

By Mr. HIGGINS: A bill (H.R. 8409) granting an increase of pension to Ann Strait; to the Committee on Invalid Pensions.

By Mr. HOIDALE: A bill (H.R. 8410) for the relief of Roy Hall; to the Committee on Naval Affairs.

By Mr. KENNEDY of Maryland: A bill (H.R. 8411) for the relief of John H. Gattis; to the Committee on Claims.

By Mr. KNUTSON: A bill (H.R. 8412) granting a pension to Anna V. Brower; to the Committee on Pensions.

By Mr. LAMNECK: A bill (H.R. 8413) for the relief of Alex Lindsay; to the Committee on Military Affairs.

By Mr. McMILLAN: A bill (H.R. 8414) for the relief of Alvah B. Jenkins; to the Committee on World War Veterans' Legislation.

By Mr. McSWAIN: A bill (H.R. 8415) for the relief of William Randolph Cason; to the Committee on Claims.

Also, a bill (H.R. 8416) for the relief of Claud J. Adams; to the Committee on Military Affairs.

By Mr. MULDOWNEY: A bill (H.R. 8417) for the relief of Louis J. Conley; to the Committee on Claims.

Also, a bill (H.R. 8418) for the relief of Alfred J. Buka; to the Committee on Military Affairs.

By Mr. VINSON of Georgia: A bill (H.R. 8419) for the relief of Mrs. G. H. Moore; to the Committee on Claims.

By Mr. WARREN: A bill (H.R. 8420) for the relief of Lt. Comdr. William H. Harrell; to the Committee on Naval Affairs.

By Mr. WHITLEY: A bill (H.R. 8421) for the relief of John N. Knauff Co., Inc.; to the Committee on Claims.

By Mr. WILLFORD: A bill (H.R. 8422) granting a pension to Lydia A. Havens; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

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

2664. By Mr. AYERS of Montana: Petition of J. J. Kelly, of Livingston, and sundry other citizens of Livingston, Harlem, Havre, and Great Falls, Mont., praying for repeal or modification of the fourth section of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

2665. By Mr. BAKEWELL: Petition of the Railroad Employees and Taxpayers Association of Connecticut protesting against the present unjust, unreasonable, and discriminatory operation of inadequately regulated busses and trucks over our highways and against subsidizing with public funds any form of transportation, and further petitioning that suitable laws be enacted at once which will eliminate the injustices now existing; to the Committee on Interstate and Foreign Commerce.

2666. By Mr. BEITER: Petition of the Hamburg High School Student Council, Hamburg, N.Y., urging the Congress to support legislation providing Federal loans by grants to needy schools of the Nation, providing for building of schools where needed as part of the Federal Public Works program, to prevent further curtailment of educational opportunities in any way, to insure for the public schools of America the President's new deal; to the Committee on Education.

2667. By Mr. BOYLAN: Letter from the National Marine Cooks, Stewards, Head and Side Waiters Association of New York, enclosing resolution adopted by their association, favoring the enactment of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2668. By Mr. HOIDALE: Petition of the Minneapolis Typographical Union, No. 42; to the Committee on Labor.

2669. By Mr. HARLAN: Petition of the local Socialist Party, of Dayton, Ohio, by Al E. Reidenbach, secretary, and William R. Russell, chairman, protesting to the Government of Austria against atrocities against Socialists, also a request to the President to demand immediate release of all prisoners of the recent rebellion; to the Committee on Foreign Affairs.

2670. By Mr. HOIDALE: Petition of the Junior Chippewa Association, of White Earth, Minn.; to the Committee on Indian Affairs.

2671. Also, petition of the House of Representatives of Minnesota, with resolution by the Minnesota State Railroad and Warehouse Commission attached; to the Committee on Interstate and Foreign Commerce.

2672. Also, petition of the Minnesota State Holstein Association; to the Committee on Agriculture.

2673. By Mr. KINZER: Resolution of citizens of the community and members of District No. 22 Sunday School Association, of Quarryville, Pa., protesting against the Vinson bill; to the Committee on Naval Affairs.

2674. By Mr. LAMBERTSON: Petition of Dr. J. McDonald and 23 other citizens of Sabetha and Hiawatha, Kans., opposing passage of the Copeland bills, S. 1944 and S. 2000; to the Committee on Agriculture.

2675. Also, petitions of Dr. Maude E. Long and 18 other citizens, and of Mrs. H. E. Modeland and 45 other citizens, all of Brown County; and of Charles H. Beronius and 21 other citizens of Topeka, all of the State of Kansas, opposing passage of the Copeland bills, S. 2000 and S. 2355; to the Committee on Agriculture.

2676. By Mr. LINDSAY: Petition of White Rock Mineral Springs Co., New York City, concerning the Fletcher bill, S. 2693; to the Committee on the Judiciary.

2677. Also, petition of International Longshoremen's Association, New York City, concerning the Costigan-Jones bill; to the Committee on Labor.

2678. By Mr. McREYNOLDS: Resolution adopted by the National Guard Association of Tennessee, in convention assembled at Nashville on February 22, 1934, believing in the perpetuation of the ideals of liberty as set forth in the Constitution of the United States, and realizing the necessity of an adequate national defense as to best security for the perpetuation of such ideals; to the Committee on Military Affairs.

2679. By Mr. RUDD: Petition of the White Rock Mineral Springs Co., New York City, opposing the passage of Senate bill 2693; to the Committee on Ways and Means.

2680. Also, petition of International Longshoremen's Association, New York City, opposing the passage of the Costigan-Jones bills; to the Committee on Agriculture.

2681. By the SPEAKER: Petition of Charles Forney; to the Committee on Interstate and Foreign Commerce.

#### HOUSE OF REPRESENTATIVES

FRIDAY, MARCH 2, 1934

The House met at 12 o'clock noon.

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

Whatever we may feel in ourselves, blessed Heavenly Father, in Thy holy presence may we be conscious that we are safe and strong. Oh, that all may understand, if we desire emancipation, peace, and contentment, we must give ourselves to the cause of God and truth. Make it dearer to us than all things else. Thus every virtue becomes more radiant and every trait of true manhood more resplendent. Refresh in us good thoughts, give new strength to generous impulses, and stimulate the upward-seeking desire to sacrifice ourselves to the enthusiasm of humanity, kindled by divine love. Smother and starve any roots of bitterness that may be in us and help us to contemplate our work with calmness, confidence, and success. We pray in the name of our Savior. Amen.

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

#### MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

#### INDEPENDENT OFFICES APPROPRIATION BILL

Mr. TABER. Mr. Speaker, I ask unanimous consent to insert in the RECORD a statement furnished by the Veterans' Bureau showing the cost of the amendments adopted by the

Senate and the cost of the amendments proposed by Senator BYRNES in the Senate on the independent offices bill.

Mr. PATMAN. Mr. Speaker, reserving the right to object, may I ask if that is the same information that is in the RECORD this morning?

Mr. TABER. It is not the same.

Mr. PATMAN. Has the gentleman examined the RECORD and noted that Senator STEIWER placed in the RECORD a similar statement?

Mr. TABER. I have not seen the statement.

Mr. PATMAN. If it is the same, the gentleman would not care to insert it at this time?

Mr. TABER. No, I would not; and I will make my request subject to this statement not being the same.

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

There was no objection.

#### A REPUBLICAN LOOKS AT THE PAST YEAR

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech made by the gentleman from New York [Mr. FISH] over the radio last night.

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

There was no objection.

Mr. REED of New York. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made by the gentleman from New York [Mr. FISH] over the radio last night:

Let me make clear at the outset of my remarks this evening that I am speaking in my individual capacity as a Republican Member of the House of Representatives, where I have served for the past 14 years. I do not belong to either the ultraconservative or to the ultraradical wing of the Republican Party, and as a former follower of Theodore Roosevelt, I might still be termed a "Theodore Roosevelt Republican." In other words, I do not represent the big business point of view or that of those Republicans who stand for collectivism and Government ownership of railroads and other public utilities and seek to swat those who have any money left at every turn.

No administration ever came into office with greater opportunities than did the Democrats on March 4, 1933, when Franklin D. Roosevelt was sworn in as President. Confronted with a general collapse of banking institutions throughout the country, he declared a bank holiday and won immediate popular acclaim. He followed this wise and practical move within a few weeks by a courageous attempt to balance the Budget, which he was pledged to by his party platform, by insisting on the passage of the economy bill, which cut the nonservice veterans from the rolls, reduced the pay of Government employees 15 percent, and gave autocratic Budget powers to the President.

I supported him whole-heartedly on both of these measures, believing that the interests of the country in a great emergency should be placed above partisanship or special interests. By degrees I have almost come to regret my vote for the economy bill, and should now like to see certain amendments. The reduction, by Executive order, of 25 percent of the compensation of disabled veterans with war-service injuries was never contemplated by anyone who voted for the Economy Act. By the devaluation of the dollar the disabled veteran and Government employee have both been crucified on a cross of economy and inflation.

There is no question in my mind that President Roosevelt started off with the avowed intention of keeping his party pledges, such as balancing the Budget and reducing Government expenditures 25 percent. At just what point he made an about-face, and whether at the instigation of the "brain trust", is a matter for future historians to decide. The fact is that before the administration was a hundred days old almost every promise made in the Democratic platform was scrapped or deliberately repudiated.

Almost overnight the President and the Democratic administration launched into the greatest orgy of spending in the history of any nation in the world. The President, however, clung tenaciously to saving a hundred million at the expense of the actual disabled veterans and the Civil Service employees as a sop to business interests, whereas billions were doled out in every conceivable manner. It is another example of that false economy of saving a few drops at the spigot and permitting a veritable flood of expenditures to flow out of the bunghole. In just one year the Democratic administration has run the Federal Budget to more than ten billions, with a deficit of seven billions. The American taxpayer is the real forgotten man under the new deal.

My own estimate is that both the Budget and the deficit will be increased by over two billions more by June 30 of this year. How does that sound to the voters who supported candidate Roosevelt on his July 30, 1932, speech, when he said: "Let us have the courage to stop borrowing to meet continuing deficits. Stop the deficits." Or later on, when he said, on October 19, 1932, "I regard reduction in Federal spending as one of the most important issues in this campaign. In my opinion, it is the most direct

and effective contribution that government can make to business."

