

Alabama [Mr. BLACK], who asks for the immediate consideration of the resolution.

Mr. FESS. Let the resolution be read.

The resolution was read.

The PRESIDING OFFICER. Is there objection to the consideration of the resolution?

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

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 13, it is proposed to strike out "\$25,000" and to insert in lieu thereof "\$20,000", so as to make the resolution read:

Resolved, That in addition to the authority conferred upon the special committee of the Senate to investigate air mail and ocean mail contracts, created under Senate Resolution No. 349, Seventy-second Congress, second session, agreed to February 25, 1933, and supplemented by Senate Resolution No. 94, Seventy-third Congress, first session, agreed to June 10, 1933, and for carrying out the objects of such resolutions, the committee shall have authority (1) to make full investigation of the minutes, stockholdings, and financial transactions with each other or with the Government of all individuals, associations, partnerships, or corporations engaged in the business of carrying air mail or ocean mail or the manufacture of aircraft, aircraft engines, parts, or accessories thereof, and of all associations, partnerships, or corporations associated, directly or indirectly, with any of such associations, partnerships, or corporations, by stockholdings, interlocking directorates, or contracts by, between, or through intermediate corporations or individuals, or otherwise; and (2) to investigate fully all contracts and relations with each other and with the Government officials or departments of any such individual, association, partnership, or corporation.

Resolved further, That the limit of expenditures under such resolutions is hereby increased by \$20,000.

The amendment was agreed to.

The resolution as amended was agreed to.

RECESS

Mr. FLETCHER. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 30 minutes p.m.) the Senate took a recess until tomorrow, Thursday, January 25, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 24, 1934

The House met at 12 o'clock noon.

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

Blessed Master and Savior, with love and longing we approach Thee; so often our peace wrestles with anxiety. Our highest thoughts, our rarest tears, our holiest griefs, our divinest yearnings, and our tenderest loves are sanctified at Thy holy feet. This is the testimony which the tempted and the tried unite in giving in every age and of every creed. We come; put Thy hand upon us, O God, and mold us into the faultless embodiment of a splendid manhood. May we bend to the unfortunate and succor the weak; O let this be the liturgy of our lives and the outpouring of our hearts, and their throbs shall be a daily psalm of praise to Thy excellent name. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2. An act for the relief of C. M. Williamson; Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman; and H. N. Smith;

S. 170. An act for the relief of Patrick Henry Walsh;

S. 177. An act for the relief of Woodhouse Chain Works;

S. 308. An act to authorize the award of a decoration for distinguished service to Harry H. Horton;

S. 326. An act referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement;

S. 375. An act to reimburse the estate of Mary Agnes Roden;

S. 376. An act for the relief of Beatrice I. Manges;

S. 406. An act for the relief of Warren J. Clear;

S. 407. An act for the relief of Willie B. Cleverly;

S. 750. An act for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr.;

S. 751. An act authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer;

S. 785. An act for the relief of Elizabeth Bolger;

S. 1069. An act authorizing adjustment of the claim of the Chicago, North Shore & Milwaukee Railroad Co.;

S. 1073. An act for the relief of E. Walter Edwards;

S. 1074. An act authorizing adjustment of the claims of John T. Lennon and George T. Flora;

S. 1079. An act authorizing adjustment of the claim of Francis B. Kennedy;

S. 1081. An act for the relief of McKimmon & McKee, Inc.;

S. 1083. An act authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C.;

S. 1085. An act authorizing adjustment of the claim of Schutte & Koerting Co.;

S. 1087. An act authorizing adjustment of the claim of William T. Stiles;

S. 1089. An act for the relief of James R. Young;

S. 1115. An act to authorize the Department of Agriculture to issue a duplicate check in favor of Department of Forests and Waters, Commonwealth of Pennsylvania, the original check having been lost;

S. 1219. An act to carry into effect the finding of the Court of Claims in the claim of Elizabeth B. Eddy;

S. 1321. An act authorizing adjustment of the claim of Korber Realty, Inc.;

S. 1347. An act for the relief of Little Rock College, Little Rock, Ark.;

S. 1426. An act for the relief of the estate of Benjamin Braznell;

S. 1429. An act for the relief of Anthony J. Lynn;

S. 1496. An act for the relief of Nannie Swearingen;

S. 1651. An act for the relief of the estate of Anton W. Fischer;

S. 1782. An act for the relief of the B. & O. Manufacturing Co.;

S. 1985. An act relating to the amortization of the construction cost of certain toll bridges in the State of Oregon;

S. 2029. An act to extend the time for completing the construction of a bridge across the Delaware River near Trenton, N.J.; and

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

TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL—FISCAL YEAR 1935

Mr. ARNOLD, from the Committee on Appropriations, reported the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes (Rept. No. 337), which was read a first and second time and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. TABER reserved all points of order.

LETTER FROM THE LEAGUE OF WISCONSIN MUNICIPALITIES

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a letter received from the League of Municipalities of Wisconsin.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BLANCHARD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following let-

ter expressing opinion on matters of vital importance to the cities and villages of Wisconsin:

LEAGUE OF WISCONSIN MUNICIPALITIES,
114 NORTH CARROLL STREET,
Madison, Wis., January 22, 1934.

Congressman GEORGE W. BLANCHARD,
House Office Building, Washington, D.C.

DEAR MR. BLANCHARD: On behalf of the 302 member municipalities, the executive committee of the League of Wisconsin Municipalities herewith transmits for your consideration an expression of opinion upon certain matters of vital importance to the cities and villages of Wisconsin. The executive committee urges that you, as a Wisconsin legislative representative at Washington, give your support in behalf of the following matters:

(1) That additional funds be appropriated by Congress to permit the continuation during the present economic emergency of the Civil Works program upon such a basis as will provide work for unemployed citizens in distress.

(2) That there be eliminated the existing discrimination against Wisconsin municipalities in that sewer and water extensions are being rejected as Civil Works projects, although they are being approved in other States. Sewer and water extensions are particularly well suited to Wisconsin's severe winter climate, since the cost of thawing the ground is largely offset by the elimination of the necessity of shoring the sides, whereas many other socially useful projects are impossible in winter weather.

(3) That additional funds be made available for the continuation of the public works program and that the terms as to collateral be liberalized so as to make clear that mortgage bonds, optional payment securities, and special assessment bonds are eligible. Many Wisconsin municipalities have submitted projects which were not approved, either because the application was not approved while funds were still available or because of technicalities.

(4) That there be created by Congress, either independent or as an adjunct of the Reconstruction Finance Corporation, an agency to furnish the necessary credit to municipalities upon their securities, either tax-anticipation warrants or otherwise. The normal credit channels for municipalities have been largely frozen, despite the fact that municipal services must be continued instead of curtailed, as is possible in industry. In fact, the depression has created additional responsibilities for municipalities in the form of relief, educational and recreational facilities, etc. It appears just as important that the Federal Government aid municipalities to finance their activities as it does to aid private corporations, as has been done by the Reconstruction Finance Corporation.

Your attention is also called to the fact that at the last convention of the League of Wisconsin Municipalities the delegates unanimously urged the ratification of the treaty between the United States and Canada providing for the development of the Great Lakes-St. Lawrence waterway, and that the delegates likewise urged the enactment of a law by Congress to authorize Postal Savings banks to accept municipal deposits and to permit checking against such accounts by municipalities.

It is hoped that you will find it possible to give your attention to the matters discussed in this communication and to aid in procuring favorable consideration thereto.

Respectfully submitted.

EXECUTIVE COMMITTEE,
LEAGUE OF WISCONSIN MUNICIPALITIES,
By FREDERICK N. MACMILLIN, Executive Secretary.

DEAF AND DUMB SHIPS

Mr. KNUTE HILL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an article by Mr. Wayne Francis Palmer, a former naval officer, published in the New Outlook, edited by Alfred E. Smith.

Mr. BLANTON. Mr. Speaker, reserving the right to object, is this writer a retired naval officer?

Mr. KNUTE HILL. He is a former naval officer. I do not know whether he is retired or not.

Mr. BLANTON. Is that an article for which he has received so much per from the New Outlook?

Mr. KNUTE HILL. I could not say, but it is printed in the New Outlook, published by Alfred E. Smith.

Mr. BLANTON. A great many retired naval officers and retired Army officers are writing articles and putting them in magazines for so much per.

Mr. KNUTE HILL. I think this is a matter of information for ourselves as well as others.

Mr. BLANTON. Is it information that is worth something to the country?

Mr. KNUTE HILL. It certainly is.

Mr. BLANTON. Is it information that is boosting this big Navy proposal to spend an additional \$300,000,000 that the gentleman from Georgia [Mr. VINSON] is seeking to put on the Navy bill now without any authority of law?

Mr. KNUTE HILL. No.

Mr. BLANTON. There is nothing like that advocating this extra \$300,000,000 incorporated in the article?

Mr. KNUTE HILL. No.

Mr. BLANTON. Then, I shall not object. But until the President of the United States tells us that spending this additional \$300,000,000 for naval construction is absolutely necessary, and until the President specially requests it as a part of his recovery plans and policies, I am for saving this \$300,000,000.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. KNUTE HILL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article on the subject of Naval Communications:

[From New Outlook of November 1933]

In the next great battle at sea it will be a toss-up as to whether the greatest danger will come from the enemy fleet, or each fleet will constitute the greatest danger to itself. It is becoming increasingly apparent that the three great naval powers have developed fleets so vast that, in the confusion of a major naval engagement, it will be highly difficult to operate them as well-directed offensive units. This condition, common to all navies, is not occasioned by any fault or omission in our own service, but rather by the failure of naval communications to keep pace with the rapid improvement in the other technical branches. Particularly have they not kept pace with other developments that tend to make the transmission of messages more difficult.

Communications are not spectacular like gunnery, the major sport of the services. Signals in a football game are not of interest to the spectators. They like to see the backs running with the ball, but it is the signals that make or break a team, and so it will be in the next great sea struggle.

It has been decided by strategists to mass together practically all of our modern sea strength in a single unit—the United States Fleet; but mass alone is not sufficient to guarantee victory. In the year 907 A.D. 10,000 Russian vessels, carrying 400,000 men, sailed down the Dnieper River, across the Black Sea to attack Constantinople. They were commanded by Igor, son of Rurik, the Swedish adventurer who became the first ruler of Russia. In desperation the Grecian Emperor attempted to buy them off, but all such overtures were rejected. Only 15 Byzantine warships were available for the defense of the capital, but these 15 ships resisted the attack of the savage hordes and sent Igor in retreat with only half a dozen vessels left in his command. The boarding tactics of the Russians were met with streams of flame and their men and ships were destroyed. The Greeks had a word for it—"Grek fire."

Mass was insufficient to bring victory to the armada of Spain; and Jellico found out at Jutland that mass can be a liability as well as an aid.

The greatest number of ships operating as a fleet, the greater the requirement of unifying factors in order that one man may direct their destinies. Homogeneity gained by years of drilling, thorough organization, and indoctrination capped by genius of command, makes a fighting force or just ships. This homogeneity in time of battle can only be maintained through the rapid, accurate intership exchange of information and instructions.

It may appear that the problem of controlling 150 ships today is simple compared with handling Igor's 10,000 vessels, or those of the Spanish armada. Today's problem is one of great spaces and distances, operations under, on, and over the sea, and a vast distribution of ships. At low visibility, for instance, with 35-knot light cruisers acting as scouts and cruising in opposite directions, the duration of the contact is a matter of seconds. In night actions, it is a brush and then away. A battle of only 5 hours' duration may actually cover as much as a thousand square miles of the sea's surface. Contrast this with the Armada making its leisurely way up the English Channel. Day by day it was attacked and gradually worn away by the sniping tactics of Britain's seamen. Not wishing to miss the fun and seeing the English successes, professional soldiers and large landholders along the Channel, unused to the sea, hired ships, manned and equipped them, and sailed forth to join the fight. The slow development of battles of the remote past offers no criterion for the future. Only the rapidity of action in the last war can be a gage as to what may be expected in the next.

Communications between ships at sea may be by means of flag hoists where each flag represents a letter of the alphabet, or a number between 1 and 10, and where, by means of a code, one hoist may change the course, speed, and disposition of the entire fleet. When a signal is hoisted on the flagship, it is immediately repeated through the entire fleet as fast as it can be read from the ships ahead. When all ships show the proper signal, the flagship jerks down its hoist as the signal of execution and all ships follow suit.

In every direction the buntings, which have given a gala appearance to the fleet, have disappeared as if by magic. The great battleships wheel slowly toward a new alignment. The speedy cruisers dash through their formations, tearing ahead as fast as express trains. A hundred destroyers scatter and charge in every direction. Order? It is wild disorder. Pandemonium seems to have broken loose. The sea is crossed and crisscrossed

with the churned white wakes of a fleet gone mad. Then suddenly it all takes shape again. The big fellows steady on their new course. The cruisers have taken up their scouting positions in the van, or on the wings. Each little destroyer hugs the great ship under its charge, or away they dash to the attack looking for all the world like a flock of ducks skimming the surface of the water.

This was a perfect maneuver. The weather, however, was clear; but with low visibility, smoke screens, artificial fog or real fog, or the accumulated smoke from boilers and gunfire in an area through which the engaged fleets have fought previously—the question becomes much more serious. The exposed positions of signalmen and flag hoists make for early casualties to men and material. Flag signaling becomes impractical and undependable. This, of course, also applies to wigwagging and semaphore, both of which are harbor aids only.

One delightful spring dawn in 1918, off Bergen on the Norwegian coast, two divisions of battleships, with a force of light cruisers and destroyers, were safeguarding a great convoy of merchant ships, and at the same time were supporting the American minelaying squadron while they dropped 5,000 more "eggs" in their vast program of bottling up the North Sea. Admiral Hugh Rodman, United States Navy, in supreme command, was flying his flag from the battleship U.S.S. *New York*. It was a proud day for all the Americans because, while the admiral was the toughest inspection officer that ever trod the decks of a ship, he was greatly beloved by officers and men, not the least cause of which was the splendid efficiency that he demanded of the forces under his command.

The beauty of the high rugged cliffs of Norway are well known, but on that morning as the sun rose over them, blinding out all detail of the mighty rocks below, it was a sight to move the soul. A signal hoist on the *New York* brought the force on the bridges of the ships astern back to the task at hand. It was the breaking up of the night steaming formation with a change of course and speed. The signal was being repeated by the ships astern when suddenly the *New York* was enveloped by the cliffs of Norway, which actually were dense fog banks. The hoist on the flagship was suddenly lowered before all astern had caught the signal. Bedlam followed. All ships found themselves traveling at almost full speed in a fog so thick that the wheelsman could not see the officer of the deck 20 feet away. The signal on the *New York* was executed by some; by others it had not been acknowledged; some had not even seen it; and others recognized the signal, but did not consider that the order of execution had been given. The miracles of the Bible shrink to insignificance compared with what happened. Fifty ships dashed in every direction—blind, but tearing along at great speed; light cruisers sliding across the sterns of battleships so close that an agile jumper could have leaped from one to the other; and destroyers attempting to cling onto the quarters of the great ships they must always accompany like pilot fish hanging onto the belly of a shark.

Major disasters were averted a hundred times—not by skill, because there was no chance for skill, but because the fates who sat above the fog, in laying out the courses for those ships, had planned no tragedy to mar that beautiful spring morning. But it took 14 hours to reassemble all those ships in orderly formation again. There was, of course, no criticism of anyone. It had been merely a chance of the sea. Fortune had smiled, and there were no collisions, but best of all there had been no enemy at hand to destroy the scattered forces piecemeal.

Indifference to such a performance cannot be countenanced now, because we know that effective fog banks can and will be artificially created during the next general fleet engagement.

The interchange of signals between two ships is effectively accomplished by means of the blinker. This is a powerful searchlight with a shutter intercepting its rays and, by means of a handle, it can be opened and shut rapidly, much like a telegraph key, to send dot-and-dash signals. This method is limited to effective reception by only one ship. For general fleet signaling the blinker must be eliminated, because general signals must be instantly and simultaneously distributed throughout the entire fleet.

Obviously, radio suggests a proper solution. If the admiral in command could talk directly to all flag and commanding officers without fear of interruption, the problem would be solved. The lack of secrecy is no factor once the enemy fleet is engaged. The use of uncoded messages under this condition is standard practice in some navies. For the enemy to share in information regarding maneuvers merely permits the ear knowledge that will be gained by the eye a few seconds later.

The difficulties with the radio are just as familiar to all ashore as they are to the technicians afloat. Interference between stations ashore is too common to require explanation. Every talent of the Federal Radio Commission, the broadcasting companies, and those engaged in the manufacture of radio equipment has been directed to clarify this perplexing difficulty. The same problem exists at sea, because if the answer had been found there it would be exploited ashore.

When two great fleets next meet it will be necessary to keep open hundreds of air channels. In each fleet there will be the orders going out and information coming in among about 150 ships, and there will be several hundred airplanes sending and receiving scouting and operating information. In addition, a new duty has been imposed on radio since the last war, and that is the control of gunfire. Airplanes must talk with their mother ships and advise them as to the accuracy of their fire. Ships no longer fire individually but as a division, so that gunnery control officers

must talk with their corresponding numbers on the adjoining ships. Assuming perfect conditions, it would still be a bedlam, and in battle conditions are not perfect. The giving and receiving of sustained heavy fire imposes conditions upon delicate wireless instruments that will not allow them to hold to the narrow air channels allotted to them. Direct hits at an early stage of the battle will put whole units out of communication.

The most serious difficulty that radio must face is the jamming of the air by the enemy. We know the frightful rumpus that comes over our radios when the neighbor's oil burner starts the devils to screeching just as Will Rogers gets to the point of one of his jokes, or just as Rudy Vallée swings into one of his waltzes. This is just what happens intentionally when the air is jammed, only it is done on a much larger scale.

The Russians and Germans were quite adept at this mode of interference. One night during the World War, as the Turkish-German battle cruiser *Goeben* lay off Constantinople, a signal came through announcing that a certain advance Turkish wireless and observation station was being attacked by a Russian landing party. The message came through clear and distinct. It was followed by a few words of a second message. Then the *Goeben* was unable to hear more because the air was filled with screeching and howling.

It seemed a real opportunity to cut off the attacking forces, so the *Goeben* raced through the Bosphorus into the Black Sea. Once outside the trap was sprung and the entire Russian Black Sea Fleet passed between her and the Bosphorus. They had sent the first message. The second garbled attempt, blotted out by the Russians, was a denial by the wireless station that it was being molested. The plan had been well executed, and now the *Goeben's* calls for help were unable to penetrate the Russian jamming. It was only by steaming to sea and by making a fast and daring end run that she ever saw port again.

It is reasonable to assume that the art of air jamming has kept pace with the splendid advancement of radio. Any military research organization when developing a new weapon or procedure must work out a method to counteract it. The fleet that goes into the next great battle at sea depending on radio as its principal method of communication risks disaster.

The Battle of Dogger Banks offered to the British an opportunity to annihilate the German battle-cruiser force in payment for their raids on undefended English coast towns. Caught red-handed by a superior force, they fled for home. The British, with greater speed and heavier guns, directed a deadly and accurate fire that soon reduced the *Blucher* to a wreck. The others were fairly ripe for the picking when a chance shot struck the admiral's flagship, the *Lion*, disabling her and forcing Admiral Beatty to turn the control over to the second in command. The wireless on the *Lion* was out of commission. The flag hoist was incorrectly understood, and it resulted in the abandonment of the chase by the British and the escape of the remaining German cruisers, although severely damaged. A failure in communication had denied a victory to Britain that she had well earned.

In the early stages of the Battle of Jutland Admiral Beatty had 2 divisions of battle cruisers and 1 division of the *Queen Elizabeths*, the fastest and most powerful battleships afloat. Upon receiving the first reports of the approach of the enemy battle cruisers he hoisted a flag signal to alter course. The battleships did not see the signal and it was not repeated by either wireless or blinker, with the result that they dropped 10 miles astern and were 30 minutes late in opening fire. When Beatty's cruisers opened fire on the German light forces a second error in communications caused a concentration of fire on certain ships and left others free to hammer the British line. Undoubtedly this accounted for the early destruction of the *Indefatigable* and the *Queen Mary*, which blew up, leaving only a column of smoke to represent all that was left of those two proud ships. These two serious errors in communication resulted in a severe initial defeat for Admiral Beatty's force of 10 capital ships by only half that number under Admiral Von Hipper.

Later in the day, after the entire British Grand Fleet had unleashed its fury against the entire German High Seas Fleet with about as devastating an effect as a good boisterous pillow fight, Jellicoe's forces settled down for the night between the Germans and their base. Tactically the situation was ideal. Von Scheer must take the High Seas Fleet around the British, which maneuver was most difficult, or he must cut his way through a force 50 percent superior to his own. The latter plan was unbelievable, so the forces of Britain awaited the 18 hours of June 1 daylight to wipe out every vestige of Germany's challenge to their command of the seas. They awaited only the dawn to strike the blow that would end the war in the summer of 1916.

Admiral Von Scheer decided to do the unbelievable and took his 100 ships through 150 ships of the Grand Fleet. He was fortunate in penetrating the light forces in the rear of Jellicoe's battle fleet, but many a terrific fight resulted. Ships loomed out of the dark at distances of only hundreds of yards, where they had fought at thousands the day before. In one case ships collided and were unable to depress their guns low enough to blast one another to atoms. Ships were destroyed, never to be heard of again; ships were blown out of the water at point-blank range.

In spite of these numerous actions and contacts between 10 at night and 2 in the morning, Jellicoe had no knowledge of what had transpired until the Admiralty advised him by wireless at 5 minutes of 4 that the prey had escaped his grasp. Too few signals had been sent, and even these had not been received on the flagship. A gross blunder in communications was again to be the cause of the most bitter disappointment of the war. Controversies have raged over this without abatement for 18 years, but,

unfortunately, they have turned on personalities and not to the core of the trouble—failure in communications.

The question of instant identification of men-of-war is the constant dread of the commanding and watch officers of every ship at sea. If they are of the enemy, they must be destroyed; if they are friends, they must be protected and prevented from destroying you. In the World War ships were furnished with recognition signals. A battleship suddenly looms out of the mist. A combination of lights appears above her—a red, a purple, and a green. You answer with a yellow, a red, and a white. An error means that guns all ready for action will fire. A different system of identification was used for eight different classes of ships, and each system changed every 12 hours. Some changed on daylight time, others on Greenwich time, some at noon, and some at odd intervals—but the watch officer was always responsible for an error.

An example of the seriousness of the problems that were faced occurred in the early fall of 1918. It was obvious that the German nation was weakening, and the Allied control in the North Sea prepared for and expected that last-minute fanatical attempts would be made by German battle cruisers to break out into the Atlantic to pursue a course of commerce destruction and disorganization until they themselves were destroyed.

The bulk of the Grand Fleet was at anchor at Rosyth, Firth of Forth, while at the sub-Arctic base at Scapa Flow the sixth battle squadron of five United States battleships and the second battle cruiser squadron, with supporting light cruisers and destroyers—all under the command of Admiral Hugh Rodman, United States Navy—stood guard over the exits from the North Sea.

It had been just 10 years since the launching of the battle cruiser *Australia*, and all that time a sealed compartment filled with champagne of the same vintage as that used at the christening had awaited this day of the tenth anniversary to see the seal broken. The Royal Australian Navy was indeed a royal host until the celebration was rudely interrupted by a peremptory demand that all officers return immediately to their ships. Going down the gangway, they saw their boats almost standing on ends. The angry water snatched at them as they leaped into their careening boats. At their own ships they found hundreds of men busily engaged in taking in gangways and securing boats on deck. Up forward a light showed the chief boatswain and his crew ready to shorten up the anchor chain. The donkey engine raced and scraped as it was tested without load.

The reason—a wireless had come in from a patrol in the North Sea: "German battle cruisers steaming hard for Pentland Firth." After many tedious months of waiting, months of soul-trying preparation for the big opportunity, the time had come and they were running right into our arms. Best of all, an American fighting admiral was to lead the combined British and American squadrons into battle.

Pentland Firth, about 20 miles of the meanest salt water to be found, lies between the headlands of Scotland and the Orkney Islands, the mud flats of which enclose one of the finest harbors in the world—Scapa Flow. In a few minutes the *New York* led the way to sea. On a calm day Pentland Firth, with its cross currents and natural cussedness, will suddenly throw up a wave that has been known to snatch twoscore men from the forecabin of a battleship. That night it was in rare form.

The ships took up a patrol position at the western exit into the Atlantic. In order to cover a larger area the battle cruisers, with their greater speed, were sent forward; then they retraced part of their way, only to advance again—and thus they kept up this backstitching advance throughout the night.

Two more signals from patrols were received marking the progress of the Germans, but our ships were ready for them. Their only chance was to slip through in the absolute blackness of the night. All hands stood ready at battle stations—tense, ready for the kill.

Dawn came early, and in its first rays three battle cruisers were seen approaching at high speed on a parallel course but not over half a mile distant. Their guns were trained on our ships and ours on them. The first salvos could not help but blow ships out of the water. A miss was impossible. Guns were loaded and ready to fire when "the enemy", making out the distinctive basket masts of the American battleships, sent up a recognition signal and prevented a ghastly tragedy. "The enemy" was the second battle cruiser squadron and included the host of the night before.

There was no other enemy, and to this day not even Admiral Rodman can explain the origin of the patrol reports. The mystery of these messages stands at the Admiralty as well, because our ships acted under its authority. There was, apparently, a series of mistaken identities by patrols, or some wag of a German submarine commander greatly enjoyed his hoax.

A heartbreaking incident occurred off Blyth in the North Sea. A British decoy ship was cruising in a heavy mist when it sighted a large submarine close at hand. She was identified as the German *U-6*. The white ensign was broken out and fire opened at point-blank range. By the conning tower of the submarine stood an officer lifting a Vesper pistol to fire a recognition signal, but the first shot tore off his arms and killed him. A second exploded in the control room. Shot after shot went home as an officer scrambled on deck waving a white tablecloth.

Firing ceased just as a heavy fog bank enveloped both boats, then fire was reopened until the doomed submarine signalled for help. Before she went down a few men escaped and were pulled aboard the decoy. It was then they learned that they had sunk the British *J-6* and not the German *U-6*. Some white garment had been thrown over the conning tower so as to give the "J" the appearance of a "U."

That these problems have not as yet been answered is indicated by two recent war-game incidents. Off Panama several years ago the opposing fleets were hot at it. The umpire declared that the commander in chief was eliminated, so word was sent to the vice admiral to take over the command. This word, however, did not reach him until 8 hours later, when a submarine bobbed up and apologized for repeating what they considered an old signal, but to the vice admiral it was the first news of his sudden elevation. To all practical purposes the defending fleet had been fighting a whole day without a leader.

Another war game, another mistake in naval communications. Off the California coast one of the two big aircraft carriers cruised about, hunting for the enemy. A squadron of planes took off to widen the search. This way and that, through cloud banks and over bright open sea they roared, until they saw the deck of an aircraft carrier simply inviting attack. Down they dove, assimilating the most vicious attack which ships will have to repel in the future—diving bombing—and the umpires gave them just what they were after, the complete destruction of the carrier—only it happened to be their own mother ship.

The question of naval communications is still an open one, inviting skill and invention by our best minds or, perhaps, by some lucky discoverer that may trip across the answer to this most serious of all naval problems as yet unanswered. Without it our ships face destruction by their sister ships, our aircraft threaten them from above and our submarines from below. Homogeneity of action is not assured, and as a result in times of stress the sea power of the Nation may be reduced to a group of ineffectual units.

THE NAVY AND RESTORING CONFIDENCE IN THE UNITED STATES

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on the bill H.R. 7199, the Navy appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SNYDER. Mr. Speaker, when I was a tot, 6 years old, attending the little red schoolhouse out against the mountain side in Pennsylvania, the teacher would read the Scriptures every morning and then we would sing a song or two. I well remember how we would make the woods echo when we would come to the chorus of the song that had in it "The Army and Navy forever." The same song still lives. I am sorry to say that the public schools of our land do not sing it as much as they should, just the same as they do not sing Home, Sweet Home as much as they should.

My impression in citizenship building and nation building is that it would be far better to instill into the very souls of our boys and girls in the schools songs like the above rather than such chatter as Yes, We Have No Bananas or its current equivalent.

As long as man's inhumanity to man makes countless thousands mourn, we will have war. As long as there is selfishness and greed in the hearts of men, we will have war. We might just as well recognize it and not kid ourselves into the belief that wars are over. Why, today war is raging in a half a dozen different countries in the world. Today we know that Russia has a million men mobilized along its frontiers. Today we know that other countries in Europe and elsewhere have war facilities and war equipment in readiness, that they could hop into war within 24 hours.

This thing we call civilization is of just a very thin coat of veneer when the hungry and greedy war gods get busy. We do not have time to prepare after they show their teeth through this veneer. We must be ready for action. We need an enlarged navy. We need a navy that is second to none. We need a navy that is flexible enough to give us industrial and economic assistance in time of peace and war service in time of war.

Furthermore, unemployment is immensely helped when we build ships and warcraft of various kinds. When we build a new ship, every State furnishes some of the raw material. Eighty-five percent of the total cost of a ship goes to labor, direct or indirect. Only 40 percent of the total cost is spent in the shipyards; the other 60 percent is spent for raw materials and for labor.

So you see that money spent in building up the Navy does not go, as is often erroneously stated, into the pockets of a few shipbuilding and steel companies, but is widely distributed over the entire United States and goes back directly or indirectly to the man who furnishes the money in the first place—the taxpayer.

Since our Navy was first created by act of the Continental Congress, it has labored under one very grievous handicap. That has been the lack of having a policy for continued building. The same battle that was fought on the floor of the Continental Congress to get ships and guns and men at sea to protect our shores from the enemy has had to be fought over again after each subsequent emergency had already arisen.

Every war in which this country has participated, and particularly the last terrible World War, has found our Navy dangerously unprepared to deal effectively with our enemies. What has been the result? Economy, conservatism, science gone by the winds. Hundreds of millions poured with reckless haste into hurriedly constructed and ill-conceived ships. Incomplete plans, unskilled labor, defective materials, all at fabulous prices and those vultures, the war profiteers, gobbling up fortunes into their insatiable craws.

If only an inconsequential part of the staggering cost of the last war had been spent in the years previous in building up a balanced fleet of well-designed and carefully constructed ships, I maintain we would never have been drawn into that war.

A definite national policy of continued building is vitally important for many reasons. Naval science is continually in process of development. Improvement in design and in naval science goes step by step, not by leaps. The experience of yesterday is reflected in the construction of today and only by constant and continuous building, applying the old principle of trial and error, can we keep step with other maritime powers in the application of modern scientific developments to our national defense.

From the standpoint of those who are responsible for the readiness of the Navy to meet the demands of national defense it is extremely necessary that the future composition of the fleet be known as far in advance as possible so that personnel training and strategic and tactical plans for probable contingencies may be made on some definite basis. This we have never been able to do before, for we have never known even 1 year in advance what new ships would be provided. Lastly, but by no means least, such a building policy would permit the maximum of naval defense to be maintained with a minimum expenditure for construction and upkeep. This can hardly be overestimated, for only by orderly and well-planned building can excessive costs be avoided. Also, a steady and uniform amount of building, rather than having periods of feverish activity and others of stagnation, would revive and stabilize the shipbuilding industry both in our navy yards and in the private shipbuilding yards.

The bill introduced in the Seventy-third Congress by Representative VINSON of Georgia and by Senator TRAMMELL, of Florida, establishes a very definite building policy. It declares that it is the policy of the United States to maintain the Navy at whatever limits may be established by international agreement. It authorizes the President to construct such vessels as necessary to replace obsolete vessels in order to maintain the Navy at treaty strength. It further authorizes the President to procure the necessary naval aircraft for vessels and other naval purposes in numbers commensurate with a treaty navy. A previous act of Congress has already authorized, but not appropriated for, a total enlisted personnel of 143,119 men, which is more than sufficient to man the Navy when it reaches full treaty strength.

The importance of this legislation can hardly be exaggerated. For the first time in the history of our country we are enabled to place the construction of ships, the procurement of aircraft, and the providing of personnel, all on one and the same basis and thus evolve a logical, orderly plan for the maintenance of the Navy. These measures can give no offense and involve no threat to any foreign power and will entail the least possible burden to our taxpayers.

Now, as to carrying out the provisions of the Vinson bill. The naval disarmament treaties established the effective age or life of the various types of ships. The greatest life of any ship is 20 years. Each year certain ships pass the age limit

of effective usefulness and, of course, must be replaced by new construction. At the present time the construction of 96 ships as replacements for obsolete ones is required to bring the Navy up to treaty strength.

You will understand that, with 54 ships already under construction and 4 others projected, it would not be physically possible without considerable increase in existing facilities, nor would it be desirable, to construct all these ships immediately.

In rejuvenating the Navy, the plan for replacements must embody and be based upon sound business principles and extend reasonably into the future. Thus the design of ships may proceed in a scientific and progressive manner and so that the curve of cost may be leveled off as much as practicable.

To accomplish this purpose the Navy Department has prepared a tentative replacement program projected over a period exceeding 20 years, so that, 20 years being the greatest life of any ship, a complete cycle of replacements for every ship now afloat is covered.

Under this plan the full number of ships required for treaty strength will have been laid down by 1939 and completed by about 1941. This delay in reaching full strength appears at present to be to our best interests. However, the President may at any time at his discretion speed up or retard this program should he deem it advisable.

The President's building program instituted last year under the National Industrial Recovery Act comprised the first year's quota in accordance with our plan. Appropriations for this year's building could not be included in the regular Budget because authorization was lacking, but if the Vinson bill is enacted into law a supplementary Budget for that purpose will be requested and hereafter in each succeeding year funds will be sought through the regular Budget to cover the cost not only of the ships and aircraft to be built and operated that year but also for the personnel necessary to man those ships and aircraft. Thus we hope to maintain and operate our Navy in an orderly, efficient, and businesslike manner.

