are made misdemeanors.³⁸

The duty is enjoined upon the President to afford every opportunity to employers and employees to establish standards of minimum wage, hours of labor, and "such other conditions of employment as may be necessary . . . to effectuate the policy of this title"³⁹ by mutual agreement. However, Congress does not leave these matters to voluntary action alone. Where no such mutual agreement has been approved by the President, he is empowered, after investigation into labor practice, policies, wages, hours of labor, and conditions of employment, to prescribe a limited code of fair competition.⁴⁰ If the purpose was to differentiate labor and wage conditions from other incidents of local manufacture and production beyond the field of interstate commerce and to assert a power of control in Congress, acting through the President, new to our law, there is no precedent to sustain it. Perhaps it was thought to base this power upon that board and rather indefinite emergency purpose set out in the preamble to the act. Upon the authority of *Wilson v. New*,⁴¹ that would be at best of doubtful validity, unless a substantial relation to interstate commerce could be shown. It is possible to avoid an unconstitutional result by a different construction. These limited labor codes "shall have the same effect as a code of fair competition approved by the President under subsection (a) of section 3."⁴² This reference back to the general code-making power of the President, already referred to above,⁴³ is quite significant, particularly in respect to the enforcement of it under penal provisions or otherwise, and would seem necessarily to carry with it the limitation to transactions in or affecting interstate commerce.

The National Recovery Act has provided for control of the management of interstate business by employers, first, through general codes of fair competition for trade or industry, voluntary or compulsory, and, second, through a licensing system which seems to be aimed particularly at destructive wage or price cutting, but which goes much further, in that the President may take complete control of an industry and deny one the right to engage in that industry, if the codes of fair competition prove ineffective.

"Whenever the President shall find that destructive wage or price cutting or other activities contrary to the policy of this title are being practiced in any trade or industry or any subdivision thereof, and, after such public notice and hearing as he shall specify, shall find it essential to license business enterprises in order to make effective a code of fair competition or an agreement under this title or otherwise to effectuate the policy of this title, and shall publicly so announce, no person shall, after a date fixed in such announcement, engage in or carry on any business, in or affecting interstate or foreign commerce, specified in such announcement, unless he shall have first obtained a license issued pursuant to such regulations as the President shall prescribe."⁴⁴

The theory upon which this assumption of Federal power is based is that distressed conditions due to the depression of business may have led a minority of an industry to resort to price-cutting, cut-throat competition to get business, paying starvation wages, and requiring long hours of labor under sweatshop conditions. This would constitute unfair competition in commerce, a special evil growing out of the depression, prejudicial to those employers in the industry whose consciences would not permit them to resort to such methods. It may be sustained if the conditions of license imposed are directed bona fide toward the removal from interstate commerce of such unfair competitors, and are not a disguised effort directly to invade the police power of the States. It may well be that out of the emergency conditions some such new evils of unfair methods of competition have grown which Congress may control by appropriate legislation, as it did when it passed the Adamson law. Such a result is not necessarily out of harmony with the decision of the Supreme Court in the Child Labor case⁴⁵ and *Bailey v. Drexel Furniture Co.*⁴⁶ The congressional legislation condemned in those cases was, in the one, an effort under normal conditions to inflict a penalty upon any producer, manufacturer, or dealer who shipped in interstate commerce the product of a mine or manufactory in which children had been employed contrary to the provisions of the statute within 30 days prior to shipment; in the other a substantially similar effort to accomplish the same result under a thinly disguised regulation in the form of a tax measure. Both were held attempts by Congress to control by indirection matters within the police power of the States and not within interstate commerce.

There can be no doubt that Congress may freely select the means, the manner, or the mode of carrying its powers into effect; and inasmuch as the codes of fair competition apply only to interstate and foreign commerce transactions, there is no obstacle in the way of a licensing system to accomplish a legitimate regulatory purpose, by means which anticipate evils to be corrected, if Congress so wills. Under familiar principles, if the conditions to the grant of a license are commensurate with the scope of a regulatory power legitimately enforced, and there is no arbitrary discretion to give or withhold a license, there is no violation of any constitutional principle. But the licensing power here be-

³² CONGRESSIONAL RECORD, 73d Cong., 1st sess., 5256 (1923).

³³ *Ibid.*

³⁴ *Id.*, at p. 5254.

³⁵ In *Adair v. United States* (208 U.S. 161 (1908)), and *Coppage v. Kansas* (236 U.S. 1 (1915)), Federal and State statutes of like import, with criminal penalties, were held to be unconstitutional deprivations of liberty of contract.