(The present Congress, under Democratic control, has been the wildest, most extravagant, and, above all, the most autocratic in American history.) By use of drastic gag rules it jammed through important legislation with little debate, and often without any opportunity to offer amendments, thereby virtually destroying representative government, which has been the cornerstone of our Republic.

The greatest and most successful output of the present administration is and has been mass propaganda, day and night, to the press and over the radio. This is one crop that has not been curtailed by Government subsidies. Every department and bureau has one or more publicity agents drawing fat salaries out of the Treasury of the United States to scatter propaganda broadcast on behalf of the administration policies, the Democratic Party, and President Roosevelt. It is impossible to take up a radio day or night except to be tuned in on some administration publicity agent upholding the latest socialistic expedient or experiment. It is, consequently, difficult for the people back home to get the facts from out of a mass of political propaganda.

It is seldom that any voice is heard over the radio to defend our ancient landmarks, the Constitution, the sanctity of contracts, the Bill of Rights, and our economic system and representative form of government that have made for the greatness of our Republic since its formation. It has become the popular national sport of the "brain trust", radicals, Socialists, and Communists to inform the American people that everything has been rotten and corrupt in our economic and political systems and that they must be scrapped for some form of foreign dictatorship, such as socialism, communism, fascism, or Hitlerism.

I propose to speak out, call a spade a spade, and let the chips fall where they may. Just how far the constitutional Democrats can endure the radical leadership of the "brain trust", which is leading them step by step into socialism, is a matter which only time and they themselves can decide. That the theoretical panaceas and socialistic remedies advanced by intellectuals and radical college professors are already irksome to many Jeffersonian Democrats is quite apparent.

Mr. David Lawrence, a brilliant newspaperman, in calling for a new party, to be named the Constitutional Democratic Party, fails to appreciate the fundamental strength of the Republican Party, which out of the last 75 years has been in power for 57, and under whose leadership the country attained its greatest growth, development, and prosperity.

The very word "prosperity" is practically synonymous with the record of the Republican Party until the American people, led on by the big international bankers, abused the overabundance of prosperity given to our country from 1921 to 1929 under Republican administrations. During 1928-29 the American people went money-mad and entered on a veritable orgy of waste and extravagance and speculated and gambled on the stock market in an insane idea of getting rich overnight without doing any work. Even the Republican Party and its constructive principles could not withstand such crazy get-rich-quick schemes and methods of high finance when everyone from the office boy to the bank president was gambling on margin and spending most of their time with their eyes glued to the stock-market ticker.

The sound and constructive principles of the Republican Party are more needed today than ever before to restore business confidence and to start the wheels of industry in order to provide employment for American wage earners, and we shall welcome the support of constitutional Democrats when they get ready to turn away from state socialism back to the principles of Jefferson and Lincoln and the Constitution of the United States.

The situation today reminds me very much of a story that is supposed to have been told by Abraham Lincoln. He said two men started fighting with their overcoats on, and they fought so hard that they fought themselves into each other's overcoats. It looks to me as if the Democratic Party has fought itself into the Republican overcoat of centralized government, and, not stopping there, has gone on away beyond that into state socialism, if not actual socialism. What has become of the party of Thomas Jefferson, which stood for individual liberty, State rights, and against governmental bureaucracy and Federal control? Where are the principles of Thomas Jefferson, of no interference by the Government with private industry or with rights of the individual citizens? They have been abandoned and knocked into a cocked hat, and will stay there just so long as the present administration doles out enormous sums and southern Democrats can feed at the public crib. As former Senator Ben Tillman once said of his Democratic colleagues, "The Democratic wild donkeys break into the green corn whenever they get into power."

It is only fair to remember that the American people had the highest standard of living and wages during the 8 years of Republican rule than ever before in any country in the world. At the present time even the Democrats are trying to get back to the price levels of 1926.

The gold devaluation bill, which is nothing more than legalized confiscation of the wealth of the masses, is another of the unsound Democratic monetary policies. The 59-cent dollar may hit one rich man in Wall Street, but it likewise hits millions of wage earners and consumers and their standard of living. It hits all American men and women with small incomes, insurance policy-holders, those with a little money in savings banks or who own a few Government bonds. The compensation of the veteran, civil-service employees, widows, and orphans are all likewise cut 41 percent. The real creditors are the American wage earners; and if the creditor is to be cheated by a reduction in the value of the dollar, it is and must be at the expense of labor. The American

Federation of Labor and the American Legion and other great Nation-wide organizations of that character have boldly opposed inflation as they realize the havoc that inflation has brought in every country that it has been tried to the wage earners, Father Coughlin to the contrary notwithstanding.

The cost of living is bound to go up within the next few months, and then there will be a howl from American wage earners when they receive a 59-cent dollar to pay for vastly increased and higher cost of living. The only real gainers will be the Wall Street gamblers and speculators and bankers who can turn their money over rapidly and are in touch with the fluctuating market conditions. The following is an amazing Associated Press report at the time of the signing of the gold devaluation bill, the paternity of which is still shrouded in mystery: "After signing the bill the President turned to Secretary Morgenthau, who will be in charge of the administering of the new monetary policy, and asked, 'Now, that I have signed the bill, is it all right, Henry?' 'No', quickly replied the Secretary of the Treasury, who must carry the load. 'Have you read it?' asked Mr. Roosevelt with a laugh. 'No', replied Morgenthau. 'Neither have I', said Mr. Roosevelt, 'but the experts say it is all right.'"

The administration's revolutionary program, without regard to cost and based on Government intervention, has already scraped the fundamental principles of our Government and established an enormous bureaucracy at Washington controlling almost all lines of industry. The N.R.A., first acclaimed by the American people, has proved disastrous to many small industries, and it is now an open question whether it has not retarded the return to better and happier times. The C.W.A. became an actual necessity in view of the break-down of the Public Works program, which, after the administration has been in office 1 year, is only employing 20,000 men in the United States. Al Smith never said a truer word when he called attention to the failure of the Public Works program to function and afford employment for American wage earners, which was its primary purpose.

The less I say about the A.A.A. the better for my own peace of mind, as it constitutes the prize example of Government intervention, extravagance, waste, and approach to collectivism and socialism. The destruction and plowing-under of cotton and wheat and the slaughtering and birth control of pigs at a time when millions of Americans are unemployed and hungry is not only fantastic but an abomination of desolation. The very producers who receive Government money for reducing their acreage 25 percent often take a part of the money and spend it on fertilizer and thereby produce just as big a crop on reduced acreage.

Over a billion dollars have been spent on this and other socialistic forms of farm relief, most of which create a vicious circle, and, like all impractical schemes, fail in their purpose of curtailing production. A prominent Democratic Member of Congress from a Middle Western State declared a few days ago that whenever the new deal put \$1 into the pockets of the farmer, it took \$2 out.

A group of Members of Congress met last week to discuss the dairy situation, and the Democratic Members took the lead in denouncing the Agricultural Department as being honeycombed with Socialists and Communists who were trying to socialize the milk industry and ruin the milk producers in the milk sheds of the South, North, and all States east of the Mississippi.

Let me conclude my remarks by merely touching on the most recent blunder of the Roosevelt administration—its cancellation of air-mail contracts without a hearing or trial, and the disgraceful attack on Colonel Lindbergh because he dared in his capacity as an American citizen to protest against the unfair, high-handed and autocratic action of Postmaster General Farley and the President. Colonel Lindbergh is enshrined in the hearts and minds of millions of Americans, and no person ever shunned or avoided publicity more than he did, even in the days of his greatest glory. It is an outrage, for political purposes, to drag his name through the mud and to try to make him out as a publicity seeker because he spoke with knowledge of the facts with every indication of sincerity and conviction. It is reported in the public press that the Federal Government was investigating his income tax. Has the flame of liberty sunk so low in these United States that a petitioner or even a critic of the administration must have his income tax immediately scrutinized? It might be well for the administration to remember the old adage that "He whom the gods would destroy they first make mad."

I am convinced that the quicker the Republican Party gets back to the early principles of our party, as enunciated by Abraham Lincoln, the sooner we will regain the confidence of the American people and once again become the dominant party in the United States. Lincoln announced the doctrine that human rights were superior to property rights and that labor was prior to capital. We should reaffirm these fundamental principles of our party openly and make them the cornerstone of our present-day Republicanism. We should, however, stand boldly with Lincoln for the maintenance of the Federal Constitution, our free institutions, and against state socialism, a socialistic dictatorship, or actual socialism, all of which are destructive of American ideals and principles of government advocated by both Abraham Lincoln, the founder of our party, and Thomas Jefferson, the founder of the Democratic Party. Step by step the present administration, under the leadership of the "brain trust" and near-Socialists and visionaries, is moving toward Government ownership, state socialism, and the destruction of individual liberty and business enterprise.

With malice toward none and charity for all, I have presented my views without fear or favor on the economic and political problems with which we are confronted. I am convinced that our Nation will pull through and emerge from the depression in spite

of the activities of the "brain trust", as I have an abundant faith in the American people. Canada, Great Britain, and other nations are emerging or have emerged from the world depression without indulging in socialistic panaceas, while the United States staggers along under a rapidly increasing burden of debt with business confidence lacking and private enterprise discouraged and all but destroyed.

There is an old American saying, credited to Abraham Lincoln, that you can fool some of the people all the time and all the people some of the time, but you cannot fool all the people all the time. It is my firm conviction that the American people are getting a little fed up on canned propaganda and want to stop and weigh the facts in the balance, and at least to have a presentation of the facts from the minority party, in order to reach their own untrammeled convictions.

#### AIR SERVICE OF THE ARMY

Mr. MARTIN of Oregon. Mr. Speaker, I received a letter this morning from a "flaming youth", and I ask unanimous consent that I may read the letter to the House at this time.

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

There was no objection.

Mr. MARTIN of Oregon. This letter comes to me from Fairfield, Ohio, and is as follows:

FAIRFIELD, OHIO, February 25, 1934.

Hon. CHARLES H. MARTIN,  
Washington, D.C.