In determining our personnel requirements, some yardstick must be established, for it is obvious that we cannot, nor should we, keep our Navy at full war strength in peace times. The difference between a merchant ship and a man-of-war is largely a matter of armament and crew. A man-of-war must not only have armament, she must have men to man her guns and to man all the battle stations that are required for firing the guns. She must have men to man fully the boiler rooms and the engine rooms so she may steam at full speed whenever necessary. A merchant ship can operate plowing along at moderate speed, but when the crew of a man-of-war is reduced, she becomes just that—a merchant ship, for her guns are not manned and she could not make the sustained speed that would be essential. The Navy must have sufficient men. By common accord of the commander in chief of the fleet and his type commanders, the Chief of Bureau of Navigation, and the Chief of Naval Operations, 85 percent of full complement is considered the danger point and ships that lack this personnel should not be operated.

I am speaking, of course you will understand, of personnel for the peace-time operations of the Navy. In time of war it is always necessary to commission many additional ships of various types. It is sometimes necessary to place armed guards on merchant ships. Trained men are necessary for these purposes and it is therefore necessary for the Navy to maintain a strong and well-trained Naval Reserve from which to draw in time of war. It is hoped that Congress will always provide for the maintenance of this highly valuable and necessary branch of the service.

Likewise must Congress and our people realize that a healthy and prosperous merchant marine is an essential adjunct of our armed forces. I would remind you, too, that to build and operate ships there must be shipyards with skilled and experienced artisans.

The Navy's air force has been developed to a degree of which we may feel justly proud. Naval aviation, as we have developed it, is an integral and irreplaceable part of

the fleet. Its operation is intimately interwoven with every phase of the operations of the fleet. In 1926 the Navy instituted a so-called "5-year aircraft-building program", Congress having authorized the Navy's air strength at 1,000 useful planes. The goal has now been reached. Due, however, to the rapid progress in the development and use of aircraft and to new ships in the building, it is now necessary for us to revise our estimate of requirement in order that planes in numbers commensurate with a treaty navy may be ready coincident with reaching that other goal—our treaty allowance of ships.

I wish to impress upon you, that, as I have already explained, the Vinson bill is but the first step in our program. It is only the enunciation of a policy, and it must not be forgotten that each year funds must be obtained from Congress to carry our announced policy to successful fruition. But I wish again to emphasize the value of having this policy. It enables us to look ahead, and for the first time to be able to draw up complete plans of our needs covering ships, aircraft, and personnel all fitted together in one united whole. And, furthermore, it enables us to present our needs to the Congress each year in one composite picture.

And, in conclusion, I impress upon you with all the fervor at my command, the necessity for the people of this country to support this program in every possible way to insure that the appropriation bill required each year is not permitted to be deferred.

PERMISSION TO ADDRESS THE HOUSE

Mr. BECK. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

THE N.R.A. AND THE SUPREME COURT

Mr. BECK. Mr. Speaker, I have been absent for nearly 3 weeks from the House, due to a severe attack of influenza. I want to avail myself of this occasion to say that if I had been privileged to be on the floor of the House at the time when the gold-devaluation bill was under consideration I should have voted "no." But that is not the matter for which I have asked for a few minutes to address the House.

While I was absent from the floor our colleague and my personal friend the gentleman from New York [Mr. BLACK] made a speech which was a reply to an article that I had contributed to the September issue of a magazine called "Fortune." The title of that article was "The N.R.A. and the Supreme Court."

The gentleman from New York made what, in my judgment, although it is not for me to compliment him, a very able argument in support of the constitutionality of the Industrial Recovery Act and took issue with my Fortune article. Many of my colleagues have not seen the article and copies of it are not procurable, as it is only sold by subscription. Therefore I shall ask unanimous consent to incorporate as a part of my remarks this article, and also a statement that I gave to the Associated Press when the decision in the Minnesota case was recently handed down by the Supreme Court, in which I ventured to express an opinion as to the application of that decision upon the question of the constitutionality of the N.R.A.

I had intended, when I read our colleague's able speech, to ask the indulgence of the House to reply more at length to his argument. Unfortunately, time has passed and the matter is now probably only of academic interest.

I was reminded of Mr. BLACK's argument by the statement made yesterday by my esteemed friend the Chairman of the Judiciary Committee, in which he discussed imaginary conditions under which the Constitution of the United States can be superseded by what he suggests as the instinctive common sense of the American people.

The gentleman from Texas [Mr. SUMNERS] said yesterday:

Our people seem instinctively to sense the existence of a crisis which exceeds that capacity of their governmental system functioning in the ordinary way. In such a situation instead of permanently changing their system of government they have the genius to concentrate governmental power, give to the agency into

which the concentration has gone all the power that a dictator could have, which carries with it as quick a pick-up as a dictatorial government could have, but at the same time they are able to retain the power—I am talking about power now—retain the power over the exercise of the delegated power, and retain the power to recapture and redistribute this concentrated power when the crisis shall have ended.

To me this is a novel conception of the Constitution. I can understand an amendment of the Constitution by the power given in article V of the Constitution, but I do not know of any appeal by this genius of the people which will suspend the Constitution in favor of a dictatorship, and later to recapture our suspended form of government. This sounds suspiciously to me like a statement that while the Constitution is of full force and vigor in those ordinary times when it is least needed, it can at any moment be temporarily suspended by some kind of a mysterious referendum of the American people. However, I cannot discuss this grave and novel constitutional theory now, but I have so much respect for him—not only respect but affection—and so fully recognize his outstanding ability as a lawyer, that I may be tempted later to ask the indulgence of the House, when it has time to consider the permanence of our form of government, to make some kind of reply, both to what the distinguished gentleman from Texas said and also what the gentleman from New York said in reply to my Fortune article.

May I, therefore, ask unanimous consent, Mr. Speaker, to revise and extend my remarks by including the article in Fortune and also my statement to the Associated Press?

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The matter referred to follows:

THE NATIONAL RECOVERY ACT IN THE SUPREME COURT By James M. Beck

"What is the Constitution between friends?" was the jocose question addressed by a Tammany Congressman to President Cleveland, when that sturdy Democrat and old-fashioned constitutionalist told the Congressman that his request could not be granted without violating the Constitution of the United States. This classic witticism is not so foolish as is commonly supposed, for it suggests an inquiry of profound importance and most pertinent to the present time as to the moral obligation of the Constitution when obedience to its mandates is regarded—wisely or unwisely—as obstructing some necessary social purpose.

Tradition does not record what the request was which Congressman Campbell made to the President. Possibly that representative of Tammany had been a student of Aristotle and believed, as did the great Greek philosopher, that if a constitution conflicts with the ethos of a people, the constitution must yield. More probably Mr. Campbell in making his famous epigram only meant that the solemn obligations of the Constitution should not interfere with practical politics, and in this sense it raises the question now agitating many thoughtful Americans as to whether the Constitution can be temporarily suspended to meet the exigencies, real or imaginary, of an economic emergency.

That issue will probably confront the Supreme Court of the United States in the not distant future, and upon its decision may hang the fate of our form of government; for if an emergency can justify the temporary suspension of the Constitution, we are then in fact, though not in theory, living under an unwritten form of government, and not within the wise limitations of the great compact formulated 146 years ago.

In discussing this grave question and speculating with regard to the probable attitude of the Supreme Court it is well to remember the useful distinction which Prince Bismarck, when Chancellor of the German Empire, made with reference to a critical situation. He said that while the ponderables favored one course, the impponderables dictated another, and that the latter were more important. If the economic results of the N.R.A. shall prove as valuable as its optimistic proponents believe, yet these are but the ponderables of the problem that now confronts the American people, possibly the gravest since the beginning of the Republic.

The great impponderable is whether it is necessary or even desirable to violate the fundamental law of the Nation, even though such violation may end a serious depression. In this connection it is interesting to note that, serious as the present depression is, there have been at least three economic crises of a grave character in our history, and in none of them did the American people believe that it was necessary to violate a Constitution under which they had grown from a little Nation to the most wealthy and powerful Commonwealth in the world.

That fact suggests a portentous change in the character of the American people and their attitude toward the Constitution. It was once a religion with Americans of all parties; today its solemn mandates apparently have little appeal to the imagination of the people.

It seems unnecessary to state the substance of the National Industrial Recovery Act, for possibly no law has ever had so large a measure of publicity.

The statute consists of three separate titles, of which only the first need here be considered. Title I of the Recovery Act provides a scheme for regimenting the industries of America in order to organize industry by cooperative action among trade groups and to eliminate unfair competitive practices. In this respect the statute marks not only a wide departure from former legislative policies—such as the Sherman antitrust law—but also a complete change in the social philosophy of the American people. The writer will not attempt to discuss the wisdom of this change, except to say that the theory that a mechanical civilization has made it necessary to eliminate the free play of competitive forces, while debatable, cannot be said to be unreasonable.

In order to convert the free competitive system which has hitherto prevailed into a regimented system, the President is made the economic dictator of American industry. All American industries are invited, in the first instance, to form their own codes, but these codes have no value unless approved by the President. When so approved, they have the force of law not only in respect to those who have joined in the formulation of the code but also in respect to those who refuse to join. Even when the leaders of an industry have agreed upon a code and it has been approved by the President, the President may at any time change it. In other words, he determines, in the last analysis, how Americans engaged in industries can conduct their business and his word is final, for any failure by any individual to respect the conditions of the code, whether he assented to the code or not, is made a crime subject to penalties which are potentially destructive to his business. Moreover, the President is given the power to refuse any industrialist the right to ship his products in interstate or foreign commerce unless he gets a license from the President upon such conditions as the President may prescribe. Mr. Henry Ford has refused to sign the automobile code. If the President desires to compel him to do so, he can by Executive edict provide that no automobile factory shall ship its products in interstate or foreign commerce without obtaining a license, and he can then deny Mr. Ford a license unless Mr. Ford will sign the code and comply with any other conditions that the President may prescribe. These conditions are without limit. They may refer to hours and wages of labor, minimum or maximum production, the price of the product, or any other condition.

It is this feature of the law which inevitably raises the grave question of constitutionality and naturally invites speculation as to whether the Supreme Court, if called upon to determine its validity, would hold that such a law is within any power granted to Congress by the Constitution. It is probable that such a case will reach the Supreme Court, for it seems inconceivable that the industrialists of America, who have hitherto been accustomed to economic freedom, will not some day challenge the validity of the statute; and if and when the law shall be thus challenged in the Supreme Court, the nine robed Justices will feel constrained by the solemn obligations of their oaths of office to support and defend the Constitution and to determine whether any language in the Constitution authorizes Congress to pass such a law and, incidentally, to delegate such unprecedented powers to an executive official.

The Supreme Court reconvened in the first week of October. Its calendar is no longer congested, and if a test case is brought within the near future there should be no difficulty in securing a decision upon these grave questions before the Court terminates its present session about the first of June. Cases of such gravity and general importance are generally advanced by the Supreme Court for early argument in preference to other cases on the calendar; and while the Supreme Court quite naturally never goes out of its way to meet trouble and would probably be indisposed in this matter unnecessarily to handle the business end of a red-hot poker, yet the Court, mindful of its great function as the balance wheel of the Constitution, would not shirk its duty. Undoubtedly it would follow its unbroken course of deciding nothing that the necessities of the immediate case did not imperatively require. And it is equally clear that it would approach this grave judicial inquiry with the resolute purpose of sustaining the statute, if it could in any reasonable way be reconciled with the Constitution—not only because such has been its uniform policy but because in the present matter the economic crisis which inspired this legislation would predispose the Court to sustain the declared will of Congress if it could be done without a clear violation of the Constitution. For these reasons the Court may decide that portions of the statute could be sustained and other portions adjudged to be without validity under the Constitution. But it is unlikely that any competent lawyer would bring a test case in a form which would not involve the fundamental question of governmental power.

In proceeding to judgment the Court, as a human institution, could not ignore the extraordinary circumstances which gave birth to this unprecedented legislation. While this is so, it is a great injustice to the Supreme Court—in many respects the greatest and noblest court in the world—to suggest that the Court would be influenced by popular opinion. When the insular cases were decided, under which the power of the United States to govern colonial dependencies was recognized, Mr. Dooley perpetrated his classic epigram that "the Supreme Court follows the election returns." This was amusing, but wholly without justification. The Court is little influenced by the varying winds of public opinion, but it is profoundly affected—as it must be—by the deeper

currents of social change, and the Court cannot be unmindful of the fact that the American people, whose social philosophy was once purely individualistic, has now become a nation of collectivists.

While the judicial mind cannot blind itself to these considerations, the Court, unless it were false to all its traditions, will realize that it has no power to pass upon social philosophies, but that its duty is a more simple and direct one, and that is to determine whether the Constitution of the United States ever vested in Congress the power to pass this legislation. If it did not, and such a power is now desirable in view of our complex mechanical civilization, then the only lawful way to transform our dual form of government into a unitary socialistic state is to amend the Constitution in the manner provided by that instrument.

Unquestionably the Court will find itself in a position of unparalleled embarrassment when called upon to decide the validity of this statute if at the time of such decision its economic results have proved the salvation of the American people. When Phryne appeared before the court of Athens, the judges shut their eyes lest the beauty of the litigant should warp their judgment; and if the National Recovery Act appears before the Court seemingly arrayed in a resplendent gown of renewed prosperity, even though her robes are as imaginary as the silken garment of the king of whom Hans Christian Andersen wrote, the Court, to be colloquial, will find itself in a tighter place than it ever has been in all its history. Nevertheless, the Court, unless it were false to all its noble traditions—which is inconceivable—would decide the question as one of law, in the spirit of a noble and intrepid English judge (Chief Justice Coke) who, in reply to a question of a king as to what his decision would be in a pending case, replied, "When the time comes, I will do what it is fitting for a judge to do."

Assuming the probability of a test case, what will be the reaction of the Court? It will at once be suggested by those who speculate in such matters that the Court is today a house divided against itself; that the nine robed judges are divided into conservatives and liberals. In the faculties of our law schools there are many professors who, speaking ex cathedra from the platforms of their classrooms, pretend to sit in judgment not only upon the decisions of the Supreme Court but upon the relative merits of the judges. For years past we have been told that several Justices, generally but not always in the minority, are the so-called "liberals" of the bench, and that the remaining Justices, generally but not always in the majority, are old-fashioned conservatives whose usefulness in this era of social change is questionable.

This view, while shared by many eminent law professors who never argued a case in the Supreme Court, and by certain organs of independent opinion, is nevertheless very superficial. If there is any basis for such a classification of the Justices, it relates to the validity of State laws, where the ever-expanding police powers are claimed to be in conflict with the extremely vague provision of the fourteenth amendment—which guarantees that no man shall be deprived of life, liberty, or property without due process of law. What is due process of law must be defined by judicial decisions, for it is an abstract conception and therefore the limit of the power of a State over an individual, in view of social changes, has given rise to a marked conflict of opinion in the Supreme Court. Some of the Justices believe, consciously or subconsciously, that the best cure for democracy is more democracy, on the theory of Dr. Franklin that "experience is a dear school, but fools will learn in no other." Other and more conservative Justices have felt that the guaranty of the individual against arbitrary government must be asserted under the due process clause against the audacious experimentation of socialistic laws.

But no such conflict between advanced sociology and conservative conceptions of government is involved in the National Recovery Act, for the legal question is not one of economics or of social philosophy but of the powers of the Federal Government as defined in the Constitution. It may be questioned whether there is in the Supreme Court any such division between the Justices where the question presented is simply whether the Constitution ever granted to Congress the power to pass a specified statute.

This involves only the interpretation of language in the Constitution—language which is extraordinarily simple and lucid. Such interpretation does not depend upon an attitude of conservatism or liberalism in sociology. In other words, a Supreme Court Justice who might be classed as a liberal in respect to State powers under the fourteenth amendment might nevertheless find it difficult, in respect to a Federal statute, to discover any authority in the Constitution for its enactment. To the Justices of the Supreme Court the only question can be, is it so nominated in the bond, either by express language or by necessary implication?

Here it must be observed that the Supreme Court, as a coordinate branch of the Government, is peculiarly indisposed to pronounce an act of Congress void for want of power. From the beginning of the Government it has only done so in about 50 cases, while there is a much larger number of cases where the Court has held either that the Federal statute was clearly within the grant of power or that it was not so indisputably repugnant to the Constitution as to justify the Court in disregarding the legislative mandate. It must also be borne in mind that of the 50 cases referred to above, only a few involved statutes behind which were arrayed the powerful passions of the people or their economic interests. However, the Court has on more than one occasion turned a deaf ear to the public clamor by holding that a statute largely favored by the people was nevertheless not within any grant of power in the Constitution, and generally the sober

second thought of the American people subsequently approved a decision which they at first condemned.

If, therefore, the National Recovery Act involved only the impairment of some minor limitation or mechanical detail of the Constitution, the Supreme Court might be astute to justify an exercise of power which seemed to be demanded by public opinion.

The National Recovery Act, however, offends both the letter and the spirit of the entire Constitution. It effectually destroys in the sphere of economics our dual form of government, for that was based upon a clear distinction between interstate and foreign commerce on the one hand, as to which the Federal Government was given plenary power, and on the other production and domestic trade within the borders of a State, as to which governmental power was reserved to the States. It creates an economic dictatorship over the business interests of the United States without respect to this territorial division of authority. It gives the National Administrator the power, through a system of codes, to regulate the minutiae of production, although the decisions of the Supreme Court from the beginning of the Government have consistently held that the production of articles of merchandise could not be regulated by Federal power. In the two child-labor cases, the Supreme Court held that the Federal Government was impotent either by its taxing or commerce powers to regulate such a condition of labor because it was wholly without power of any kind to regulate the conditions of production; and in two notable labor cases it decided with equal clearness that the Federal Government could not regulate the relations of employer and employee. To sustain the National Recovery Act it would be necessary for the Supreme Court to repudiate these decisions, and this would mean an act of unprecedented self-stultification of which the Court seems to me incapable.

It is true that the Court has on rare occasions deliberately reversed some prior decision, but if it were now to sustain the power of the Federal Government to regulate the conditions of labor and production in the factory and on the farm, it would disregard a consistent line of authority running over a century and in which all judges have concurred.

The present economic dictatorship is somewhat camouflaged by the provision that in the first instance each industry may formulate its own code. But these codes are of no validity unless the President approves them and, what is more surprising, he has the power at any time to modify the codes at will. While he has exercised this vast power with admirable restraint, the fact remains that he has the absolute power of Mr. Ford, who told his clients that they could select a car of any color, provided it was black. Similarly, the President allows the vast industries of America to select any code, provided he approves it. In the case of the soft-coal industries, when the representatives of employers and employees had agreed upon a code after 3 months of negotiations, the President, in approving the code, struck out the one provision which seemed of vital importance to the employers. Indeed, the President, by the licensing system, can permit or refuse to permit any business man to sell his goods in interstate or foreign commerce, and this in principle condemns American industry to an economic bondage. This must be so in spite of the high motives of the President, the restraint with which the power has been exercised, and the high patriotic purposes which presumably have influenced his decisions and those of his administrator.

The National Recovery Act, moreover, involves questions that are even more fundamental than the extent of the Federal power over commerce. As stated, it seeks to regulate the conditions of production in the several States in respect to wages, hours of labor, prices, and even maximum production. No such power was ever vested in any President in times either of peace or of war. No one disputed this fact in the House when the legislation was before Congress, although labored efforts were made in the Senate to defend it. Mr. Poir, of North Carolina, the distinguished Chairman of the Committee on Rules and the dean of the House, with his characteristic honesty of expression, frankly said in introducing the legislation:

"This bill makes the President of the United States dictator for the time being. It is a benign dictatorship." To this remarkable admission, never before heard on the floor of Congress, I then ventured to reply:

"There is no such thing as a benign dictatorship, and I say this with due recognition of the charming personality and high motives of the President of the United States. You might as well talk of a chaste seduction, lawful robbery, or peaceful murder, as to talk of a benign dictatorship."

This raises a question which goes beyond the mere mechanics of government. The purpose of the Constitution was to limit the powers of government and to provide a dead line beyond which a government could not go. It attempted to give concrete expression to our deathless Declaration of Independence, that a man had certain inalienable rights which no government could take from him, even though he stood as Athanasius contra mundum. Our Constitution was based upon the belief that the oil of anointing, which was once supposed to sanctify the head of a monarch, had not conferred infallibility upon the multitudinous tongue of the people, and this limitation upon the power of the majority has been the most admired feature of our Constitution and has been the chief reason why a democracy so heterogeneous as ours could justify itself.

Among these inalienable rights is that of liberty of contract and the greater liberty to pursue any lawful business free from unreasonable governmental interference. The Supreme Court has

said so on innumerable occasions, and if it should now sustain this departure from the basic ideals of the American Commonwealth it might as well tear up the Constitution. Thenceforth it would be little more than a scrap of paper so far as personal rights are concerned.

In my opinion, therefore, no express grant of power in the Constitution can be found to justify the Recovery Act. Its proponents, however, argue that it may be justified under the implied powers of the Constitution.

An implied power means nothing more than that, when the Constitution gives an express power to the Federal Government, it also gives by necessary implication the incidental power of passing such laws as are reasonably necessary for the exercise of the express power. While our whole constitutional history has shown that this opened the door wide to a great deal of legislation that was not in the contemplation of the framers of the Constitution, and while the liberal exercise of these implied powers has gone far to convert our Government from a limited to an unlimited government, it is, nevertheless, still true that implied powers can only be implied from some express and specific grant. One cannot conjure an implied power out of a vacuum in the Constitution as the conjurer takes a rabbit out of a hat.

As it would be extremely difficult to graft the implied power to pass the Recovery Act upon any express grant in our charter of government (especially as this law contravenes limitations of our Bill of Rights), the proponents of this legislation and that class of law-school professors who call themselves "liberals" will find justification for the implied power in that portion of the preamble to the Constitution, which declares as one of its objectives the general welfare. It must be obvious that if any Federal law can be justified merely because Congress regards it as contributing to the general welfare of the American people, then the Congress has unlimited powers.

However, the question is not even open to argument, for while the so-called "liberals" would be very happy to make the passing reference in the Constitution to "general welfare" as a distinct grant of power, the Supreme Court has repeatedly held that this statement of a mere objective was in no sense a grant of power.

Those who are privileged to argue this great case in the Supreme Court will probably hear for the thousandth time the following classic definition by Chief Justice Marshall of the doctrine of implied powers:

"Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the Constitution, are constitutional."

It should, however, be remembered that Chief Justice Marshall in the same opinion in that leading case said:

"No political dreamer was ever wild enough to think of breaking down the lines which separate the States and of compounding the American people into one common mass."

This can leave no doubt what the great Chief Justice would think of a policy which unquestionably has broken down the lines which separated the States and, for economic purposes, has compounded the American people into one common mass.

It is true that in a scarcely less famous case, the *Lottery case*, decided in 1903, which I had the privilege of arguing in the Supreme Court in behalf of the Government, the Court did hold that the power to regulate interstate and foreign commerce could, under proper conditions and when necessary to such regulation, be held to include the power to prohibit; but the opinion of the Court in that case said that the power to prohibit could not be exercised in violation of any limitation of the Constitution and more especially that it could not destroy that distinction between Federal and State power which underlies our dual form of government.

In a later case in which I was also privileged to act as counsel (the *Child Labor case*, decided in 1918) the Court carefully limited the power of Congress over interstate commerce by saying:

"The grant of power to Congress over the subject of interstate commerce was to enable it to regulate such commerce and not to give it authority to control the States in their exercise of the police power over local trade and manufacture. . . . The grant of authority over a purely Federal matter was not intended to destroy the local power always existing and carefully preserved to the States in the tenth amendment to the Constitution."

As this legislation cannot be justified by any express grant in the Constitution or any implied power, how can it possibly be defended?

The proponents of the legislation will argue that there is now a new and more portentous implied power, which may be stated as follows:

Whenever the Congress of the United States is of the opinion that an unusual emergency has arisen which necessitates a departure from the Constitution, then there is an implied power to meet the emergency by passing any legislation which the emergency may seem to require.

Time was when this doctrine of emergency would have been recognized by the Supreme Court and by all true constitutionalists as easily the most pernicious and dangerous legal heresy that the wit of man could suggest. Nevertheless, as a legal conception it has found an uncertain place in our jurisprudence and therefore must be reckoned with.

In considering this question, a clear distinction must be made between the reserved powers of the States and the carefully delegated powers of the Federal Government. In respect to State legislation, where the States have all governing power except that

which has been delegated to the Federal Government, the Supreme Court has held, during and after the World War, that to meet an emergency the States could impair contracts, despite a constitutional inhibition, by temporarily limiting the right of landlords to collect rents or evict tenants, and the same sweeping police power belongs to the Federal Government in respect to its Territories, as, for example, the District of Columbia, where the Supreme Court recognized a police power, under the Territorial clause, to pass legislation to meet an acute housing situation.

Recognizing the authority of these cases, the issue in the coming case will be more fundamental. It raises the question whether the Federal Government, in the event of an emergency, can usurp the reserved rights of the States and also abolish the distinctions between the legislative and executive branches of the Government as defined by the Constitution. The decisions of the Supreme Court can be searched in vain for any recognition of the doctrine of emergency as justifying the suspension of the Constitution, unless it is its decision in the case of *Wilson against New*.

That case involved the constitutionality of the Adamson wage law, which had been passed in 1916 as a temporary provision to regulate the wages of railroad labor, to prevent the calamity of a Nation-wide strike. The railway labor executives demanded of President Wilson the immediate passage of a law to raise the wages of railway labor under threat of a Nation-wide strike. A bare majority of the Supreme Court held that while the Congress had no power to regulate the wages of labor, even when engaged in interstate commerce, yet in view of its peculiar relation to, and power over, interstate carriers as instrumentalities of such commerce, it could pass a temporary measure to give sufficient time to the railway executives and the labor leaders to agree upon wages. This decision rendered in 1917 stands alone in our history, and in subsequent decisions the Court has repeatedly referred to the fact that that decision went to the extreme verge of Federal power. The Supreme Court has never formally overruled it, but, reading between the lines of subsequent decisions, its authority as a precedent is, to say the least, doubtful. However, it will certainly rise to plague the Court in the coming test case.

The older and more consistent doctrine of the Court was well stated in the great case of *Ex parte Milligan*, decided in 1866. That case arose during the period of the Civil War, when our Nation was fighting for its very existence. Milligan, accused of treason, was tried by a military court martial, not in the zone of military operations but in a loyal state where the civil courts were open. The Supreme Court held that the constitutional right of a citizen to a jury trial could not be thus destroyed because of the emergency of a Civil War. They sustained the great argument of Jeremiah S. Black, who, in defense of Milligan, made one of the greatest forensic arguments in the annals of the English-speaking people, and who said that it was in times of stress and violence that "we need the whole strength of an unbroken Constitution to save us from destruction."

When the doctrine of emergency is invoked in the coming test case, my belief is that the Supreme Court will sustain its decision in the *Milligan* case by concluding that an emergency creates the very strongest reason for supporting the Constitution in its full vigor, since in peaceful times we are hardly sensible of its great protection but in times of emergency we need it most. Otherwise Congress can at any time determine the fact of an emergency—and we are likely to have many economic crises in the years that are to come—and at the very time that property interests and individual liberties most need the protection of the Constitution it will be found that by the fiat of Congress, exercising powers never granted to it, the Constitution has become a scrap of paper.

The Congress attempted to justify the National Recovery Act by providing that it should be in force for only 2 years. History is said to repeat itself, and has certainly done so in this instance, for Gibbon in his immortal history tells us that when the Roman Senate delegated its legislative powers to Augustus, that suave and kindly ruler only consented to receive the power for 10 years, and he hoped that within that time the wounds of civil discord would be completely healed and that the Republic, restored to its pristine health and vigor, would no longer require the dangerous interposition of so extraordinary a magistrate.

It is significant that the Roman Senate never resumed its power, and Gibbon adds:

"The memory of this comedy, repeated several times during the life of Augustus, was preserved to the last ages of the Empire by the peculiar pomp with which the perpetual monarchs of Rome always solemnize the tenth year of their reign."

If the national recovery plan succeeds, there may be a similar extension from time to time, until the Constitution has become little more than a memory.

Is the spirit of the Constitution to become an extinct political religion with the American people? To them it was once as a religion, and the Civil War was fought at infinite sacrifice to maintain its integrity. If the Supreme Court shall decide that, whenever the American people are terrified by some passing emergency, their representatives in Congress may dispense with the Constitution temporarily, then it will be true, as Chief Justice Fuller said 30 years ago, the "form will have survived the substance of the faith."

I rejoice that this great case, which may prove the greatest of our time or, indeed, of our history, will be argued in the present courtroom. It is the old Senate Chamber of the United States, where Webster so nobly defended the integrity of the Constitution against the attack of Senator Hayne. For more than 70 years

it has been the forum of that great Court. As the nine robed Justices sit before the ionic pillars in that simple but very beautiful temple of justice, they will feel the links of the mighty past even more strongly than they would in the new grandiose temple to which they will soon remove and whose pompous splendor ill accords with the majestic simplicity of the world's greatest Court. In its present historic chamber the nine robed Justices can calmly await the event, as did the Senators of Rome, when the populace had fled and the invaders were at the gates.

Will this be their spirit? Who can tell? When Dr. Franklin was on his deathbed and his friends besought him to send for a clergyman as an interpreter of the life to come, the wise but always jocose philosopher replied: "Why should I guess, when I shall so soon know?"

The ways of the Supreme Court are similarly mysterious and past finding out. Why should we guess, when we may so soon know?

PRESS STATEMENT BY JAMES M. BECK

WASHINGTON, January 10.—The alphabetical excrescences of our already swollen Federal bureaucracy should not take too much encouragement from the Supreme Court decision in the recent *Minnesota* case.

In my judgment it does not necessarily validate the more disputable features of the emergency legislation, for the Supreme Court was not considering the powers of Congress under the Constitution, but only the power of the Legislature of Minnesota. That great Court has repeatedly stated its opinions must be confined to the precise question which it was adjudicating.

QUESTION AT ISSUE

In this case the question was whether the Federal Constitution prevented the State of Minnesota, under its reserved powers, from suspending the remedial processes of its courts for a limited period in the matter of foreclosing mortgages. As a sovereign State, Minnesota has all legislative power except such as it and other States had delegated to the Federal Government under the Constitution. The United States Supreme Court has now held by a bare majority that the temporary suspension by a State of the right of foreclosure is not an impairment of a contract within the meaning of the Federal Constitution.

The constitutionality of the Federal emergency laws must depend upon the ability of the Supreme Court to find in the Constitution, either in express language or by necessary implication, a sufficient grant of power. The Supreme Court was not considering in the *Minnesota* case the legislative powers of Congress.

If and when the Supreme Court should be required to decide whether a man who presses pants in Tampa, Fla., can be forbidden by a Federal code to charge less than a code price a very different question will arise, and when such question arises, the following language of Chief Justice Hughes, who spoke for the majority of the Court in the *Minnesota* case, will necessarily have great weight. He said:

"Emergency does not create power. Emergency does not increase granted power or remove or diminish the restrictions imposed upon power granted or reserved."

This seems to negative the contention of the proponents of the emergency laws that in the event of such emergency the Federal Government has an inherent right to exercise powers which were not otherwise delegated to it. If the Federal power over interstate commerce does not include production within the States, whether of the farm or factory, then the Supreme Court cannot, under its decision in the *Minnesota* case, bring into existence a non-existent power, not only because the Constitution gave to the Federal Government no power over domestic trade or manufacture but because under the tenth amendment such power was expressly reserved to the States and to the people thereof.

CANNOT CREATE POWERS

The framers of the Constitution, wisely or unwisely, drew a deadline between interstate commerce and domestic production or trade, and if any Federal power over the latter was denied by the Constitution, no emergency could create it in view of the clear language of Chief Justice Hughes. The emergency legislation contains many features which the Constitution expressly denied to the Federal Government.

To hold that the mere fact of an emergency can create powers which are otherwise nonexistent, is to make a scrap of paper of the Constitution at the very time when its protection is most needed.

If the theory that an emergency suspends the Constitution once receives the clear sanction of our highest Court, then the end of constitutional government in the United States is measurably in sight, and in that event, which has not yet come to pass, a future generation of Americans may wonder that this generation wasted its priceless heritage under which, and partly because of which, we became the most powerful Nation in the world.

THE NAVY DEPARTMENT APPROPRIATION BILL—FISCAL YEAR 1935

Mr. AYRES of Kansas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 7199) making appropriations for the Navy Department and the Naval Service for the fiscal year ending June 30, 1935, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. LANHAM in the chair.

The CHAIRMAN. The House is in Committee of the Whole for the consideration of a bill of which the Clerk will read the title.

The Clerk read the title of the bill.

The Clerk proceeding with the reading of the bill, read as follows:

INCREASE OF THE NAVY

Construction and machinery: On account of hulls and outfits of vessels and machinery of vessels heretofore authorized, including the commencement of 1 cruiser of subcategory (a) and 3 cruisers of subcategory (b), authorized by the act approved February 13, 1929 (45 Stat. 1165), \$27,342,000, and, in addition, (1) the Secretary of the Treasury is authorized and directed, upon the request of the Secretary of the Navy, to make transfers during the fiscal year 1935 from the naval supply account fund to this appropriation of sums aggregating not to exceed \$5,000,000, and (2) there is hereby reappropriated for the objects embraced by this paragraph (a) \$1,450,000 of the appropriation "Public Works, Navy, Emergency Construction, act July 21, 1932", contained in the act entitled "An act to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program", approved July 31, 1932, and (b) \$550,000 of the unexpended balances of the amounts heretofore appropriated under the head of "Public Works, Bureau of Yards and Docks", and the total sums hereby made available shall remain available until expended: *Provided*, the sum to be paid out of the amount available for expenditure under the head of "Construction and Machinery" for the fiscal year 1935 for employees in the field service assigned to group IV (b) and those performing similar services carried under native and alien schedules in the schedule of wages for civil employees in the field service of the Navy Department shall not exceed \$465,000: *Provided*, That of the appropriations contained in this act under the head of "Increase of the Navy", there shall be available such sums as the Secretary of the Navy may from time to time determine to be necessary for the engagement of technical services, including the purchase of plans, and the employment of personnel in the Navy Department and in the field, in addition to those otherwise provided for owing to the construction of vessels heretofore authorized and herein or heretofore appropriated for in part.