³⁷ *Supra*, note 2, at sec. 7 (a).

³⁸ *Id.*, at secs. 3 (b), (f).

³⁹ *Id.*, at sec. 7 (b).

⁴⁰ *Id.*, at sec. 7 (c).

⁴¹ *Supra*, notes 9, 15, and 16.

⁴² *Supra*, note 2 at sec. 7 (c).

⁴³ *Supra*, p. 213.

⁴⁴ *Id.*, at sec. 4 (b).

⁴⁵ *Supra*, note 32.

⁴⁶ 259 U.S. 20 (1922).

stowed may also be invoked to enforce a "voluntary agreement" entered into between the President and persons engaged in trade or industry. There is novelty in the law which encourages the making of mutual agreements, and then denies the right of one to continue in business without a license, subject to drastic criminal penalty. Nevertheless, the statute limits such enforcement by license and criminal penalty to transactions in or affecting interstate commerce, and the violation of a mutual agreement entered into for the purpose of securing certain advantages held out by the statute, such as the suspension of the antitrust laws governing agreements in restraint of trade, by analogy to unfair methods of competition, and on general principles of law, would seem to give sanction to this result. The authority to license business enterprises is, furthermore, extended to the purpose "otherwise to effectuate the policy of this title." Of course, this is also restricted to interstate and foreign business. But what is the limit of this licensing power thereby conferred? Aside from the purposes above indicated, what is the scope of the legislative will which the President is to execute? The answer lies only in the general declaration of policy of the act, which says, "It is hereby declared to be the policy of Congress to remove obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof * * *." The provisions of the act which specifically carry out this purpose have already been discussed in this paper. The declaration of policy continues, "and to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, to induce and maintain united action of labor and management under adequate governmental sanctions and supervision, to eliminate unfair competitive practices, to promote the fullest possible utilization of the present productive capacity of industries, to avoid undue restriction of production (except as may be temporarily required), 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 to conserve natural resources."⁴⁷ The first clause suggests that Congress may have a purpose "for the general welfare"; and apart from interstate commerce, to promote industry for the purpose of cooperative action. This and other objects are commendable, but it will not be presumed that Congress seeks to promote the general welfare by granting to the President a regulatory power through license that goes beyond the constitutional regulatory power of Congress itself, and that, furthermore, so obviously leaves him free to adopt and enforce through license his own conception of the means by which these broad purposes of social and economic welfare are to be obtained. It would be within his unlimited discretion to determine the conditions upon which he will grant a license "otherwise to effectuate the policy of this title."

Reference has already been made to the licensing feature of the Agricultural Adjustment Act,⁴⁸ under which the Secretary of Agriculture has the power to issue licenses to processors, associations of producers, and others. That the license control is intended to be commensurate with the power of Congress is clear, for the subjects of control are those engaged in the handling "in the current of interstate or foreign commerce" of agricultural products. The terms and conditions upon which a license is granted must not be in conflict with existing acts of Congress, and must be such "as may be necessary to eliminate unfair practices or charges that prevent or tend to prevent the effectuation of the declared policy * * *." Here again we have reference to the administrative control of unfair practices, in accord with established legal concepts extended, it may be, to include extraordinary competitive conditions. Note, however, that the license control includes "charges." Government control of the prices at which agricultural commodities or products may be sold is clearly not in accord with the law of the Constitution, as defined in *Tyson v. Banton*,⁴⁹ *Ribnik v. McBride*,⁵⁰ *Wolf Packing Co. v. Court*,⁵¹ *Williams v. Standard Oil Co.*,⁵² and *New State Ice Co. v. Liebman*.⁵³ This challenge of unconstitutionality of the price-fixing aspects of this statute is met in the declaration of emergency of the act itself, which expressly declares that the basic industry of agriculture and transactions in agricultural commodities have become affected "with a national public interest." If such a result may be declared by Congress, yet it is not conclusive upon the courts. If conceded, then the power to regulate goes as far as public interest is involved, even to the extent of regulating the price, as with public utilities. This assumption of power explicitly rests upon the declared emergency, is expressly temporary in character, and raises a question of the most profound nature.⁵⁴ In its defense the Government will undoubtedly invoke the authority of *Wilson v. New*.^{54a} A decision of the Supreme Court on the point sustaining the price-control aspect of license power of the Secretary of Agriculture under the Agricultural Adjustment Act, limited expressly to those matters "in the current of interstate and foreign commerce", will not necessarily determine the more far-reaching question raised by

the National Recovery Act and pressed for a favorable answer by its sponsors, namely, whether the admitted existence of an economic emergency warrants the assumption by Congress of a regulatory control of American industrial life in all its aspects, free from the control of those limitations which are inherent in the commerce clause and the other powers delegated to Congress in the Constitution.