DEAR SIR: As an Army pilot I want to thank you for your statement in Congress on February 24, as quoted in the press: "The Army Air Corps is as good as Congress has made it. If you appropriate funds, you will have an efficient service. For God's sake do not muddle the flyers. Do not break down their morale." You have struck the keynote of the whole situation. If every Congressman had your understanding of military affairs, we would have an Air Corps which would be the marvel of the world. Can no one else see that what the pilots want is a chance to fly? This is particularly true of the younger pilots. We want a chance to fly all over this great country of ours, to get acquainted with it, its airports, its varied flying conditions. We have been denied that privilege. Some of us, after 2 years of training, found ourselves suddenly out of a job; enlisted as privates in order to continue our flying, which we were just beginning to love and understand. Last year another enlisted pilot's flying pay, averaged during 1 month just 7 cents for each hour flown. It was hard to live on \$40 a month, but we were allowed to do some flying. Suddenly in February we were limited to 4 hours a month! The Army's taking over the air mail offered us hope perhaps of a little more pay—and more flying. And now they want to take it away from us because a few unfortunate fellows were killed. That is nothing new. Most of us have faced death more than once; have seen our best friends killed. Military flying is dangerous business and must always be. We knew that to begin with. All we ask is the opportunity to make of it at least a respectable career. We will take the risks. Give us a chance.

NOEL PARRISH,  
Patterson Field, Fairfield, Ohio.

#### MESSAGES FROM THE PRESIDENT OF THE UNITED STATES—COMMERCIAL AGREEMENTS WITH FOREIGN NATIONS (H.DOC. NO. 273)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Ways and Means and ordered printed:

#### To the Congress:

I am requesting the Congress to authorize the Executive to enter into executive commercial agreements with foreign nations; and in pursuance thereof within carefully guarded limits to modify existing duties and import restrictions in such a way as will benefit American agriculture and industry.

This action seems opportune and necessary at this time for several reasons.

First, world trade has declined with startling rapidity. Measured in terms of the volume of goods in 1933, it has been reduced to approximately 70 percent of its 1929 volume; measured in terms of dollars, it has fallen to 35 percent. The drop in the foreign trade of the United States has been even sharper. Our exports in 1933 were but 52 percent of the 1929 volume, and 32 percent of the 1929 value.

This has meant idle hands, still machines, ships tied to their docks, despairing farm households, and hungry industrial families. It has made infinitely more difficult the planning for economic readjustment in which the Government is now engaged.

You and I know that the world does not stand still; that trade movements and relations once interrupted can with the utmost difficulty be restored; that even in tranquil and prosperous times there is a constant shifting of trade channels.

How much greater, how much more violent is the shifting in these times of change and of stress is clear from the record of current history. Every nation must at all times be in a position quickly to adjust its taxes and tariffs to meet sudden changes and avoid severe fluctuations in both its exports and its imports.

You and I know, too, that it is important that the country possess within its borders a necessary diversity and balance to maintain a rounded national life; that it must sustain activities vital to national defense; and that such interests cannot be sacrificed for passing advantage. Equally clear is the fact that a full and permanent domestic recovery depends in part upon a revived and strengthened international trade and that American exports cannot be permanently increased without a corresponding increase in imports.

Second. Other governments are to an ever-increasing extent winning their share of international trade by negotiated reciprocal trade agreements. If American agricultural and industrial interests are to retain their deserved place in this trade, the American Government must be in a position to bargain for that place with other governments by rapid and decisive negotiation, based upon a carefully considered program, and to grant with discernment corresponding opportunities in the American market for foreign products supplementary to our own.

If the American Government is not in a position to make fair offers for fair opportunities, its trade will be superseded. If it is not in a position at a given moment rapidly to alter the terms on which it is willing to deal with other countries it can not adequately protect its trade against discriminations and against bargains injurious to its interests. Furthermore, a promise to which prompt effect cannot be given is not an inducement which can pass current at par in commercial negotiations.

For this reason any smaller degree of authority in the hands of the Executive would be ineffective. The executive branches of virtually all other important trading countries already possess some such power.

I would emphasize that quick results are not to be expected. The successful building up of trade without injury to American producers depends upon a cautious and gradual evolution of plans.

The disposition of other countries to grant an improved place to American products should be carefully sounded and considered; upon the attitude of each must somewhat depend our future course of action. With countries which are unwilling to abandon purely restrictive national programs, or to make concessions toward the reestablishment of international trade, no headway will be possible.

The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign trade relations must rest on the premise of undertaking to benefit and not to injure such interests. In a time of difficulty and unemployment such as this the highest consideration of the position of the different branches of American production is required.

From the policy of reciprocal negotiation which is in prospect, I hope in time that definite gains will result to American agriculture and industry.

Important branches of our agriculture, such as cotton, tobacco, hog products, rice, cereal, and fruit raising, and those branches of American industry whose mass-production methods have led the world, will find expanded opportunities and productive capacity in foreign markets, and will thereby be spared in part, at least, the heart-breaking readjustments that must be necessary if the shrinkage of American foreign commerce remains permanent.

A resumption of international trade cannot but improve the general situation of other countries, and thus increase

their purchasing power. Let us well remember that this in turn spells increased opportunity for American sales.

Legislation such as this is an essential step in the program of national economic recovery which the Congress has elaborated during the past year. It is part of an emergency program necessitated by the economic crisis through which we are passing. It should provide that the trade agreements shall be terminable within a period not to exceed 3 years; a shorter period probably would not suffice for putting the program into effect. In its execution the Executive must, of course, pay due heed to the requirements of other branches of our recovery program, such as the National Industrial Recovery Act.

I hope for early action. The many immediate situations in the field of international trade that today await our attention can thus be met effectively and with the least possible delay.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 2, 1934.

PHILIPPINE ISLANDS (H.DOC. NO. 272)

The SPEAKER laid before the House a further message from the President of the United States, which was read and referred to the Committee on Insular Affairs and ordered printed:

*To the Congress:*

Over a third of a century ago the United States as a result of a war which had its origin in the Caribbean Sea acquired sovereignty over the Philippine Islands, which lie many thousands of miles from our shores across the widest of oceans. Our Nation covets no territory; it desires to hold no people over whom it has gained sovereignty through war against their will.

In keeping with the principles of justice and in keeping with our traditions and aims, our Government for many years has been committed by law to ultimate independence for the people of the Philippine Islands whenever they should establish a suitable government capable of maintaining that independence among the nations of the world. We have believed that the time for such independence is at hand.

A law passed by the Seventy-second Congress over a year ago was the initial step, providing the methods, conditions, and circumstances under which our promise was to be fulfilled. That act provided that the United States would retain the option of keeping certain military and naval bases in the islands after actual independence had been accomplished.

As to the military bases, I recommend that this provision be eliminated from the law and that these bases be relinquished simultaneously with the accomplishment of final Philippine independence.

As to the naval bases, I recommend that the law be so amended as to provide for the ultimate settlement of this matter on terms satisfactory to our own Government and that of the Philippine Islands.

I do not believe that other provisions of the original law need be changed at this time. Where imperfections or inequalities exist, I am confident that they can be corrected after proper hearing and in fairness to both peoples.

May I emphasize that while we desire to grant complete independence at the earliest proper moment, to effect this result without allowing sufficient time for necessary political and economic adjustments would be a definite injustice to the people of the Philippine Islands themselves little short of a denial of independence itself. To change at this time the economic provisions of the previous law would reflect discredit on ourselves.

In view of the fact that the time element is involved, I suggest that the law be amended as I have above suggested and that the time limit for the acceptance of the law by the proper authorities and by the people of the Philippine Islands be sufficiently extended to permit them to reconsider it.

For 36 years the relations between the people of the Philippine Islands and the people of the United States have been

friendly and of great mutual benefit. I am confident that if this legislation is passed by the Congress and accepted by the Philippines we shall increase the mutual regard between the two peoples during the transition period. After the attainment of actual independence by them, friendship and trust will live.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 2, 1934.

MR. GUEVARA. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes on the message just read from the President of the United States.

THE SPEAKER. Is there objection to the request of the Delegate from the Philippine Islands?

There was no objection.

MR. GUEVARA. Mr. Speaker, it is a matter of gratification for all those who are interested in the welfare of the Filipino people to hear the message of the President of the United States just read to this House concerning the Philippine problem. I believe I speak the sentiment of the Filipino people if I say that the message and the recommendations contained therein meet with their heartfelt approval.

It will undoubtedly preserve the unity of purpose of the Filipino people and the differences that have divided them in the past as to how a law should be enacted by Congress to satisfy their longings and aspirations will end and their attention will in the future be devoted to local problems in order that they may find the path of their prosperity and happiness.

There cannot be found in the history of the world an action like that taken by the President of the United States in his desire to solve the Philippine question.

Now that the international situation in the Far East appears to be gloomy and confusing, the message of the President concerning the Philippines will certainly encourage a more stable situation in that part of the world.

I am in full accord with the measure recommended by the President in his message to extend the time limit for the acceptance of Act No. 311, enacted by the Seventy-second Congress on January 17, 1933, and it will have my earnest support. The proposed modifications of the law after a due and careful investigation are of such importance that in my belief will command the impartial and patriotic attention of Americans and Filipinos alike. In justice to those who were responsible for the enactment of Act No. 311, commonly known as the "Hare-Hawes-Cutting law", over the veto of the President of the United States, I wish to say that they were as they are now animated by friendly spirit and high motives to consider and sponsor any amendment to the law at any time that may be found necessary for the best interest of the Filipino people and for the success of the policy which inspired its formulation and passage.

At the time, Mr. Speaker, when I and my associates supported and advocated the passage of the Hare-Hawes-Cutting Act, we were on record that this law does not fully meet the aspiration and wishes of the Filipino people. Under the conditions and circumstances then obtaining we found out that this act was the best that could be secured from the Congress of the United States. It was then a well-known fact, and it is now a matter of record, that when this law was enacted the President of the United States was opposed to it and his opposition was manifested in his veto.

But then we had the assurances of those who supported and voted for its passage in both Houses of Congress that they will sponsor amendments to the law that might be suggested or recommended from time to time by the representatives of the Filipino people. It is a matter of satisfaction that those friends have honored their word by advocating now certain amendments to the law which will mean its improvement and will lead to the success of its policy and philosophy and to its acceptance by the Filipinos, who had been opposed to the act as originally passed by the Seventy-second Congress.