Mr. TABER. Mr. Chairman, I move to strike out the last word. I think that the House and the country ought to be advised of the amount available under this bill and under allotments for the fiscal year 1935. My understanding is that there is available, as appears on page 469 of the hearings, an allotment of \$129,468,000 from the Public Works toward increases of the Navy; that there are available otherwise \$55,000,000, and the total available after 1935 is \$184,000,000 plus. The amount available this year—1934—altogether for increase of the Navy is \$77,000,000.

The amount available without very substantial appropriations otherwise for the fiscal year 1936 will be \$92,778,000 along with the allotment. For the fiscal year 1937 the amount available is estimated to be \$19,871,000.

It has been my privilege, up to this year, for the last 10 years to serve on the Naval Appropriation Subcommittee. I feel that the membership of the House should have some of this information put before them. It has been found as a matter of practice that when we want to get good ships and efficiency out of our Navy Department, out of our navy yards and the shipyards of the country, we ought to feed to them more even working loads. That the peak for 1 year should not be too high, so that we have a lot of inexperienced men working on ships, nor should the drop be too low, so that experienced shipworkers in the different yards get into other lines because of lack of employment in these yards.

I call attention to the fact that in 1918 and 1919 and 1920 we built a lot of destroyers and a lot of submarines. These destroyers and submarines, because of the rush with which they were put through the yards and the lack of experience in a large number of men who worked on them and who designed them, were not as good ships as we ought to have had in the Navy.

I am interested in seeing not only that the Navy is second to none, but I am interested especially in seeing that the ships of the Navy are the best ships possible. For that reason I want to see the work load as even as possible so that the ships will be the best in the world.

I understand it is proposed on the part of some Members to offer at the end of this bill a separate section, the bill H.R. 6604. That is a bill providing for a certain number of destroyers and a certain number of submarines and one aircraft carrier which has been reported by the Naval Affairs Committee.

Formerly it has been the policy of that committee to object to legislation on appropriation bills, but they seem to want at this time to put this bill on this appropriation bill.

I wanted to take the floor at this time to call attention to the amount that was going to be available for construction work in the Navy this year and the next year and the years thereafter. I want to say that I am not going to object or raise any point of order with reference to this bill because the construction work is necessary, but I do feel that there should not be any substantial appropriation added to the increase of the Navy for the fiscal year 1935. The work on these ships, in my opinion, should come in the fiscal years 1936, 1937, and subsequent years, when the work load on the yards, both public and private, is such that it can take care of them much more efficiently than if any of it is crowded into the fiscal year 1935, when there seems to be a great big hump.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. VINSON of Georgia. Yesterday I consulted with the committee, and we concluded to ask unanimous consent to offer this legislation to the appropriation bill, but after further thought about the matter I can announce to the House that the Naval Affairs Committee is asking a rule, and we will not offer this legislation to this bill.

In reference to what the gentleman has just stated, it is the intention of the Navy Department not to ask for any large supplementary appropriation. Therefore that is in line with what the gentleman from New York has stated with reference to this bill. We hope that within the next 2 or 3 days a rule will be brought in here according us an opportunity to present to the House this authorization program, which seeks to bring the Navy up to treaty strength.

Mr. TABER. I am very glad to hear the gentleman say that. I shall call attention to just one other thing in connection with the bill while I have the opportunity. The total amount available under this bill in all ways for expenditure is, on account of allotments and otherwise along that particular line, \$146,914,000, and on account of appropriations, direct and indirect, \$295,000,000, or a total of \$442,000,000.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TABER. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

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

Mr. TABER. Yes.

Mr. BRITTEN. What does the gentleman mean by indirect appropriations?

Mr. TABER. Indirect appropriations are transfers from the clothing and small stores fund, \$2,000,000; transfers from the naval supply account, \$5,000,000; and reappropriations, \$2,085,000.

Mr. BRITTEN. I understood the gentleman to say something about \$147,000,000.

Mr. TABER. Public Works allotments amount to \$147,000,000.

Mr. BRITTEN. Applying to the present appropriation bill?

Mr. TABER. Applying to use in the fiscal year 1935, which is the same year that this bill covers.

Mr. BRITTEN. So that the annual cost of the Navy for the next year is estimated at \$435,000,000?

Mr. TABER. Four hundred and forty-two million dollars. The Clerk read as follows:

Armor, armament, and ammunition: Toward the armor, armament, and ammunition for vessels heretofore authorized, \$6,277,334, to remain available until expended: *Provided*, That the sum to be paid out of the amount available for expenditure under this

head for the fiscal year 1935 for employees in the field service assigned to group IV (b) and those performing similar services carried under native and alien schedules in the schedule of wages for civil employees in the field service of the Navy Department shall not exceed \$175,000.

Mr. REED of New York. Mr. Chairman, I move to strike out the last word. There is a very strong sentiment running through my district against the Government engaging in business in competition with private industry. That was stressed very strongly by business men and laborers in my district during the last campaign. They have brought it to my attention many times since. I am interested in the report which has been circulated that the Post Office Department is going to build a factory at Reedsville, W. Va., costing \$525,000, to manufacture what is known as "screen equipment." That is the part that separates the lobby from the workroom of the post office. I called on the Public Works Administration and I found that \$525,000 had been allotted to the Post Office Department. I called at the Post Office Department and they said yes, it had been allotted to them; that the funds had been transferred; and that they were now drawing plans to build a factory in Reedsville, W. Va., which has a population of something like 345 people, a factory costing \$525,000, to build this particular line of equipment, that comes in direct competition with the furniture industries of five States. It comes in competition with furniture industries in New York, Connecticut, Indiana, Pennsylvania, and West Virginia.

Mr. COOPER of Ohio. And also of Michigan and Ohio.

Mr. REED of New York. Michigan and Ohio, my friend from Ohio says. I have the names of the concerns in the five States that I have mentioned. In my district we have a furniture center—the city of Jamestown, N. Y., which is one of the largest points of manufacture of furniture in the country, where the industries have moved heaven and earth to keep their men employed.

At the present time the quota for C.W.A. work in Jamestown is 1,000, and it is now filled. There are 3,000 men on the rolls, waiting to be employed under the C.W.A. Yet we now find the Government building a factory in a little town where they certainly cannot find enough skilled labor to make this particular line of post-office equipment at this time. Furthermore, we know that as soon as the Government has completed the job of making screen-line equipment it is going to manufacture other types of furniture.

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

Mr. REED of New York. Yes.

Mr. EVANS. And do those concerns in the gentleman's community produce the same kind of equipment?

Mr. REED of New York. Yes; and in the five States that I have mentioned; and then there are the two mentioned by the gentleman from Ohio [Mr. COOPER].

Mr. EVANS. And they are produced in other communities?

Mr. REED of New York. Absolutely.

Mr. EVANS. The same material?

Mr. REED of New York. Yes. They have no skilled labor in this little town at all; and just imagine, if you will, a factory costing that amount coming into direct competition with factories now trying to keep their men employed.

Mr. MARTIN of Massachusetts. Did Congress ever authorize this construction?

Mr. REED of New York. Of course not; and when we had the vote here in respect to the Federal prison at Lewisburg, Pa., going into the furniture business, the vote was overwhelmingly against it in this House; but they are paying no attention to the will of Congress at all. The bureaus are allotting these projects now that have been condemned by the Congress in the past.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. Yes.

Mr. COOPER of Ohio. In other words, the Government today is embarking in a business in direct competition with private industry, and those people who are responsible for that private industry will have to go down in their pockets

and in part be taxed to erect this Government institution which will interfere very much with their own particular business.

Mr. REED of New York. There is no question about that; and the entire policy is one of nationalization of industry.

Mr. RICH. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. RICH. Last year the House, as the gentleman stated, voted overwhelmingly in opposition to some of these projects which prisons are going into?

Mr. REED of New York. Yes; 250 against, 46 for.

Mr. RICH. But we find we are not only having the prisons going into various industries, but the Post Office Department now is taking it up, and they are constructing plants at the present time which will put many people out of industry and put the Government into business.

Mr. REED of New York. Absolutely.

Mr. RICH. If that is what this Congress wants to do, then we are on the wrong track.

Mr. REED of New York. Congress does not want to do it, and it has expressed itself emphatically and overwhelmingly against that policy.

The CHAIRMAN. The time of the gentleman from New York [Mr. REED] has expired.

Mr. BRITTEN. Mr. Chairman, I move to strike out the last two words. I do this, Mr. Chairman, for the purpose of once more paying my compliments to the administration. I have taken real pleasure in doing that in the past couple of weeks, and I want to do it again.

The naval appropriation bill about to be passed carries a regular Budget appropriation of \$294,000,000. That is very low. It is lower than it has been for many years. I think the administration and the gentlemen who framed this bill are to be complimented on it. They have done a great work of bookkeeping. It is in line with the new deal in many other respects, where gentlemen on the Democratic side of the aisle are covering up their crowding deficiencies. The fact of the matter is, Mr. Chairman, that this bill actually carries \$441,000,000. That will not be shown in the Budget; I mean in the real Budget. A great portion of it—\$147,000,000—carried in this bill will ultimately come out in some other budget, not the regular Budget, because under the new deal the regular Budget will have to be balanced.

Mr. AYRES of Kansas. Will the gentleman yield?

Mr. BRITTEN. In just a moment I will yield to the gentleman. In other words, it is going to cost \$441,000,000 to run the Navy next year, but because that would look like a lot of money we will take \$147,000,000 of that expenditure out of the P.W.A. of the N.I.R.A. They do not have to account for the vast expenditures of the P.W.A. They are carried in an auxiliary budget, and thus the cost of the Navy for the next year will appear unusually low. Nothing will be permitted to dislodge or dislocate the regular Budget. The Budget, under the new deal, simply must appear to be balanced. That procedure sounds silly, but that is the situation.

Mr. McFARLANE. Will the gentleman yield?

Mr. BRITTEN. The Treasury will suffer, in this instance, to the extent of \$147,000,000. That \$147,000,000 goes into new ship construction; it goes into aviation, shore stations, radio equipment, and many supply directions; it goes into various naval directions where money that is usually and ordinarily appropriated for the Navy goes. I want to compliment the gentlemen on the Democratic side, because this is in line—

Mr. McFARLANE. Will the gentleman yield?

Mr. BRITTEN. I cannot yield to the gentleman. I want to compliment the Democratic majority, because this is in line with all the other hoodwinkery that has been going on in connection with their foolish suggestions that they will have a balanced Budget this year. It is thoroughly absurd to talk about balancing the Budget only a few days after your President told us the national deficit would be \$7,000,000,000 this year. You could take the entire amount necessary to run the Navy next year out of some butterfly fund

in order to save the face of your regular Budget, but that would not alter the fact that the money came out of the Treasury.

Mr. McFARLANE. Will the gentleman yield now?

Mr. BRITTEN. No. I now yield to the gentleman's senior, the gentleman from Kansas [Mr. AYRES].

Mr. AYRES of Kansas. I do not care to interrogate the gentleman now.

Mr. BRITTEN. I will yield to the gentleman from Texas.

Mr. McFARLANE. Is it not true the gentleman is in favor of the expenditure of every dollar that is carried in the bill, whether under the N.R.A. or under the Navy appropriation bill?

Mr. BRITTEN. I knew the gentleman would ask me that. Of course I am.

Mr. McFARLANE. What is the gentleman crying about, then?

Mr. BRITTEN. I am not crying, but I am complimenting you gentlemen on that side of the aisle for your audacity in accountancy. You have all the expert accountants of the country backed off the boards. You think you can balance the Budget irrespective of your vast expenditures out of special funds, which require no direct accounting in what you refer to as the normal Budget, and you still have the face to say to the country, "Under the new deal we are balancing the Budget."

Mr. RICH. Will the gentleman yield?

Mr. BRITTEN. Yes; I yield.

Mr. RICH. Last week we passed the Interior Department appropriation bill, where we claimed we saved \$17,000,000, and the fact is, and the chairman of the committee admitted, the C.W.A. was going to spend \$25,000,000, and we balanced that Budget in the same way.

Mr. BRITTEN. When the gentleman talks about \$25,000,000, he is talking about hairpins and shoe laces. That is nothing at all. I suggest that he go over on the other side of the aisle and see how they do business; \$147,000,000 will never be accounted for as having been spent for the Navy out of the regular ordinary Budget of the country. Next year you gentlemen on the Democratic side of the aisle will be parading up and down the States of Texas and Kansas and Oklahoma and New Jersey and New York and Illinois telling how you balanced the Budget. The truth of the matter is that while you are balancing one budget you are ruining the Treasury with another. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

That in the expenditure of appropriations in this act the Secretary of the Navy shall, unless in his discretion the interest of the Government will not permit, purchase or contract for, within the limits of the United States, only articles of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable.

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

Mr. Chairman, I do this to ask unanimous consent to have the Clerk read a telegram I have received from the Governor of Pennsylvania and to have it inserted in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read as follows:

HON. HARRY L. HAINES,
House Office Building:

I urge you most earnestly to support and expand the Civil Works program. Curtailment of this work for the unemployed is nothing short of a catastrophe in Pennsylvania.

Last week there were 240,000 people at work in the State on C.W.A. projects, with a total weekly pay roll of \$3,300,000. The recent cut in working hours has already cut that pay roll \$910,000 a week.

The reduction in the working hours of 50,000 laborers on rural roads from 30 to 15 hours means that their pay has been cut from a little over \$10 a week to barely \$5 a week. That amount of pay constitutes work relief, not a C.W.A. job.

I have wired the President these facts and urged him not to permit the slowing up of C.W.A. now. It is our common duty to see that hundreds of thousands of Pennsylvania men, women, and children are not deprived of their means of livelihood and self-respect.

GIFFORD PINCHOT.

Mr. HAINES. Mr. Chairman, I am in entire accord with the gentleman from Illinois when he talks about balancing the Budget. I plead guilty to having gone up and down my district in the past urging that the Budget be balanced; but to me, over and above that, there is a sacred responsibility I owe my people—and I think every Member of Congress owes a similar responsibility—to see that the men and women of this Nation are employed and given at least the opportunity to earn their bread by the sweat of their brow.

We have in one of the cities in my district a project under C.W.A. that has given employment to almost 5,000 people, something worthwhile, constructive in its nature; and it is a godsend to my community.

In the city of York, which I have the honor to represent, one third of our people were in bread lines with nothing being done to put them to work. So the coming of the C.W.A. was a godsend to them.

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

Mr. HAINES. I yield.

Mr. BOLAND. Has the gentleman any information about P.W.A. projects for Pennsylvania which have been approved in Washington but not started in Pennsylvania, thereby curtailing the number of people who could be employed? Is that a fact?

Mr. HAINES. Surely.

Mr. BOLAND. In other words there are many P.W.A. projects for Pennsylvania that have been approved, but as yet have not been started?

Mr. HAINES. That is correct; we have a list of projects for Pennsylvania. I am sure if you cut off the work in my State, a lot of people now employed will find themselves again unemployed. I am very much in favor of continuing this C.W.A. work at least through the severe weather. We have got to keep our people employed during these winter months.

The particular project in my district is that of flood control. Last year we had a flood in my community which destroyed \$5,000,000 of property in one city alone. We are trying to correct this situation through funds that a humane administration has seen fit to make available to our people. I hope Congress will be reluctant to listen to the criticism against this form of relief, whether the relief comes in this naval bill or from the N.I.R.A. I am interested in getting our people back to work. In my district I have a great industrial section as well as an agricultural section. I know the distress my constituents are in. Let me say, however, that I am one Member of Congress who, while interested in balancing the Budget, is more interested in seeing men and women being able to hold up their heads and feel they have worked for and earned that which they have received.

Mr. Chairman, this is no time for Members of Congress to raise a question of partisan politics. I do not care what a man's political affiliation is back in my district. I am interested in seeing that he has a job, and if the C.W.A. offers an opportunity for men to be employed, we are not only contributing to the morale of our people but we are also contributing to their needs in the support of their families.

When I go back home, as I do each week-end, men in every walk of life approach me and usually ask two questions, first, "Is the N.R.A. succeeding?" and, second, "Is there no other way to meet our present economic difficulty than through the revolutionary N.R.A.?" I believe that the answer to the first question is "yes", and that if our people will fully cooperate we can rehabilitate more rapidly. Hope and enthusiasm is Nation-wide, and even the leaders of our greatest industries, who were somewhat hesitant and held back about coming under codes of fair competition, as provided in the N.R.A., are rapidly becoming our greatest enthusiasts, and many of them who had experimental codes have had the agreements extended.

Now, as to the second question, whether this issue could not have been met in some other way, let me remind you,

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my colleagues, that there has been world-wide discontent and violent upheaval. The American plan differs in that we have had very few uprisings of any sort; and while our plan does differ from that of any other country that has had a similar economic experience, I believe I am safe in saying that our plan is more in keeping with the American method of doing things than those of the experiments tried in other countries. So I say, those of us in Congress who enacted the law which made possible the President's program have given an American method, one that is democratic in thought and action. In other words, labor, industry, and the Government become partners.

I believe that the most important problem before this Nation is to put our people back to work and to plan for them a better future, and, as the President so aptly puts it, "for a longer pull." I sincerely hope that the C.W.A. need only be temporary, but I want it known to all of you that if industry cannot absorb the unemployment of this country, I for one will advocate its continuance, even though it is so costly to the Government. The cost is not nearly as great as it would be otherwise, if we continued to have these millions unemployed. This is a tremendous problem, my colleagues, and it calls for cooperation on the part of every Member of this House on both sides of the aisle. I wish that we might forget that this is campaign year and say those things only that will instill continued hope in the minds of our industrial leaders, our labor leaders, the farmers, and the great host of others in America. Our people back home should ask only for such C.W.A. projects that will be most helpful, and, of course, that will employ the most human hands. I think it is a mistake to hand out a dole to our people; and if I had it my way, every man who is given relief through a charitable organization would be required to do a certain amount of work for the money given him. I am rather confident that practically all of them would prefer to work for what they receive, rather than be looked upon as objects of charity.

Let us back up the President in his program. There may be some things in the program that we do not like, but it is an effort toward recovery, and in that effort every one of us should do all he can to hold up the hands of the man in the White House in order that recovery may be made more rapidly.

Mr. AYRES of Kansas. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I thought we were very liberal in this matter when under general debate we allowed 7 hours for the discussion of matters in general. Another appropriation bill will follow this one, and in general debate on the next bill Members can get time in which to talk about matters other than the bill itself. That bill will come up this afternoon.

Now, I do feel, in view of our liberality in the matter of general debate on this bill, we should be permitted to go ahead and finish this bill, which ought to be done in the next 25 or 30 minutes, without debating other matters entirely out of order.

By unanimous consent, the pro forma amendment was withdrawn.

The Clerk read as follows:

In expending appropriations or portions of appropriations contained in this act, for the payment for personal services in the District of Columbia in accordance with the Classification Act of 1923, as amended, with the exception of the Assistant Secretaries of the Navy, the average of the salaries of the total number of persons under any grade in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act, as amended: *Provided*, That this restriction shall not apply (1) to grades 1, 2, 3, and 4 of the clerical-mechanical service, or (2) to require the reduction in salary of any person whose compensation was fixed as of July 1, 1924, in accordance with the rules of section 6 of such act; (3) to require the reduction in salary of any person who is transferred from one position to another position in the same or different grade in the same or a different bureau, office, or other appropriation unit; (4) to prevent the payment of a salary under any grade at a rate higher than the maximum rate of the grade when such higher rate is permitted by the Classification Act of

1923, as amended, and is specifically authorized by other law; or (5) to reduce the compensation of any person in a grade in which only one position is allocated.

Mr. GOSS. Mr. Chairman, I move to strike out the last word for the purpose of getting into the Record information as to whether or not any testimony was taken on the dirigibles *Los Angeles*, *Macon*, and the other so-called "blimps." What is going to happen to these big airships? Are we going to continue them all in operation?

Mr. AYRES of Kansas. I may say that the *Los Angeles* is decommissioned. In other words, it is laid up, so to speak. So far as the *Macon* is concerned, it is in operation out on the Pacific coast.

Mr. GOSS. Is it the plan to dismantle the *Los Angeles*?

Mr. AYRES of Kansas. It is planned to dispose of the *Los Angeles* just as early as it may be practicable.

Mr. GOSS. Is the gentleman informed as to what the policy of the Government is going to be in regard to this type of airship in the future?

Mr. AYRES of Kansas. No; I am not. I may say that it will depend very largely upon the result of operations of the *Macon* with the fleet.

Mr. SABATH. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, a few moments ago my colleague, the gentleman from Illinois [Mr. BRITTEN], though he claimed a desire to cooperate with the administration and to approve all its activities—which, of course, is splendid on his part—nevertheless finds fault with the administration on every possible and impossible occasion, and now with the committee because it has provided a naval appropriation of \$295,000,000, and an additional \$147,000,000 is to be provided for the Navy from other funds.

The gentleman is well informed on naval affairs, being the ranking member of the Committee on Naval Affairs. We are about to take a vote on this bill. I should like to know from him if there are any provisions in this bill that he feels should be eliminated.

Mr. BRITTEN. Would the gentleman care to hear from me now?

Mr. SABATH. Not at this time, please. I feel that had there been any items placed in the bill that were not justifiable and that did not meet with his approval, he, having had plenty of opportunity to object, would have objected to the subcommittee on naval appropriations, which, I am sure, would have given him a hearing and enabled him to object, thus informing the subcommittee at that time rather than have him object at this late hour. As I have said before, this able subcommittee has given this bill most thorough and careful consideration. Therefore, the gentleman's criticism is not justified and is made, as we understand, for political reasons only.

This is the first time in many years I have heard him complain that appropriations for the Navy are too large. It is amusing to me. But I know that all he wants to do is to criticize the administration with the lame assertion that it will not be able to balance the Budget. I do not know whether it will or not; but I know that the deficit under this administration will not be so great as it was under the Republican administration. Whatever the deficit is to be, it will be for really constructive work under the wise and benevolent leadership of President Roosevelt, who is laudably providing employment for millions who were thrown out of employment owing very largely to Republican misrule. I know also that for the years 1931, 1932, and 1933, under a Republican administration, the deficit was more than \$5,000,000,000. I never heard my talented colleague complain that his administration was not balancing the Budgets of those days. Notwithstanding that, most of that money was wasted and expended in a way which has properly subjected that administration not only to serious criticism but also to serious attack.

Mr. BRITTEN. I want to ask the gentleman a serious question.

Mr. SABATH. If that is possible, all right. [Laughter.]

Mr. BRITTEN. The President came here the other day and stated there was going to be a deficit of \$7,000,000,000 this year.

Mr. SABATH. Yes.

Mr. BRITTEN. Is the gentleman still suggesting that the Budget will be balanced and that that is not an important deficit?

Mr. SABATH. No; I have not made such an assertion. I have never given a great deal of serious consideration to the clamor in reference to balancing the Budget, because it never has been balanced, and the deficit that will be created this year will be for constructive work that is bringing the country back to the prosperity which it enjoyed under a former Democratic administration.

Mr. BLANTON. Will the gentleman yield?

Mr. SABATH. Yes; I gladly yield to the gentleman from Texas.

Mr. BLANTON. The gentleman ought to feel most charitable toward his colleague from Illinois [Mr. BRITTEN].

Mr. SABATH. I do feel charitable toward him.

Mr. BLANTON. Because the gentleman from Illinois [Mr. BRITTEN] is suffering a great disappointment. The gentleman and his Republican colleagues helped to provide magnificent quarters for the Naval Affairs Committee, and then the gentleman from Illinois [Mr. BRITTEN] lost the chairmanship and never got to enjoy the palatial suite. [Laughter.]

Mr. SABATH. This failure to retain the committee chairmanship should not be charged to my colleague, Mr. BRITTEN, because we all know that he worked exceedingly hard to effect the reelection of President Hoover as well as a Republican Congress.

The pro forma amendment was withdrawn.

[Here the gavel fell.]

The Clerk concluded the reading of the bill.

Mr. AYRES of Kansas. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 7199, the naval appropriation bill, had directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. AYRES of Kansas. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. AYRES of Kansas, a motion to reconsider the vote by which the bill was passed was laid on the table.

HOUSE RESOLUTION 236

Mr. DE PRIEST. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD.

The SPEAKER. Is there any objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DE PRIEST. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following resolution offered by me today:

Whereas it has come to my attention, as a Representative in Congress, that a rule of discrimination is being enforced in the restaurant service of the House of Representatives; and

Whereas I stand peculiarly as the representative of the 12,000,000 loyal colored citizens of the United States; and

Whereas these people and their forbears have contributed of might and main, blood and sinew, in the development of this country; and

Whereas from the year 1619, when a group of 20 slaves were landed at Jamestown, Va., these people have been loyal to the country to which they and their forbears were brought through a commercial traffic in human souls; and

Whereas for 244 years of unrequited toil these loyal citizens tilled the soil, planted the fields, harvested the crops of the southern plantations, nursed and succored the families of their masters, were custodians of the "family chest" while master was at war to keep them in slavery; and

Whereas the first blood that fertilized the soil of this continent in the cause of liberty and fraternity flowed from the life stream of that hero-martyr Crispus Attucks, who fell on Boston Common in 1770; and

Whereas the colored citizens of the United States have borne their full share of responsibility and sacrifice in every military movement in which this country has been engaged from the Revolutionary period, through the Civil War, on through Carlizal, San Juan Hill, and the Argonne front; and

Whereas this loyalty must gain for them the liberal plaudits of patriotic America and place them beyond the pale of present-day serfdom and slavery; and

Whereas under the Constitution of the United States and the fourteenth and fifteenth amendments thereof these people are citizens of the United States, entitled to all the privileges and immunities as are enjoyed by others; and

Whereas in the Washington Post of the issue of Wednesday, January 24, 1934, the Honorable Representative LINDSAY C. WARREN, of the First District of North Carolina, chairman of the Committee on Accounts, House of Representatives, is quoted as saying: "In refusing to serve two colored persons in the House restaurant today, Manager P. H. Johnson of the restaurant was acting under my orders and instructions", and

Whereas Representative LINDSAY C. WARREN, of the First District of North Carolina, chairman of the Committee on Accounts, House of Representatives, is further quoted in said Post as saying, "The restaurant has been operated by the committee since 1921. It has never served colored employees or visitors, nor will it, so long as I have anything to do with the restaurant"; and

Whereas the rule of discrimination was put in force and effect Tuesday, January 23, 1934, and the restaurant of the House of Representatives announced that the service was reserved for white people only to the exclusion of colored citizens, and two colored persons were so refused as stated; and

Whereas the House of Representatives of the Sixty-seventh Congress (H.R. 99) adopted the following resolution June 2, 1921, to wit:

"Resolved, That there shall be paid out of the contingent fund of the House such sums as may be necessary to make such alterations and improvements of the rooms occupied by the restaurant with sanitary fixtures and utensils as may in the judgment of the Committee on Accounts, be deemed advisable and necessary; and until otherwise ordered by the House the management of the House restaurant and all matters connected therewith shall be under the direction of the Committee on Accounts"; and

Whereas said simple resolution lost its force and effect upon the final adjournment of the Sixty-seventh Congress, since which time the House of Representatives of succeeding Congresses, including the present Congress, has not adopted a resolution conferring authority upon the Committee on Accounts to manage and control said House restaurant: Therefore,

Resolved, That a committee of five Members of the House be appointed by the Speaker to investigate by what authority the Committee on Accounts controls and manages the conduct of the House restaurant and by what authority said committee or any members thereof issued and enforced rules or instructions whereby any citizen of the United States is discriminated against on account of race, color, or creed in said House restaurant, grill room, or other public appurtenances or facilities connected therewith under the supervision of the House of Representatives.

Said committee is authorized to send for persons and papers and to administer oaths to witnesses and shall report their conclusions and recommendations to the House at the earliest practicable moment.

I have read the resolution mentioned by the gentleman adopted in June 1921 under which he is claiming to act at this time and which is erroneous because the Sixty-seventh Congress by House resolution cannot bind the action of the Seventy-third or any succeeding Congress. This is why I have asked the appointment of a committee to investigate the whole question.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL, FISCAL YEAR 1935

Mr. ARNOLD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935,

and for other purposes; and, pending that, may I suggest to the gentleman from New York that we come to some arrangement as to general debate and division of time. I have not many requests for time on this side.

Mr. TABER. We have not a large number of requests at this time. I would suggest to the gentleman that probably we would finish a little quicker if we went into the Committee and divided the time equally. Perhaps we would get through in time to start reading the bill this afternoon.

Mr. ARNOLD. Then, Mr. Speaker, I ask unanimous consent that the time for general debate be equally divided and controlled by the gentleman from New York [Mr. TABER] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 7295, the Treasury and Post Office Departments appropriation bill, with Mr. FULLER in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. ARNOLD. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. CASTELLOW].

Mr. CASTELLOW. Mr. Chairman, I was very pleased to support the Navy bill, which was just passed by the House. It is true, of course, that as money was formerly considered it carries a rather large appropriation. On the other hand, while I believe in economy, I realize there is such a thing as false economy. If we individually have something worth protecting, in my judgment, it would be false economy to reduce expenditures for locks. If our country were deluged with poisonous gas, it would certainly be false economy to minimize the importance of gas masks. As the world seems to be of belligerent mind at this time, in my judgment, it would be false economy to reduce appropriations for our national defense.

I respectfully submit that a government should be a business institution and as such the same rules which apply to the transaction of ordinary business apply with equal force in the management and operation of its affairs. While I have not studied extensively the operation of government from a theoretical standpoint, I have observed for many years the practical operation and effect of principles applied in its management.

I have been especially impressed with the results of the activities within certain political subdivisions. In my State we have an unusually large number of counties. As I recall, there are 159 at present. I have read some splendid editorials upon the subject of consolidating these counties and forming larger governmental units. This suggestion has been sponsored by men of unquestioned ability and I have read with great interest something of what they have had to say upon the question. The contention is, of course, that a reduction in the number of counties will effectuate a reduction in the number of offices to the great financial advantage of the taxpayer. We know, as a practical proposition, that a hotel can feed 100 guests much cheaper per capita than it can feed 50 or 25. We know there is economy per article in mass production. This principle applies throughout business. It does seem it could and should apply to governmental agencies with even greater force than in private affairs, as it appears logical that it should be much cheaper per capita to govern 100,000 men as a unit than it would be 10,000 men as such, but let us observe its practical operation, Mr. Chairman. Where theory conflicts with the results of actual experience, I am of the definite opinion that theory should yield. In my section of Georgia, which happens to be the southern part, for many years I have paid taxes in five counties and naturally on account of personal interests have observed the respective rates of taxation. These counties differ greatly in size, one at least being among the smallest in the State.

I have compared most carefully the rate of taxes assessed by these several counties, and they seem to vary almost in proportion to size, the lowest rate prevailing in the smallest counties. Only 2 counties in the State of Georgia, as I recall, have a tax rate for county purposes as low as 3 mills. These counties are Clay and Schley, both in the third district, which I have the honor of representing at this time. They are both small counties and only assess 3 mills for county purposes. I visit them along with other counties, and so far as public activities are concerned I have been unable to observe any appreciable difference. If it works this way, as indeed it seems to, there is a perfectly logical reason for it, as nothing is a "happen so." There is a perfectly logical reason for everything which has transpired since time began, though it may often be with the greatest difficulty that the cause or reason is ascertained. There is no such thing as an accident in the common acceptance of the term, for the same causes and conditions produce, without exception, the same results. Then why do we find this condition existing?

I apprehend, Mr. Chairman, there is one thing we would do well to consider throughout all our legislation, and that is the human equation. It is most hazardous in any event to reckon without it. I am cognizant of the fact that the matter which I am immediately discussing could be of no special interest to this House except as it may elucidate a principle, and I hope presently to so apply it. Some time ago I was discussing with a friend in Cordele, Ga., this question of consolidation and the effect upon administrative expenditures. After stating the facts just related to you, and in an effort to make clear my idea as to the causes of the great difference in results from the application of a principle to private enterprise and public government, I gave to him the following rather crude illustration. I remarked, "We are now in Cordele, Ga.; Vienna is 12 miles distant.

"If we had 100 tons of sugar on a truck of sufficient strength to bear such a burden, and undertook with manpower to transport it from Cordele to Vienna, and a thousand men were to do the pushing, the probability is the truck would not reach Vienna without stalling. It would probably proceed quite nicely for a time and so continue as long as all, or comparatively all, continued to push or pull, but presently it would occur to some man that his efforts were not essential where so many were engaged and consequently he would lag. His neighbor would not be slow to observe the dereliction but would be slow, for fear of offense, to remark upon it. Seeing that the conveyance continued to move regardless of his friend's withdrawal, he might soon conclude that his friend was wise and emulate his example. Another observing the two, and with an even greater desire for ease, might conclude to ride and so board the truck with the result that many doing likewise, we find it stark still in the middle of a hard-surfaced road on a perfect level."

Gentlemen, there is a warning in this picture which it might behoove us as a Nation to consider. What has been the situation of America during recent years? This great truck, with its splendid cargo, stopped dead still in the middle of the road, on level ground, with no one for a time apparently able to budge it. We cannot attribute the situation to Providence. We have not suffered from famine nor pestilence, and nature has been most generous. Our harvests have been abundant, our granaries filled to overflowing, yet we found ourselves in such an unfortunate situation that we were unable to render unto Caesar the things that are Caesar's, unto God the things that are God's, and at the same time provide for the outstretched and pleading hands of humanity—that which every citizen has a right to expect—the opportunity to earn an honest living. The real manhood of America expects nothing more and will be content with nothing less. We are not, and I trust to God will never be, a Nation of beggars. [Applause.]