DELEGATION OF LEGISLATIVE POWER

The recovery acts present a number of problems involving the delegation of legislative power. It has been said that Congress has in an unconstitutional manner delegated the legislative power to the President. An analysis of these statutes does not sustain this view. In the Agricultural Adjustment Act the question is squarely presented in those sections which provide for the laying of taxes upon processors to secure funds with which to carry out special aids to agriculture. The Secretary of Agriculture is given a very broad discretionary authority to determine whether such taxes shall be levied and in what amounts. The general principle stated in *Field v. Clark*,⁵⁵ in the *Grimaud* case,⁵⁶ and in the *Hampton* case,⁵⁷ is that when the legislature lays down an intelligible principle or policy, "a primary standard",⁵⁸ to guide the administrative discretion in filling in the details of the statute by the making of rules and regulations, and in applying the statute to factual situations upon which the statute is intended to operate, then there is no unconstitutional delegation of legislative power, even though the legislation be stated in broad terms. The statute provides that "there shall be levied processing taxes as hereinafter provided."⁵⁹ When rental or benefit payments to producers are to be made the tax shall be in effect. The rates shall be determined by the Secretary of Agriculture at such rate "as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity."⁶⁰ The processing tax "shall be at such rate as will prevent such accumulation of surplus stocks and depression of the farm price of the commodity",⁶¹ the Secretary being authorized to make findings of facts as to the accumulation of surplus stocks and the depression of farm prices. "The current average farm price" and "the fair exchange value" of a commodity are defined in general terms, and the Secretary is empowered to make findings from statistical data, a clear fact-finding function, involving judgment, of course, but not involving an uncontrolled discretion. This statute is reminiscent of the flexible tariff law,⁶² and the provisions for the exercise of administrative discretion furnish an exact analogy to that tariff law. Under the authority of the *Hampton* case⁶³ this delegation of power to the Secretary of Agriculture is unmistakably constitutional.

There has been considerable controversy over the delegation of code-making power to the President in the N.R.A.—that is, as to his authority to approve "a code or codes of fair competition for the trade or industry * * *."⁶⁴ This authority is expressly limited to findings that the trade associations or groups which draw the codes shall be open in membership and truly representative, and further that they shall not promote monopoly or oppression of small enterprises. The President may impose conditions for the protection of the consumers and competitors, and he may make such exceptions to, and exemption from, such code "as the President, in his discretion, deems necessary to effectuate the policy herein declared."⁶⁴ There is no clear or definite principle provided in this act as a guide to the President's discretion, other than those matters above stated. What may he include in these codes? The statute contemplates that the codes shall be initiated by the members of an industry, but also authorizes the President, "upon his own motion", to prescribe and approve a code of fair competition.⁶⁵ If we look to the declaration of policy⁶⁶ as the guide to the exercise of the Executive discretion, we find the policy of Congress stated in very broad terms. It is as all-embracing as the Nation itself in all of its social and economic aspects. If we look upon this declaration of policy as the basis upon which the delegation of authority is vested in the President to approve a code—and it is his approval that gives it official sanction and makes it the standard of unfair competition—it seems rather obvious that on this basis there is no limitation whatever upon the discretion exercised in the drawing of codes. The President could insist upon any provision which is, in his estimation, within any of the broad purposes of the declaration of policy. It is as much as to say that Congress has declared that the social and economic conditions of the Nation should be improved in respect to the purposes stated, and that the President shall enact such statutes in the form of code provisions as will bring about improvement. Such a sweeping, all-embracing declaration would seem not to satisfy the judicial test heretofore laid down to prevent the legislature from handing over its law-making power to the President. It may well have been in contemplation of the

⁴⁷ 143 U.S. 649 (1892).

⁴⁸ *United States v. Grimaud* (220 U.S. 506 (1911)).

⁴⁹ *J. W. Hampton, Jr., & Co. v. United States* (276 U.S. 394 (1928)).

⁵⁰ *United States v. Shreveport Grain & Elevator Co.* (287 U.S. 77 (1932)).

⁵¹ *Supra*, note 1, at sec. 9 (a).

⁵² *Id.*, at sec. 9 (b).

⁵³ *Ibid.*

⁵⁴ 42 Stat. 858, 941 (1922), 19 U.S.C. 154 (1926).

⁵⁵ *Supra*, note 57.

⁵⁶ *Supra*, note 2, at sec. 3 (a).