I just want to say a few words concerning the Chairman of the Committee on Insular Affairs of the House, the gentleman from Alabama [Mr. McDUFFIE]. In these days of doubts and suspicions, coupled with the political agitation now going on in the Philippines, he has been a real friend to our cause. In spite of illness and the amount of work that he has as one of the most distinguished Members of this House, and confronting the most tremendous economic crisis that has compelled some agricultural sections of this country to antagonize Philippine imports, he piloted successfully the affairs of his committee. The same is true as to the Senator from Maryland [Mr. TYDINGS], the Chairman of the Committee on Territories and Insular Affairs of the Senate. To both committees the Filipino people owe a debt of gratitude and on their behalf I wish to convey their sincerest thanks.

I am sure that my own people will show the same interest as that demonstrated by the gentleman from Alabama [Mr. McDUFFIE] and the Senator from Maryland [Mr. TYDINGS], and by the President himself in their friendly and sympathetic effort to solve the Philippine question with justice and generosity, and with no other aim but to carry out honorably the pledge of the American people. It is my profound hope that Congress will receive with sympathy and friendly consideration the recommendations of the President in his message. [Applause.]

#### PERMISSION TO ADDRESS THE HOUSE

MR. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

THE SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

MR. COCHRAN of Missouri. Mr. Speaker, on page 3431 of the RECORD of February 28 there appears a letter addressed to me as Chairman of the Committee on Expenditures in the Executive Departments, signed by J. R. McCarl, Comptroller General of the United States, commenting upon House bill 6038. The letter was placed in the RECORD by the gentleman from New York [Mr. REED]. It was taken from a committee print. The committee print was ordered for the convenience of its Members. I in no way criticize the gentleman from New York for his action, because the committee print was not marked "confidential", but I feel, and the committee unanimously agrees with me, in view of the fact the gentleman from New York has placed the Comptroller General's letter in the RECORD, that in justice to the Members of the House who are interested in this bill it is only proper that the letters from the other departments of the Government commenting on this bill be likewise placed in the RECORD so that no Member of the House will base his conclusions solely upon the letter from the Comptroller General.

Mr. Speaker, acting on behalf of the committee, I ask unanimous consent to place in the RECORD the letters from the other departments, including the letter that I addressed to the departments, requesting a report upon the bill.

MR. RICH. Mr. Speaker, reserving the right to object, and I do not expect to object, because I am a member of this committee, and I am very desirous that these letters from other Government departments be given the same publicity as the letter from the Comptroller General, I firmly believe that the purpose of the Shannon bill is misunderstood by the various departments of the Government. I believe the enactment of H.R. 6038 into law will be of enlightenment, not only to the Members of Congress but to the various departments of the Government, because I have come to the conclusion that the department heads want to maintain some of the old standards that have been maintained in the Government in years gone by. If we are in the new era today and we want to have the new deal, I think the public will rise and criticize the various members of the departments who have written these letters if the chairman of the committee will get the proper information before them as to what the public wants, and I believe

it will be a good thing for the Members of Congress as well as the members of the committee to have this information.

Mr. SNELL. Mr. Speaker, reserving the right to object, what is this proposed legislation?

Mr. COCHRAN of Missouri. It is a bill introduced by the gentleman from Missouri [Mr. SHANNON] providing for a uniform cost-accounting system in all Government agencies. Mr. SHANNON told the committee Mr. RICH drew the bill, but it bears Mr. SHANNON's name.

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

There was no objection.

The matter referred to follows:

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON EXPENDITURES  
IN THE EXECUTIVE DEPARTMENTS,  
Washington, D.C., January 23, 1934.

DIRECTOR OF THE BUDGET,

SECRETARY OF WAR,

SECRETARY OF THE NAVY,

SECRETARY OF THE TREASURY,

SECRETARY OF COMMERCE,

SECRETARY OF LABOR,

COMPTROLLER GENERAL,

ADMINISTRATOR OF VETERANS' AFFAIRS:

The committee has been asked to hold a hearing on the attached bill, H.R. 6038. Before doing so I should like an expression from your Department on the measure. It seems to me this would prove very costly to the Government. If that be so, can you estimate what it would cost your Department to comply with such a law?

Sincerely yours,

JOHN J. COCHRAN, Chairman.

Mr. COCHRAN of Missouri. A similar letter has since been sent to the Procurement Division, a new agency; the Post Office Department; and the Agriculture Department.

[Committee print]

LETTERS FROM EXECUTIVE DEPARTMENTS CONCERNING H.R. 6038

DEPARTMENT OF LABOR,  
OFFICE OF THE SECRETARY,  
Washington, January 24, 1934.

Hon. JOHN J. COCHRAN,

House of Representatives, Washington, D.C.

DEAR CONGRESSMAN COCHRAN: The Secretary has referred to me your communication of January 23, 1934, together with a copy of bill H.R. 6038, which if made a law would provide for the establishment of a system of cost accounting in the executive departments and independent establishments of the United States Government.

It appears that the intent of the bill is to procure costs on manufacturing, construction, reconstruction, or repairs undertaken by the various departments. As at present organized the Department of Labor does little or none of these things directly as a Department.

The only accounting now done or contemplated in the future to be done by the Department is a simple system for the control of expenditures under budgetary headings.

All vouchers for materials, supplies, transportation, etc., are preaudited and pay rolls are audited periodically by the General Accounting Office. Major items of construction work as are necessary to meet the needs of the Department are carried on through the Office of the Supervising Architect of the Treasury, and all contracts for work, labor, and material are audited and approved by the General Accounting Office.

Purchases of office supplies, office furniture, etc., are made from the schedules of the General Supply Committee, now a unit of the Procurement Division of the Treasury Department. Printing and binding for the Department is handled through the Government Printing Office.

As at present constituted, therefore, there is no need whatever for any construction cost accounting system in the Department, and unless the general system of audit and control of finances now established is radically changed there will be no use in establishing a cost-accounting system in the Department of Labor even though the bill becomes a law. Such cost accounting as might be required under the bill for expenditures made by or for the Department of Labor would, we assume, be made by the agencies already enumerated as acting for or auditing the expenditures of the Department.

Under the circumstances there is no basis for preparing an estimate of what such a system would cost the Department of Labor.

The procedure as above described is common to many other Departments and independent establishments of the Government.

There is nothing in the bill which indicates what useful purpose will be served by establishing a system of cost accounting as would be provided thereby. If the purpose to be attained is made evident and Congress feels that the information should be procured, then it would seem that instead of establishing numerous independent although correlated systems of cost accounting in the

various establishments the whole system of Government accounting should be revised and cost-accounting information procured, analyzed, and reported through one central agency, which agency should, we believe, be the office of the Comptroller of the United States.

Very truly yours,

RICHARDSON SAUNDERS,  
Assistant to the Secretary.

BUREAU OF THE BUDGET,  
Washington, January 27, 1934.

Hon. JOHN J. COCHRAN,

Chairman Committee on Expenditures in the Executive  
Departments, House of Representatives, Washington, D.C.

MY DEAR MR. COCHRAN: I have your letter of January 23 asking for my views concerning H.R. 6038, Seventy-third Congress, first session, "to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States", and requesting an estimate of the cost to this office of complying with its provisions.

You will appreciate that from the nature of the duties of this Bureau it has no work or operations that would fall within the scope of the proposed bill.

However, as applied to the Government as a whole, with its far-flung activities which include thousands of contract and hired-labor projects for an inconceivable variety of undertakings, I believe the cost would be out of all proportion to any possible benefits that could accrue to the Government.

When every effort is being made to limit the normal costs of Government operation to a minimum, it would be inconsistent, and I believe most unfortunate, to enact into law any such expensive requirements. Except for the relatively few cases where such data would be required for making direct comparison of costs with those of similar undertakings in private industry, the compilation of this vast volume of records would serve no useful purpose. Generally speaking, the cost-accounting systems that have been worked out after years of experience by the regular departments are designed to meet their respective needs for estimating and operating purposes. While they may be faulty and lacking in uniformity, I do not believe that this justifies imposing upon the departments an elaborate standard uniform system which, aside from its direct additional cost, would be certain to result in expensive duplication.

Sincerely yours,

L. W. DOUGLAS, Director.

COMPTROLLER GENERAL OF THE UNITED STATES,  
Washington, January 29, 1934.

Hon. JOHN J. COCHRAN,

Chairman Committee on Expenditures in the  
Executive Departments, House of Representatives.

MY DEAR MR. CHAIRMAN: There is before me your request for my views on H.R. 6038, entitled "A bill to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States." The apparent purpose of the measure has been carefully considered and in my judgment the enactment of legislation to accomplish such purpose will ultimately be necessary if the business of the Government is to be conducted on an economical and efficient basis.

Under the provision of the bill agencies of the Government will be required to establish and maintain a uniform system of cost accounting and cost finding which will disclose the cost of each and all factors entering into and forming part of the cost of any manufacturing, construction, reconstruction, or repair operation undertaken. This appears to limit the operation of the act to those activities involving manufacturing, construction, reconstruction, and repairs. Several of the departments and establishments of the Government in some form or other and to a greater or less degree are engaged in industrial or merchandising activities for the Government, although the greater portion of such business is let out to private contractors. It would seem that the provisions of the bill should be so flexible as to permit the extension of cost keeping to all Government activities.

An existing condition which is subject to abuse and may be corrected by the enactment of legislation along the lines proposed by the bill is the present possibility of expending public funds for a given purpose in excess of express appropriation limitations for such purpose. The present system of accounting does not disclose the contributions obtained from other sources to supplement limitations expressly fixed by the Congress, as, for example, the diversion of inventories and services paid for from other appropriations; hence the will of the Congress may in a given case be largely defeated, not always in a deliberate attempt to that end but because the means for doing so are readily available.

The text of the bill seems clear and susceptible to definite application except as to one feature. There is included as an element of cost "interest on investment in property." The question of whether interest on invested capital should be figured and treated as an element of costs is one that has long been debated; there is involved the difficulty of determining the rate of interest that should be handled on the books, whether interest is to be charged on fixed investment or current investment, or both, and whether interest will be computed on fluctuation of investment values. There are many other practical difficulties in the application of the theory of charging interest on invested capital, notwithstanding that the theory seems sound, and the difficulties

encountered commercially will be multiplied many times in governmental accounting.

The expense incident to maintaining a complete cost-accounting system for the Government should not materially increase the expenditure now made for fiscal accounting, as it seems entirely feasible to operate a cost system in conjunction therewith, and the present facilities and personnel should, to a great extent and under proper administration, absorb the additional work involved. I hesitate to venture an estimate of the cost of administering the law because of insufficient data available upon which to predicate such an estimate, but I confidently believe that through the operation of a proper cost-accounting system there will result economies and advantages that will many times outweigh the cost thereof.