An extended dole will finally destroy any nation by depleting the morale of its citizens. I can understand now, better than ever before, the full meaning of the expression, "It is

better to give than to receive", for in the giving the giver is strengthened, and in receiving the recipient is weakened. May we all throughout the Nation apply these principles to our conduct as it relates to the Government. Let every man realize that the contribution of his effort is essential to its proper functioning.

This brings to mind a splendid cartoon which appeared in the papers just after the last census. It showed a boastful youngster as he appeared all puffed up with pride and asked his companions if they had seen what the papers were saying about him that morning. "They've said nothing about you," was the taunting reply. "Oh, yes, they have," came the rejoinder, "they say there are 120,000,000 people in the United States and I'm one of 'em." A great lesson if taken thoughtfully!

But, reverting again to the illustration and putting it another way, the load, as we understand, is of sugar contained in 200-pound sacks, and, in accordance with the plan, is to be divided equally among those engaged in its transportation at the end of the journey. What probably would happen along the way is that someone would slip off a sack. If another saw him, he would probably be a friend to whom it would naturally occur that the taking was not fair nor honest, and his first impulse might be to report it; but upon second thought he would probably conclude that, inasmuch as this was his friend, whose enmity he preferred not to incur, and, after all, the taking of such a small quantity from this bulky supply would not diminish his portion a spoonful in the final division, he concludes to say nothing and passes it by.

Others seeing or learning of this successful taking would naturally at first be inclined to condemn, but afterwards condone to the extent of emulating his example, with the result that, if the vehicle did eventually reach its intended destination, there would probably be an insufficient quantity of sugar aboard to justify the sweeping of the floor. To make application just here, I state most regretfully that from many sources comes the question, "Will the many loans which the Government is so generously making ever be required to be paid in full?" The sentiment seems to be growing that they will not, and especially those extended to political subdivisions. So with that thought comes this conclusion, expressed in common parlance, "Let's get ours while the getting is good!" Can it be possible, my colleagues, that he who waits for the division at the end of the journey will be greeted with only an empty truck?

Referring again to the problem of transportation, I hazard this suggestion: Suppose we divide the commodity at the beginning of the journey, giving to each man his 200-pound sack of sugar and furnish him a wheelbarrow with which to transport it to Vienna; then let some fellow rest his avoirdupois upon any one of these wheelbarrows. My prediction is that it would be interesting indeed to observe the result. Or, let him presume to appropriate one of those sacks after it had been reduced to exclusive ownership, and the consequence might be equally interesting. Such is human nature, without due consideration of which we reckon in vain. It has been often said there is safety in numbers, but may I suggest that in too great a number there might be weakness. Consider China, the greatest Government on earth, if only numbers are considered; but what of her condition?

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

Mr. ARNOLD. Mr. Chairman, I yield the gentleman 10 minutes more.

Mr. CASTELLOW. What of China and her Government? Do not think the Chinaman is a fool by any means. It was not for the lack of intelligence of those people that they have been reduced to negligible rank in the role of nations. Their ancestors were philosophers, while ours were possibly in an uncleared forest, and yet what of their Government today? A little handful of people on a small island, coming probably from the same stock, runs over China at will, the same as a live rat runs over the carcass of a dead elephant. What is the next largest government in numbers? That of India, and it becomes necessary for another small island

across the sea, and inhabited by a different race, to furnish India with a stable government. The next largest government on earth is Russia, a people of our own race, and what has been the experience of this erstwhile powerful "Bear of the North"? The world has spoken for years its estimate of Russia as a nation and as a government. Now comes the most interesting of all, the next largest country in population, the United States of America, our own beloved country, the land of the Stars and Stripes and of boasted liberty, the most desirable part of this globe in which to live. But let us take warning, if indeed we should need it, from what has befallen others. Possibly the truest measure of real intelligence is the ability to profit by the experience of others. These thoughts might well challenge our most serious consideration, especially in the light of some of our past and present experiences. The scientists tell us the largest animal that ever trod the soil of this earth was the dinosaur, but he is not with us today, and why? Being the largest, most ferocious, and most powerful of all animals, it does seem that he at least should have been able to perpetuate his species. I apprehend his size and strength, the very things upon which he relied, were his undoing. His brain evidently was not in keeping with his size and importance. The ancestors of the rat coming along possibly about the same time possessed even less brain, and yet their descendants are with us. While doubtless they possessed less intelligence, at the same time they had so much less in proportion for that intelligence to protect.

Practically 150 years ago we began a most wonderful Government in a country not nearly so large as we have now. In the beginning of our national existence our entire population was less than we have in a single city of today. A small body, so to speak, but a most remarkable intelligence in the personnel of our peerless statesmen whose names are household words and need no mentioning. We have grown in extent of territory and population to tremendous proportions. The vital question is: Has our statesmanship kept pace with our physical development? We are now experiencing a crucial test, and I pray the results may not be disappointing. While we have a great, fearless, and experienced leader and statesman directing our course, his responsibilities and burdens are greater than any borne before, and an unselfish cooperation of our citizens generally is, in my judgment, essential to ultimate success.

While fiscal matters may not be of paramount importance they are certainly deserving of consideration. We feel so secure in the greatness of our national wealth that we have come to speak of billions of dollars as being a matter of only casual concern. While it appears necessary to spend with a lavishness never before dreamed of, it behooves us to give thought to the effect of this spending—not so important, perhaps, in the effect upon the Treasury as the effect upon our citizens, though it is within the realm of possibility that even a Treasury deficit could be of concern.

There is much water in the Atlantic Ocean, but even that could be emptied with spoons if we had enough spoons and somewhere to put the water, and with an efficient and active appropriations committee the place might be provided. The magnitude and number of the avenues of approach to the Federal Treasury is by no means reassuring. The spending of money is, of course, essential. No business or enterprise can be conducted without it. But what if the limit is reached?

I am anticipating with the greatest interest one more phase of our activities here—the report of the Committee on Ways and Means upon the subject of providing revenue is sure to furnish interesting reading. While it is not my desire to be in the least critical, I have been impressed by the fact that our spending committee, the Appropriations Committee, is entirely distinct and disassociated with our Ways and Means Committee, charged with the duty of providing the wherewithal to pay the bills. This, however, is rather in keeping with the way in which many of our families are conducted—one part does the spending, another must provide the funds. I have always felt that the one who provides the money should have something to say about how it is spent. Another thing, too, my observation is that the

Appropriations Committee acts first. In other words, the money is spent before it is provided.

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

Mr. CASTELLOW. Yes; with pleasure.

Mr. HOEPEL. We also have another committee in this House to gag, so the people of the country can receive nothing.

Mr. CASTELLOW. I have always been of the opinion that the committee making the appropriations should be charged with the duty of providing the funds to meet them; and my judgment is, further, that it is usually a wise policy to have the money provided, or at least in prospect, before the investment or allocation is made. However, upon this point I am evidently in the minority.

There is one other matter to which I feel attention should be directed, and that is to the situation as regards our relief program. What is being done to prepare these people for a resumption of their individual responsibilities in the normal walks of life where they must soon be called, not only to rely upon themselves for their individual support but to become factors in the support of the Government if we are to carry on. We cannot rely upon these expedients indefinitely, and we will have played false to these people if we fail to prepare them gradually for resumption of their obligations and duties as self-reliant citizens. My observation is that the fixed laws of nature which affect the various phases of life apply with equal force to man. We all know that a canary bird raised in a cage without the necessity of self-reliance becomes not only dependent but comparatively helpless. If suddenly given its liberty it would likely starve in the same environment where an ordinary English sparrow would fatten. The longer one is maintained in a position where he is not called upon to rely upon his own resources the more helpless he becomes. The point I am endeavoring to stress is that time will necessarily be required in the abandonment of these activities, and to this extent it is my wish to admonish those in authority. It would be manifestly unjust to remove at once from a sheltered position thousands of men and women and thrust them unprepared into the sharp conflict of the struggle for individual existence. [Applause.]

The CHAIRMAN. The time of the gentleman from Georgia [Mr. CASTELLOW] has expired.

Mr. SEARS. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, in 1931, when the Post Office appropriation bill was before the House, I endeavored to elicit information from the then chairman of the committee relative to the tremendous increase in the costs of leases that were contracted for by the Post Office Department, which leases appeared to me to be unjustifiably exorbitant and unreasonably high. I wanted to know, in view of the growing deficit in the Post Office Department, why it was that we should continue to increase the prices of leaseholds or leases for post offices.

The same day a Republican colleague of ours from Minnesota called my attention to a great abuse in the city of St. Paul, where more than \$1,000,000 had been paid for a lease, which action, he claimed, was positively criminal. He demanded an investigation. All I desired here at that time was information. I was unable to obtain any information; and thereupon I endeavored to get the information from the Department, but unfortunately, again I was unsuccessful. The following year, when the Post Office Department appropriation bill was before the House, my attention was again called to the growing abuses in the Post Office Department, and I served notice on the chairman of that committee as well as the Postmaster General, that unless the Department ceased those abuses, including the criminal wastes and expenditures, I would introduce a resolution demanding an investigation of that Department. The saturnalia of abuses continued, and, consequently, I did introduce that resolution, and the House acted favorably upon it and authorized and directed the Committee on the Post Office and Post Roads to make an investigation, not only as to the exorbitant prices paid for leased premises, but also the ex-

orbitant and unjustifiable prices that were paid for sites purchased by the Post Office Department for post-office buildings.

In the same resolution I also requested the investigation of the unjustifiable, yes, criminal, contracts that were entered into by the Postmaster General for the Air Mail Service and ocean mail service.

My resolution called for an investigation of those matters, including the exorbitant prices that were being paid to the railroads for the carrying of the mail. My resolution was adopted and a committee was authorized to make the investigation, but, unfortunately, due to lack of an adequate appropriation, it never has been able to proceed properly to investigate all these shameful abuses which are now coming to light. Whereupon in the last session of Congress the Senate appointed a committee to take up and investigate those abuses, which the House committee was unable to make, due to the fact that they could not engage investigators or attorneys to aid the committee to ferret out the crooked deals. I do not wish to criticize the Post Office Committee of the House, because the chairman of that committee is an able, honest, and sincere gentleman who secured valuable information as to some of the air mail contracts, also as to some of the outlandish and outrageous leases that had been contracted for, and the purchase of some of the sites; but he and his committee were almost fatally handicapped by a lack of adequate funds. They could not get an experienced, competent investigator or anyone else, such as able counsel, to aid them in thoroughly conducting the investigation. I am pleased that the life of that committee has been extended so that it may proceed with renewed vigor to the further investigation of these abuses.

But in the meantime, as I have stated, the other body has acted, and only this morning I read in the newspapers to what extent these unfaithful representatives of the last administration had gone; to what extent the former Postmaster General had gone to serve those specially favored interests, such as steamship companies and air mail combinations. I am satisfied that before the Senate committee has concluded its investigation it will disclose many more frauds against the Government than have been disclosed in the last few days. Personally, of course, I would have preferred that the House had the opportunity and facilities at that time to properly conduct that investigation, but I am satisfied that from this time on the House will agree with me that it has certain functions to perform, and that it should not, whenever a resolution to investigate wrongdoing on the part of any official is offered, shirk its plain duty and refuse to proceed with such investigation. I am satisfied that if the Post Office Committee had been placed in a position to proceed properly with its investigation in 1931 and 1932, our Government would have saved millions upon millions of dollars and the deficit of 1932 would not have reached more than \$180,000,000 in that Department alone.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. SABATH. I am glad to yield.

Mr. SHOEMAKER. Is there not some way of canceling some of those contracts that have been obtained by fraud?

Mr. SABATH. That is just what I want to call attention to.

Mr. SHOEMAKER. I was informed that there was one of these contracts on one of the shipping lines that operates from San Francisco to Mazatlan, Mexico.

On some of these trips there is not even one sack of mail carried. The contract pays for the entire operation of the shipping line for the year. If there is no mail on a trip the captain of the ship will sit down in San Francisco and address a letter to himself at Mazatlan so they can carry mail; and for this one letter they collect \$24,000.

Mr. SABATH. I fully agree with the gentleman that all these fraudulent contracts should be canceled; and I arise today for the purpose of demanding the cancellation of all these fraudulent contracts not only in the Air Mail Service but also in the Railway Mail and the Ocean Mail Services. I demand and insist that immediate steps be taken to cancel

all the fraudulent leases that have been made throughout the United States, leases which cost the Government needless millions of dollars annually. This applies likewise to the purchase of sites that were entered into during the years 1930, 1931, 1932, and the first 3 months of 1933.

So I have taken the floor to call attention to these abuses. As I have stated, I tried to bring about that investigation in 1931 and 1932; and although I succeeded in having passed in 1932 the resolution to investigate these wholesale frauds against the Government on the part of a Republican post office administration, the committee was unable to do justice either to the House or itself or the cause involved because of lack of funds with which to engage properly qualified investigators who could aid them in ferreting out these dishonest deals and their ramifications.

I greatly regret to read in today's paper that these predatory interests have gone so far as to influence a Republican Member of the Senate to conduct a filibuster to enable a steamship company and a railroad company to wiggle out at the very last minute one of these fraudulent contracts; but, thanks be to God, another department was able to prevent its consummation.

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

Mr. SABATH. I yield, with pleasure.

Mr. SHOEMAKER. Does the gentleman know that the United States Government is running a line of boats to Panama Canal from New York and that a private shipping company follows the Government boat with one of its boats, 3 or 4 hours later, and gets a big contract for carrying mail which could be carried on our own Government boats, and that the contract to this private company amounts to hundreds of thousands of dollars annually?

Mr. SABATH. I know of this and many other abuses, as I have received in the last 4 years so many complaints against that department that I could hardly believe the men then in power could have had the temerity, the gall, the audacity to go as far in robbing the Government as they did. Therefore I am calling upon not only the Committee on the Post Office and Post Roads but every other committee of this House having any information and jurisdiction in the matter to familiarize the Postmaster General and the President so as to aid in bringing about the cancelation of all these fraudulent contracts. If proper steps are taken, it will mean the saving of millions and millions of dollars to the Government, and it will not be necessary for us to reduce the salaries of the low-paid employees.

[Here the gavel fell.]

Mr. ARNOLD. Mr. Chairman, I yield 6 additional minutes to the gentleman from Illinois.

The CHAIRMAN (Mr. GLOVER). The gentleman is recognized for 6 additional minutes.

Mr. SABATH. Yesterday when I rose to call attention to an item carried in the Navy appropriation bill, a Member on the Republican side wanted to know what investigations I had advocated. Answering him hurriedly I named seven investigations I have advocated, some of which are now being prosecuted. In my answer, however, I failed to mention one investigation in which I am especially interested and which I started advocating in 1929. Had the House acted then, as I have said on this floor many times, the country would not be in its present deplorable condition. In 1929 I demanded an investigation of that robbing institution known as the "Stock Exchange" and of the infamous scoundrels who control that wicked institution, these crooked gamblers and unscrupulous bankers who robbed millions of honest American people and who still are outside but deserve to be within the walls of the penitentiary, while many unfortunate small bankers who took their advice and invested in their securities are being prosecuted and sent to jail. I say that if anybody should be sent to jail they are these despicable, contemptible manipulators and other malefactors I tried to reach by my resolution in 1929, so that in the future we could prevent the recurrence of these unfortunate things and from which our good and matchless Presi-

dent is now trying with all his might and ingenuity to rebuild what they have destroyed.

Mr. Chairman and gentlemen, that is the reason I have taken the floor again today to call attention to the need of immediate legislation not only for the punishment of those guilty of the near destruction of our Nation and those whose nefarious acts and wanton disregard of humanity engulfed nearly 99 percent of our American citizenry, ruined our commerce, and deprived millions of people of employment, but to urge the enactment of such legislation as will rehabilitate these suffering millions and put them to work. I reiterate the demand for the prosecution of those guilty criminals and for the passage of legislation that will make impossible in the future a recurrence of such crimes. Though I have several bills pending, I know that at this time I cannot effect their consideration; but I am reliably informed that, under the direction of the President, a bill is being drafted looking to the elimination of these untenable abuses on all the stock exchanges. It is my earnest hope that the proposed bill will reach this floor shortly and that it will be speedily enacted into law.

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

Mr. SABATH. I gladly yield.

Mr. BOLAND. Yesterday I was very much interested in the various investigations the gentleman from Illinois said he had advocated. I noticed that all these investigations he referred to were prior to December 1931. Has the gentleman offered any resolution of a similar nature since that time?

Mr. SABATH. Yes. I may say that the resolution authorizing and directing the Post Office Committee to make an investigation was passed in 1932. Of course some of these resolutions are still pending and some committees are working. I am hopeful that we may pass a resolution to investigate the Treasury Department so we may learn who were responsible for and made possible the refund of \$2,000,000,000 of the people's money to the pockets of the specially favored interests, those men who were the beneficiaries under the last three Republican administrations.

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

Mr. SABATH. I gladly yield to my friend.

Mr. McFARLANE. Does not the gentleman believe that while we are investigating these parties we ought also to insist upon being made public the tax returns of these tax evaders?

Mr. SABATH. We passed such a resolution in 1932, but these very men whom it affected started a hue and cry that it would be detrimental to the interests of the people to publish what their incomes and profits were. I myself believe we should give full publicity to everything that is being done because, after all, these men are the beneficiaries of the Government; they have the protection of the Government; they should be the subjects of the Government, not its masters.

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

Mr. SABATH. I am very glad to yield to the gentleman.

Mr. BOLAND. The gentleman referred to tax refunds. The gentleman is aware, of course, that \$3,000,000,000 of this \$4,000,000,000 which was returned under Andrew Mellon in the form of tax refunds went to Pennsylvania, is he not?

Mr. SABATH. I really do not know whether \$3,000,000,000 is the amount that went to Pennsylvania; but I do know that most of it went to Pennsylvania, New York, to a few of the large manipulators, and to the 347 directors who are owned and controlled by the House of Morgan.

Mr. BOLAND. In other words, \$100,000,000 went to the Bethlehem Steel Co.?

Mr. SABATH. Which is, of course, a Pennsylvania corporation.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Chairman, I would like to ask a question of the chairman of the subcommittee, if I may be

permitted to do so. I propounded a similar question to the gentleman from New York [Mr. TABER] a few days ago on the subject of the C.W.A. My question goes to the sums that have been allocated out of the \$3,300,000,000, some of said sums for the coming year and some going as far into the future as 1936. I asked the gentleman from New York [Mr. TABER] the question whether or not in his opinion the President had the right to reallocate funds from the \$3,300,000,000, making those funds available to the C.W.A. for both the present program and the contemplated extended program which has been discussed on many occasions.

Mr. ARNOLD. I will say to the gentleman that, so far as that \$3,300,000,000 fund is concerned, the Administrator of Public Works has the right to make allocations from that fund as he sees fit. There are absolutely no restrictions on what he might do as to allocation of such funds. He did allocate something like \$400,000,000 of the \$3,300,000,000 to the Civil Works Administration.

Mr. BLANCHARD. I understand it requires an Executive order to add any funds now to what has been allocated?

Mr. ARNOLD. The money, as I understand it, has already been allocated. I understand they may come down here and ask for an additional appropriation to carry on some of the work further.

Mr. BLANCHARD. That goes to the point I have in mind. Is it the gentleman's opinion that additional legislation is required to extend the C.W.A. activities or to make funds available to the C.W.A. authorities at this time so these programs may continue?

Mr. ARNOLD. I do not understand that additional legislation is necessary. The basic law is there for that purpose, but Congress will have to appropriate the funds.

Mr. BLANCHARD. We appropriated in the special session of Congress \$3,300,000,000. We have not even approached the point where we are going to use up all of those funds, because much of it has been allocated into the future as far as 1936. Why is it not possible at this time to make use of some of the money appropriated in the special session of Congress and not heretofore expended for civil-works activities?

Mr. ARNOLD. The C.W.A. activities fund is pretty well used, as I understand it. It will be exhausted by the 15th of February.

Mr. BLANCHARD. I understand that perfectly.

Mr. ARNOLD. If the work is to be carried on any further, it will require an additional fund.

Mr. BLANCHARD. Why could not those funds come out of the money appropriated in the special session of Congress.

Mr. ARNOLD. The \$3,300,000,000 has been allotted. Just what the machinery or mechanics will be as to getting additional funds for that purpose, I cannot answer the gentleman definitely.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BLANCHARD. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. I do not think the gentleman fully understands how the Treasury handles these appropriations. We have appropriated \$3,300,000,000. This money is not all in the Treasury of the United States. It is a charge against the Treasury and is secured as it is needed. Take a project that requires 4 years to complete. They pay as they go along and raise the money as it is needed.

Mr. BLANCHARD. Oh, I understand that perfectly.

Mr. COCHRAN of Missouri. The money we are going to spend in 1936, for instance, on a project that extends over a period of 3 or 4 years, will be raised in that year. The money is not now in the Treasury. Therefore it could not be used for some other purpose.

Mr. BLANCHARD. I understand that.

Mr. COCHRAN of Missouri. If it were applied to the C.W.A. projects, they would have to go out immediately and finance that allocation in some way; that is, if the money was going to be used at once.

Mr. BLANCHARD. Of course, everyone knows the money has to be raised. We cannot spend millions of dollars with-

out at the same time raising the necessary funds by taxation or otherwise. But I call the Members' attention to the fact that there was allocated to the Coast and Geodetic Survey the sum of \$6,463,000 out of the same fund. I wish to add that that afterward was withdrawn.

The point I have in mind is that, with the severe situation that has arisen as a result of the curtailment of the C.W.A. program over all the United States and the legitimate demand made upon the Federal authorities by municipal authorities of the various States that this program continue at least until many of the projects are completed, and with the winter months before us, I think it presents to Congress for consideration at this time a problem of very serious moment. Let me give you an illustration of exactly what is transpiring in my home State, because of the fact, as the Federal authorities claim, we have exceeded our quota. Perhaps we have exceeded our quota, but through no fault of the local officials or through no fault of the people of my State. They have started many of these projects and now are unable to complete them because the Federal authorities say the funds are running out. If this were merely a program on the roadside, you could curtail the operation without any serious consequences to the projects themselves, but there are dozens—yes, hundreds—of school projects in the State of Wisconsin that were started as a result of the C.W.A. program which cannot be completed. In my district, because of the curtailment order that went into effect a few days ago, we have some country schoolhouses that cannot be completed so that they may be occupied within a reasonable length of time.

Let me read a letter from the county superintendent of schools of Rock County, Wis.:

OFFICE OF SUPERINTENDENT OF SCHOOLS,
ROCK COUNTY, WIS.,
Janesville, January 22, 1934.

HON. GEORGE W. BLANCHARD,

House of Representatives, Washington, D.C.

DEAR MR. BLANCHARD: I have been watching the news items in the Janesville Daily Gazette concerning the C.W.A. work and project and appreciate very much the effort that you have been putting forth to have these projects continued.

The latest information that has come to my attention concerning the C.W.A. project is indicative that the time for the men on the rural-school jobs has been cut down to 15 hours a week. A good many of our rural districts have undertaken to put basements under the schoolhouses. Many of these schoolhouses are sitting up on stilts or beams. Schools are being held temporarily in old homes, rooms of houses, and in one case in a former tavern. If the amount of time is going to remain permanently at 15 hours a week, I just wonder what is going to happen in an educational way to the boys and girls that are attending school this year. I certainly hope that you may be able to have the number of hours on these rural-school jobs extended to a longer period than 15 hours a week.

Yours very truly,

G. T. LONGBOTHAM,
County Superintendent of Schools.

I appreciate the fact as well as you do that at some time there must be a tapering off of these activities, but this is not the opportune time to put into effect a curtailment order.

I attempted to elicit information from the chairman of the subcommittee so that I might decide to my own satisfaction whether or not the President or the administrative authorities of the public relief funds, the C.W.A. and the P.W.A., might not immediately allot sufficient funds so that some of these projects could be brought to completion at an early date.

Mr. ARNOLD. Will the gentleman yield?

Mr. BLANCHARD. Yes.

Mr. ARNOLD. Of course, I do not know how extensive these projects have been in the gentleman's community. It is possible that a community or a State might provide or lay out a program which they would hope to complete under the Civil Works Administration that would be far beyond anything that could be accomplished along that line. I do not know what kind of program was laid out so far as your local authorities are concerned. The chances are that what the gentleman says as to his community would apply over all the country if these people are so ambitious as to lay out big programs and expect the Government to come

along and pay the expense. Naturally there must be a limitation on those things.

Mr. BLANCHARD. I quite agree with the gentleman, but these are not ambitious building programs. They are repair and remodeling jobs. The ones I have definitely in mind are installations in some cases of furnaces and heating units; in other cases, the construction of a basement.

Quite naturally you can understand what has happened to many of these schoolhouses in the country where they have gone about the digging of a basement and the construction of a foundation and then found the work suspended completely or drastically curtailed because of a lack of funds.

I am not so concerned about the local aspects of the situation. If I were satisfied that it was the duty of Congress at this time to provide additional funds, then I might know where the responsibility rests; but I am far from convinced, because of what has happened here in the last few days, that there is not ample authority right in the administrative branch of the Government to reallocate some of these funds and make them available for the C.W.A. If curtailment must eventually come, it should not be put into effect as it has been during the past week. My criticism, if it is a criticism—and I hope it is not a so-called "destructive criticism"—perhaps should be leveled against the entire system which permits Federal authorities to set up projects and then discontinue them. It is a criticism, of course, of the system that handles projects of this character.

Mr. BOLAND. Will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. BOLAND. I listened to the gentleman's statement about all the different projects and jobs that have been started and half finished and then stopped because of a curtailment order. I should like to know why all these jobs were started and allowed to get into this condition. Was there not money enough allocated before the jobs were started, or was there not some provision made so they could be completed? It seems to me rather strange that so many jobs should have been started and half finished and then no funds provided to complete them.

Mr. BLANCHARD. To be frank with the gentleman, I would attribute it largely to the administrator in the State of Wisconsin, the Federal authority in charge of the work. If this man exceeded his authority and laid out too ambitious a program, naturally, Wisconsin cannot expect treatment different from that given any other State; but if at the same time the Federal authorities have sanctioned a program of this kind and we now find ourselves in a situation in which many of our schools cannot be properly conducted, then it naturally follows that the necessary sums should be allocated to the C.W.A. so that these worth-while projects may be completed.

Mr. ARNOLD. Will the gentleman yield?

Mr. BLANCHARD. Yes; I yield to the gentleman from Illinois.

Mr. ARNOLD. The gentleman, of course, understands that the C.W.A. is an employment proposition as well as a relief one. The object was not for the Federal Government to go in and build projects as Government projects, but the purpose was to permit projects to be built by labor paid for out of the Federal Treasury as long as the money was available for that purpose. The mere fact that a community has started a project that cannot be completed within the time of this employment program should not be charged to the Federal Government, because it was well known that these projects were for the purpose of employing labor, and there was only \$400,000,000 allocated for that purpose for the entire country. If communities have laid out ambitious programs extending beyond the time the money would last, neither the C.W.A. nor the Government should be censured for that.

Mr. BLANCHARD. I think the gentleman will agree that the C.W.A. program was laid out with the idea of going forward until February 15.

Mr. ARNOLD. Giving employment for something like 4,000,000 men up to that time.

Mr. BLANCHARD. You cannot give employment to the men on public-work projects without at the same time purchasing materials, can you?

Mr. ARNOLD. It requires the purchase of materials, but as I understand it, the C.W.A., so far as materials are concerned, hoped to have this material supplied by the local community. There may be cases where the local community cannot supply the material, and then material, perhaps, may be provided out of C.W.A. funds on public projects.

Mr. BLANCHARD. Mr. Chairman, in the first place, I contend the President has ample power now to reallocate funds and provide money for the C.W.A.; and, secondly, if I am right in this contention, this money should be immediately reallocated so that the C.W.A. projects which have been approved by the Federal authorities can be completed; and, thirdly, if it is to be the policy of Congress and the President to curtail C.W.A. projects, we certainly should not curtail them so drastically at this particular time of the year. We could provide the necessary funds and taper it off when there is a reasonable chance for the people working on Civil Works jobs to find other employment. If it devolves upon the Government of the United States to provide some additional funds, may I call the attention of the Appropriations Committee to the fact that they should be using their time now in considering the advisability of extending the C.W.A. and should make that fact known to the people of the United States. Our people need employment right now as they never have before. I submit that the policy of casting them adrift at this inopportune time is entirely uncalled for. [Applause.]

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, my distinguished colleague from Wisconsin has brought up a subject which is causing a good deal of discussion among the people and in the press of Wisconsin at the present time.

I call the attention of the gentleman from Illinois [Mr. ARNOLD] to the situation that exists in Wisconsin. The gentleman very mildly criticized the local people in the various communities—

Mr. ARNOLD. If the gentleman will permit, I do not mean to criticize. I am simply speaking about providing an ambitious program beyond the funds available.

Mr. BOILEAU. I appreciate the attitude of the gentleman from Illinois.

The people of Wisconsin are entirely without blame in this situation. The original allocation was 90,000 men for Wisconsin. I am advised by Mr. Hopkins that the Federal administrator in Wisconsin was instructed not to employ more than 90,000 men. For some reason or other, certainly without the fault of the local people, the Federal officials permitted 166,000 to go on the rolls.

Of course, permitting that number of people to be employed in C.W.A. work, many projects were entered into that would not have been entered into if there had been a lesser number of men employed. But that was not the fault of the local people, because there were many men looking for employment and the Federal agent put them to work.

When the Federal officials saw that there were 166,000 employed instead of 90,000, they issued orders to dismiss many men who were first employed. They made a new quota of 100,000 and ordered 66,000 to be taken off the pay rolls. Hardly had that allocation of 100,000 been put into effect when they issued another order reducing it to 75,000.

So, after we got the project started with 166,000, the orders were to reduce them to 75,000 men, which meant that many projects that were begun under the order of the Federal authorities have been stopped and the result is that many of them will not be completed unless there is a new arrangement and the program extended a certain length of time.

Mr. BLANCHARD. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. BLANCHARD. And the gentleman will recollect that in addition to cutting down the number to 75,000, the number of hours that the men were permitted to work were decreased.

Mr. BOILEAU. Yes; the reduction in the number of men employed was made before the orders were issued to reduce the number of hours. Instead of 166,000 men working 30 hours, we have 75,000 men working from 15 to 24 hours a week.

The situation in Wisconsin is one, I think, that should cause the officials of the Civil Works Administration to sit up and take notice. It should cause us to reflect upon what will happen when they decide to discontinue the Civil Works Administration work.

The program was to give 4,000,000 men work. I think everyone is in accord with the program and hopes that it will be continued at least until the 1st of May. However, the time will come when these 4,000,000 men will be thrown off the C.W.A. pay roll, and we must prepare for that emergency.

The experience we had in Wisconsin when the quota was reduced from 166,000 men to 75,000 men shows what is going to happen when they are all cut off from the pay roll. Men who had found employment for the first time in months—yes; in years, in many instances—were happy at the prospect of having some money to provide for their families, and now they find themselves, through no fault of their own, again thrown back on the local communities for support. Naturally, these people, having tasted for such a brief period the pleasure of having some money in their hands with which to provide the necessities of life for their families, could have nothing but the greatest disappointment in finding themselves without work. So I say we should be preparing for the day when the C.W.A. program is stopped and have something ready to give to these men.

I realize that a tremendous amount of money has been spent in the past year to give work to men. I think we all approve of the policy that the Government should find work and should create jobs, in order to give these men employment, but I believe it will be a sad day for this Nation if these 4,000,000 men are to join the other millions of unemployed and if such a great number should again find themselves in the position where they cannot earn a living.

The other day when we were passing the gold revaluing bill I felt that I would be personally disappointed if there does not come along a sufficient expansion of currency so that credit will be more easily obtained, so that money that is now in hiding will come out in the open, so that the money will be invested in things rather than held as currency in hoarding. I am hopeful that the program of revaluing gold will be followed by an expansion of the currency, so there will be immediately a trend toward higher commodity prices, so that agriculture will get a greater price for its commodities, so that agriculture will have purchasing power restored to it. I am hopeful that this program will be carried out soon, so that we can immediately have the effect from such a program of expansion in currency and its reflection in higher commodity prices and more employment, because it is necessary that we do something in the near future to take care of the slack in employment that will be created when these 4,000,000 men are definitely off the rolls. We must do something immediately, as the welfare of our country demands prompt and definite action.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Chairman, the menace of unemployment hangs over America like a sword. The debate here this afternoon proves that fact. This root evil of unemployment occupies our minds, and because the C.W.A. deals with it to some degree, we are united in the belief that the principle of this organization must be maintained. It must not be abandoned, but it must be extended and expanded under a better system.

The wide-spread charges of graft, favoritism, and injustice, which surround the operations of the C.W.A. could be easily foreseen. When there are 4,000,000 jobs for 10,000,000 workers, desperate for employment, these evils are inevitable. Tremendous as the problem is, we must undertake the imperative task of coordinating private industry and public

employment so that every American, able and willing to work, shall be assured a job at fair wages.

In the midst of uncertainty there is on thing certain: Mass production is dependent upon mass consumption and mass consumption is impossible without adequate purchasing power in the hands of the American people. If a great section of the public cannot buy, the business structure cannot be maintained.

Private industry failed completely to distribute that purchasing power and the country went down the sorrowful road of 1930, 1931, and 1932. Then, under the National Industrial Recovery Act, we undertook to halt that downward slide. It was halted and for a time there was a distinctly upward trend. However, it was never expected by anyone who knew the facts, that the N.R.A. could, of itself, restore the unemployed to full-time jobs. The N.R.A. is a governor on the industrial machine. It can abolish child labor, provide fair wages and hours, eliminate cutthroat competition, and give employees and employers a chance to act together in organized responsibility.