⁵⁷ *Ibid.*

⁵⁸ *Id.*, at sec. 3 (d).

⁵⁹ *Supra*, note 8.

⁴⁷ *Supra*, note 2 at sec. 1.

⁴⁸ *Supra*, note 23.

⁴⁹ 273 U.S. 418 (1927).

⁵⁰ 277 U.S. 350 (1928).

⁵¹ *Supra*, notes 11 and 13.

⁵² 278 U.S. 235 (1929).

⁵³ 285 U.S. 262 (1932).

⁵⁴ See *United States v. Calistan Packers* (4 F.Supp. 660, N.D. Calif. (1933)), noted in (1933) 22 *Georgetown Law Journal* 100; *Economy Daily Co. v. Secretary of Agriculture* (61 Wash.L.Rep. 633 (1933)).

^{54a} *Supra*, notes 9, 15, 16, and 41.

framers of this statute that many things might be included in the codes for moral effect in securing voluntary cooperation and not for the purpose of legal enforcement. The history of the administration of the N.R.A. lends color to that supposition.

Consider, however, that by the statute itself "the code is to be one of 'fair competition', and its violation shall in law be deemed 'an unfair method of competition in commerce within the meaning of the Federal Trade Commission Act.'" Herein lies an understandable purpose to confine the codes to those provisions which may be brought within the concept of unfair methods of competition. These words have come to carry with them a quite definite connotation in Federal trade law. Here is a standard to which the President can look for a guide to the exercise of his discretion as definite at least as such concepts recognized in the law as "just and reasonable rate" and "public convenience and necessity", standards for the administrative determination of rates in the one case and the issue of certificates in the other. In the Federal Trade Commission Act of 1914 "unfair methods of competition" were expressly declared to be unlawful.⁶⁷ Authority was vested in the Federal Trade Commission to enforce this law through administrative findings as to what are "unfair methods" and to issue cease and desist orders against their continuance. With reference to this the United States Supreme Court, in *Federal Trade Commission v. Gratz*,⁷⁰ said:

"The words 'unfair methods of competition' are not defined by the statute, and their exact meaning is in dispute. It is for the courts, not the commission, ultimately to determine as matter of law what they include. They are clearly inapplicable to practices never heretofore regarded as opposed to good morals because characterized by deception, bad faith, fraud or oppression, or as against public policy because of their dangerous tendency unduly to hinder competition or create monopoly. The act was certainly not to fetter free and fair competition as commonly understood and practiced by honorable opponents in trade."

Authority vested in the President by the National Recovery Act to approve or prescribe codes of fair competition is distinctly an administrative power. The adoption of the codes by Congress, in advance, as its standards, does not change the result. The code-making authority is still within the limitations of the statute itself, and it should be remembered that Congress expressly provides⁷¹ that it is violation of the code standards in transactions in or affecting interstate or foreign commerce that shall be deemed an unfair method of competition and shall be a misdemeanor under the penal provision of the act. This specific limitation would seem unquestionably to apply to the President's authority to include matters in the codes which cannot by any known standard be deemed to constitute unfair competition. So construed, the delegation of authority to the President is not an unconstitutional delegation of legislative power.

Whether or not the President steps outside of his statutory authority presents a different question, of course, from that of unconstitutional delegation of legislative power. However, if it is not the intent of Congress that the President should include in a statute, as a basis of criminal prosecution, those matters which constitute only normal natural competitive advantage, which is not in any modern sense unfair, this would seem to reflect a purpose in Congress that the President, in his administrative act in approving or prescribing codes, should be guided by the standards of unfair competition which have been developed in the law heretofore. For example, he could not, if it is submitted, attempt to equalize normal competitive advantage which grows from efficient organization of industry, expert management which would justify higher salaries in one plant than in another, reputation for prompt and efficient service, good workmanship and materials, and willingness to make good any defects in manufactured products, opportunity to secure employees at lower wages in one place than those that normally prevail in another, close proximity to markets, and others of like character. It will be for the courts ultimately to determine, at least for the purpose of enforcing the penal provisions of the statute, whether provisions in the codes include matters that may fairly be described as unfair methods of competition. This is not to say that the President may not in the codes seek to secure by purely voluntary acquiescence on the part of industry other purposes included in the declaration of policy of the National Recovery Act.