It is believed the pending bill will require further amendment. For instance, in the interest of economy and effectiveness, as well as to insure the desired results and make needed information readily available, there should be, to the fullest extent possible, uniformity of method, form, etc., through the Government, and to exact full compliance possibly there should be provided in the law means to that end.

Should the committee decide to report favorably the bill or one having a similar purpose, this office will gladly render you every possible assistance, if desired, in working out such amendments and new provisions as will accomplish the committee's purposes.

Sincerely yours,

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

DEPARTMENT OF THE NAVY,  
OFFICE OF THE SECRETARY,  
Washington, January 30, 1934.

The CHAIRMAN,  
Committee on Expenditures in the Executive Departments,  
House of Representatives.

MY DEAR MR. CHAIRMAN: Replying further to the committee's letter of January 23, 1934, transmitting the bill (H.R. 6038) to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States, and requesting an expression from the Navy Department on this measure, I have the honor to inform the committee as follows:

The purpose of this bill is to provide for the establishment and maintenance of a standard, uniform system of accounting and cost finding for the executive departments and other agencies of the United States, and to require annual reports on all work undertaken or articles or things produced during each preceding fiscal year as to cost entering into such work or production and all losses occasioned during such fiscal year through the dismantlement or abandonment of property, equipment, and facilities used in or for such work or production or used for like work or production.

While the Navy has had in effect for a number of years a cost-accounting system which is parallel to, and comparable with, systems maintained in the larger commercial organizations, it is not believed that "a standard, uniform system of accounting and cost finding" will be found practicable for adoption in the executive departments, independent establishments, etc., of the Government.

In the first place the Government does not undertake manufacturing, construction, or repair work for a profit. Its accounts cannot exactly parallel those of a commercial firm—and accounting systems of commercial firms, although based on generally accepted principles, have not been universally "standardized."

The various departments and agencies of the Government have peculiar and particular missions of their own and the purpose and duty of each is entirely independent and largely dissimilar.

Appropriation enactments for the various departments and agencies are based upon these peculiar and particular conditions, and it is vitally essential that records and accounts be maintained in such manner that the Congress can be furnished with detailed information along the lines laid down in such appropriation acts and to substantiate the appropriation estimates. To supplement these records with an attempted installation of "uniform" cost accounts would require increased personnel and greatly expand the records which would make the cost of such installation prohibitive.

So far as the Navy's cost-accounting system is concerned, provision is made for inclusion therein of all factors of Government expense deemed to be properly included in cost, as recognized by accounting authorities and by the larger commercial concerns, as well as the total expenditures of the Government pertaining to such work.

The Navy's cost system includes direct labor, direct material, and overhead, including leave, holiday and disability compensation, as defined in sections 2 and 2 (a) of the bill; it does not include, however, "interest on investment", "insurance", or "property taxes." These items are not included, as no expenditure is incurred by the Navy for such purposes. Furthermore, accepted accounting principles exclude interest on investment from cost, just as dividends to stockholders are not a part of cost but a charge to profit.

The general system adopted by the Navy has never attempted to include a portion of the cost of the Navy Department, as required by section 2 (b) of the bill, because of the vast field of duty of the Navy Department and the slight portion that can be considered nonmilitary and directly pertinent to industrial work. It would require, first, a determination of the proportion of strictly military duties in the Navy Department and then the dis-

tribution of the remaining portions to stations and activities charged with manufacturing, construction, or repair work located all over the world, even including repair work done on board vessels at sea.

Under the Navy procedure the individual station concerned maintains a complete itemized cost record for the activities of that station, which record is complete, both as to the appropriation charges and the total cost. From these detailed reports and records monthly reports are prepared to the Navy Department summarizing the monthly expenditures by appropriations, titles, and accounts, analyzing the expenditures under purposes by: New construction, repairs to ships, alterations to ships, plant equipment ashore, purchase and manufacture of stores, ships, equipment, repair to ships' equipage, repair and maintenance of plant equipment ashore, models, tests, and experiments, etc., rather than by particular items or projects making up the totals under such headings.

The requirement under sections 3, 4, and 6 of the bill that the Navy Department or other agency maintain and publish the detailed record now maintained in navy yards and stations would result in a compilation that would be too voluminous to be of any value, the cost of which would be prohibitive. Furthermore, there appears to be no connection with the accounting system of the requirement in section 6 that the annual publication "set forth all losses occasioned during such fiscal year through the dismantlement or abandonment of property, equipment, and facilities used in or for such work or production or theretofore used for like work or production."

The question of factors to be considered in preparing or comparing estimated "costs" in navy yards and other Government activities in the consideration of bids for private parties was fully discussed in both Houses of Congress on section 1 of the "act to authorize the construction of certain naval vessels", approved February 13, 1929. This discussion indicated the intention was to restrict such factors to expenditures under specific appropriation estimates as required for the work. In the enactment, the Congress divided the work between Government yards and private plants on the basis of policy and not on the basis of estimated costs. It does not appear that section 5 of the proposed bill is in accord with the action or deliberations of Congress on this subject.

The Navy has now in effect a cost-accounting system which would comply with the general requirements of the bill so far as the system is concerned. The departmental record and publication required by sections 3, 4, and 6 of the bill would probably increase the expenditures of the Navy alone by some \$200,000 or \$300,000. This would include additional clerical forces in navy yards and stations to prepare reports, and additional clerks and statistical machines to record these reports in the Navy Department, as well as the cost of compilation and publication of the departmental reports.

Any estimate of the total additional cost would require a survey of the varying conditions and requirements in the several departments and independent establishments. Without such survey, an estimate does not appear to be practicable.

It would appear that the proposed bill would improperly and incorrectly increase the record cost of manufacturing, construction, reconstruction, or repair work undertaken by the Navy and would result in an additional expenditure of funds for record work which is unnecessary and prohibitive.

The Navy Department recommends against the enactment of the bill H.R. 6038.

Sincerely yours,

H. L. ROOSEVELT, Acting.

WAR DEPARTMENT,  
Washington, January 31, 1934.

Hon. JOHN J. COCHRAN,

House of Representatives, Washington, D.C.

MY DEAR MR. COCHRAN: Careful consideration has been given to the bill H.R. 6038, to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States, which you transmitted to the War Department under date of January 23, 1934, with a request for information and the views of the Department relative thereto.

The supply branches of the War Department maintain systems of cost accounting which, although not uniform in detail, are nevertheless uniform with respect to general provisions and are considered adequate for the purpose. At War Department manufacturing and repair establishments and at stations having charge of large public buildings or Public Works projects the systems maintained determine cost by considering only those elements included in the bill H.R. 6038 for which expenditures are actually made. At the camps and posts of the Army where small construction or repair jobs are undertaken, the accounting system is designed principally for fiscal purposes. It is simple and includes only items for which expenditures are actually made. Every effort has been made to carry on the cost-accounting work of the War Department in as economical a manner as possible.

The legal effect of the bill will be as follows:

1. To change in varying degrees the present cost-accounting systems of the War Department maintained at its manufacturing and overhauling establishments and at stations having charge of large construction and repair projects, to conform in detail to that outlined in the bill. It will further require the setting up of this elaborate cost-accounting system at all stations and posts throughout the Army at which any construction, repair, or overhauling work is undertaken.

2. It will require the War Department to prepare upon the completion of a manufacturing, construction, overhaul, or repair project a detailed report showing all charges required to be made under the system contemplated in the bill. This will include not only charges for which expenditures were actually determined and made, but also those relating to administrative overhead for which no expenditures were actually made. Those items other than those pertaining to administrative overhead and for which no charges are made must be clearly shown in the report.

3. It will require any establishment under the War Department when submitting estimates or bids to include therein the amounts required for the pro rata share of all overhead administrative expenses, notwithstanding the fact that actual disbursements for such charges will not be made.

4. It will require the War Department to prepare an annual report on all work undertaken or articles or things produced during the preceding fiscal year, which report will show in a composite form all of the costs entering into such work or production and in addition losses occasioned through the dismantlement or abandonment of property, equipment, etc.

5. There is objection to changing the present systems of cost accounting which are used by the manufacturing and overhauling establishments of the Army and the stations in charge of large construction and repair projects. Since the system proposed in the bill is more elaborate than that used at most such establishments, there is no doubt that additional personnel would be required. To set up the system contemplated under the bill, at all posts or stations under the War Department at which overhauling, construction, or repair work is carried out on a small scale would also require additional personnel. At such posts or stations it is quite possible under the systems proposed in the bill to have more personnel engaged in accounting work than on the actual direct labor involved in a construction, repair, or overhaul job.

6. The result will be to increase the running overhead expense of the War Department during times when every effort is being made to keep those expenses at a minimum. It is questioned whether in the case of stations and posts referred to above benefit to be derived from keeping cost accounts as outlined in the bill would be justified by the additional expense involved.

7. The bill contemplates the charging of the pro rata share of administration expense to manufacturing, construction, overhaul, or repair projects. In general, this is not done in the War Department, since expenditures for this purpose are not actually made, and in most cases it is not practicable to determine such share. Other than to furnish information to interested persons, it would seem that no advantage is to be gained from such a procedure.

In summing up it is the opinion of the War Department that the bill would greatly increase the expense of cost accounting and that such a system as is contemplated is not necessary for the efficient operation of the manufacturing, constructing, overhauling, or repair activities of the War Department. It is not practical at this time to give an estimate of the cost which would be involved in establishing and maintaining such a cost-accounting system throughout the War Department. There are so many variable factors involved that any estimate which might be given without exhaustive study covering a period of time would be only a guess.

It is therefore recommended that this bill be not favorably considered.

Sincerely yours,

GEO. H. DERN, Secretary of War.

DEPARTMENT OF COMMERCE,  
OFFICE OF THE SECRETARY,  
Washington, February 1, 1934.

Hon. JOHN J. COCHRAN,

Chairman Committee on Expenditures in the  
Executive Departments, Washington, D.C.

MY DEAR MR. CHAIRMAN: We have given careful consideration to H.R. 6038, to which reference was made in your letter of January 23, to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments.