It was recognized that additional purchasing power must be furnished through governmental action and for that reason title II was carried in the National Industrial Recovery Act. The Public Works Administration was provided with \$3,300,000,000 with a view to forcing that vast sum speedily into circulation as purchasing power for workers employed on many projects. This fresh, new blood in the arteries of business was counted on to hasten recovery by creating orders for more of the products of farms and factories. More workers would be needed to meet this demand and private industry would call them back into service. At fair wages, under the N.R.A. codes this additional purchasing power would help set in operation the benevolent cycle of increasing production, prices, employment, and pay rolls.

That plan was not put into effect. In 6 months a large number of industrial codes were formulated and put in operation. But by December, 6 months after the act was passed, less than one half of 1 percent of the public works appropriation had actually been expended. The additional purchasing power to speed the wheels of industry was not in effect. A great opportunity was lost and the Public Works Administration must stand responsible.

In the meantime, the National Recovery Administration was handicapped in its own great task of establishing a balance between industrial production, pay rolls, and prices. Without a doubt blunders were made in the administration, and some of them worked injury to the entire program. However, if there had been perfect administration exactly on the lines laid down in the act, the breakdown in the public-works features would have prevented the full success desired.

What is the situation? In order to answer that question I requested the research division of the Federal Reserve Board to prepare a comparison of production, employment, pay rolls, and prices for the months since the passage of the N.I.R.A. with the year 1926. It is generally admitted that the year 1926 furnishes a normal standard on which to base recovery progress.

The table herewith gives the facts as disclosed by the Federal Reserve Board's careful compilation of statistics:

	Percent of change, 1926 to—				
	July	August	September	October	November
Industrial production:					
Total.....	-7	-16	-22	-29	-32
Manufacturers.....	-7	-16	-23	-29	-34
Minerals.....	-17	-16	-19	-25	-25
Factory employment.....	-32	-28	-24	-25	-23
Factory pay rolls.....	-52	-46	-44	-45	-48
Wholesale prices:					
All commodities.....	-31.1	-30.5	-29	-29	-28.9
Farm products.....	-36.9	-42.4	-43	-44	-43.4
Food.....	-34.5	-35.2	-35	-36	-35.7
All other commodities.....	-27.8	-25.9	-24	-23	-22.8

What do these figures mean? Simply that pay rolls or wages, which make up purchasing power, are completely out of balance as compared to both production and prices, and the situation is not getting better.

In July industrial production jumped to a point within 7 percent of the 1926 level, while prices were 31.1 percent under 1926. Employment was 32 percent under the standard, while pay rolls lagged 52 percent behind.

In August production was 16 percent under 1926 and prices were 30.5 percent under. Employment had jumped up 4 points and pay rolls had increased 6 percent.

In September production had dropped to 22 percent under 1926, while prices were 29 percent under the standard. Employment had made 24 percent, or a further gain of 4 points, and pay rolls were 44 percent under 1926, a gain of 2 points.

In October production and prices were exactly balanced at 29 percent under 1926. Employment was 25, which was a more favorable point than either production or prices, so that these three factors were fairly in balance. But the one key factor, pay rolls, lost 1 point and stood at 45 percent under 1926.

In November production was 32 percent under 1926, while prices were 28.9 percent under 1926. Factory employment was 28 percent under that level, while pay rolls had dropped to 48 percent under 1926.

Mr. Chairman, it requires no gift of prophecy to foretell what will happen if that trend continues. Lack of purchasing power as embodied in wages will cause both production and prices to collapse.

It must be apparent to everyone that the recovery program depends upon an increase in the buying power in the hands of Americans. Since wages and salaries make up a great part of American buying power, more money must be distributed through these channels. The N.R.A. codes must be revised upward as to wages and downward as to hours of labor if the balance is to be established and maintained.

More than that will be needed. Additional purchasing power through wages and salaries paid to workers on public-welfare projects must be provided, in a coordinated and not a haphazard program. There must be a guarantee of a job to every unemployed worker in socially useful work.

The C.W.A. is a piecemeal attempt to meet the task which must be met if there is to be recovery. The President said on November 15, when he announced the C.W.A. plan:

I am very confident that the mere fact of giving real wages to 4,000,000 Americans who today are not getting wages is going to do more to relieve suffering and lift the morale of the Nation to a higher degree than any previous plan.

There is no doubt that the C.W.A. program did bring new hope and confidence to Americans. Shall that newly created morale be shattered now by an abandonment of the principle that jobs and jobs alone can restore prosperity? The most tragic thing that can happen is to announce that these 4,000,000 workers are to be discharged and must again seek the bread lines and charity.

It is true that the C.W.A. program left some 6,000,000 unemployed workers out of consideration and that gross injustices followed as a result. It is true that improvised work projects led to the employment of many men at useless work, which made the wages only a concealed dole.

That situation does not furnish proof that the principle of the employment program should be abandoned. It only proves that those evils should be eliminated and the program put on a better basis. To forsake the principle is to admit that we cannot cope with the depression.

I maintain, Mr. Chairman, that we must develop a program for the employment of all idle workers, not for a fraction of them. They must be employed in useful, constructive work which will add to the wealth of the Nation. The billions of unemployed dollars and the millions of unemployed men can be put to work and must be put to work.

I introduced a bill this afternoon which provides a method for using these surpluses. It undertakes to coordinate all the work being done now by various relief and employment agencies. It sets up the national industrial adjustment

corporation for the purpose of providing public employment when necessary to supplement private employment.

Mr. BANKHEAD. Will the gentleman yield for a question?

Mr. KELLY of Pennsylvania. I will be glad to yield to the gentleman from Alabama.

Mr. BANKHEAD. The gentleman knows, of course, that I have very great admiration for his opinion on this labor problem, because he has been an expert on it and has given it a great deal of study.

Mr. KELLY of Pennsylvania. I thank the gentleman, but he does me too great honor.

Mr. BANKHEAD. I do not mean to flatter the gentleman. The thing that is disturbing my mind is, what is going to be the ultimate result of this program of C.W.A. and similar work? Of course, I am in hearty approval with what has been done to date and what is in prospect for the immediate future, but suppose the unemployment situation continues to exist another year or 2 years or 3 years with its terrible burden upon the Treasury of the United States; what is the opinion of the gentleman with reference to the indefinite continuation of the program until the unemployed may be absorbed in industry?

Mr. KELLY of Pennsylvania. Mr. Chairman, the gentleman from Alabama raises a most vital point. How is this employment to be financed? How are these employment projects to be paid for? I admit that we cannot indefinitely pay out vast sums on projects which do not return in national wealth more than their entire cost. The C.W.A., as far as its work projects have been valueless as permanent improvements, has been operating as a distributor of doles.

But that is not necessary. There is a vast amount of work to be done in this country where the wealth created will far exceed the amount expended. We have not reached the stage where we can write finis to our program of betterment. There are new communities to be built and highways to be built to them. There are homestead projects which would redistribute the overbalance of population in city and industrial sections. There are slum districts to be cleared and homes to be built. There are schools to be established and resources to be conserved. There is a vast amount of construction needed which, under proper development, would pay a profit on every dollar expended and at the same time furnish jobs to every unemployed man who was not absorbed into private industry.

Mr. BANKHEAD. Will the gentleman yield further?

Mr. KELLY of Pennsylvania. Certainly.

Mr. BANKHEAD. In that connection I understand the gentleman's proposition is that in large measure future advancements, after we dispose of the immediate emergency, should be made only to self-liquidating propositions?

Mr. KELLY of Pennsylvania. Yes; if the gentleman means by self-liquidating projects, as I do, all those projects and improvements which create new wealth to a degree greater than their cost. I would not exclude those Federal projects such as river and harbor improvements, flood control, public buildings, good roads, and others which are mistakenly, in my estimation, opposed because they do not directly return to the Government every dollar invested. I do believe that by far the greater amount of money would be spent on projects which would directly return their cost. The direct beneficiaries would be able to return the funds invested and the work itself would give employment to those who must have work if our immortal declaration as to life, liberty, and happiness is to be more than an empty phrase.

Mr. Chairman, we have not yet touched the fringes of the constructive work to be done in this country. We provided in the N.I.R.A. for a subsistence homestead division. It is only a very slight step toward a vitally important goal. It is badly named. The general idea back of the word "subsistence" is unworthy of such a plan. It gives a picture of a family struggling desperately for mere existence. We should have American homestead projects through which families would have modern comforts and conveniences, with a standard of living in line with the productive powers of American industry. It is not an impossible dream. It

can be accomplished by intelligent use of the resources we have at this moment.

All the costs can be repaid out of restored income. In 1929 the national income was 92 billions while in 1933 it was approximately 48 billions. If we can restore that lost income, the investment in recovery will be felt but slightly. If that income is not increased our entire industrial structure will fall.

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

Mr. KELLY of Pennsylvania. I yield.

Mr. CHRISTIANSON. I was very much interested in the table the gentleman read, dealing with production, prices, and so forth. I shall be interested in reading it carefully in the RECORD. As I recall, the margin between employment now and in 1926 is greater than the margin between production now and in 1926.

Mr. KELLY of Pennsylvania. No; the gentleman is in error. Employment, counting part-time employment, of course, is in a more favorable position now than is production, compared to 1926. In November production was 32 percent below the standard while employment was 28 percent below.

Mr. CHRISTIANSON. And that despite the fact that under the codes the hours of labor have been sharply curtailed?

Mr. KELLY of Pennsylvania. The gentleman understands that the reason employment is at a better level than production is due to those codes which shortened the hours of labor and thus provided more jobs.

Mr. CHRISTIANSON. I understand that. Nevertheless, there is left a considerable margin. Do not these figures indicate to the gentleman the need of further reducing the hours of labor in order to adjust them with the tempo of the machine?

Mr. KELLY of Pennsylvania. That is quite true. These codes must be revised downward as to hours of labor. More important still, they must be revised upward as to wages, for it is wages that furnishes the motive power for recovery.

Mr. CHRISTIANSON. The only alternative is the displacement of the machine with hand labor, or at least stopping the installation of new labor-saving machinery. In that connection, I wonder whether the gentleman noticed the press report which indicated that in the Ford industry in Detroit, Mich., new machines had been produced which made it possible for three men, I believe, to do the work for which a large number of men were required formerly.

Mr. KELLY of Pennsylvania. That is true in all industry. Machines are taking over the work of men and production is being increased per man to an amazing degree.

Mr. CHRISTIANSON. I am wondering whether the gentleman has any method to propose whereby excessive expansion of the use of machinery may be discouraged in this country.

Mr. KELLY of Pennsylvania. No; I have no such suggestion, and I am opposed to any such attempt. Rather I would encourage the installation of every new machine which can lift old and heavy burdens from the backs of American workers. But I would control those machines in the public interest so that they would serve mankind. I would cut down the hours of labor for the individual worker and try and more justly divide the product of our marvelous machine system.

Mr. CHRISTIANSON. Then, if I understand what the gentleman proposes, it is to lower the wage of the machine and to raise the wage of the laboring man.

Mr. KELLY of Pennsylvania. Well, the machine is not a wage earner, but I would certainly put these contraptions of steel and rubber and aluminum and bronze on a different plane than human flesh and blood and hand and mind. I would put the man above the machine. These machines cannot buy goods. The industrialists who forget that fact are making a fatal mistake. They should realize that the sale of their products and thus their own prosperity depend upon buying power in the hands of American workers.

Mr. Chairman, during this entire depression there have been but two policies which could be consistently maintained. One is the let-alone policy of letting things take their downward course without interference. Then at the bottom of the gulf, in the midst of practically universal bankruptcy, a poverty-stricken Nation might begin the long upward climb.

The other policy is to make war on the depression with every resource of the Nation. Production, prices, employment, and pay rolls must be steadily increased, and they must be kept in balance. The motive power must be income in the hands of the great mass of Americans.

We deliberately chose this second policy, refusing to risk the destruction of our institutions by sitting supinely by while we starved in the midst of plenty. Then why should there be a halting between the two courses of action? Why should 4,000,000 workers be given jobs and then dismissed from those jobs with no other provision for them? If there is to be victory in this war, there must be no turning back in the midst of the battle.

Mr. Chairman, with the help of persons who have studied this problem for the past 4 years, I have prepared and introduced H.R. 7297 for the purpose of providing a program to meet the present need. It establishes an agency to be known as the National Industrial Adjustment Corporation, which would take over the duties of the Public Works Administration, the C.W.A., the Federal Emergency Relief Administration, the subsistence homestead division, and the other emergency employment and relief agencies of the Federal Government.

Under its direction, subsidiary corporations would be organized to take over these duties and also to undertake such enterprises as slum clearance, home construction, industrial activities in connection with home building and the enlargement or betterment of public or social services in any State or subdivision thereof, or for the conservation of natural resources.

Provision is made for the organization of the emergency-employment corporation under the directing agency, which shall undertake the employment temporarily of persons able and willing to work who are not needed in private industry under present conditions or in the special-purpose State and private corporations.

Upon the approval of the board of directors of the directing agency, the subsidiary corporations would be authorized to issue bonds, with provision for combined interest and amortization not to exceed 6 percent per annum. These bonds would be purchased by the Treasury with currency issued for the purpose and with a 40-percent gold reserve behind the currency. When deemed advisable, these bonds would be sold through public channels and would be acceptable as security for any trust funds the investment or deposit of which is under the authority of the United States. When sold to the public, these bonds would be guaranteed as to principal and interest.

Mr. Chairman, the more we study this critical problem of unemployment the more forcibly must the conclusion be forced upon us that the solution depends upon the coordinated employment of surplus capital and surplus labor. We have money, men, machines, and materials to produce all the things needed for the comfort and material happiness of 30,000,000 families. They must be put to work, no matter how great the task may be.

Dr. Virgil Jordan, in Business Week, estimated that the accumulation of surplus capital between 1919 and 1929 amounted to \$85,000,000,000. Forty-five billion was corporation surpluses and 40 billion was in individual savings. This vast sum was taken out of current purchasing power during those years and thus helped to throw production and consumption out of balance.

At the same time there were surplus workers whose unemployment and inability to buy goods made the situation worse. The following table shows the unemployment in all industries from 1920 to 1933:

1920.....	1,401,000
1921.....	4,720,000
1922.....	3,441,000

1923	1,532,000
1924	2,315,000
1925	1,755,000
1926	1,669,000
1927	2,055,000
1928	2,100,000
1929	2,500,000
1930	6,000,000
1931	8,000,000
1932	15,000,000
1933	12,000,000

While the \$85,000,000 went into surplus, 70,000,000 man-years were lost, together with all the wealth that would have been created had they been employed. At the average rate of value output per worker during that period, the actual loss amounted to \$140,000,000,000. Idle dollars and idle men side by side do not promote the general welfare.

It is of interest to note the actual distribution of the national income during those years. While the national income has dropped to the danger point, wages and salaries, which make up direct purchasing power, have decreased still further. The following table discloses this fact:

	Total realized income	Total wages and salaries	Remaining for other interests
1919	\$65,900,000,000	\$35,400,000,000	\$30,500,000,000
1920	74,000,000,000	42,300,000,000	31,700,000,000
1921	63,000,000,000	36,200,000,000	26,800,000,000
1922	64,000,000,000	37,700,000,000	26,300,000,000
1923	74,000,000,000	42,900,000,000	31,100,000,000
1924	77,000,000,000	44,500,000,000	32,500,000,000
1925	82,000,000,000	46,900,000,000	35,100,000,000
1926	86,000,000,000	49,800,000,000	36,200,000,000
1927	88,000,000,000	51,400,000,000	36,600,000,000
1928	89,000,000,000	51,100,000,000	37,900,000,000
1929	92,000,000,000	51,700,000,000	40,300,000,000
1930	70,000,000,000	42,500,000,000	27,500,000,000
1931	60,000,000,000	32,500,000,000	27,500,000,000
1932	49,000,000,000	20,000,000,000	29,000,000,000
1933	48,000,000,000	22,000,000,000	27,000,000,000
Total	1,082,900,000,000	606,900,000,000	476,000,000,000

Since 1926, while the national income dropped 43 percent, wages and salaries decreased 56 percent. This meant a decreasing amount going into purchasing power and still greater unemployment.

However, interest and dividend payments showed no such trends. They steadily increased to 1930 and lost very little in 1931 and 1932. Since this amount is generally available for new investment and not for purchasing consumers' goods, the balance was still further affected. The following table shows total interest and dividend payments by all industrial corporations, banks, and trust companies, railroad, and traction companies, the United States Government, and New York City, and all wages and salaries:

	Interest and dividends	Wages and salaries
1919	\$3,189,184,000	\$35,400,000,000
1920	3,414,876,000	42,300,000,000
1921	3,341,806,000	36,200,000,000
1922	3,399,719,000	37,700,000,000
1923	3,585,217,000	42,900,000,000
1924	3,840,590,000	44,500,000,000
1925	4,083,828,000	46,900,000,000
1926	4,319,185,000	49,800,000,000
1927	5,570,548,000	51,400,000,000
1928	6,028,184,000	51,100,000,000
1929	7,588,248,000	51,700,000,000
1930	8,600,052,000	42,500,000,000
1931	8,242,524,000	32,500,000,000
1932	7,200,000,000	20,000,000,000
1933		22,000,000,000

These figures show that while interest and dividend payments increased 66 percent between 1926 and 1932, wages and salaries during the same period showed a loss of 60 percent. Certainly such a maladjustment is destructive to general prosperity and helps prevent the restoration of prosperity.

Another factor has been at work and that is the almost complete collapse of the private building industry. A large number of unemployed workers today were formerly employed in the construction industry. The following table is

an estimate of the value of building contracts and wages paid in the construction industries:

	Value of construction contracts	Salaries and wages paid
1919	\$2,579,000,000	\$1,128,000,000
1920	2,533,000,000	1,084,000,000
1921	2,360,000,000	1,044,000,000
1922	3,353,000,000	1,671,000,000
1923	3,494,000,000	1,613,000,000
1924	3,880,000,000	1,783,000,000
1925	5,043,000,000	2,504,000,000
1926	5,422,000,000	2,795,000,000
1927	5,474,000,000	2,735,000,000
1928	5,844,000,000	3,039,000,000
1929	5,426,000,000	2,876,000,000
1930	3,808,000,000	2,018,000,000
1931	2,773,000,000	1,498,000,000
1932	1,351,000,000	743,000,000
1933	1,256,000,000	690,000,000

Mr. Chairman, during the period since 1919, and especially during the past 4 years when wages and pay rolls have decreased with a tragic rapidity, the productivity of the average industrial worker has steadily increased. The average worker in 1933 produced 83 percent more than the average worker in 1919. Since 1926 there has been a gain in productivity per man of 30 percent.

If we are to use 1926 as the goal of our efforts as to production, and so forth, it follows that wages should be brought back to the 1926 standard, and the hours of labor should be decreased 30 percent. Only in that way can we attain even the degree of balance in evidence during that year.

Mr. Chairman, with all my heart I desire to see the restored prosperity which will follow immediately upon the restoration of 10,000,000 unemployed workers to the great task of producing wealth for America. I have followed the President in every effort which was calculated to bring recovery. I believe that private industry can absorb millions of these unemployed workers if it can be given the long-term credit which has been given other interests, and if needed construction projects are organized and directed by the Federal Government.

Paraphrasing rule no. 1, issued by the Civil Works Administration, I would express the deliberate and determined position of the United States, as follows:

The purpose of the Federal Government is to provide regular work on useful and constructive projects at regular wages for all unemployed persons able and willing to work until they can be absorbed into private industry.

The continuation of relief activities on a temporary, piecemeal basis will result in so great an increase of tax burdens that industry will not be able to resume capacity production and thus absorb unemployment. By the beneficial employment of surplus capital and surplus labor it is possible to turn what are now the chief liabilities of the Nation into valuable assets; to create new and durable wealth, with a minimum of interference with private business and with little addition to the burden of taxation.

Mr. ARNOLD. Mr. Chairman, I yield 20 minutes to the gentleman from Mississippi [Mr. BUSBY].

Mr. BUSBY. Mr. Chairman, while we were considering the recent monetary program there was but little opportunity for us to discuss the questions involved in that bill on the floor of the House. It is not my purpose today to undertake to discuss specifically the provisions of that bill; but I want to call attention to one or two things that seem to me of vital importance and involved in almost half the conversations we hear about this Chamber and in the cloak-rooms.

AN ADEQUATE DEPENDABLE MEDIUM OF EXCHANGE IS IMPERATIVE

I may be too serious in believing that in order to do business, in order to have employment, in order to build roads, to improve communities, and to carry on the business and commerce of this Nation, it is absolutely necessary to have an adequate and dependable medium of exchange. I believe that when I go to the grocery store and order groceries

weighed to the amount of \$5 that it is necessary for me to deliver \$5 in currency, a bank check, or some other evidence of value to balance the purchase. I believe that when I purchase a home or a farm that it is necessary for me to furnish a sufficient medium of exchange representing value to balance that transaction. I believe that when a people or a nation find themselves where they cannot do that thing, where they have no money or other medium of exchange, trading must stop, business must cease, and general stagnation must set in. That is the situation confronting our Nation and other nations of the world today.

I believe that the conception has been general that I am more of a currency inflationist than I have ever dreamed. I think there are Members of this House who believe that I should like to see the Government print unlimited quantities of currency. I have never proposed any such thing.

THE GOVERNMENT HAS NEVER MET ITS DUTY TO FURNISH A MEDIUM OF EXCHANGE

The Government of the United States has never undertaken and has never accomplished its duty in furnishing to the people of this country a dependable medium of exchange. If you will look over the statement of the Treasury and compare it with the statement of the banks, you will find that currency in existence usually runs about \$1 to each \$10 of bank credit. The currency furnished by the Government of the United States amounts to practically nothing when it comes to carrying on the trade and commerce and business of the Nation.

MONEY USED IN BUSINESS IS MANUFACTURED BY THE BUSINESS MAN AND THE BANKS

Get this point. The money that is used by the ordinary man and by business in general is manufactured by the individual and the banking set-up of the country. How has that been done? If I want \$1,000 to be used for business purposes in my local community, I go to the local bank and say: "I want to borrow a thousand dollars." The banker then says to me: "What have you to secure the loan with?" I say: "A farm worth \$3,000 or \$4,000." The banker then suggests that I give him a trust deed on the farm. I execute a mortgage and deliver it to the bank for \$1,000, and the bank then gives me credit for the \$1,000, or passes over to my account \$1,000 of bank credit.

What happens is this: I take a check book and go about the community writing and signing checks, and this becomes bank money because the bank has guaranteed with all its resources that it will back, honor, and make good all these checks to a total amount of \$1,000. So as far as I am concerned and so far as the community is concerned the bank and myself agree upon a plan to manufacture a thousand dollars of medium of exchange. The bank checks are just as effective in business as if they were Treasury notes of the United States, signed by the Treasurer. That "bank money" is as good a medium of exchange as currency. There is just 1 chance in 10 that I will ever call for money or that anybody else who receives these checks will ever call for money on those checks that I passed out in paying obligations to persons with whom I have done business.

So that in our country, under our banking set-up, the masses of the people have depended on manufacturing their own currency, their own medium of exchange, with which to carry on and transact their business. The Government has never done its part. It has no plan of its own for meeting its duty to furnish a dependable medium of exchange.

If that source—bank credit—breaks down, what is the result to business? Certainly stagnation must set in. I call attention to this, that the Government furnishes only one tenth of the medium of exchange, coined and issued currency.

BANKERS NEVER AGREE TO FURNISH MEDIUM OF EXCHANGE

It depends on the banking set-up of the country to furnish the other nine tenths of the machinery business must have, and the banking set-up of the country never did agree to furnish the other nine tenths. This bank money is manufactured only as a byproduct incident to the business of the bankers who try to make a profit for those who have

invested in bank stock. This is a byproduct and not a direct objective of the banks. The banks cannot furnish this medium of exchange when business becomes bad.

BANKS CANNOT MAKE LOANS WHEN PRICES ARE FALLING

They cannot assist business in manufacturing bank money when property price levels are falling. When price levels begin to go down, then the action of the bank is such that it is not only not helpful but injurious. Why? Because the banks have to call in loans, make collections, and to squeeze borrowers. I am not blaming the bankers. They could not agree to do anything other than what they are doing. The very nature of their set-ups makes it necessary for them to get funds to meet the demands of depositors. They have to take the course they do in order to protect their depositors. So the banks began to say to everyone who has borrowed from them, "You must pay up." Then deflation set in and ruination was increased by reason of the fact that the banks were not functioning in the way the Government expected them to furnish a medium of exchange. They are working in the reverse order and bringing on the calamity more surely and more quickly.

Mr. PARSONS. Will the gentleman yield?

Mr. BUSBY. Yes; I yield to the gentleman from Illinois.

Mr. PARSONS. The gentleman has made a very close study of this matter for the last few years, and I should like to ask the gentleman this question: How does the amount of currency against our bank credit in the United States compare with the amount of currency in England, France, Germany, and Italy as related to the bank deposits in those countries?

Mr. BUSBY. In France there is about twice as much currency as there is bank credit. So, of course, they have no bank failures. In England they have a larger proportion of currency to bank credit than we have; that is, the amount of bank credit to the amount of currency there is smaller than ours. I will sum it up in this one statement, we have the greatest banking system in the world for developing a country, but the poorest banking system in the world for security to depositors; that is, until the deposit guaranty law.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. BUSBY. Yes.

Mr. TAYLOR of Tennessee. Does the gentleman think that the deflation of the dollar that will follow the enactment of this legislation will stimulate the price of farm commodities?

Mr. BUSBY. I should like to come to that a little later.

Mr. TAYLOR of Tennessee. If it will, I should like for the gentleman to account for the reduction in farm commodity prices that has been going on since the deflation started last July.

Mr. BUSBY. I shall be glad to come to that later.

Mr. LANZETTA. Will the gentleman yield?

Mr. BUSBY. Yes.

Mr. LANZETTA. Will the gentleman explain how an increased amount of currency would avoid the situation that the gentleman has just spoken of?

Mr. BUSBY. I am going into that proposition immediately.

I have had the pleasure of going over some of these matters with high officials of our Government, and some, or one, of the highest officials in the Government. I advance this thought, and I believe I am correct in it, that the banks in this country cannot make loans unless they can make collections. The banks cannot make collections unless they can sell at public auction the farm or the house or the property pledged to them for the loan and banks cannot sell at public auction unless there is buying power in the masses of the people so someone can bid in the property at the sale. So when commodity and property prices shrink and fall to where there is no buying power in the people, it is dangerous for the bank to take any other course than the course they are taking today.

What course have the banks fallen upon? They will make no adequate loans, as a general rule, to business unless the

loans are secured by Government bonds. These bonds are first mortgages on all the people and the future income of the Government. Let me point to a local situation.

The Riggs National Bank statement a few days ago showed that they had \$71,000,000 of deposits and \$80,000,000 of assets. Of these \$71,000,000 of deposits, \$49,500,000 were invested in Government securities and in currency, leaving uninvested in Government obligations only \$21,500,000 of the deposits of the people that ought to go to help business in ordinary times. This policy, you know, is pursued throughout the country, and will not help business. No loans; no bank money or checking accounts; no help for business; only a market for Government bonds.

This is the main point I want to stress in the talk that I shall deliver at this time, and that is, with all the things the Government is doing to get business on its feet and the people back to a normal condition of employment, can we have no hope of succeeding unless we, through our effort, again develop a medium of exchange which the people can use to carry on business after the Government quits furnishing the credit?

BANKS MUST BE PUT BACK TO MAKING LOANS FOR CHECKING ACCOUNTS OR WE FAIL IN THE END

If we cannot get the banks back to where they will again furnish that nine tenth of the medium of exchange, we will necessarily fail, with all the R.F.C., N.R.A., C.W.A., and other activities that we are now engaged in. If, when this program is finished, we have not developed a condition in which the banks have come back into the field of business and operate in a normal way, and have reached the point where they will furnish business a medium of exchange based on loans against tangible property of the ordinary individual, we cannot possibly go on after the Government quits its program. Think of this one point: What are we going to use after the credit of the Government fails, if banks like the Riggs National Bank and the other big banks adopt the policy of refusing to loan money or lend so as to create checking accounts for business men?

I give you another illustration. A doctor friend of mine told me he had \$3,000 on deposit in that particular bank. He asked for a loan of \$2,000, just to see what he could do in the way of securing credit at his bank. He was told they would take it up with the board and see what could be done. A few days afterward the board reported to him they were sorry, but they could not make him the \$2,000 loan. He said, "I did not want the \$2,000; I was just sounding out to see what your policy is."

NATIONAL GOVERNMENT TO BLAME FOR FAILURE OF MEDIUM OF EXCHANGE

I am not blaming the bank. It has a right to refuse to make loans. This may be the best policy. I do lay the blame at the door of the National Government, whose duty it is to furnish a dependable medium of exchange for our people, and until we use our heads and our intelligence and evolve a method of assuming this responsibility to the American people and to business, we need not expect anything but conditions to come around periodically such as we are confronted with today.

Mr. McKEOWN. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. McKEOWN. Does not the gentleman think that the banks that refuse to make loans are just hastening the day when they are going to be put out of business and become nothing but safe-deposit vaults?

Mr. BUSBY. Probably that is right.

Mr. PARSONS. Will the gentleman yield for a question in that connection?

Mr. BUSBY. I yield.

Mr. PARSONS. Can the gentleman from Oklahoma [Mr. McKEOWN] tell us on what security or on what value the banks can make these loans? Can the banks make these loans on the value of the securities they are offered at the present time? What is the gentleman going to do to raise the value of the security which the general public has to

offer for loans? If the gentleman can put his finger on that situation, that will show us the key to the door of the whole situation.

Mr. McKEOWN. Will the gentleman yield?

Mr. BUSBY. I am coming to that point, but I shall be glad to have the suggestion of the gentleman from Oklahoma.

Mr. McKEOWN. I suggest to the gentleman from Illinois that the trouble is not lack of security but a policy of absolutely not making loans.

Mr. BUSBY. I do not agree with the gentleman from Oklahoma. As I stated a while ago, the banks have never agreed to make such loans and furnish this medium of exchange. They must have some collateral when the loan matures on which they can realize so that they can restore credit to their bank and meet the demand of the depositor when he comes for his money.

Mr. McKEOWN. Some of the banks go to the extreme limit and refuse loans on collateral that is 10 times the amount asked for.

Mr. BUSBY. That is because they do not believe they can sell such collateral to the public and get their money back. I think they are taking the only safe course.

ONLY GOVERNMENT BONDS REGARDED BY BANKS AS GOOD SECURITY

In 1929, if you will note the amount of Government bonds that were held by the Federal Reserve System, you will find it was about \$2,000,000,000. I think you will find now that all the banks have increased their bond holdings to nearly \$14,000,000,000, indicating they do not regard anything but first mortgages on the entire country as adequate and safe. This is because it is a secondary type of money which the Treasury is obligated to take in exchange for currency and relieve the bank in case the bank gets in distress, and no other type of security has such call upon the Government of the United States.

But let me come directly to the point. Every time we sell a billion dollars of Government bonds we reach out into the various sections of the country and take up the deposits of the people and bring them to Washington and put them in the Treasury, then scatter them out through the recovery programs we are putting on now. I am not disagreeing with the recovery program, I am only reciting the facts. It is like this: The banker says, "I will not lend. I cannot feel secure in making these loans." The Government says, "If you will not lend, we will swap you Government bonds for these deposits and the Government itself will do the lending or the giving." This is what is happening to all the deposits which ordinarily go to make loans and help business to carry on.

The result is that business in that particular section of the country is robbed of the opportunity of getting a loan at the local bank, because the Government has taken the funds out of that bank, brought them to Washington, and is scattering them throughout the land. While the Government can do this it seems to help.

Let me illustrate. Suppose in your community you have a factory and you are ready to start the factory, but you need \$10,000. You go to your local bank and they say, "Yes; we have plenty of money and your proposition appeals to us. Submit your financial statement and let us pass on it. I think we can make you the loan." Next week the Government sells another billion dollars of bonds, and the bank directors get together and say, "Things are not so secure; maybe we ought to buy \$50,000 worth of Government bonds so as to have a little more liquidity." They buy the \$50,000 of Government bonds, and when you come back with your financial statement, which is a good one, and apply for the loan of \$10,000, the banker will say, "We believe in you and in your proposition, but we thought we ought to have a little more 'liquidity' and therefore we bought \$50,000 of Government bonds, and we cannot make you the loan right now." So you are turned away.

This is what is happening to business everywhere, and when we have sold \$10,000,000,000 of Government bonds, we

will have taken up \$10,000,000,000 of credit that might have gone to business, and we have made this credit static and unusable, and business must wait until another day.

Mr. LANZETTA. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. LANZETTA. Sometime ago the savings banks in New York City reduced their rates of interest paid on deposits because the money they held was not earning a sufficient amount to pay more. This was not because there was not a demand for the money from the banks, but it was because the banks refused to make certain loans or to lend money on certain securities. As a matter of fact, many of the banks in New York City refused to lend on certain real estate.

Mr. BUSBY. Yes.

Mr. LANZETTA. So I say it was not because there was not the demand there; the banks were willing to hold their money in the banks rather than lend it on risks that they considered unsafe.

Mr. BUSBY. I am sure the gentleman is right.

Now, I want to go ahead with this thought. How are you going to meet this situation?

The banks in this country today have \$1,000,000,000 of excess reserves piled up in the Federal Reserve banks, and this \$1,000,000,000 is not bringing them one penny of income, but is lying there idle.

They have a billion dollars in currency in their vaults. Two billion dollars that the banks now hold is idle and still they do not make loans to aid struggling business.

Now, suppose when it comes time to raise the next billion dollars to meet the expenses of the recovery program, the President says to the banks, "You can't make loans to business; we don't expect you to make loans to business in times like these, for you might not be able to collect your money back, business is so unprofitable just now and collections are so hard to make. It is all right for you to pile up your excess reserves. But you banks are now notified that you are not going to get any more first mortgages—Government bonds—on the people just now. We are not going to give you bonds into which to sink your deposits and reserves. We are going to raise the next billion dollars by Treasury notes instead of bonds." Bonds and the Treasury notes are both products of the printing press, both dependent on the faith the people have in the Government and its future. If he would say to the banks, "We are not going to sell you any bonds; we are going to raise this billion dollars by paying out Treasury notes", we would pay out that money, and it would go into the hands of the people. There is no way to prevent its getting into the banks immediately. Business men will get the cash in trade, then take it to the banks and deposit in the banks.