There is another section of the N.R.A.—that pertaining to limited labor codes⁷²—which presents a problem both as to its interpretation and as to its constitutionality. It is a vulnerable part of the N.R.A. Its legislative background is completely dark.⁷³ It

may have been intended as a latent threat to encourage the establishment of "mutual agreements" concerning labor practices, policies, wages, hours of labor, and conditions of employment, which it immediately follows in the statute. It will be remembered that this provision has a penal effect in that it provides that where no mutual agreement has been arrived at in these matters the President may prescribe a code "which shall have the same effect as a code of fair competition approved by the President under subsection (a) of section 3." Insofar as this provision, in this relationship, may be taken as restricted in its penal aspects to violations "in any transaction in or affecting interstate or foreign commerce", this separate delegation of code-making power would seem to be entirely unnecessary, because such labor practices, wages, hours of labor, and the like as could conceivably relate to unfair methods of competition in interstate commerce are already within the general code-making power. If it be true, however, that Congress intended to grant some wider code-making authority beyond the field of interstate commerce and applicable only to purely local transactions in trade and industry, then this attempted delegation would seem to be unconstitutional because it lays down no standard of control of purely local labor practices, policies, wages, hours of labor, and the like which could serve as an intelligible guide to the exercise of discretion by the President as to what regulations should be included in the codes and made enforceable. Furthermore, this legislation, read as without any limitation whatever, if carried beyond the interstate commerce field, would completely destroy the reserved power of the States, and would also sweep away all judicial decisions affecting the liberty of contract, such as *Muller v. Oregon*,⁷⁴ *Sturges v. Beachamp*,⁷⁵ *Holden v. Hardy*,⁷⁶ *Lochner v. New York*,⁷⁷ and *Adkins v. Children's Hospital*.⁷⁸ Though the principle of these cases, from the viewpoint of the impropriety of general restrictions upon hours of labor and wages under the police power of the States, may be deemed to have been weakened by strong dissenting opinions and by the decision in *Bunting v. Oregon*,⁷⁹ there still remains a constitutional objection to the inclusion of such general restrictions within the commerce power of Congress.

It is reported upon good authority that up to this time little effort has been made by the N.R.A. administration to carry into effect this rather puzzling provision. It is probable, therefore, that we shall not have at any early date, if at all, any judicial determination of its purpose and effect. Possibly any view of it will prove eventually to be purely academic.⁸⁰

RECESS

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

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

The motion was agreed to; and (at 7 o'clock and 42 minutes p.m.) the Senate took a recess until tomorrow, Friday, February 9, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 8 (legislative day of Feb. 6), 1934

CIVIL SERVICE COMMISSIONER

L. D. White, of Illinois, to be a Civil Service Commissioner, vice George R. Wales, deceased.

UNITED STATES ATTORNEY

Bernard J. Flynn, of Maryland, to be United States attorney, district of Maryland, to succeed Simon E. Sobeloff, resigned.

UNITED STATES MARSHAL

Wayne Bezona, of Washington, to be United States marshal, eastern district of Washington, to succeed David T. Ham, whose term expires February 19, 1934.

⁶⁷ 208 U.S. 412 (1908).

⁶⁸ 231 U.S. 320 (1913).

⁶⁹ 169 U.S. 366 (1898).

⁷⁰ 198 U.S. 45 (1905).

⁷¹ Supra, notes 12, 13.

⁷² 243 U.S. 426 (1917).

⁸⁰ Since this article was written, several cases have been decided, among them *Purvis et al. v. Bazemore*, — F. Sup. — (S.D. Fla. 1933), where it was held that the N.R.A., insofar as it provides for the regulation of business purely local in its nature (here dry-cleaning and dyeing establishments), is unconstitutional in that it invades "the reserve power of the States." A second case is that of *Victor et al. v. Ickes, Secretary of the Interior* (61 Wash. L.Rep. 870 (1933)). (Note by editorial staff.—See same case, supra note*, p. 207, and Recent Decision, infra, p. 358.)

⁶⁷ Id., at secs. 3 (a), (b).

⁶⁸ Id., at sec. 3 (b).

⁶⁹ Supra, note 26a.

⁷⁰ 253 U.S. 421, 427 (1920).

⁷¹ Supra, note 2 at secs. 3 (b), (f).

⁷² Id., at sec. 7 (c).

⁷³ In the report of the Committee on Ways and Means of the House of Representatives on the national industrial recovery bill (H.Rept. No. 159, 73d Cong., 1st sess.) there is but a brief paraphrase of sec. 7 (c), with no comment or discussion. In the report of the Committee on Finance of the Senate on the same bill (S.Rept. No. 114, 73d Cong., 1st sess.) no mention whatever is made of sec. 7 (c), except that the House committee report was included at the end of this report. There was no discussion of sec. 7 (c) in either House or Senate.