I believe that cost accounting is essential for the proper conduct of business and that Government establishments should maintain such cost records as may be necessary to enable us to ascertain the cost of projects and certain operations and to furnish Congress with any information it may desire from time to time. As far as the Department of Commerce is concerned, there is in existence cost-accounting systems in the various bureaus, especially in the Lighthouse Service, where the majority of our construction work is performed. The present system was installed quite recently with the assistance of experts from the Comptroller General's Office to fit the type and character of work done in that Service. It is not thought that the benefits to be derived from the installation of such records in all our services will offset the increased expenditures which will be entailed.

It is impossible to formulate an estimate as to how much additional funds would be required for such records, but I am assured by our bureaus that the cost would be considerable.

Very sincerely,

DANIEL C. ROPER,  
Secretary of Commerce.

THE SECRETARY OF THE TREASURY,  
Washington, February 1, 1934.

Hon. JOHN J. COCHRAN,

Chairman Committee on Expenditures in the Executive  
Departments, House of Representatives, Washington, D.C.

MY DEAR MR. CHAIRMAN: I have your letter of January 23, 1934, requesting a report on H.R. 6038, entitled "A bill to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States."

Cost records are now maintained where such records are essential to the proper conduct of the Government's business. In this connection it should be borne in mind that a system of cost accounting suitable to the needs of one Government organization might be wholly unsuited to the needs of another. Existing procedures undoubtedly have been designed to meet needs peculiar to different organizations, and are based upon years of experience in the handling of particular lines of work. The substitution therefore of a standard uniform system of accounting and cost finding to meet the needs of every different type of organization, although workable, would result in unnecessary and unproductive accounting work, and consequently would entail an unwarranted expenditure of the public money. Elaborate and expensive systems of cost accounting should not be installed where simple and inexpensive ones will suffice.

In this connection there should also be considered the expense of supervision and policing, the loss in efficiency, and the interference with interdepartmental work, which would inevitably ensue through efforts of accounting officers to enforce compliance with the law according to their interpretations. It is not believed that the apparent purpose of the bill, as set forth in section 5, warrants the imposition of additional accounting expense on the Government, and I hope, therefore, that your committee will not give the bill favorable consideration.

Very truly yours,

H. MORGENTHAU, Jr.,  
Secretary.

THE SECRETARY OF THE INTERIOR,  
Washington, February 1, 1934.

Hon. JOHN J. COCHRAN,

Chairman Committee on Expenditures  
in the Executive Departments, House of Representatives.

MY DEAR MR. COCHRAN: I have received your letter of January 23, transmitting for report a copy of a bill (H.R. 6038) to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States.

The accounting systems now in force in the Department of the Interior are working satisfactorily and provide all the information necessary for justification of the Budget. To attempt to install a cost system with the additional elements prescribed by the proposed bill would tend toward confusion and not efficiency in government. It would require cost-accounting and cost-finding procedure and results not necessary for Government administration, and would add very materially to the accounting expenses of the Department.

I recommend that the bill (H.R. 6038) be not given favorable consideration by Congress.

Sincerely yours,

HAROLD L. ICKES,  
Secretary of the Interior.

VETERANS' ADMINISTRATION,  
Washington, February 2, 1934.

Hon. JOHN J. COCHRAN,

Chairman Committee on Expenditures in the Executive  
Departments, House of Representatives, Washington, D.C.

MY DEAR MR. COCHRAN: This is in reply to your letter dated January 23, 1934, transmitting a copy of H.R. 6038, "A bill to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States", and requesting an expression from the Veterans' Administration on the proposed measure, together with an estimate as to what it would cost this administration to comply with such a law.

It appears to be the purpose of the proposed measure to require all executive departments and independent establishments to maintain standard uniform systems of accounting and cost finding which will disclose the cost of each factor entering into and forming part of the cost of any manufacturing, construction, reconstruction, or repair operation undertaken.

The bill is incomplete, since it does not outline the standard uniform system of accounting and cost finding which executive offices and independent offices will be obliged to adopt and, under the circumstances, it is impossible to determine the added cost that would be involved in operating under the proposed standard accounting system. It may be stated, however, that the 1935 Budget estimate, as submitted for the Veterans' Administration, does not contemplate the additional expense which such a system would require.

It has been suggested that the requirement specified in paragraphs A and B of section 2, providing for determination of overhead expenses and a pro-rata share of the administrative expense, is impossible of determination and can be arrived at only by a rather indefinite approximation. A consideration of this part of

the measure suggests the possibility that the administrative cost of compiling, computing, evaluating, and maintaining a record of such indirect expenditures might, in some instances, exceed the expenditures themselves.

It is respectfully suggested that the committee give consideration to the possibility of conflict between the provisions of the proposed measure and that part of the Budget and Accounting Act, 1921, establishing the General Accounting Office and imposing certain duties on the Comptroller General of the United States.

In the opinion of this Administration, the bill should specifically state that its provisions do not apply to occupational therapy by-products and products of orthopedic shops of the Veterans' Administration. It is believed, while the Veterans' Administration would not presume to speak for other departments, that other departments of the Government concerned would also desire that such products be specifically exempt from the provisions of the bill.

It is regretted that a more complete report cannot be made in the absence of detailed information concerning the system intended by the proposed measure. Please be assured of my desire to cooperate with your committee in every possible way.

A copy of this letter is enclosed for your use.

Very truly yours,

FRANK T. HINES, Administrator.

#### ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that after conclusion of consideration of the pending appropriation bill and the privileged resolution from the Rules Committee to investigate the War Department it shall be in order to call up the bill (H.R. 7963) to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes, and that the bill be considered under the general rules of the House.

Mr. PATMAN. Mr. Speaker, reserving the right to object, may I ask the majority leader if this is the same bill that passed the Senate day before yesterday, February 28, sponsored by the Senator from Virginia?

Mr. BYRNS. I am going to ask the Chairman of the Banking and Currency Committee to reply to the gentleman.

Mr. STEAGALL. I will say to the gentleman that the bills are the same and that we contemplate substitution of the Senate bill for the House bill, for the reason that it is important to have this legislation passed today. It provides for extension of authority carried originally in the measure passed in 1932 and extended by a subsequent act of last year. The authority expires tomorrow, and unless we act expeditiously there will be considerable confusion and difficulty in the operation of the Federal Reserve banks in connection with these matters.

This bill passed the Senate, as I remember, day before yesterday and is an identical bill, but the Senate bill was not before our committee on yesterday, and therefore we reported the House bill.

#### BRIBE AND SUBSIDIZE BIG BANKERS

Mr. PATMAN. Mr. Speaker, further reserving the right to object, it occurs to me that this bill should be given thorough consideration by the House. It is very far-reaching. It is another effort to continue to bribe and subsidize a few large bankers in this country to induce them to perform a public service by extending some of the Government's credit for the benefit of all the people and not for just themselves. I regret very much that the committee has seen fit to delay consideration of this bill until the next to the last day, as it is very important legislation.

I understand that under this act the banks have deposited with the Federal Reserve banks \$600,000,000 in Government bonds and have received in return for these bonds \$600,000,000 in Federal Reserve notes, which, of course, is new money. This is getting to be quite a racket. At the present time the Federal Reserve rate in New York is one and a half percent. Therefore these bankers can put up these three and a half percent bonds and get their money for one and a half percent and collect from Uncle Sam three and a half percent interest on the bonds. Therefore they make a clear profit of \$20,000 a year on every million-dollar transaction.

It occurs to me further that the banks will never make loans to industry, commerce, and agriculture as long as they can just go to Uncle Sam and buy paper and use it to their financial advantage as they are using Government bonds today. It seems to me it is in the interest of the general welfare that this privilege only be extended about 3 months

so as to give these bankers sufficient time to make some loans that are needed and obtain some eligible paper and put this eligible paper up with the Federal Reserve banks and draw back their \$600,000,000 in bonds, which would result in \$600,000,000 in loans to industry at a very early date.

I should like to have the privilege of discussing this, Mr. Speaker. I do not want to object, but I should like to have assurance of some time when the bill comes up; and if the majority leader will give me such assurance, I shall not object.

Mr. BYRNS. I shall defer to the chairman of the committee, who will have charge of the bill.

Mr. STEAGALL. Mr. Speaker, I may say in reply to the gentleman, I shall be very glad to extend him such time as I may be permitted to do consistent with the practice in cases of this kind. We have a large committee. I have had no requests so far for time on this side of the House, and so far as I now know I shall be in position to extend time to the gentleman, which I shall be very happy to do; but I must subordinate this desire, to some extent at least, to the wishes of the members of the committee, if time is desired by them. I am sure the gentleman will agree with me about this.

Mr. PATMAN. Of course, I appreciate the gentleman is conscientious in what he has said and will do his best to carry it out.

Mr. STEAGALL. I will give the gentleman some time and do the best I can.

Mr. PATMAN. But the gentleman has stated he must subordinate my request to the wishes of the members of the committee. Therefore, if they request the time, I cannot get any time.

Mr. STEAGALL. I will not say that. I will give the gentleman some time.

Mr. PATMAN. I hope the gentleman will assure me that I can have at least 15 minutes.

Mr. STEAGALL. That would be, of course, one fourth of the time. There would be 1 hour which should be given in part to the 25 members of the committee. I think the gentleman will hardly expect that, if it develops that the members of the committee desire time.

Mr. PATMAN. Would the gentleman object to the request being amended so as to have 1 hour and 15 minutes rather than 1 hour, and then let me have the 15 minutes?

Mr. STEAGALL. I have no objection to that.

Mr. BYRNS. May I suggest to my friend from Texas that that is a matter which can be brought up when the bill is called up for consideration? I am sure there will be no disposition on the part of the gentleman from Alabama or any member of the committee to deprive the gentleman of such time as may be necessary.

Mr. STEAGALL. I can assure the gentleman I shall make a request to increase the time 10 minutes in order to accommodate him to that extent.

Mr. LAMNECK. Mr. Speaker, it is time we were having an opportunity to debate these matters on the floor of the House for a longer time. I object.

Mr. SNELL. Mr. Speaker, may I ask the majority leader about the program for the first of next week? There have been several inquiries made, and I have been unable to answer them. Can the gentleman tell us what he expects to come up on Monday or Tuesday of next week?

Mr. BYRNS. As the gentleman knows, Monday is Consent Calendar and suspension day. I do not know whether there will be any suspensions or not. It is contemplated to take up the War Department appropriation bill on Monday for general debate.