There are only three ways, then, the banks can proceed along: First, they can keep the money in the vaults; second, they can send it to the Federal Reserve and take credit for it; or, third, they can make loans to business.

So we do not sell them any bonds, and the first thing banks know they have two billions in excess reserve drawing no interest and worth nothing in the way of making the banks a profit.

Then we say to the banks, "You are not easy enough yet to make loans to business, so we are going to pay the second billion dollars of the recovery program in Treasury notes."

Mr. TABER. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. TABER. Is it not a fact that with these Treasury notes paid out, with the law as it stands now, the only effect would be to force retirement of the Federal Reserve notes now outstanding?

Mr. BUSBY. No, sir; there might be some retirement. There is always some retirement. They retired silver; they retired gold. Federal Reserve notes or any other kind of money may be surrendered into the Federal Reserve and credit taken for it by the bank turning it in. Any kind of currency may be surrendered in the same way; one kind is no different from the other.

The second billion dollars would go into business from the persons who received them in payment in the recovery pro-

gram, and they would be turned into the banks. Immediately business would gather up the currency and deposit it in exchange for bank credits and checking accounts.

Then the banks would have, we will say, \$3,000,000,000 of excess reserve instead of \$1,000,000,000 that they have now.

What I am coming to is this, that before you will get out \$3,000,000,000 of Treasury notes, the banks will have accumulated so much unusable credit that they will try to effect loans and thereby bring about that beginning which we must look forward to if we are ever to get out of this awful financial situation.

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

Mr. BUSBY. Let me finish. I want the gentleman from New York [Mr. TABER] to listen for a moment. There is only one of three things that the banks can do with this currency. It is true they can surrender any kind of currency to the Federal Reserve bank, then it is changed into excess reserves, or they can make loans, or they can keep the cash in their vaults. There is no other thing that they can do with it unless the Government sells them bonds by the billions and takes up the funds that ought to go to business, that belong to business, that have been deposited by the local communities, and that are to accommodate the local communities instead of financing the Federal Government.

SELLING BONDS IS THE WORST KIND OF DEFLATION

To sum up, we will have to do something beside sell bonds and deflate. We have to make the banks so unprofitably comfortable that they will begin to look for private loans and investments of that type and go back again to aiding business and giving business a chance to come to life and carry on.

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

Mr. BUSBY. I yield.

Mr. WEIDEMAN. In other words, the course that we have been pursuing, the issuing of Government bonds to cover all these projects that we have been putting into effect has worked to the disadvantage of the extension of credit to business, commerce, and so forth. The banks are lying back with the money and do not want to let it go until they get another bond issue, and until we give them enough Treasury notes, or whatever we give them, to force them to loan if they would not do it.

Mr. BUSBY. When you make them so uncomfortably unprofitable that they cannot get anything out of their holdings, they will be compelled to loan to business.

CHEAP GOLD DOLLARS MUST HAVE DOLLARS IN CIRCULATION IF RECOVERY IS TO COME

There is the question of our gold-buying policy. I have given a great deal of thought to that, and I discussed the matter extensively with Professor Pearson and with Professor Warren, before he came into his present service, where he ought to keep quiet and does so. He believes that the gold-buying policy and depreciating the dollar in terms of gold would raise the commodity-price level. I never could see the reason for that having an immediate effect. The cheap gold dollar is in terms of foreign money measured in terms of gold. All foreign exchange is measured in terms of gold. Whether the country has a dollar of gold or not, its currency sells in terms of gold.

Whatever this money sells for in the international exchange market, it is measured in gold. When we went off the gold standard, we refused to pay gold, and so the dollar began to depreciate. The dollar has gone down now to about 60 cents compared with what it was in terms of gold. But that has nothing to do particularly with this country. It does this: It makes our market more attractive to the foreigner, because he can come in here with his foreign money and buy our dollar much more cheaply than he could. He can exchange the dollar for our goods and ship our goods to his own country. It opens up the domestic market to foreign buyers. That is the principal good, and insofar as he brings wealth and money into this country and turns it over to the American seller for his goods,

he will help to lift the commodity-price level, and in the course of 3 or 4 or 5 years that trickling in of foreign funds will have so affected the American market and the surplus in that market as to have an appreciable effect upon our general commodity-price level. But it is not an immediate or instantaneous method for lifting the commodity prices in this country. Our money question is a domestic question. Unless we have some kind of a dollar—silver, gold, Treasury note, Federal Reserve note—to represent this cheap gold dollar, it does not mean much to us.

We will have to have some kind of dollars in this country to represent those cheap gold dollars or it will not revive trade. Let me point to another field. The price-commodity level in this country has increased less than half the amount the dollar has depreciated in terms of gold. Why has it increased at all? That little trickling in of foreign funds has helped some, but the thing that has helped has been the fact that Uncle Sam has gone out and said, "Here is \$7,000,000,000 in bonds, you banks take them and give me your cash and I will scatter it to the four corners of the country." That has been done; and as long as that credit lasts, there will be an uplift in price levels and there will be a revival of business; there will be activity, and that is what has increased the commodity price level in this country about 12 percent. It has been the activity in exchanging Government bonds, payable in the future with interest, for those funds which the banks would not put out, but which the Government did put out. That is what has helped business. It has helped the situation and will continue to help as long as we continue to do that, which we know must come to an end some time.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. BUSBY. Yes.

Mr. O'MALLEY. The gentleman says the commodity-price level has increased in this country. Has it actually increased over last July?

Mr. BUSBY. I am not trying to draw technical distinctions to that point. I am trying to cover the general situation. It may not be much higher than in July. There might have been excitement—and there was—and apprehension, because prices were going up, and everybody began buying and ran prices up at that time, but we have sobered down some.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. ZIONCHECK. The gentleman made a statement, if we would put out a bond issue of \$7,000,000,000, get the money from the banks, and send it to the country. Is there \$7,000,000,000 worth of money in all the banks combined?

Mr. BUSBY. There is not \$7,000,000,000 in currency. There is not more than \$1,000,000,000 in actual coined and issued currencies, but the dollars that the business of this country uses and that the ordinary man uses, as I have explained, are the dollars made by the bank, by lending against his tangible property, thereby creating credit accounts to be checked against.

Mr. ZIONCHECK. And usually coming back to the Treasury and getting Treasury notes printed for the same bonds that they take. Is that not right?

Mr. BUSBY. That is often quite true.

HOW MANY BONDS CAN THE GOVERNMENT SELL?

Now, let me discuss one other proposition for a moment and then I will not longer trespass on the time of the House. The question then arises to what extent we can sell bonds of this country. About 1929 the best authorities said that the wealth of the Nation was \$360,000,000,000. The wealth of a man depends on the market condition at the time his property is offered for sale. He may be worth \$100,000 today when the market is open and attractive to his properties. He may not be worth \$20,000 next year when the market has no liking for his properties. So the wealth of the country is dependent largely on the attitude of the buying public and its ability to buy when the properties are offered for sale.

The same authorities say that the wealth of this Nation is now about \$236,000,000,000. The debts in this Nation are about \$235,000,000,000, so we are about even, or almost bank-

rupt if we were called on to pay up what we owe. How many bonds can the Government sell? To whom must it look to purchase them? I believe the Government can sell to private investors 10 or 12 billion dollars of Government bonds. Now, to whom else can it sell? To the banking set-ups of this country.

There are \$38,000,000,000 of deposits in the banks. How much of those deposits can be converted by the banks into Government bonds? If the bond holdings of the banks since 1929 have risen from \$2,000,000,000 to \$14,000,000,000 in 1934, we see that they are rapidly converting their deposits into Government bonds and making static the condition of credit we hope to remedy. I do not believe the Government can sell more than \$25,000,000,000 of bonds to the banks. I do not think they can convert \$25,000,000,000 of the \$38,000,000,000 of deposits into Government bonds. The Government must have a purchaser for its bonds, just as I must have a purchaser for my farm. After these bonds have absorbed the liquidity of the people and of the banks, that will end the ability of the Government to sell bonds without inflation having set in. "Printing-press bonds" are the same kind of ink and paper as "printing-press money", only they are better for the banking element, because they have a service charge in interest which costs the people $3\frac{1}{2}$ to 4 percent. A 20-year bond of \$1,000,000,000 issue will cost the people \$2,000,000,000 before they get through paying. After you have absorbed the base, bonds will begin to sink below par. After Government bonds have gone down to 95 percent, another billion-dollar bond issue will not sell at 95 percent, but all the bonds will lower enough so as to absorb the additional bond sale of \$1,000,000,000, and the total of the bonds outstanding will not sell for any more than those outstanding would have before the last issue. So we will have reached a condition of inflation in Government bonds which will be no better than inflation in currency. [Applause.]

Mr. BLANCHARD. Mr. Chairman, I ask unanimous consent that I may be permitted to revise and extend my remarks made before the Committee this afternoon, and to insert a letter received from the county superintendent of schools of Rock County, Wis. It is a short letter.

The CHAIRMAN (Mr. FULLER). Is there objection to the request of the gentleman from Wisconsin [Mr. BLANCHARD]?

There was no objection.

Mr. TABER. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks, and I ask unanimous consent to read not editorials but two or three very brief excerpts from some editorials along the line of my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan [Mr. HOOPER]?

There was no objection.

Mr. HOOPER. Mr. Chairman, the old principle of party government that the spoils of office belong to the victor is so firmly established in our system that the vast changes resulting from an overturn are looked on by everyone with complacency. Undoubtedly it would be better if district attorneys and marshals, ambassadors and ministers, district clerks and postmasters were appointed and retained under a merit system; but this certainly will not come about for many years, if ever.

There are, however, Executive appointments which, not coming under the foregoing nor under civil service, are vested by Congress with a peculiarly nonpartisan character. One of the great independent agencies of the Government—the Federal Trade Commission—is typical. It was created by a Democratic Congress under an act approved by President Wilson on September 26, 1914. Its 5 members are appointed by the President, the Senate concurring, for a term of 7 years; and the law provides that no more than 3 of these 5 members may be of one political party. Congress obviously made the term 7 years to establish firmly independence of action and judgment by the members of the Commission. Obviously Congress meant that the views of both of the major parties should here have a forum. Such

was its purpose in making similar enactments concerning the Tariff Commission and the Interstate Commerce Commission. The business of the Commission, that of investigating and acting upon unfair methods of competition in commerce, is nonpartisan and of equal interest and benefit to Democrats and Republicans alike.

Under the law the President may remove Commissioners for inefficiency, neglect of duty, or malfeasance in office.

To this Commission on February 25, 1925, President Coolidge appointed Hon. William E. Humphrey, for 14 years a Republican Representative in Congress from the State of Washington. At the end of his term President Hoover reappointed him for the 7-year term. He has been an active and useful member of the Commission. He has been charged with no inefficiency, with no neglect of duty, with no malfeasance in office. His record has been excellent.

In September 1933 President Roosevelt sent a letter to Mr. Humphrey in which he says:

Without any reflection at all upon you personally or upon the service you have rendered in your present capacity, I find it necessary to ask for your resignation as a member of the Federal Trade Commission. I do this because I feel that the aims and purposes of the administration with respect to the work of the Commission can be carried out most effectively with personnel of my own selection.

In a second letter he said:

You will, I know, realize that I do not feel that your mind and my mind go along together on either the policies or the administering of the Federal Trade Commission; and, frankly, I think it is best for the people of this country that I should have a full confidence.

On October 7, 1933, the President wrote him:

Effective as of this date you are hereby removed from the office of Commissioner of the Federal Trade Commission.

The controversy will be finally passed upon by the courts.

The absolute legal right to removal is one thing; the sheer justice or injustice of his removal is quite another. The three Republican Presidents who held office previous to Mr. Roosevelt's administration respected the law in its letter and its spirit. No one has heard the democracy of members of that party serving upon the Trade Commission challenged in any quarter. Their appointments were brought about largely through Democratic recommendation. When our greatly beloved former member, Finis Garrett, was appointed as a judge of the Court of Customs and Patent Appeals, an appointment which gave pleasure to Republicans as well as Democrats, no question was asked as to whether or not he was one whose mind went along with that of the then President on any subject. When President Hoover named the great Justice Cardozo to the Supreme Court he named him as a Democrat and a liberal, with universal approval. When Hon. Charles E. Crisp was tendered a Federal appointment by President Hoover, his democracy was neither challenged nor inquired into. That has been true of virtually all the nonpartisan appointments made in this manner by former Presidents.

President Roosevelt may have the legal right to remove Mr. Humphrey. It is quite certain that he has not removed him for any of the reasons set forth in the law. On the contrary, he congratulated Mr. Humphrey upon "your long and active service", and added that his request for Mr. Humphrey's resignation was "without any reflection upon you at all personally or upon the service you have rendered."

The deduction is a simple one, that Mr. Humphrey being a real Republican was therefore objectionable to the President. It was rumored widely through the country at the time the resignation was requested that the President intended to appoint ex-Governor La Follette, of Wisconsin. No one questions the honesty and ability of Mr. La Follette, but there are millions of citizens who question his Republicanism. It would be as though a Republican President had nominated Norman Thomas to the Trade Commission on the theory that he was a Democrat. There is no doubt that the President would like to have independent offices, as well as the more political ones, filled by members of his own choice, but to violate the spirit of the law as well as perhaps the letter is a method of procedure so harsh that it has been

challenged not only by Republicans but as well by some of the prominent Democratic papers of the United States.

On September 19, 1933, the Baltimore Sun, to my mind the greatest Democratic paper in the United States, with the possible exception of the New York Times, said editorially:

By removing Mr. Humphrey without specifying charges under the law, President Roosevelt has struck at this independence. If such action is permissible, the Trade Commission will cease to be the continuing body Congress intended, for the terms of its members will be terminable at the will of the President. If disagreement with the President's policies is a valid ground for removal—and this is the only ground on which Mr. Roosevelt bases his case—then the Trade Commission will be subject to reorganization with every change of administration and it will cease to be an independent, quasi-judicial body and become one of the administrative agencies of the Government.

It may be argued that the new Securities Act with the administration of which the Trade Commission is charged so enlarges the authority of the Commission as to make such reorganization essential. Some grounds for this contention exist, but the fact is that neither the administration, which drafted the act, nor the Congress, which passed it, provided for such a change. The enforcement of the securities law was intrusted to the Trade Commission as the Trade Commission then stood. If this was an oversight, it could be remedied by appropriate legislation at the next session of Congress. To attempt to remedy by administrative fiat is to risk the establishment of a dangerous precedent.

The independent Washington Star summed up the matter in the following words:

The attack upon the independence of the Trade Commission by the Chief Executive in the removal of Mr. Humphrey is a serious matter. If the decisions of the Commission in important matters relating to the conduct of business, placed in the hands of the Commission by law, are to be dictated from the White House there may be trouble ahead. Such an attack will be regarded in much the same light as an attack upon the judiciary by the Executive. Federal judges hold their appointments during good behavior under the terms of the Constitution. It has been held they are only removable after impeachment and trial by the Senate. The President and all civil officers of the Government also may be removed after impeachment proceedings, as a matter of fact. But the Congress in passing its laws setting up various Government agencies has recognized the right of the President to remove civil officers outside of the judiciary for cause.

These are typical of many editorial discussions.

I have not thought that the power of the President could possibly extend to removal of the judiciary, at least to the Supreme Court, which is a constitutional court. All other Federal courts, however, are the creatures of the legislative body and it is not impossible that a President of the United States might attempt to remove a district judge or a judge of the Court of Claims from office, ignoring the constitutional method of impeachment. That would seem to be a violent infringement upon the law but it would be little more violent than the attempt to remove without charges of "inefficiency, neglect of office, or malfeasance" a legally appointed member of a commission set up under a law the obvious intention of which was to make that commission nonpartisan and beyond the reach of politics.

The vital question involved in this action of the Chief Executive is whether the provisions in the law creating the Federal Trade Commission and similar provisions in other statutes requiring that not more than a majority of the Commission shall be of one political party, that they shall be appointed for a term of 7 years, that they may be removed for the causes specified, and all other provisions in that statute intended to make the Commission an independent body and keep it free from political influence are constitutional or unconstitutional.

Undoubtedly the Myers case (272 U.S. 107) will play an important part in the legal argument which will finally take place over this controversy. That case involved a statute reading as follows:

Postmasters of the first, second, and third classes shall be appointed and may be removed by the President, by and with the advice and consent of the Senate, and shall hold their offices for 4 years, unless sooner removed or suspended according to law.

In this statute, differing from the one in question in the Humphrey case, broad power of removal is given to the President. The reasons for which removal may be made are not specified. The decision in the Myers case sustained the right of the President to remove a postmaster without

consulting the Senate. In deciding this case Chief Justice Taft said:

There may be duties of a quasi-judicial character imposed upon executive officers and members of executive tribunals whose decisions after hearing affect interests of individuals the discharge of which in a particular case the President cannot properly influence or control. But in such a case he may consider the decision as a reason for removing the officer on the ground that the discretion regularly intrusted to the officer by statute has not been on the whole intelligently or wisely exercised.

This, however, as stated in an editorial in the Detroit Free Press, "is not the law—it is merely the Chief Justice's obiter dictum." In this case no claim was made by the President that the duties of Mr. Humphrey were not either intelligently or legally exercised. There is a wide difference between the Myers case and that of Mr. Humphrey.

It is very difficult to see where the possible difference in viewpoint between President Roosevelt and Mr. Humphrey can possibly be involved in an interpretation of the law. The law does not require that the mental attitude of Mr. Humphrey should be either one favored or disfavored by the President. It merely requires that not more than three members of the Commission shall belong to the same political party. It cannot be presumed that Mr. Humphrey has or will act in opposition to views entertained by the President as to unfair competition or other subjects which come before this Commission; and even if such a presumption existed, it ought to play no part in deciding whether or not an official, duly appointed under this statute, should continue to serve out his term. If this policy were carried out to its logical conclusion, the Trade Commission, and every other like body, would be subject to changes of this character with every change of administration. What would be the result? It would cease to carry out the purpose for which it was organized—that of an independent semijudicial body—and would take its place among agencies purely administrative in character. As stated by the Baltimore Sun:

It may be argued that the new Securities Act, with the administration of which the Trade Commission is charged, so enlarges the authority of the Commission as to make such reorganization essential. Some grounds for this contention exist, but the fact is that neither the administration, which drafted the act, nor the Congress, which passed it, provides for such a change. The enforcement of the securities law was intrusted to the Trade Commission as the Trade Commission then stood. If this was an oversight, it could be remedied by appropriate legislation. . . . To attempt a remedy by administrative fiat is to risk the establishment of a dangerous precedent.

The removal of Mr. Humphrey has a striking analogy to the attempt by President Roosevelt during the special session to have enacted a law empowering him to appoint as Governor of the Territory of Hawaii someone from continental United States. The organic law of Hawaii requires that the Governor of that Territory be a resident of the islands. President Roosevelt wished to appoint someone from the mainland; so Congress was requested to violate what is virtually a pact between the people of that defenseless Territory and the people of this powerful Nation and to enable him to do legally what he could not do ethically. Fortunately for our national honor, this bill has so far failed of passage in the Senate.

The principle in that case and in the Humphrey case is the same, and no sophistry can discriminate between them. The law must be the law for magistrate and citizen alike or we are no longer a Republic. Those who believe in arbitrary power may take comfort, perhaps, from incidents such as these; but they are big with disaster to democratic ideals and traditions and government. Every time that one legal right is whittled away, every time that one constitutional principle is nullified, every time that law must bow to political expediency, the way is made easier for greater and more permanent infringements upon individual rights and privileges.

Mr. Humphrey, the man, is of little importance in this controversy. I barely know him. Whether he or some other man holds his position on the Federal Trade Commission is of little comparative importance. But there is a principle at stake which, if violated, if given the status of a precedent, may be of paramount importance. It may be

legal; it is certainly moral, and the preponderance of morality is against the position of the Executive; and if it becomes precedent it will arise some day to confound his successors and will detract from his own place in our country's history.

If Mr. Hoover had removed a Democrat for purely political reasons from an office such as this, the country would have rung with denunciation. Perhaps it is not unpatriotic or treasonable for a Republican—and a much stronger one today than ever before—to point out this apparent injustice on the part of a Democratic President.

For the Presidential office I have the utmost respect; for the holder of that office I wish nothing worse than a career of splendid service to his sovereign, the people. He can best serve them by administering the law as it is written, with justice to all, with injustice to none.

Mr. ARNOLD. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. Young].

Mr. YOUNG. Mr. Chairman, yesterday we listened with interest to the very eloquent address by the gentleman from California, protesting against the removal of the battle fleet of the United States from the Pacific into the Atlantic, and advocating that our war fleet be compelled to remain in the Pacific.

Of course, the battleship fleet of the United States belongs to the entire United States and not to the Pacific coast alone. Yet most of us sympathize with the views of the gentleman. We realize that in California there is a peculiar racial condition and that there is a potential menace in the Orient. The real enemy of the American people is not Japan or any foreign country. The enemy of the American people is unemployment, hunger, nakedness, cold, distress and suffering. Those are the enemies that we, as representatives of the people, must combat. A stranger from another planet, coming into our midst, beholding a surplus of wheat and pork, and people hungry, an abundance of cotton and wool, and people inadequately clothed, plenty of coal and people cold, would say this is an insane Nation. We were; but, thank God, we are finding our way out.

Earlier today the gentleman from Illinois—I am sorry he is not here because I admire him very much personally and consider him one of the most valuable Members of this Congress—earlier today he twitted us Democrats mildly and castigated us in his genial manner because perchance the Budget would not balance and there might be a \$7,000,000,000 deficit by 1935.

There are things more important than balancing the Budget. For instance, it is important to provide work to industrious and worthy men and women who desire to be gainfully employed. As a general policy it is, of course, proper to balance the Budget. This is the proper attitude for individuals and the proper attitude for government. If, however, the effort to meet the running expenses of the Government out of current revenue involves widespread hardship, then the attempt to balance the Budget should not be made at this time.

Let me call attention to the fact that in time of war, for purposes of destruction, this Government floated bond issues totalling more than \$21,000,000,000. That war was remote from our shores some 3,000 miles and cost the American people \$40,000,000,000. But the American Government was prepared, as the experts of the General Staff declared that the war would not end until 1919, for an expenditure of \$30,000,000,000 additional during 1919 in the winning of the war.

A condition now confronts this Congress more serious than war. It is a condition that is here with us, a condition that threatens our very institutions, that menaces our people, a condition that is far more dangerous than war. It is involuntary unemployment. It is the depression. Involuntary unemployment is a great moral wrong. It is wrong to deny to worthy and industrious men and women the opportunity to be gainfully employed.

It happens that I served as a member of the Ohio Commission on Unemployment Insurance, having been appointed to that Commission by the Governor of Ohio and serving for

a period of more than a year. I am proud to say that as a member of that Commission I helped draft a report recommending compulsory unemployment insurance. I helped draft the model legislative bill that was presented and is now pending in the General Assembly of Ohio, establishing in the State I represent here as Congressman-at-large, a model unemployment insurance statute for our people.

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

Mr. YOUNG. I yield.

Mr. DUNN. Does the State of Ohio have workmen's compensation insurance?

Mr. YOUNG. I am glad to answer the gentleman from Pennsylvania. It has been the boast of the Republican Party that that party has been the protector of the workingman; yet, in 1913, when I served my first term in the General Assembly of Ohio, and when we Democrats, after a lapse of some years, came into power in that State, in a few months we did more for the American workingman than the Republican Party had done in 40 years, for we enacted the compulsory compensation insurance law which was introduced in the General Assembly of Ohio by William Green, who is now president of the American Federation of Labor. [Applause.]

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. YOUNG. I yield.

Mr. BROWN of Kentucky. Does not the State of Ohio have a method or means of carrying its own compensation insurance in the case of State employees and insurance on government buildings? Does not the State of Ohio have a State insurance fund taken care of by the State instead of being let out to private concerns?

Mr. YOUNG. In Ohio it is not let out to private concerns. The Industrial Commission of the State of Ohio has an industrial insurance fund contributed to by all employers of the State employing three or more people in their workshops.

Mr. BROWN of Kentucky. Has not the State of Ohio built up a considerable surplus in that fund?

Mr. YOUNG. There is a considerable surplus in the insurance fund.

Mr. BROWN of Kentucky. I may say to the gentleman that in our State it is farmed out to political lobbyists for the purpose of controlling politics and it goes into a kind of slush fund to those who happen to have political influence.

Mr. YOUNG. Unfortunately, we had that same experience in Ohio. But in 1913 there took office in that State a great progressive Democrat, Gov. James M. Cox. Under his leadership we established the workmen's compensation insurance fund.

Now, may I proceed, Mr. Chairman? At the time last March when I first entered this Chamber as a new Member the entire financial structure of the United States had collapsed; a depression originally avoidable and then terminable had grown to be a great calamity by reason of ineptitude on the part of the Chief Executive and his pulling the covers over his head, ignoring the pitiful condition of his countrymen, and muttering to himself that prosperity was just around the corner; that conditions would be normal within 60 days. Banks in 48 States were closed; our international trade had been destroyed; transportation was paralyzed; our farmers were bankrupt; factories were shut down; millions of worthy and industrious men and women walked city streets jobless. Light had faded from the eyes of men and women and hope had died in breaking hearts. In fact, at no time since the northern troops fled in panic early in 1861 had our institutions been so menaced as last March when a new President took the oath of office. The times demanded leadership.

As the wandering and abject tribes of Israel in that remote period of almost forgotten centuries called to Moses to lead them from a wilderness of despondency and to free them from shackles which bound them in ruthless subjection to tyranny, so the American people called to a new President and to a newly elected Congress to lead them from a wilder-

ness of despondency into the promised land of steady employment and economic security.

It seems to me, Mr. Chairman, that in any country of the Old World the unparalleled condition of suffering and distress which confronted our people on March 3 and 4 of this year would have resulted in revolution and bloodshed. But here a new Executive acted promptly; a newly elected Congress acted with rapidity. We did not postpone the hope nor continue the hunger of men and women who were unemployed and little children who were underfed.

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

Mr. YOUNG. I yield.

Mr. FOSS. Did Mr. Hoover receive the same kind of support from a Democratic Congress for 2 years that the Republicans accorded to Mr. Roosevelt in this special session?

Mr. YOUNG. Mr. Hoover had 3 years or more to give some constructive plan, but he did nothing whatever.

Mr. FOSS. He had 2 years of a Democratic Congress and he could not do a single thing.

Mr. YOUNG. Democrats came along and acquiesced with him in farm relief and other measures, but these were not effective. Yes; Democrats supported his measures when they were of a helpful character. He had no constructive program.

We have since last March 4 gone a long way and under a great leadership.

In this Congress we are engaged in and embarked upon an ambitious program of reconstruction and recovery. Christopher Columbus, you will remember, when he started out on his voyage of discovery, did not know where he was going. When he reached his destination he did not know where he was. When he returned home he did not know where he had been. Old-timers who sailed uncharted seas, climbed unknown mountains, and plunged into unbroken forests have no reason to boast before the fine leaders of today who are blazing new trails out of old social jungles, giving employment, making life broader and more worth while for those who have heretofore lived in the darkness of unemployment and poverty.

Let me say that the Civil Works program of this administration must not be stopped. Millions of men—some 4,000,000—have already been given employment. Appropriations for the continuation of the great C.W.A. work must be forthcoming from this Congress. The C.W.A., in fact, should be expanded. It should be accelerated. It should not be curtailed. It should be continued for the duration of this depression.

President Roosevelt declared on November 15:

I am very confident that the mere fact of giving real wages to 4,000,000 Americans who today are not getting wages is going to do more to relieve suffering and to lift the morale of the Nation than anything undertaken before.

Of course, this is just as true now as it was on November 15, and I fear that unless the funds are made available to continue the C.W.A. the depression will continue through this year. Nothing is more important than to continue to give gainful employment and continued purchasing power to our people. Certainly, private charities, soup kitchens, and bread lines cannot be permitted to be the only answer of American intelligence and sense of justice to the problem of unemployment in this country. Everywhere throughout the land people are asking: "Are we really on the way? Is this going to last?" The answer should be made by this Congress in this present session to 126,000,000 of the finest people living anywhere under the bending sky of God, that they are being definitely led away from the threatened chaos of revolution and ruin, and definitely led into the promised land of steady employment and economic security. We must not fail these people. The new deal is here, and it has brought a new day and a new hope to America. [Applause.]

Mr. TABER. Mr. Chairman, I yield 30 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD and to include therein quotations from previous speeches delivered

by myself and a statement of the Secretary of the Treasury recently given out to the press.

The CHAIRMAN. Is there any objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Mr. Chairman, a citizen of the United States has asked me to explain for his benefit and for the benefit of other United States citizens the real meaning of the Roosevelt gold bill, the bill which the House passed last Saturday by 360 votes to 40, with 32 Members not voting.

Mr. Chairman, a law against the Constitution is void. The gold bill creates a nullity. Old John Marshall said that the words of the Constitution are not to be twisted out of their plain, everyday meaning. The Constitution says Congress shall have power to coin money and to regulate the value thereof. This, Mr. Chairman, means that Congress has power to make coins of metal and to stamp the true value upon each one of them. It does not mean that Congress shall refuse to furnish the people of the United States with an adequate coinage, and it does not mean that a theoretical amount of uncoined metal shall be called a coin. A coin is an object which may be seen and felt and even heard if one tests the ring of it.

Mr. Chairman, the gold bill attempts to cut out, delete, and destroy that part of our great written Constitution pertaining to the power of Congress to coin money and to regulate; that is, to stamp on the metal coin the value thereof. The bill is unconstitutional on its face because it seeks to nullify the Constitution. Moreover, it is a bill which is contrary to the common law and to the law of custom upon which the common law rests. It attempts to legalize robbery. It attempts by force to deprive the people of the United States of their right to the currency of the Constitution. It gives the international bankers power to send the gold belonging to the people of the United States to a place of deposit reserved to themselves in Europe. Mr. Chairman, the gold bill cannot become a valid law by any constitutional means.

Now, Mr. Chairman, let us look at the bill to see if the legal hirelings of the Bank of England and their agents, the Federal Reserve Board and the Federal Reserve banks, have been able to disguise its purpose. Let us see if they were able to clothe the grisly skeleton of their greed with echoes of glib religiosity, moral precepts, economic jargon, and shop-worn tags of speech, according to the fashion set by the present administration. The first thing that meets my eye is the title. We read:

A bill to protect the currency system of the United States, to provide for a better use of the monetary gold stock of the United States, and for other purposes.

It is indeed a bill to protect the present currency system of the United States, but it is a bill to protect it from the just wrath of United States citizens. It is a bill to save for the Federal Reserve Board and the Federal Reserve banks their gigantic monopoly of a special paper currency which they steal from the Treasury and upon which they charge the people of the United States a heavy toll of interest. It is indeed a bill to provide for a better use of the monetary gold stock of the United States, if better use means the issuance of two sets of obligations against one piece of security. It is indeed a bill for "other purposes", and those are purposes which the proponents dare not mention.

Among the purposes of the gold bill not mentioned in the title is that of pretending to take into the Treasury the gold now held by the Federal Reserve Board and the Federal Reserve banks, and a great effort has been made to have it appear that the Federal Reserve banks are unwilling to surrender the gold they now hold to the United States Treasury. This effort is dishonest for two reasons. First, the Federal Reserve Board and the Federal Reserve banks have already made a profit of some billions of dollars out of the President's gold seizures, and those billions were stolen from the people of the United States; and, second, the transfer is fictitious. The President sought to convince Members of Congress that the Federal Reserve banks were resisting his efforts to have the Treasury take possession of the gold,

but one of the members of the Federal Reserve Board spoiled that argument by declaring that the Federal Reserve Board had asked the President to have the Treasury take the gold.

You see, Mr. Chairman, under this bill the United States Treasury has to pay for the gold. Although the gold belongs to the people and was taken away from their bank deposits and their cash registers and their pocketbooks in the first place and put into the Federal Reserve banks, and although the Federal Reserve banks tricked and fooled the people into giving it to them for Federal Reserve currency, which they now refuse to redeem, and although that gold does not belong to the Federal Reserve Board and the Federal Reserve banks, the United States Treasury has to pay the Federal Reserve Board and the Federal Reserve banks for it. Well, how does this bill propose to pay the Federal Reserve outfit? How does this bill provide that the Government shall take over the stolen goods? It provides that the United States Government shall give the Federal Reserve Board and the Federal Reserve banks new gold certificates to the full value of the loot. The gold certificates will give the Federal Reserve Board and the Federal Reserve banks legal title to the gold, and the United States Treasury will be nothing more than its physical custodian. The Secretary of the Treasury will give the Federal Reserve banks gold for their new gold certificates whenever they ask for it. It is a fraudulent transfer.

When the individual citizens of the United States were required to surrender their gold, they were required to surrender their gold certificates as well as their gold coin and bullion. The Federal Reserve Board and the Federal Reserve banks are private corporations, but they did not obey the gold orders. They did not surrender any gold coin, gold certificates, or gold bullion. On the contrary, the gold which was commandeered from the people was given to them as a free gift; and now, after they have taken into their possession all the gold belonging to the people, they are ready to make a pretended transfer of that gold to the Government. Evidently there is law for the common man and no law for the Federal Reserve Board and the Federal Reserve banks. The common man must toe the mark, but the Federal Reserve Board and the Federal Reserve banks are the agents of the Bank of England, and the law, it seems, does not apply to them. Many of the officials of the Federal Reserve outfit have had charges of impeachment brought against them, but those charges have not been investigated.

The Federal Reserve outfit now has in its possession gold coin, gold certificates, and gold bullion. But this bill does not require them to surrender their present holdings of gold certificates. After this bill becomes law, if such a catastrophe should occur, the Federal Reserve Board and the Federal Reserve banks will still hold their present gold certificates. They may exchange those gold certificates for gold between the time this bill becomes law and the day the President makes his proposed devaluation proclamation. Is not this gift of over \$1,000,000,000 in gold a great treasure to bestow upon the Federal Reserve Board and the Federal Reserve banks—the corrupt and sinister organization which has bankrupted the country? Does this not make favorites of the financial crooks who control it?

Mr. Chairman, all the gold in the possession of the Federal Reserve Board and the Federal Reserve banks belongs to the people of the United States. During the last 20 years, under the vicious Federal Reserve Act, they have taken it from the people in exchange for Federal Reserve currency, and it has not cost them one penny. Now they come forward to make a pretended transfer of the people's gold coin and bullion to the United States Treasury. Not one penny of the gold they pretend to transfer to the United States Treasury is owned by them; every dollar of it belongs to the individual citizens of the United States. The United States Treasury is to buy it on credit and to pay for it with new gold certificates. How does this transfer title to the United States Treasury? Can the Congress lend itself to such a transaction? Last May I stated that, in my opinion, the

people's gold, unjustly impounded in the Federal Reserve banks, should be placed in the people's Treasury, but I did not state that it should be placed there as the property of the Federal Reserve Board and the Federal Reserve banks, to be withdrawn by them with gold certificates and to be made exportable from the United States Treasury to the Bank for International Settlements in Europe. What this bill proposes to do in connection with the President's message suggesting that this United States gold may be sent to Europe to be kept in the Bank for International Settlements with the loot of the central banks of other countries is one of the greatest fiscal frauds in history. It is one of the biggest swindles of all time.

Again, Mr. Chairman, as you very well know, the Federal Reserve Board and the Federal Reserve banks had paper currency outstanding to the extent of about \$5,000,000,000 when the present administration came into power. That currency was redeemable in gold. It constituted the people's title to all the gold held by the Federal Reserve outfit. It constituted a first and paramount lien on all the assets of the Federal Reserve Board and the Federal Reserve banks. Instead of taking over the gold and the assets of the Federal Reserve Board and the Federal Reserve banks, including the great hoard of United States wealth which they have hidden in foreign countries, and honestly administering those assets for the benefit of the people who had been defrauded by the Federal Reserve Board and the Federal Reserve banks, the President of the United States unlawfully relieved the Federal Reserve Board and the Federal Reserve banks from their legal liability to redeem their Federal Reserve currency in gold, or in lawful money convertible into gold, and from the surrender of all their assets. Every dollar that was unlawfully taken from the people of the United States by Roosevelt's gold order was given to the Federal Reserve Board and the Federal Reserve banks in preparation for this great steal, this wholesale robbery of the masses for the benefit of the privileged few. And now that American citizens have lost their gold, an entirely fictitious transfer has been arranged to deceive the people. Mr. Chairman, the President may underrate the mental capacity of the American people as much as he likes, but I venture to say there is no man in the United States so dumb that he cannot understand how this bill tricks and deceives him.

The Federal Reserve Board and the Federal Reserve banks have profited to the extent of \$5,000,000,000 or more by being released from their obligation to redeem their outstanding \$5,000,000,000 of paper Federal Reserve currency in gold. They have profited by having had over a billion dollars in gold certificates saved to them. They have profited during the last 20 years by the criminality of the Federal Reserve Board, which never charged them one penny in interest on the great mass of Federal Reserve currency they have taken from the Government. They have profited from their own wrongdoing by the unlawful creation of fictitious claims against the United States Government and the giving of those claims to foreigners, and they have profited by their control of all the public revenues. And now they come forward with a scheme to sell the gold they have taken from the American people to the Treasury for new gold certificates which will give them a legal title to that gold and permit them to do as they please with it. An era of corruption is culminating in one of the greatest crimes that have ever been perpetrated against the people. Mark my words, Mr. Chairman, there will be trouble here if this bill becomes law.

Why, Mr. Chairman, this fiscal fraud, this crime is so stupendous that the instigators and manipulators of it did not dare to have all the transactions performed by one man. Each man did his part and then got out of Washington pretending that he disagreed with the President's money policy or pretending that he was ill. William H. Woodin, who sat beside Albert H. Wiggin on the board of the Federal Reserve Bank of New York and who acquiesced in and helped to perpetrate the financial misdeeds which bankrupted the

country, is now hiding in a western sanitarium. Dr. Sprague, the tool of the international bankers and an employee of the Bank of England, was, in my opinion, put into the Treasury to resign at a certain time and to create uncertainty in the minds of the people by the manner of his going and his subsequent articles pleading for sound money. Mr. Chairman, all the bickering and the resignations and the artful propaganda that have been thrown around the monetary policy of Franklin D. Roosevelt cannot disguise the fact that he was selected by the international bankers to carry on the work they started with the great depression; that is, the pauperization of the masses and the seizure of American property for their own use and benefit, and that he has lent himself to their schemes by unconstitutionally demanding and assuming the dictatorial powers which will enable him to carry them out.

Another purpose of this bill not mentioned in the title is the transference of a very large quantity of United States gold to the Bank for International Settlements. One of the chief objects of the gold policy of the present administration is the sending of gold taken by force from its lawful American owners to the Bank for International Settlements in Europe, where it will be kept with the property of the central banks of the world. According to the Hague convention, under which the Bank for International Settlements was formed, gold deposited in the vaults of the Bank for International Settlements is safe from seizure. Our gold, when it goes there, will certainly be safe from seizure by the United States. The Bank for International Settlements is dominated by the Bank of England. It is not on American soil. It is in Europe. American gold, therefore, will be kept in Europe. It will be placed where none of the wage slaves of the United States will ever be able to acquire any of it. It will be the capital and means of oppression of that international superstate, that financial superstate, which has been after Uncle Sam's gold money ever since the wealth of this country attracted the attention of greedy European bankers and brought them flocking over here to set up the suction pumps of the Federal Reserve Board and the Federal Reserve banks.

The Bank for International Settlements is an international bankers' bank. It is a central bank of central banks. The international bankers, who brought about the depression, have been drawing gold to themselves from the common people of every land. It is their intention to use that gold for their own purposes. They propose two kinds of money. Gold—the real money—is what they intend to have for themselves, and paper money, which has no intrinsic value in itself, and which is made out of nothing and is worth nothing unless it can be redeemed by the holder in gold—that is for the common people, or, as they call us, the peasants.

George Washington said:

I never have heard, and I hope I never shall hear, any serious mention of a paper emission in this state; yet such a thing may be in agitation. Ignorance and design are productive of much mischief. The former is the tool of the latter, and is often set at work suddenly and unexpectedly.

While he was here in Congress, Daniel Webster, in 1832, made the following statement:

Of all the contrivances for cheating the laboring classes of mankind, none have been more effectual than that which deludes them with paper money. This is the most effectual of inventions to fertilize the rich man's field by the sweat of the poor man's brow. Ordinary tyranny, oppression, excessive taxation—these bear lightly on the happiness of the mass of the community compared with fraudulent currencies and the robberies committed by depreciated paper. Our own history has recorded for our instruction enough, and more than enough, of the demoralizing tendency, the injustice, and the intolerable oppression, on the virtuous and well disposed, of a degraded paper currency, authorized by law, or in any way countenanced by government.

Franklin D. Roosevelt, the high priest of repudiation, the apostle of irredeemable paper money, and the man who intends to send United States gold out of the United States to a place where no American citizen can claim it—this Franklin D. Roosevelt characterizes all those who do not agree with

his monetary policy as mules. If that is true, what an awful mule President Woodrow Wilson must have been. Concerning Andrew Jackson, Wilson said:

He had no idea of allowing the country to undertake the fatal experiment of an irredeemable paper currency.

This is the fatal experiment Franklin D. Roosevelt has undertaken. This is a part of his policy of "bold experimentation." Not long ago he told the people at Savannah that George Washington, like himself, was an experimenter. Mr. Chairman, there are no points of resemblance between George Washington and Franklin D. Roosevelt, experimental or otherwise. George Washington did not take orders from money changers. He did not rob the people of their gold. George Washington abhorred dishonor in all its forms. He would have died before he would have violated his oath of office or tampered with the Constitution of the United States in the manner of Franklin D. Roosevelt.

In 1837 the New York Herald described the crime of suspending payments in specie, that is, in gold or silver, on demand, as follows:

The general suspension of specie payments is a terrible fraud upon the community that will end in destruction to all concerned. This fraud is heightened into crime of the deepest dye, from the fact that it is done to send gold and silver to England by the actual plunder, at the point of the bayonet, of the great mass of the people here . . . Such an act is a phenomenon in the annals of crime, without a parallel in the history of tyranny, violence, or bad government, from the remotest ages of the world down to the present day.

Now, Mr. Chairman, let us hear the true purpose of the \$2,000,000,000 fund which this bill proposes to set up. I quote from the prophecies of Henry Morgenthau, Mr. Baruch's Secretary of the United States Treasury, as shown by the following article which appeared in the Washington Times of January 16, 1934:

TREASURY SEES UNITED STATES NEED OF BLUE CHIPS

When you play poker, you want just as many blue chips as the other fellow.

That, in a man's language, was the gist of Secretary Morgenthau's summing up of the Roosevelt proposal for a \$2,000,000,000 stabilization fund to protect the currency of the United States.

In other words, the American Government is engaged in probably the greatest gamble of all time. The stake is the credit of the United States.

TO EQUAL BRITISH

When asked why a figure of 2,000 millions for the stabilization fund had been asked, Morgenthau said:

"We figured we might need an amount substantially equal to the British stabilization fund.

"If we are going to play, we must have as many chips as the other fellow.

"We want every piece of machinery the other countries have. We want to be in a position to buy gold and to sell gold."

The 2,000-million stabilization fund will be derived from the Government's profit on the debasing of the value of the dollar to from 50 to 60 percent of the normal valuation.

FUND FROM PROFITS

If the debasement is 50 percent, the profit to the Government will be \$4,000,000,000 in round numbers. A 60-cent dollar will mean about 2,666 millions in profits.

Out of these profits will come the stabilization fund to be administered by the Secretary of the Treasury, the remainder being available for any Government expenditure. Morgenthau said:

"It is possible that the mere existence of the fund will be sufficient to carry out the law which requires that the Secretary of the Treasury maintain all lawful money of the Government on parity with gold."

The Secretary of the Treasury is charged with the responsibility of administration of the fund to carry out that purpose. If any particular type of currency issued—United States notes, for instance—should become depreciated in value, the Treasury would go into the market and buy a sufficient quantity of that currency to maintain its parity. Operations in the foreign markets to protect possible depreciation of the dollar would be similar.

Let this quotation from Morgenthau go down into history. Long from now some curious investigator of the present age of witchcraft and magic in the White House may unearth it and reconstruct the financial history of the new deal from it, as science from a single part reconstructs the entire animal.

Mr. Chairman, it is not the gambler's voice in Mr. Morgenthau's confession which most deserves political attention. We are becoming accustomed here to gambling terms as they are employed by the executive branch of the Govern-

ment, and we can well understand that the Executive and his favorites must of necessity speak the lingo of their kind. This is a gambler's administration, and all the "big shot" gamblers are here to revel in it. Mr. Roosevelt does not deny his gambling propensities. He is a "new dealer." He is "on his way", but he "doesn't know where he is going." He is for a policy of "bold experimentation", just as Samuel Insull was for a policy of bold experimentation. He has not been Ben Smith's patron all these years for nothing. But, Mr. Chairman, there is something apart from the vice of gambling to be observed in Mr. Morgenthau's utterance, and that is its entire untruthfulness. He would have us believe that the United States is on one side of the fence and Great Britain on the other. That, of course, is not the case. The United States has been placed in a position of financial servitude to Great Britain, and Mr. Morgenthau's loud-sounding propaganda is designed to conceal that fact from the people. Great pains have been taken to conceal it. It would be very damaging to this administration if certain people in the United States should find out about the great sums of United States money which have been sent to England during the past summer. Those funds were appropriated by Congress for the people of the United States.

Mr. Chairman, why should tax money paid by American citizens be sent to London? When England makes her periodical gesture of insult toward the United States by paying a small installment on the war debt she owes us, she pays us in debased coins, in token coins, to be exact. But when Mr. Roosevelt sends American money to England, he sends it in gold or its equivalent. When Mr. Morgenthau obtains his "kitty", for this, I have been told, is what he called the proposed stabilization fund at the White House a week ago last Sunday evening, American funds will be fed to Europe more expeditiously and with less secrecy than such operations now require. If Congress puts the people's property into a "kitty", someone, if he cannot be the knight of the bedchamber, can at least pose before royalty as the knight of the "kitty."

Mr. Chairman, understanding that Henry Morgenthau is related by marriage to Herbert Lehman, Jewish Governor of the State of New York, and is related by marriage or otherwise to the Seligmans, of the international Jewish firm of J. & W. Seligman, who were publicly shown before a Senate committee of investigation to have offered a bribe to a foreign government; and to the Lewissohns, a firm of Jewish international bankers; and to the Warburgs, whose operations through Kuhn, Loeb & Co., the International Acceptance Bank, and the Bank of Manhattan Co. and other foreign and domestic institutions under their control, have drained billions of dollars out of the United States Treasury and the bank deposits belonging to United States citizens; and to the Strauses, proprietors of R. H. Macy & Co., of New York, which is an outlet for foreign goods dumped upon this country at the expense of the United States Government, which is compelled to issue paper money on the said foreign goods of the Strauses; and that Mr. Morgenthau is likewise related or otherwise connected with various other members of the Jewish banking community of New York and London, Amsterdam, and other foreign financial centers, and that he has as his assistant, presiding over public funds, Earle Bailie, a member of the firm of J. & W. Seligman, bribe givers as aforesaid, it seems to me that Henry Morgenthau's presence in the United States Treasury and the request that Congress now give him a \$2,000,000,000 "kitty" of the people's money for gambling purposes is a striking confirmation of the statement made by me on the floor of the House on May 29, 1933, which statement was as follows:

Mr. Chairman, the Constitution of the United States has served us well. I am in favor of defending it against all comers. In the Constitution of the United States it is written that the United States shall guarantee a republican form of Government to every State in the Union. This guaranty has been broken by Franklin D. Roosevelt in his unlawful assumption of dictatorial powers. It is also written that no State shall make anything but gold or silver coin a tender in payment of debts. This repudiation bill and its predecessors nullify this provision of the Constitution. It is also written in an amendment to the Constitution, "The validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions and bounties

in suppressing insurrection or rebellion, shall not be questioned." Mr. Chairman, this repudiation bill questions the validity of the public debt and repudiates it. It repudiates the Liberty bonds; it repudiates the veterans' adjusted-service certificates; it cancels the war debts due to the United States from foreign governments.

Now, Mr. Chairman, we have come to the place where we must decide whether we shall serve God or Mammon. Shall we nullify the Constitution at the behest of the money changers who have unlawfully taken all our gold and lawful money into their own possession or shall we take a stand here in defense of the faith of our fathers? Mr. Chairman, my mind is made up. I will stand by the Constitution. If I should fail to do so, I should expect to be met at the train when I go home to my district by a delegation of honest Pennsylvania citizens with 50 or 100 feet of rope. I should expect to be escorted to the nearest tree to be taught what it means to vote for a nullification of the Constitution in the House of Representatives.

Mr. Chairman, the provisions of this repudiation bill were foretold by a writer in the Dearborn Independent some years ago. There is, therefore, nothing novel or original about them. The writer of the article in the Dearborn Independent made the following quotation prophesying some of the measures which have been introduced here by the President of the United States:

"(2) Confiscation of money in order to regulate its circulation.

"(3) We must introduce a unit of exchange based on the value of labor units, regardless of whether paper or wood is used as the medium. We will issue money to meet the normal demands of every subject, adding a total sum for every birth and decreasing the total amount for every death.

"(4) Commercial paper will be bought by the Government, which * * * will grant loans on a business basis. A measure of this character will prevent the stagnation of money, parasitism, and laziness, qualities which were useful to us as long as the Gentiles maintained their independence, but which are not desirable to us when our kingdom comes.

"(5) We will replace stock exchanges by great Government credit institutions, whose functions will be to tax trade paper according to Government regulations. These institutions will be in such a position that they may market or buy as many as half a billion industrial shares a day. Thus all industrial undertakings will become dependent on us. You may well imagine what power that will give us.

"Remember that when next you hear the Jewish plan that 'Gentiles' shall do business with their own bits of paper, while Jews keep the gold reserve safely in their own hands. If the crash comes, 'Gentiles' have the paper and the Jews have the gold. Says protocol XXII: 'We hold in our hands the greatest modern power—gold; in 2 days we could free it from our treasuries in any desired quantities.'"

"The Jews are economists, esoteric and exoteric: They have one system to tangle up the 'Gentile', another which they hope to install when 'Gentile' stupidity has bankrupted the world. The Jews are economists. Note the number of them who teach economics in the State universities. Says protocol VIII:

"We will surround our Government with a whole world of economists. It is for this reason that the science of economics is the chief subject of instruction taught by the Jews."

Mr. Chairman, have not most of these predictions come to pass? Is it not true that, in the United States today, the "Gentiles" have the slips of paper while the Jews have the gold and lawful money? And is not this repudiation bill, a bill specifically designed and written by the Jewish international money changers themselves, in order to perpetuate their power? What else do you make of it, Mr. Chairman? Does it not cancel the war debts? Does it not defraud the holders of Liberty bonds and every other obligation calling for the payment of money? Does it not defraud the veterans of the World War and take the value out of their adjusted-compensation certificates?

Mr. Chairman, do you not see in this "kitty" bill the identical features outlined in the Protocols of Zion? Do you not see the Protocols of Zion manifested in the appointment of Henry Morgenthau as Secretary of the Treasury? It is not by accident, is it, that a representative and a relative of the money Jews of Wall Street and foreign parts has been so elevated?

Why, Mr. Chairman, this "kitty" bill takes the hitherto obscure young Henry Morgenthau and makes of him a central bank of the United States. It makes of him a central bank, an institution which Jefferson declared is one of deadly hostility to the free institutions of the United States. It exalts him above all other men. Under the powers to be granted him, his conduct is not subject to review or control by any other officer of the United States Government, not even the President.

What this "kitty" bill really does is to slide into the hands of Henry Morgenthau the emergency powers which Congress granted to the President. Those powers will not lapse. Instead, they are being slyly and dishonestly transferred to the bankers and after the bankers, in the person of Henry Morgenthau, have exercised them long enough to get the gold of the United States into their exclusive posses-

sion and to transfer it to their den of thieves, the Bank for International Settlements, Congress may take back its constitutional power over the currency, but it will have nothing left to exercise it on. The monetary gold of the people of the United States will, like the sons of the people, be buried in a foreign field.

Mr. Chairman, if you, as one of the party in power, are thinking of remaking the world so that the old America we knew and loved is to be no more; if you are one of those who is countenancing the placing of this country under the British Crown and the pooling of all American resources with those of England and Soviet Russia; if you are one of those to whom a title of nobility appears to be more desirable than plain citizenship in the Republic founded by George Washington, I trust that you will some day descend from the Speaker's chair and let us know the reasons for your preference. If, on the other hand, you are not what these words depict, I trust that you will come down to the floor and tell us how constitutional government is to be maintained in this country if the plutocratic managers of the Democratic Party continue their efforts to destroy it. You, if anyone, should be able to give the people of the United States an answer to this question.

Under this administration the result of the American Revolution has been reversed. The United States has become an economic vassal of Great Britain. The once proud Republic of the United States with its great charter of human freedom, the Declaration of Independence, and its written Constitution, which had kept it free and independent for over 140 years, and its flag, first made by the hands of Betsy Ross in Philadelphia, and its national anthem, born within earshot of the British guns that shelled Fort McHenry—all these, like the American dollar, were brought down from their high estate.

Oh, say, can you see by the dawn's early light

What so proudly we halled at the twilight's last gleaming?

Mr. Chairman, you know very well that you cannot see that flag there as it used to be. Others started very cautiously to pull it down. But it was Franklin D. Roosevelt, in his unlawful and unconstitutional assumption of dictatorial powers, who finally lowered it and tore it from its standard.

Mr. KELLER. Will the gentleman yield?

Mr. McFADDEN. Yes. I yield to the gentleman from Illinois.

Mr. KELLER. I should like to ask this question, if the gentleman holds that our only legal money under the Constitution is metal money?

Mr. McFADDEN. I do; yes.

Mr. KELLER. What does the gentleman think of the legal-tender decisions of our Supreme Court on this subject?

Mr. McFADDEN. I do not care to pass upon the decisions of the Supreme Court.

Mr. KELLER. They hold contrary to that, do they not?

Mr. McFADDEN. I think I have covered that in my remarks.

Mr. ARNOLD. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. Dockweiler].

Mr. DOCKWEILER. Mr. Chairman, I was reminded this morning of the subject I am going to speak about in my reading of the CONGRESSIONAL RECORD of yesterday, and that subject I have entitled "One of the Great American Rackets." It exists under the very nose of Congress and under the very nose of the Senate, and has continued for the more than 150 years this Nation has existed, and this is the question of postmasters.

Ever since the days of "Ben" Franklin, when he acted as the first postmaster in this country, and down through the line of subsequent postmasters, there has grown up in this Nation a barnacle that has clung tight to the bottom of our ship of state, and it is nothing more than a pure and simple political racket, in my estimation—postmasters.

I bring this matter up because I am a member of the Committee on Post Offices and Post Roads, and I am just becoming more familiar with some the things that have existed.

I note in the CONGRESSIONAL RECORD of this morning, and I tabulated the number very roughly, the President has sent to the Senate over 500 names to be approved by the Senate for postmasterships throughout the Nation.

Mr. Chairman, I also read in the hearings on the Post Office appropriation bill, and I bring this subject up at this time because I think it is opportune when we are considering such appropriations for the Post Office Department—I read on page 49 of the report of the hearings that there are, in all, a total of Presidential postmasters amounting to 14,113, and that there is expected to be paid under this appropriation for 1935-36 a total sum, in salaries, of \$28,057,700.

Mr. Chairman, I have no complaint to make about the good souls, men and women, who are appointed postmasters and postmistresses throughout this country. I have appointed postmasters and postmistresses, and so have you, but let us get right down to the real situation. We appoint postmasters and postmistresses purely as a reward for some political effort they make in our behalf in our own congressional districts. The Government does not get a quid pro quo for their services. They are more or less political contact men for the Congressmen and for the political party of the State.

I feel I have a better right to talk upon this subject because it is my party that is in power and it is my party that for some years to come will dole out the postmasterships in this country. So I can take this attitude with better grace than if I were a Member on the Republican side of the House.

We pay out \$28,000,000 a year in salaries to these postmasters, and we know when we appoint them that they are either the butcher, the baker, or the candlestick maker in our particular district. We appoint them, not because they have any post-office experience—of course not—they know nothing about the Post Office Department, its activities, or its administration. They have not the slightest idea of what to do, but they are taught, as soon as they are appointed, the duties of the office by a very able chief assistant who is a member of the civil service.

Mr. Chairman, I am now preparing a bill which I expect to file in this House very soon. This bill has to do with the elimination of first-, second-, and third-class post offices. There is no need to include the fourth-class post offices, because many years ago, or somewhere down the line, it was deemed fit and proper to place the fourth-class post offices in the hands of regular post-office civil service. I cannot understand why the first-, second-, and third-class postmasters should not also be regular civil-service men; that is, they should be men or women drawn from clerkships or graduated, you might say, from the regular line of duty of clerk in the Post Office Department. My bill will propose to do this, and in order not to cause a great deal of harm or disturb a great many good men and women who now hold such commissions, I am going to propose in my bill that there be a gradual elimination of political postmasterships up to, perhaps, and including the year 1938 or 1940, so that this practice can be forever done away with in this Nation at least by that time.

After all, it would be a great help to the Post Office Department and to all of its workers. It would create a great spirit of enterprise and a better morale among the workers of the Post Office Department if they felt that after years of service they could hope to be elevated by the Civil Service Commission or by the Postmaster General to the position of holding in their declining days a post office in their own particular locality. This would give these clerks and carriers something to look forward to.

Mr. O'CONNOR. Will the gentleman yield?

Mr. DOCKWEILER. Yes.

Mr. O'CONNOR. Why does not the gentleman go all the way and provide in his bill that Cabinet members and heads of departments be subjected to civil-service examinations? They are clearly in the same class.

Mr. DOCKWEILER. No; they are not in the same class.

Mr. O'CONNOR. The chiefs of bureaus and men in the various departments learn such duties after years and years

of experience, and many of them would make the best Cabinet members and many of them would make the best heads of departments, and the only step beyond this would be to put civil service on Congressmen and the President.

Mr. DOCKWEILER. I do not agree with the gentleman.

Mr. FOULKES. Will the gentleman yield?

Mr. DOCKWEILER. I have only a few minutes left, but I yield to the gentleman for a question.

Mr. FOULKES. Does the gentleman expect to get home alive after introducing this bill?

Mr. DOCKWEILER. If I get out of this body alive, I think I can get home alive.

The gentleman from New York asked me the question, Why not put the members of the Cabinet under civil service? Members of the Cabinet have the duty of carrying out or performing the functions of the policy of the administration. I tried to explain in the beginning of my speech that a political postmaster is not a man who is able to take care of that particular office. He is not a man who has had experience in that line. He is appointed because he renders a political service and the man who really does the work is the chief assistant.

Now, there is another thought. We have about turned the corner in a new deal, even in politics. I suppose there will be introduced in Congress a bill to correct some of the evils that have grown up in the great political system of the country.

I have heard, and no doubt it exists in some of the well-organized communities, that a certain person is selected for postmaster and is expected to contribute 10 percent of his salary to the political party that is responsible for securing the office for that person. Of course, that is a political contribution.

Mr. ARNOLD. Will the gentleman yield?

Mr. DOCKWEILER. I yield.

Mr. ARNOLD. Does the gentleman state in good faith that 10 percent of the salaries of postmasters is contributed to political parties?

Mr. DOCKWEILER. No; I say I assume that.

Mr. MARTIN of Massachusetts. Why does the gentleman assume it? In what part of the country do they make that contribution?

Mr. DOCKWEILER. I said that I had heard that such was the fact.

Mr. MARTIN of Massachusetts. I never heard of any postmaster in my section contributing to the campaign any percentage of his salary.

Mr. ARNOLD. That is rather a severe statement. I am sure that in my section of the country, as far as I know, the practice has never been indulged in.

Mr. MEAD. Will the gentleman yield?

Mr. DOCKWEILER. I yield.

Mr. MEAD. I do not believe the gentleman's statement is so serious, in view of the fact that he prefaced his statement with language indicating that he was making that assumption. We have heard for a great many years of postmasterships being sold, and that has been aired in the Senate and perhaps in this body. It is assumed also that men in political office, such as a postmaster, are subject to considerable political pressure. For instance, in the last Republican campaign the First Assistant Postmaster General and the Second Assistant Postmaster General insisted that the postmasters go out on the hustings and work for the election of the President, and they were threatened with dismissal from the service if they did not carry that out. To quote Assistant Postmaster General Glover, he said:

If you do not do that, I will welcome your resignation when I get back to Washington.

So the gentleman has the right to assume that that has been done by some political party in power. Of course, that does not apply to the present organization, because they have been selecting the highest type of officials.

Mr. DOCKWEILER. I thank the gentleman for his remarks. I had just that in mind.

Mr. O'CONNOR. Will the gentleman yield?

Mr. DOCKWEILER. Yes.

Mr. O'CONNOR. The gentleman made the statement, and I want to say that some people have been put in jail for selling postmasterships. Furthermore, in the last campaign orders went out—I do not know whether it was from the Postmaster General or the Assistant Postmaster General—advising the postmasters that there was no prohibition whatever about indulging in a campaign, and they might freely take all the time, for which they were paid by the Government, to participate in the campaign.

Of course, he did not have to suggest that they participate in behalf of the Socialist Party. They could gather from the carte blanche given to them for whom they could campaign.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DOCKWEILER. Yes.

Mr. MARTIN of Massachusetts. I want to ask the gentleman from New York [Mr. O'CONNOR] what is going to be the policy of this present administration?

Mr. O'CONNOR. The policy of this present administration, as it has always been in Democratic administrations, will be to keep postmasters, the Federal employees, out of politics. In my 25 years' experience in politics I never saw one Federal employee around a Democratic clubhouse or around the polling place on election day.

Mr. MARTIN of Massachusetts. The newspapers within the last few days have been full of the names of Democratic politicians who hold responsible positions and who are still working actively politically.

Mr. O'CONNOR. Oh, well, that is not in this Post Office Department. They are not the postmasters from Podunk, who make a community center and Republican club out of the post office where the boys could gather and discuss Republican politics.

Mr. MARTIN of Massachusetts. If the policy is good in one field, it ought to be good in another.

Mr. DOCKWEILER. Mr. Chairman, I just yielded for a question. When I rose I did not anticipate that what I had to say was popular, but I do say that I am going to propose my bill and urge it in earnestness because I think it will be a great saving to the Post Office Department, which, next year, will show a deficit of about \$17,000,000, according to the Post Office report, and I think we can save that \$17,000,000 by letting the executives of the Post Office Department take care of the post offices in the manner suggested in my proposed bill.

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

Mr. DOCKWEILER. Yes.

Mr. MEAD. The gentleman from New York [Mr. O'CONNOR] was illustrating the high idealism of the Democratic Party and was interrupted by the gentleman from Massachusetts [Mr. MARTIN] who brought out the argument that within the last few days Democrats were resigning from membership of the National Committee. Let me say, to verify the statement made by the gentleman from New York, that this Capitol and our committee room were filled with Republican lawyers, lobbyists, who were associated with Republican committees, and they were never interfered with, but the idealism of the Democratic Party has asserted itself and probably for the first time in recent years we are divorcing the organization in power from lobbying activities upon the part of some people high in its official councils.

Mr. O'CONNOR. Not only were they never interfered with, but they have entree to every place in this Capitol, and they also had private keys to the little green house on K Street.

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

Mr. TABER. Mr. Chairman, I yield now to the gentleman from Pennsylvania [Mr. SWICK].

Mr. SWICK. Mr. Chairman, I have today filed the following petition, bearing the names of 10,264 residents of my district, divided as follows: Beaver County, 4,769; Lawrence County, 3,242; and Butler County, 2,253. The petition was accompanied by a letter of transmittal from the Honorable George T. Weingartner, 504 L. S. & T. Building, New Castle,

Pa., a man who has served his county and State as a commissioner and State senator for many years:

PROTEST AND PETITION

To the Congress of the United States of America, greetings:

We, undersigned people of the United States of America, capable of determining for ourselves what we wish to hear broadcast by radio without censorship by the clergy or anyone else, hereby protest to the Congress against certain wrongful interference with our rights.

The Radio Act provides, as we understand, for the broadcasting of that which is in the public interest.

The message of the true God, Jehovah, as expressed by Him in the prophecies of His Word (the Bible), and as now being given to the people of this Nation by Judge Rutherford and others of Jehovah's Witnesses is of interest to us. When broadcast, it is convenient for us to hear it in our homes and is necessary for our welfare. We are entitled to hear and desire to hear that message. We disapprove of every attempt to prevent our hearing it broadcast.

The National Broadcasting Co., the Columbia Broadcasting System, the Roman Catholic hierarchy, and others have wrongfully, by threats, coercion, and other improper influence, prevented many stations from broadcasting this message of truth, thus depriving stations of legitimate income and depriving millions of American citizens of the privilege of hearing what they wish to hear, and against this wrongful action we vigorously protest.

Exercising the right guaranteed to us by the Constitution of the United States, we therefore respectfully petition the Congress to act at once to safeguard the inherent rights of the American people relative to the radio.

Mr. Chairman, I understand that similar petitions have been received by several Members of this House, all of them bearing the signatures of thousands of American citizens. We have heard similar charges of censorship made against the radio companies on the floor by Members of this House. It is certainly evident that something is wrong; we cannot ignore such charges. Each of these petitions have been referred to the House Committee on Merchant Marine, Radio, and Fisheries. I hope the chairman of that committee will recognize the rights of these petitioners and conduct an investigation of the charges, and if these conditions prevail, that legislation is forthcoming that will correct them.

I would be derelict indeed if I failed to present a matter of sufficient importance to have received the signatures of more than 10,000 residents of my district to this Congress. It is of importance to all concerned that this matter be thoroughly investigated at a very early date.

Mr. BRITTEN. Mr. Chairman, will the gentleman from New York yield?

Mr. TABER. Yes.

Mr. BRITTEN. In order that I may ask the gentleman in charge of the committee when he contemplates rising. It is close onto 5 o'clock, and I understand there is a message from the President on the Speaker's table.

Mr. ARNOLD. I want to conserve as much time as possible. There is one other gentleman who wants to speak. I think it proper to rise about 5 o'clock, which is the usual time, and I see no reason to break in at this particular time.

Mr. BRITTEN. The gentleman wants to proceed?

Mr. ARNOLD. Yes.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. CHASE].

Mr. CHASE. Mr. Chairman, I rise to discuss, first, the injustice done underpaid Federal employees by the misnamed Federal "Economy" Act, forced through the House on the 11th of March last; second, that form of legalized graft known as a Federal subsidy.

Quoting from the Democratic platform of 1928, and this is not unfriendly to the committee or the chairman of the subcommittee having in charge this bill:

Federal employees should receive a living wage based upon American standards of decent living. Present wages are in many instances far below that standard. We favor a fair and liberal retirement law for Government employees in the classified service.

That is the platform pledge of the Democratic Party to Federal employees.

Quoting from column 2, page 11, of the January issue of the magazine *The Federal Employee*, which is the official magazine of the National Federation of Federal Employees, Senator HARRISON said:

I appreciate that during recent months the cost of living has increased and that the spirit of the recovery movement demands the repeal of that portion of the Economy Act which reduced salaries of Federal employees. In the coming session of Congress, I will favor restoration of this reduction to these employees. I hope to have a conference with the President touching this matter some time before the convening of Congress.