Mr. SNELL. It is the purpose to start that bill with general debate on Monday?

Mr. BYRNS. That is the expectation.

Mr. SNELL. And that will be continued on Tuesday?

Mr. BYRNS. Yes; it would be expected to continue the consideration of the bill until its consideration is finished.

Mr. SNELL. Does the gentleman think it will be concluded on Tuesday?

Mr. BYRNS. Oh, no; I think it will take several days.

Mr. MOTT. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes, to make an announcement.

The SPEAKER. Is there objection?

There was no objection.

Mr. MOTT. Mr. Speaker, I desire to announce that I have filed with the Clerk a petition to discharge the Committee on Veterans' Legislation from consideration of the American Legion's four-point bill, H.R. 7151.

I have also filed with the Clerk a petition to discharge the committee from consideration of H.R. 6548, a bill to reinstate the pension status of the Spanish-American War veterans, and to restore those pensions. Both of these bills have been in committee more than 30 days and no action whatever has been taken on either of them.

I have done this on account of the peculiar and unusual action taken yesterday in the reference of the Senate amendments to the independent offices supply bill to the Appropriations Committee, instead of giving the House an opportunity to vote directly on the Senate amendments, either by way of a motion to concur or by reference to a conference. So far as veteran legislation is concerned H.R. 7151 and 6584 cover the same subject as the Senate amendments which were referred to the Appropriations Committee.

Mr. BYRNS. Will the gentleman yield?

Mr. MOTT. I yield to the able leader of the majority.

Mr. BYRNS. There is nothing peculiar or unusual in the reference of the bill to the Appropriations Committee. It may be unusual insofar as the actual practice is concerned, but the rule specifically provides for the bill to be referred to the committee as it was referred under the general rules of the House.

The gentleman implies that it was done for the purpose of depriving Members of the House from voting on the several amendments. The Members will have full opportunity when the bill is reported back to the House to vote on every amendment.

Mr. MOTT. The distinguished gentleman from Tennessee is entitled to his opinion. My own opinion is that it was a most unusual thing, and that it was done for the purpose of preventing the House from voting on a direct issue. I have inquired of many Members, and some of the oldest Members say they cannot remember any instance where that rule was invoked in a case of this kind. The issue was presented for a direct vote to restore the compensation to service-connected disabled World War veterans and to reinstate the pension status of Spanish War veterans. It was not ambiguous, everybody understood it, and everybody was ready to vote upon it. They were entitled to that vote yesterday—not at some future date when the Appropriations Committee gets through with it. I say by referring it to the Appropriations Committee the House was denied that opportunity, and that is the reason I have filed these petitions.

Mr. BYRNS. I want to say to the gentleman as emphatically as he says that it was the purpose to deny the House a vote, that the House will be given an opportunity to vote on every amendment when the bill is reported back. Now, I will say to the gentleman that in the Seventy-first Congress Speaker Nicholas Longworth referred the Interior Department bill on Senate amendments to the Committee on Appropriations, exactly as was done by the Speaker on this occasion. So the gentleman sees there was a very recent precedent for this action taken when the gentleman's party was in control of the House. There are other precedents prior to that action.

Mr. BULWINKLE. I should like to ask the gentleman from Oregon a question. Does he know what the Senate amendments provide?

Mr. MOTT. Yes.

Mr. BULWINKLE. What is it?

Mr. MOTT. I will tell the gentleman. In the first place, the Senate amendment restores to World War service-connected disability cases the status that these cases had prior to the enactment of the Economy Act.

In the second place, it puts the presumptive cases, so-called, back on the statute books with certain specific limi-

tations, giving to them their former rates of compensation, provided they had already established the service connection of their disability by law. Thirdly, the Senate amendments reinstate the pension statutes of Spanish-American War veterans as it existed prior to the passage of the economy act.

[Here the gavel fell.]

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent that the gentleman may have 2 additional minutes to answer questions.

Mr. BLANTON. Mr. Speaker, I want to ask the gentleman— [Cries of "Regular order!"]

Mr. BLANTON. If it is to be the regular order, I object.

POTOMAC ELECTRIC POWER CO., WASHINGTON, D.C.

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent that the action of the House last evening by which the bill S. 1083, authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C., was passed, be vacated, and that the bill be considered at this time. I do this for the purpose of introducing a clarifying amendment and removing some surplausage in the bill.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent that the proceedings by which the House passed the bill S. 1083 be vacated for the purpose of offering an amendment.

Mr. BYRNS. Mr. Speaker, what is the bill?

Mr. BLANCHARD. It is one of the private bills passed last evening. It contains surplus language with reference to the full and final settlement of the claim. Likewise there is another clause in the bill which was passed which contains the language "final settlement of all claims against the United States." I am informed that the matter should be cleared up.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The proceedings are vacated, and the Clerk will report the bill.

The Clerk read the title of the bill.

Mr. BLANCHARD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 10, strike out "in full and final settlement of said claim."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to; and the bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

UNFAIR COMPETITION IN COTTON IN INTERSTATE COMMERCE

Mr. JONES. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture, or any member thereof, may have until tomorrow night at midnight to file a report, and, if desired, minority views, on the bill H.R. 8402, the so-called "Bankhead bill", to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

The SPEAKER. The gentleman from Texas asks unanimous consent that the Committee on Agriculture, or any member thereof, may have until 12 o'clock midnight tomorrow to file a report and minority views on the bill H.R. 8402. Is there objection?

There was no objection.

ONE YEAR WITH PRESIDENT ROOSEVELT

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, next Sunday is March 4, 1934, exactly 1 year since Franklin D. Roosevelt took office as President of the United States. I feel that it is

fitting that I should devote this talk to the President and to a discussion of his accomplishments.

Let me take you back with me into history and let us try to remember the condition which existed in the United States 1 short year ago, and the sentiment of our people at that time.

**COLLAPSE OF THE BANKING SYSTEM AND THE GRAVE STATE OF THE NATION**

On March 4, 1933, at 12 noon, just before the President took office, our entire banking system had collapsed. There was hardly a bank in the United States which could have opened its doors for business on the following Monday. One State after another, one Governor after another, had been forced to declare a banking moratorium; the confidence of the people in the entire banking system had been destroyed and those banks that had opened their doors on the morning of March 4, 1933, were faced with long lines of depositors who demanded the return of their money.

Millions of our people were without employment or adequate means of livelihood. The figures most widely quoted were that 13,000,000 people were unemployed. Statistics which have since become available have convinced me that this figure was altogether too low. I venture to say that in March 1933 in excess of 16,000,000 people in the United States were unemployed.

Weakened by over 3½ years of misery and want, hunger and cold, their confidence in a better future undermined, and their faith in our Government shaken, there was then real danger of violence and bloodshed, and perhaps even of revolt.

Wall Street and the money changers had admitted their impotence, and were imploring the Government at Washington to help them. The wheels had stopped turning in our factories. The workshops were idle and bare. Most of our mines were shut down.

Rather than sell the products of his labor at a loss, the farmer permitted food to rot in the fields.

Historians will place their own estimate on the state of the Union at that time. But you and I, who have lived through those days, know that our people were despairing; that our economic structure was tottering; and that even our Government was in danger.

**INAUGURAL OF THE PRESIDENT**

I shall never forget March 4, 1933, in Washington. I was standing on the inaugural platform. Heavy clouds were hanging over the city and a strong wind was fiercely howling and driving the clouds before it. A few feet away from me Franklin D. Roosevelt, with his hand uplifted and his eyes piercing the future, was taking the oath of office as President of the United States. All America was holding its breath.

Then the new President spoke. He uttered words of hope and of strength, of better days, and of a new deal. As he finished speaking the sun broke through the clouds and the people cheered. It looked as if the heavens were greeting Roosevelt and promising the harassed people of America better days.

From the very moment that Franklin D. Roosevelt took office he faced his problems openly and frankly and took the American people into his confidence. His inaugural address began as follows:

I am certain that my fellow Americans expect that on my induction into the Presidency I will address them with a candor and a decision which the present situation of our Nation impels. This is preeminently the time to speak the truth, the whole truth, frankly and boldly. Nor need we shrink from honestly facing conditions in our country today. This great Nation will endure as it has endured, will revive, and will prosper.

This policy of open, frank, and fair discussion, and of telling the people the exact truth, the President has followed ever since.

Further on in his address the President said that "this Nation asks for action—action now."

**THE PRESIDENT RESTORES THE PEOPLE'S CONFIDENCE IN THE BANKS**

Action is what Roosevelt has given the American people.

Facing the situation that existed, Franklin D. Roosevelt, 36 hours after he had taken office, issued a proclamation which

legally closed all the banks of the Nation. Then he called Congress into special session, and, through the Emergency Banking Act, provided the currency that was needed if the banks were to be reopened.

The strength, determination, and wisdom of the new President became at once so apparent that he was able to instill new hope and confidence in the hearts of the people, and lay the foundation for the reopening of the banks only a few days later. There were no more runs on the banks. Depositors accepted the assurance of the President that their money was safe and left it there. In fact, hundreds of millions of dollars of currency which had been hoarded were returned to the banks.

**THE PRESIDENT'S MEASURES FOR UNEMPLOYMENT RELIEF**

In his inaugural address the President had this to say about unemployment:

Our greatest primary task is to put people to work.

The President at once applied himself to this task. He provided for the recruiting of 300,000 young men and veterans and placed them in the forests to rebuild the woodlands, to fight fires, build trails, and to preserve the natural forests as a heritage of the American people.

Then the President secured the appropriation of \$500,000,000 to be contributed by the Federal Government to the various States and municipalities for the relief of the unemployed. The President obtained a Public Works appropriation of \$3,300,000,000 to be used in the construction of needful and useful public improvements and thus provide jobs for more than 3,000,000 jobless.

Four hundred million dollars allotted for Public Works were later separated and used for the creation of a Civil Works Administration, which in 4 months provided jobs for 4,000,000 men and women at fair wages.

The C.W.A. was a real blessing to the people, in spite of the fact that some zealous politicians tried to use its machinery to provide their favorites with jobs and to create a political machine out of human misery and suffering.