Quoting again from column 2, page 11, of the same issue of the same magazine, Representative BYRNS said:

I believe that the salaries of Federal employees should be restored unless exceedingly imperative reasons exist to the contrary. I favor their full restoration. And I believe that Congress will take that action.

Practically every Member on either side of the aisle is in accord with that statement, yet there was forced through this House a gag rule to prevent Members of Congress from voting their judgment upon the merits of the question itself.

I wish to emphasize today the purpose of that gag rule. It was not to gag the five members of the Farmer-Labor Party. It was not to gag the 115 members of the Republican Party. Its sole purpose was to gag the 313 members of the Democratic Party so that they would have no chance to vote on the merits of that bill. Otherwise the wages of underpaid Federal employees would be put back where they belong.

Mr. GOSS. Will the gentleman yield?

Mr. CHASE. Yes; I yield.

Mr. GOSS. Of course, the Membership had a chance to vote on that question when the previous question was ordered. As one of the members of the subcommittee, I asked for the yeas and nays, and the yeas and nays were ordered.

Mr. CHASE. Yes; but the Membership was denied the opportunity of voting on the merits of the bill itself, and it was entitled to that opportunity.

Mr. GOSS. We had a motion to recommit the bill and we also had a vote on that.

Mr. CHASE. Surely we had. You did your best, but Members could not vote "yes" or "no" squarely on the proposition of restoring the 15 percent to underpaid Federal employees. And when the so-called "economy bill" was jammed down our throats, 124,678 Federal employees were receiving an annual wage of less than \$1,000, while 56,883 were paid from \$1,000 to \$1,100 a year, and every one of them had to take the 15-percent cut.

Mr. GOSS. They could if they had voted down the previous question on the rule, which is a matter of record.

Mr. CHASE. I appreciate the gentleman's position. It is well taken. But even his generous excuse does not justify that vicious gag rule.

Mr. DUNN. Will the gentleman yield?

Mr. CHASE. I yield with pleasure to the gentleman.

Mr. DUNN. Many Democrats on this side voted to recommit that bill.

Mr. CHASE. I fully realize that. You are entitled to credit for so doing. But where were your leaders? How did they vote?

Some of us would like to support our President. We would like to go along with you on various propositions, but we do wish to vote on the merits of the propositions themselves, and when they are wrong to vote no.

To make our problem clear, I wish to read this afternoon what a distinguished constituent in the State of Minnesota, a professional man, highly respected, in my home State, wired to the dean of the Minnesota delegation after we voted for one of the administration bills:

Be not like dumb driven cattle. Your herdsman, the international bankers, are preparing us for emasculation purposes. Shoemaker was in jail, but I think the whole bunch of you should be there for voting for that banking bill.

Mr. KELLER. Who was it who wrote that?

Mr. CHASE. Dr. D. R. Miller, of Bird Island, Renville County, Minn., a gentleman of the highest standing. I wrote him the next day that I was in exact accord with his telegram. That you gentlemen were in accord also, you proved by coming back 8 days later to force through a second bill in an effort to undo the harm you did through the first one.

The only excuse I have heard in this House on either side of the aisle for our unjustifiable treatment of underpaid employees is the sacred word economy, and I want to know when we are going to begin really to economize.

We hear about the so-called "Black investigation" over at the other end of the Capitol. I quote from column 1, page 3, of the October 31, 1933, issue of Labor, a national weekly newspaper, relative to alleged facts brought out by this investigation:

J. E. Dockendorff, of the Black Diamond line, known to newspaper men as "Little Dockey", told how he milked, squeezed, drained, and extracted profits from his line—all with the help of the Government. In the 14 years from 1919 to 1932, both inclusive, "Little Dockey" drew in salary and expenses \$1,576,396, or an average of more than \$112,500 a year.

In my home State of Minnesota a disabled veteran serving as janitor in a post office in a little town and drawing a weekly salary of less than \$4 has to take the 15-percent cut, while another crippled soldier pays the rest of his living expenses. Who is going to profit from the sacred economy we hear about? Is it the underpaid Federal employee? Is it the crippled soldier? Is it the American taxpayers? Or, is it a lot of "Little Dockeys"?

Mr. WEARIN. All that happened during the course of the recent Republican administration, did it not?

Mr. CHASE. What difference does it make? I am not talking partisan politics. Whether under a Republican or Democratic administration, it is wrong.

Mr. WEARIN. I asked the gentleman when it happened. Did it not happen during the last two administrations?

Mr. CHASE. It did, so far as I know. I am not concealing that fact. The point is that it is wrong.

Mr. ARNOLD. Will the gentleman yield?

Mr. CHASE. I yield.

Mr. ARNOLD. May I suggest to the gentleman that the three laws under which subsidies have been granted were passed under a Republican administration. May I further suggest to the gentleman that not a single solitary contract involving subsidies has been entered into since the 4th of March last year. If that is what the gentleman has reference to, certainly this side of the House is not responsible for the legislation that made possible the subsidies, and is not responsible for the contracts under which we are forced to make this appropriation to carry them out.

Mr. CHASE. I thank the distinguished chairman for his observation. He helps to make clear my point, because, before I conclude, I wish to ask him, as chairman of this committee, what he is doing now to cut out this legalized graft?

Mr. ARNOLD. I can answer the gentleman right now.

Mr. CHASE. I prefer to make clear the foundation for the question. As I said, it is not unfriendly to you or to your committee.

Column 2, page 7, of the November 30, 1933, issue of the St. Paul Dispatch contains the following:

Senator BLACK's inquiry into ocean and air mail subventions has mined enough pay dirt already to make it pretty certain the coming session will prune that field of Government aid with a sharp knife.

For instance, had you been lucky enough to be permitted to invest one dollar in Stanley Dollar's venture with the Admiral Oriental Steamship Co. in 1922 you would have had \$14,000 in cash and \$2,000 in stock by 1930.

Dollar put up \$500—no more, no less—to acquire this line, and in 8 years had \$7,300,000 net profit and \$1,000,000 in stock.

Even without the millions the Government gave him to carry mail his profits would have run around \$400,000 or \$500,000 a year.

I quote from column 2, page 15, of the October 9, 1933, issue of the magazine Time:

In 1928 Mr. Herbermann procured for his line a 10-year ocean mail contract at \$1,044,000 per year. When his new ships began to operate Walter Brown—

I am concealing no names; I am defending no party—

then Postmaster General, increased this subsidy to \$2,185,000 per year. But Export Steamship was not over burdened with postal cargo. From August 1928 to June 1929 its ships carried precisely 3 pounds of mail, a cost to the Government of \$234,980 per pound.

In the name of the underpaid Federal employee I protest against this misuse of public money. [Applause.]

Now, in this bill, unnumbered as yet, appears on page 55 this statement:

For transportation of foreign mails by steamship, aircraft, or otherwise, including the cost of advertising in connection with the award of contracts authorized by the Merchant Marine Act of 1928, \$37,500,000.

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

Mr. CHASE. I yield gladly.

Mr. GOSS. I call the gentleman's attention to page 27 of the report which shows a total of \$40,250,000.

Mr. CHASE. Thank you. Insert that in the RECORD; and then this from page 21 of the committee's report:

The committee has no means of knowing what the right sum to appropriate may be, and until the results of these studies and investigations lead to a sound conclusion the position of standing on the present rate of expenditure is adopted even though it may be arbitrary in character.

This service, as in the case of domestic air mail and ocean mail, is definitely on a subsidy basis, the estimated revenues being \$1,250,000 and the excess cost or subsidy amounting to approximately \$5,750,000.

Again, in the name of the underpaid Federal employees and in the name of those thousands of disabled soldiers we sent to the bread lines by the unfortunate so-called "Economy Act" of March 11, and in the name of the dozens of physically disabled and mentally abnormal veterans who lie today in suicides' graves because of that act and the orders issued under it, I demand that we stop handing out funds of the American taxpayer gratuitously to "Little Dockeys" regardless of whether you call the payment a subvention, subsidy, or graft.

With all respect to this committee and its chairman, I bring up the subject now so that in his own time and in his own way the chairman of the subcommittee may tell us who are financially interested in this particular appropriation, what their interest is, how much of the appropriated fund will be paid out for little or no service, and why the amount should not be withheld to apply toward adequate wages for underpaid Federal employees. [Applause.]

[Here the gavel fell.]

Mr. ARNOLD. I may say to the gentleman from Minnesota that I expect to discuss that question tomorrow. There is not time to do it this evening. I am in full accord with the gentleman as far as these subsidies are concerned; I have always been against them, but my hands have been tied so far as these appropriations are concerned. If the gentleman is present tomorrow I shall try to show him in what way our hands are tied.

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

Mr. ARNOLD. I yield.

Mr. MEAD. I may say that the Committee on the Post Office and Post Roads will shortly bring before the House a bill to eliminate postal subsidies in the Air Mail Service and put Air Mail Service on a self-sustaining basis. We hope to have the gentleman from Minnesota with us when the matter comes to a vote.

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

Mr. ARNOLD. I yield.

Mr. CHASE. May I ask the gentleman from New York whether the bill he suggests will apply likewise to ocean mail contracts?

Mr. MEAD. Unfortunately, that is beyond the jurisdiction of our committee.

Mr. ARNOLD. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. KENNEY].

Mr. KENNEY. Mr. Chairman, the Congress of the United States met for the first time in the city of New York, March 4, 1789. It had no quarters of its own; there was no place for it to convene provided for by the Congress. The city of New York offered accommodations to Congress; and, accordingly, the Congress of the United States assembled there for the first time.

In order to provide accommodations for the Congress the city of New York undertook to repair and improve its city hall. For that purpose it expended a large amount of

money, and when it was completed they finally owed something like £13,000. The city of New York had nowhere to go to collect this money; it was beyond the power of the city to pay. What did the city do in order to meet its obligations? It went to the Legislature of the State of New York and asked for ways and means of providing money it could not raise through ordinary sources of available revenue.

The preamble of the law enacted by the Legislature of New York shows that the city of New York was authorized to raise this money by lottery which could not be obtained from ordinary sources of revenue available to the city. The law itself permitted the city to conduct a lottery to raise the money to pay the deficit incurred in improving the city hall for the accommodation and convenience of the Congress of the United States. Congress knew this. The city of New York applied to the legislature; and the legislature passed a law February 18, 1790, permitting this lottery in New York from which sums were derived to pay for the expense incurred in improving the city hall.

Congress afterward in 1812, I believe on May 4 of that year, passed a law permitting the city of Washington to raise money for important improvements the cost of which could not be raised from ordinary sources of revenue. Congress had before it at the time the question of amending the charter of the city of Washington. The lottery was authorized by the Congress, subject to the approval of the President, which should not exceed in the sum raised by this means \$10,000 in 1 year.

Assembled in Congress today we find ourselves confronted by a condition where we cannot raise money from ordinary sources to provide for things we should provide for. We have not been able to provide for our veterans as we did formerly; we have been obliged to curtail the salaries of our Federal employees. Even in the appropriation bill now before the House we are not providing sufficient salaries for many employees of the Postal Service. The regulations that were handed down a day or two ago show that we are not able to provide as intended for the unemployed. The C.W.A. projects have been curtailed; they have been curtailed in my district, made up of small municipalities; the hours have been shortened and the salaries reduced. My people live under conditions that obtain in large cities, and I have urged the Federal Emergency Relief Administrator to deal with them accordingly, and we must raise additional funds to keep our people at work.

To what source may we go to pay for these things we must maintain? Under our present system we must either borrow or tax; but only 2 percent of our citizens pay an income tax today.

If we rely on income taxes to provide the millions that we are appropriating, then we must hit the man of small or no means.

Mr. Chairman, there is a way to get this money that is not available through ordinary sources, and we should adopt it. We should approve a lottery. We can obtain funds throughout this Nation from people of all classes willingly and in a vast sum.

Mr. McFADDEN. Will the gentleman yield?

Mr. KENNEY. I yield to the gentleman.

Mr. McFADDEN. Do I understand the gentleman is suggesting that we raise money for the support of the Government through a gambling device?

Mr. KENNEY. I would not call it gambling in the strict sense. I would rather regard it as a patriotic contribution to our Government for worthy purposes.

We know we are not taking care of our veterans and their dependents as we wish to take care of them. We are reducing salaries of those in the Government service who can ill afford the reduction. We are faced with the danger of laying off C.W.A. workers throughout the Nation.

Accordingly I have before the House a bill to authorize the Veterans' Administration, with the approval of the President, to conduct a lottery, which is no more than the churches of the land are doing today. Benevolent and charitable institutions are doing the same thing. The practice is wide-spread throughout the country. It is a source

of revenue that might be brought into the Government through the Veterans' Administration. Primarily it is for the benefit of the veterans and their dependents, because the bill provides that immediately upon its enactment, if that event should happen, all pensions, allowance, and benefits existing on March 20 last shall be immediately restored.

This is a matter to which we should give serious consideration. It is a source of revenue which France relies upon today, and because of it France has not curtailed the benefits given to her veterans. France estimates its return from the lottery at \$500,000,000 annually, and we ought to do as well, and twice as well, in this country. A lottery brings revenue today to many countries of the world. Fully 30 countries are recipients of revenue from lotteries today. It is open and available to us. Not only will it provide for the worthy purposes for which it is intended but will lighten the burden of the taxpayer who cannot provide for them without the greatest of hardship. It will, besides, give the forgotten man a welcome opportunity.

Mr. Chairman, it would give hope to our people. It would thrill the Nation. I ask you to come along. [Applause.]

Mr. ARNOLD. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FULLER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 7295, the Treasury and Post Office Departments appropriation bill, had come to no resolution thereon.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—SALE OF ALCOHOLIC BEVERAGES IN THE DISTRICT OF COLUMBIA (H.DOC. NO. 225)

The SPEAKER laid before the House the following message from the President of the United States transmitting reports from the Attorney General and the Federal Alcohol Control Director suggesting the necessity of amendatory legislation to the act (H.R. 6181) to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, and requesting the Congress to give consideration to the suggestions contained therein, which was read and referred to the Committee on the District of Columbia and ordered printed:

To the Congress:

I have approved H.R. 6181, an act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia.

Before approving this act of the Congress, I gave it careful personal study and referred it to the Attorney General of the United States and to the Federal Alcohol Control Director.

The Attorney General and the Director, in written reports given me on January 22, which I hereby transmit to the Congress, suggest the necessity of amendatory legislation. I respectfully request the Congress to give its consideration to the suggestions contained in their reports.

I prefer to approve the act now, in its present form, and to ask the Congress for amendatory legislation rather than delay putting it into effect by returning it to the Congress for amendment, meanwhile postponing approval.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, January 24, 1934.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. BAILEY, indefinitely, on account of important business.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2. An act for the relief of C. M. Williamson; Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman; and H. N. Smith; to the Committee on Claims.

S. 170. An act for the relief of Patrick Henry Walsh; to the Committee on Claims.

S. 177. An act for the relief of Woodhouse Chain Works; to the Committee on Claims.

S. 308. An act to authorize the award of a decoration for distinguished service to Harry H. Horton; to the Committee on Military Affairs.

S. 326. An act referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement; to the Committee on Indian Affairs.

S. 375. An act to reimburse the estate of Mary Agnes Roden; to the Committee on Claims.

S. 376. An act for the relief of Beatrice I. Manges; to the Committee on Claims.

S. 406. An act for the relief of Warren J. Clear; to the Committee on Claims.

S. 407. An act for the relief of Willie B. Cleverly; to the Committee on Claims.

S. 750. An act for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr.; to the Committee on Claims.

S. 751. An act authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer; to the Committee on Claims.

S. 785. An act for the relief of Elizabeth Bolger; to the Committee on Claims.

S. 1069. An act authorizing adjustment of the claim of the Chicago, North Shore & Milwaukee Railroad Co.; to the Committee on Claims.

S. 1073. An act for the relief of E. Walter Edwards; to the Committee on Claims.

S. 1074. An act authorizing adjustment of the claims of John T. Lennon and George T. Flora; to the Committee on Claims.

S. 1079. An act authorizing adjustment of the claim of Francis B. Kennedy; to the Committee on Claims.

S. 1081. An act for the relief of McKimmon & McKee, Inc.; to the Committee on Claims.

S. 1083. An act authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C.; to the Committee on Claims.

S. 1085. An act authorizing adjustment of the claim of Schutte & Koerting Co.; to the Committee on Claims.

S. 1087. An act authorizing adjustment of the claim of William T. Stiles; to the Committee on Claims.

S. 1089. An act for the relief of James R. Young; to the Committee on Claims.

S. 1115. An act to authorize the Department of Agriculture to issue a duplicate check in favor of Department of Forests and Waters, Commonwealth of Pennsylvania, the original check having been lost; to the Committee on Claims.

S. 1219. An act to carry into effect the finding of the Court of Claims in the claim of Elizabeth B. Eddy; to the Committee on Claims.

S. 1321. An act authorizing adjustment of the claim of Korber Realty, Inc.; to the Committee on Claims.

S. 1347. An act for the relief of Little Rock College, Little Rock, Ark.; to the Committee on Claims.

S. 1426. An act for the relief of the estate of Benjamin Braznell; to the Committee on Claims.

S. 1429. An act for the relief of Anthony J. Lynn; to the Committee on Claims.

S. 1496. An act for the relief of Nannie Swearingen; to the Committee on Claims.

S. 1651. An act for the relief of the estate of Anton W. Fischer; to the Committee on Claims.

S. 1782. An act for the relief of the B. & O. Manufacturing Co.; to the Committee on Claims.

S. 1985. An act relating to the amortization of the construction cost of certain toll bridges in the State of Oregon; to the Committee on Interstate and Foreign Commerce.

S. 2029. An act to extend the time for completing the construction of a bridge across the Delaware River near

Trenton, N.J.; to the Committee on Interstate and Foreign Commerce.

S. 2152. An act granting certain property to the State of Michigan for institutional purposes; to the Committee on Indian Affairs.

ADJOURNMENT

Mr. ARNOLD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 7 minutes p.m.) the House adjourned until tomorrow, Thursday, January 25, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE (Thursday, Jan. 25, 10 a.m.)

Continuation of the hearing on H.R. 6836, to regulate motor carriers.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

306. A letter from the Chairman of the Federal Power Commission, transmitting Thirteenth Annual Report of the Federal Power Commission; to the Committee on Interstate and Foreign Commerce.

307. A letter from the Public Printer, transmitting list of files to be disposed of; to the Committee on Disposition of Useless Executive Papers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ARNOLD: Committee on Appropriations. H.R. 7295. A bill making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes; without amendment (Rept. No. 337). Referred to the Committee of the Whole House on the state of the Union.

Mr. VINSON of Georgia: Committee on Naval Affairs. H.R. 6604. A bill to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties, to authorize the construction of certain naval vessels, and for other purposes; with amendment (Rept. No. 338). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes; to the Committee on Appropriations.

By Mr. BROWN of Michigan: A bill (H.R. 7296) to guarantee the principal of bonds issued by the Home Owners' Loan Corporation, and for other purposes; to the Committee on Banking and Currency.

By Mr. KELLY of Pennsylvania: A bill (H.R. 7297) to provide for the establishment of the National Industrial Adjustment Corporation for the purpose of stabilizing industry through the utilization of surplus labor and capital; for the coordination of certain recovery and relief agencies in the interest of efficiency and economy, and for other purposes; to the Committee on Ways and Means.

By Mr. McCLINTIC: A bill (H.R. 7298) to provide that veterans with combat service in the World War shall be presumed to have acquired their disabilities in such service; to the Committee on World War Veterans' Legislation.

By Mr. STUDLEY: A bill (H.R. 7299) to authorize the Post Office Department to hold contractors responsible in damages for the loss, rifling, damage, wrong delivery, depredation upon, or other mistreatment of mail matter due to fault or

negligence of the contractor or an agent or employee thereof; to the Committee on the Post Office and Post Roads.

By Mr. STRONG of Texas: A bill (H.R. 7300) to make ability to speak, read, and write the English language a prerequisite to the admission to the United States, and to the naturalization of certain aliens, and to provide schools for aliens entering the United States; to the Committee on Immigration and Naturalization.

By Mr. MUSSELWHITE: A bill (H.R. 7301) to authorize the Postmaster General to charge an additional fee for effecting delivery of domestic registered, insured, or collection-delivery mail, the delivery of which is restricted to the addressee only, or to the addressee or order; to the Committee on the Post Office and Post Roads.

By Mr. DOBBINS: A bill (H.R. 7302) to authorize the Postmaster General to receive, operate, and to maintain for official purposes, motor vehicles seized for violation of the customs laws; to the Committee on the Post Office and Post Roads.

By Mr. LAMNECK: A bill (H.R. 7303) to continue until July 1, 1935, the rates of postage on the advertising portions of second-class publications prescribed by the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. DEROUEN: A bill (H.R. 7304) 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; to the Committee on the Public Lands.

Also, a bill (H.R. 7305) 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; to the Committee on the Public Lands.

Also, a bill (H.R. 7306) to amend section 10 of the act entitled "An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska; and for other purposes", approved May 14, 1898, as amended; to the Committee on the Public Lands.

By Mr. JOHNSON of West Virginia: A bill (H.R. 7307) to abolish the office of purchasing agent for the Post Office Department; to the Committee on the Post Office and Post Roads.

By Mr. LEMKE: A bill (H.R. 7308) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. COCHRAN of Missouri: A bill (H.R. 7309) to punish fourth-class postmasters who inflate their cancellations by mailing or causing to be mailed at their offices matter which would not have been so mailed but for the extra compensation accruing to the postmaster; to the Committee on the Post Office and Post Roads.

By Mr. TAYLOR of South Carolina: A bill (H.R. 7310) to enable the Postmaster General to withhold commissions on false returns made by postmasters; to the Committee on the Post Office and Post Roads.

By Mr. MARTIN of Colorado: A bill (H.R. 7311) to add certain lands to the Rio Grande National Forest, Colo.; to the Committee on the Public Lands.

By Mr. BUSBY: A bill (H. R. 7312) to provide for an appropriation of \$50,000 with which to make a survey of the Old Indian Trail known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway"; to the Committee on Roads.

By Mr. MITCHELL: A bill (H.R. 7313) to authorize the erection of a Veterans' Bureau hospital in middle Tennessee and to authorize an appropriation therefor; to the Committee on World War Veterans' Legislation.

By Mr. ROGERS of Oklahoma: A bill (H.R. 7314) to amend the act entitled "An act granting pensions to certain soldiers who served in Indian wars from 1817 to 1898, and for other purposes", approved March 3, 1927; to the Committee on Pensions.

By Mr. CULKIN: A bill (H.R. 7315) to prohibit the sending and receipt of stolen property through interstate and foreign commerce; to the Committee on the Judiciary.

By Mr. KENNEY: A bill (H.R. 7316) to authorize the raising of funds by lottery for the purpose of providing additional means of defraying the cost of government, including expenditures authorized for veterans and their dependents, and for other purposes; to the Committee on Ways and Means.

By Mr. BURCH: A bill (H.R. 7317) to provide for the final construction, on behalf of the United States, of postal treaties or conventions to which the United States is a party; to the Committee on the Post Office and Post Roads.

By Mr. PETERSON: A bill (H.R. 7318) providing for the establishment of terms of District Court of the United States for the Southern District of Florida at Fort Myers, Fla.; to the Committee on the Judiciary.

By Mr. McSWAIN: A bill (H.R. 7319) to amend the act of June 16, 1933, entitled "An act to encourage national industrial recovery, etc.", and to provide employment for laborers and to encourage the revival of industry, by constructing necessary buildings; to the Committee on Ways and Means.

By Mr. DIES: A bill (H.R. 7320) to authorize a board composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture to negotiate with foreign buyers with a view of selling American agricultural surplus products at the world market price and to accept in payment therefor silver coin or bullion at such value as may be agreed upon which shall not exceed 25 percent above the world market price of silver, and to authorize the Secretary of the Treasury to issue silver certificates based upon the agreed value of such silver bullion or coin in payment for the products sold, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. VINSON of Georgia: Resolution (H.Res. 235) for the consideration of House bill 6604; to the Committee on Rules.

By Mr. DE PRIEST: Resolution (H.Res. 236) to prevent discrimination; to the Committee on Rules.

By Mr. LUDLOW: Joint Resolution (H.J.Res. 245) directing the President to proclaim October 11 of each year General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

By Mr. HOPE: Joint Resolution (H.J.Res. 246) suspending section 18 of the Executive order of June 10, 1933, relating to the reorganization of executive agencies; to the Committee on Expenditures in the Executive Departments.

By Mr. LEMKE: Joint resolution (H.J.Res. 247) making funds available for grasshopper control; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FOCHT: A bill (H.R. 7321) granting a pension to Sylvia I. Whitman; to the Committee on Invalid Pensions.

By Mr. MOYNIHAN of Illinois: A bill (H.R. 7322) for the relief of Mae Harrison; to the Committee on Claims.

Also, a bill (H.R. 7323) authorizing the President of the United States to issue a posthumous commission as second lieutenant, Air Corps Reserve, to Archie Joseph Evans, deceased, and to present the same to Maj. Argess M. Evans, father of the said Archie Joseph Evans, deceased; to the Committee on Military Affairs.

By Mr. STRONG of Texas: A bill (H.R. 7324) for the relief of Benjamin B. Leese; to the Committee on Military Affairs.

By Mr. UNDERWOOD: A bill (H.R. 7325) granting an increase of pension to Estelle Purdum; to the Committee on Invalid Pensions.

By Mr. WEAVER: A bill (H.R. 7326) for the relief of R. M. Rice; to the Committee on Claims.

By Mr. WEIDEMAN: A bill (H.R. 7327) for the relief of Gustav Welhoelter; to the Committee on Claims.

By Mr. WITHROW: A bill (H.R. 7328) to correct the military record of Russell W. Graff; to the Committee on Military Affairs.

Also, a bill (H.R. 7329) to correct the military record of William L. Berkley; to the Committee on Military Affairs.

Also, a bill (H.R. 7330) granting a pension to Nettie Blackley; to the Committee on Invalid Pensions.

By Mr. WHITTINGTON: A bill (H.R. 7331) granting a pension to Nannie M. Buckley; to the Committee on Pensions.

PETITIONS, ETC.

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

1756. By Mr. BACHARACH: Petition of sundry citizens of the Second Congressional District, New Jersey, bearing upon the regulation of broadcasting stations; to the Committee on Merchant Marine, Radio, and Fisheries.

1757. Also, memorial of Newark Diocesan Federation of Holy Name Societies, protesting against the passage of House bill 5978 relating to birth control; to the Committee on the Judiciary.

1758. By Mr. BEEDY: Petition of Jennie Grant and 4,000 other citizens, concerning control and censorship of the radio and broadcasting by the Columbia and National Broadcasting Cos.; to the Committee on Merchant Marine, Radio, and Fisheries.

1759. By Mr. BEITER: Petition signed by some 7,000 citizens of Erie County, N.Y., protesting against attempts made to influence the Radio Commission to prevent the broadcasting of programs that are of public interest, convenience, and necessity; to the Committee on Merchant Marine, Radio, and Fisheries.

1760. By Mr. CELLER: Resolution of the Callahan-Kelly Post, American Legion, that the Federal Government be urged to take immediate steps toward making the facilities of the Brooklyn Naval Hospital available to veterans residing in Brooklyn who are in need thereof; to the Committee on World War Veterans' Legislation.

1761. By Mr. DOUTRICH of Pennsylvania: Petition of Lester F. Eyrich et al., protesting against unjust censorship of radio broadcasting, and urging the safeguarding of the inherent rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

1762. Also, petition of Mrs. George Snyder et al., protesting against unjust censorship of radio broadcasting, and urging the safeguarding of the inherent rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

1763. Also, petition of H. L. Kelchner et al., protesting against unjust censorship of radio broadcasting, and urging the safeguarding of the inherent rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

1764. Also, petition of W. E. Brownwell et al., protesting against the unjust censorship of radio broadcasting, and urging the safeguarding of the inherent rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

1765. Also, petition of Clarence H. Ritter et al., protesting against the unjust censorship of radio broadcasting, and urging the safeguarding of the inherent rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

1766. Also, petition of Jonathan Dockey et al., protesting against the unjust censorship of radio broadcasting, and urging the safeguarding of the inherent rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

1767. Also, petition of Lester H. Wagner et al., protesting against the unjust censorship of radio broadcasting, and urging the safeguarding of the inherent rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

can people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

1768. By Mr. CULKIN: Petition of 4,669 citizens of Jefferson County, N.Y., urging that Congress take action to safeguard the interests of the people in the matter of radio broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

1769. By Mr. KENNEY: Petition of the Woman's Club of Leonia, Leonia, N.J., unanimously indorsing the Tugwell amendment to the Pure Food and Drug Act of 1906; to the Committee on Agriculture.

1770. By Mr. LAMBERTSON: Petition of C. F. Teagarden and 115 other citizens of Marshall County, Kans., urging the passage of the FRAZIER bill for the refinancing of farm loans, and protesting against the direct buying of hogs by packers, and urging that the Secretary of Agriculture require packers to make their purchases through established open competitive markets; to the Committee on Agriculture.

1771. By Mr. LAMNECK: Petition of Harry H. Hoessly, of 2568 Glen Echo Drive, Columbus, Ohio, and about 14,490 other citizens of Columbus, protesting against radio discrimination; to the Committee on Merchant Marine, Radio, and Fisheries.

1772. By Mr. LINDSAY: Petition of J. T. Matchett Co., manufacturing confectioners, Brooklyn, N.Y., opposing excise tax on candy; to the Committee on Ways and Means.

1773. Also, petition of Decorative Glass Workers' Protective Association, Local Union No. 520, New York City, protesting against curtailment of hours and work on Civil Works Administration projects, and urging continuation of Civil Works Administration appropriations; to the Committee on Appropriations.

1774. Also, petition of National Council of the Steuben Society of America, New York City, opposing the so-called boycott against German goods; to the Committee on Foreign Affairs.

1775. Also, petition of Mason, Au & Magenheimer Confectionery Manufacturing Co., Brooklyn, N.Y., opposing excise tax on candy; to the Committee on Ways and Means.

1776. By Mr. LLOYD: Petition of Robert Miller, and approximately 30,000 others of the Sixth Congressional District of Washington, addressed to the Congress of the United States, protesting the limitation placed or threatened against the radio broadcasts of Judge Rutherford; to the Committee on Merchant Marine, Radio, and Fisheries.

1777. By Mr. LUCE: Petition of residents of Waltham, Newton, Brookline, Watertown, Wellesley, Cambridge, Weston, Lincoln, and Boston, Mass., protesting interference of rights to use of radio facilities by International Bible students; to the Committee on Merchant Marine, Radio, and Fisheries.

1778. By Mr. MEAD: Petition of residents of Buffalo, N.Y., protesting against suppressing the right of a religious order to broadcast on radio stations; to the Committee on Merchant Marine, Radio, and Fisheries.

1779. By Mr. MILLARD (by request): Petition signed by approximately 6,000 residents of New York State, protesting against certain interference through censorship of radio broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

1780. By Mr. RUDD: Petition of national council of the Steuben Society of America, New York City, concerning the so-called "boycott" movement against German goods; to the Committee on Foreign Affairs.

1781. Also, petition of Decorative Glass Workers' Protective Association, Local Union No. 520, New York City, protesting against any order to curtail hours and work on any Civil Works Administration projects for the present or future, and urging Civil Works Administration appropriation; to the Committee on Appropriations.

1782. By Mr. SMITH of Washington: Petition of J. C. Robinson et al., regarding the efforts of the major broadcasting companies to control all radio broadcasts by unfair and unethical methods; to the Committee on Merchant Marine, Radio, and Fisheries.

1783. By Mr. SUTPHIN: Memorial of the Long Branch Exchange Club, Long Branch, N.J., favoring enactment of Senate bill 1944 as specified in resolution; to the Committee on Agriculture.

1784. Also, memorial of the citizens of the United States residing in the city of Long Branch, N.J., regarding the removal of restrictions to immigration as set forth in resolution; to the Committee on Immigration and Naturalization.

1785. Also, memorial of the Long Branch Teachers Association, Long Branch, N.J., favoring enactment of Senate bill 1944 as specified in resolution; to the Committee on Agriculture.

1786. By Mr. SWICK: Petition of George T. Weingartner, 504 L. S. and T. Building, New Castle, Pa., and 4,769 residents of Beaver County, 3,242 residents of Lawrence County, and 2,253 residents of Butler County, all of the Twenty-sixth Congressional District of Pennsylvania, protesting against certain wrongful interference with their rights, under the Radio Act, which provides for the broadcasting of that which is in the public interest. The message of the true God, Jehovah, as expressed by Him in the prophecies of His word (the Bible) and as now being given to the people of this Nation by Judge Rutherford and others of Jehovah's witnesses is of interest to us. When broadcast it is convenient for us to hear it in our homes and is necessary for our welfare. The National Broadcasting Co., the Columbia Broadcasting Co., the Roman Catholic hierarchy, and others, have wrongfully by threats, coercion, and other improper influence prevented many stations from broadcasting this message of truth, thus depriving stations of legitimate income and depriving millions of American citizens of the privilege of hearing what they wish to hear; and against this wrongful action we vigorously protest. Exercising the right guaranteed to us by the Constitution of the United States, we therefore respectfully petition the Congress to act at once to safeguard the inherent rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

1787. By the SPEAKER: Petition of Charles Fornoy, regarding the operation of the National Industrial Recovery Act; to the Committee on Ways and Means.

1788. Also, petition of the Camp Fire Club of Chicago, Ill., regarding the continuance of the Biological Survey; to the Committee on Agriculture.

SENATE

THURSDAY, JANUARY 25, 1934

(Legislative day of Tuesday, Jan. 23, 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 of Tuesday, January 23, and Wednesday, January 24, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes, in which it requested the concurrence of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Board of Supervisors of Milwaukee County, Wis., favoring extension of Federal unemployment relief under the Civil Works Administration from and after February 15, 1934, for such length of time as the economic condition of the country may require, and also the making of necessary appropriation therefor, which was referred to the Committee on Appropriations.