**THE HOME OWNERS' LOAN ACT AND ITS FAR-REACHING IMPORTANCE IN HOME FINANCING**

The President then secured the passage of the Home Owners' Loan Act, which created the Home Owners' Loan Corporation for the purpose of relieving the distress of home owners and in saving their homes from foreclosure. Under this act 93,595 homes have been saved in the United States.

While the act has not been administered with the speed and efficiency that was expected, the principle underlying the act is sound. I have proposed in Congress numerous amendments to the Home Owners' Loan Act and am determined to obtain its extension so that it will give real relief for harassed home owners.

The Home Owners' Loan Act pointed a new way in the financing of homes. It substituted in the place of a 3-year mortgage, which had to be renewed every 3 years and which was a constant danger to the home owner, a new type of mortgage, one which matured in 15 years and which may be easily paid off by small monthly payments. The act of Congress also substituted for interest rates, which ranged from 6 to 9 percent, a rate of only 5 percent.

The influence of the Home Owners' Loan Act upon the financing of homes in the country will be far-reaching and lasting. It will, I hope, force the establishment of a permanent method of financing the homes of the American people at low rates of interest and under long-term mortgages.

**THE NATIONAL INDUSTRIAL RECOVERY ACT**

Outstanding in its place on the President's recovery program is the National Industrial Recovery Act. Under that act the President abolished child labor throughout the length and breadth of the United States. He did away with the sweatshop in which Americans have been exploited to work long hours at miserable wages, sometimes less than \$1 per week.

Hours of labor were lessened and higher wages provided. Labor was given the right to organize in unions of its own choice and to bargain collectively with its employers. Busi-

ness and industry were allowed to organize into trade associations and to govern themselves so that unfair trade practices and unfair competition would be removed.

The N.R.A. has its faults and its shortcomings. It has not been enforced adequately enough to ward off the criticism that is made against it. Nevertheless, and allowing all complaint, it has been a tremendous force for the better. It has achieved things for the worker, for the business man, and for industry, which I hope will be of permanent benefit.

LASTING BENEFITS OF THE TENNESSEE VALLEY DEVELOPMENT PROJECT

The Roosevelt plan for the development of the Tennessee Valley will be of lasting value to the Nation. Here the Government will generate electricity by using dams, will provide flood control, reforestation, and other incidental work—in short, achieve complete development of the great resources of the Tennessee Valley. It will provide the yardstick to prove to the American people that electricity can be manufactured and developed for a small part of the cost which is now saddled upon the consumer of electric power.

The project has hardly begun, yet it has already saved millions of dollars to the consumer of electric power in the Tennessee Valley. I am confident that when the Muscle Shoals project is finally developed and functioning it will force reduction of the charges for electric current throughout the United States which will save the consumer of electricity more than a billion dollars. It will permit the free and ready use of electricity in industry and in the home and will hasten the coming of the electric age. Extortionate and excessive charges by electric-power companies must be reduced to a proper basis, and the President has taken the lead in the fight to bring that about.

INSURANCE OF BANK DEPOSITS

Another matter of utmost importance was the insurance of bank deposits. Beginning on January 1, 1934, all deposits in banks which are part of the Federal Reserve System and in such State banks as join the insurance system are insured by a corporation created by the Federal Government. Beginning July 1, 1934, all deposits up to \$10,000 will be fully insured, deposits exceeding \$10,000 up to \$50,000 will be insured 75 percent, and all deposits beyond \$75,000 will be insured 50 percent.

This act is of the most importance because it not only safeguarded deposits but assured the safe return of his savings whenever required by the depositor. Further, it gave to the banks themselves confidence that the deposits would not be recalled in an emergency by anxious depositors.

Since this act has taken effect, there is no legitimate excuse why the banks should not loan money for industrial and commercial purposes. A bank which refuses to make loans on safe security fails to perform its function as a bank, and becomes a corporate hoarder of money.

THE GREAT IMPORTANCE OF THE PRESIDENT'S MONETARY POLICY

Of fundamental importance is the monetary policy pursued by President Roosevelt. This policy was inaugurated with the embargo on the export of gold in the spring of 1933, and the decision to suspend the exchange of currency notes for gold, thus bringing about a temporary suspension of the gold standard in the United States.

In October 1933 the President began the purchase of gold in the United States and abroad to raise the domestic price level and thus bring about a general recovery.

The latest chapter in the monetary policy was written with the enactment of the currency bill by this session of Congress on January 30. Under this bill, the President revalued the gold dollar at 59.4 percent. A stabilization fund of \$2,000,000,000 was created to be used to protect our foreign trade and to preserve our currency at a level that would best serve the interests of the United States and of our people.

Ownership of three and one half billion dollars in gold, held by the Federal Reserve bank, was vested in the Government of the United States. The President removed the iron grip of financial giants from the throats of our people and set in motion machinery which would bring a more stable dollar, a sound dollar, a dollar that will not be too high and unfair to the debtor nor too low and unfair to the

creditor. The basis was laid for the reduction of the burden of a debt which had become unbearable for the home owner, for the farmer, and for the middle class.

On February 15, an appropriation of nearly \$1,000,000,000 was made to continue Federal expenditures for unemployment relief and for work relief in the form of C.W.A.

I could easily continue to recite to you the many more legislative acts which were passed under the leadership of President Roosevelt and the numerous administrative actions which were begun under his command. So numerous and so far-reaching, and of such fundamental importance are the acts of Congress, as well as the Executive orders, that it is almost unbelievable that they were accomplished within 1 short year.

PRESIDENT FRANKLIN D. ROOSEVELT

I cannot conclude this talk without speaking about the personality of Franklin D. Roosevelt himself.

I have been privileged to come in contact with our President on several occasions. I have had the good fortune to meet with him in the Governor's office at Albany and in his study at the White House.

President Roosevelt is a man of rare charm and graciousness. He is unusually well informed and discusses with his numerous visitors all kinds of problems. The United States does not have another man today who has such an intimate grasp on the manifold problems besetting the American Nation and the entire world.

His spirit of courage and determination, of confidence and hope, has emanated from the White House and taken hold of the American people. He has set the pace of work in Washington. From morning until night he toils incessantly for the benefit of our people, and has inspired all those around him to do likewise. There has never been in Washington a time when such long and arduous work was carried on with such good spirit and with the hope and confidence in a great future for the American people.

President Roosevelt was elected for a 4-year term, of which only 1 year has expired. I predict that he will be elected to a second term with a majority never before given a Presidential candidate.

THE OUTLOOK FOR THE FUTURE

Difficult are the problems confronting all of us today. Unrest is abroad in the world and war is threatening in many parts of the world. In continental Europe democracy seems to have perished. But America is progressing steadily and safely toward a happier day under the inspired leadership of President Roosevelt. We love him, we admire him, and we believe in him. May God bless him and may he be preserved for the benefit of the people of this country for a long time to come.

MR. BECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an interesting and important statement published in the New York Times on February 28, by the Honorable John W. Davis.

THE SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks by inserting a statement by Hon. John W. Davis. Is there objection?

MR. LAMBETH. Mr. Speaker, I object.

AGRICULTURAL APPROPRIATION BILL

MR. SANDLIN. 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. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration 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 for the further consideration of the Agricultural appropriation bill, with Mr. GREGORY in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

For cooperation with the various States or other appropriate agencies in forest-fire prevention and suppression and the protection of timbered and cut-over lands in accordance with the pro-

visions of sections 1, 2, and 3 of the act entitled "An act to provide for the protection of forest lands, for the reforestation of denuded areas, for the extension of national forests, and for other purposes, in order to promote continuous production of timber on lands chiefly valuable therefor", approved June 7, 1924 (U.S.C., title 16, secs. 564-570), as amended, including also the study of the effect of tax laws and the investigation of timber insurance as provided in section 3 of said act, \$1,198,619, of which \$23,859 shall be available for departmental personal services in the District of Columbia and not to exceed \$1,500 for the purchase of supplies and equipment required for the purposes of said act in the District of Columbia.

Mr. WHITE. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. WHITE: Page 43, line 23, strike out "\$1,198,619" and insert "\$1,700,000."

Mr. WHITE. Mr. Chairman, the activity of the Forestry Bureau of the Government in cooperating with privately owned timber owners and with the States in protecting valuable stands of timber from fire, now supported by a cooperatively financed organization in the several States, is one of the most valuable activities in which the Government is engaged. We have in the forests of the West these organizations which are equipped for fire suppression and fire patrol. They have their men and equipment at strategic points; but, due to the depression and existing conditions, we are unable to finance those organizations adequately without support of the Government. I submit that we should increase this appropriation by at least \$500,000, so that we may adequately protect State and National and privately owned forests from the fire hazard and the ravages of the white-pine blister rust. For that reason I ask that the appropriation be increased in the amount of \$500,000.

Mr. SANDLIN. Mr. Chairman, I rise in opposition to the amendment. The appropriation carried in this bill for this purpose is the same amount expended and to be expended in the fiscal year 1934. Of course, all of the items in this bill were cut 25 percent last year, and this item is in the same status. A great many of the items in the bill were reduced below the 25-percent cut, but the appropriations carried for this item are the same as expended or to be expended in the fiscal year 1934.

Mr. GOSS. Mr. Chairman, I think the gentleman should explain how much money for this same item has been expended in the C.C.C. work.

Mr. SANDLIN. We all know that it is very difficult to tell exactly how much money was used for that purpose in those C.C.C. camps.

Mr. GOSS. There was considerable.

Mr. SANDLIN. Millions of dollars have been expended in the C.C.C. camps, and, as I understand from the testimony, this type of work was done by the men in those camps.

Mr. GOSS. And, as a matter of fact, they had about 30 of those men in this forest district doing the same work for which the gentleman is trying to boost the appropriation. We have no information that those camps will be discontinued. The gentleman is having all of that extra work done by those men outside of this appropriation.

Mr. WHITE. Mr. Chairman, it should be explained that the C.C.C. force are valuable in the suppression of fires after the fire is started, but we must have the organization to prevent forest fires. We must have the equipment and we must have experienced men. We must have men to patrol these forests and spot these fires and have depots located at strategic points. We have an organization out there of trained men and they must be supported. The lumber companies have been very liberal in their contributions as far as their means will permit, but in the depression they have not been able to carry on. I submit the C.C.C. is useful in suppressing fires, but that is not fire prevention.

We want to prevent all forest fires. When the lightning strikes or some fire gets started, we want to catch it at the inception and stop it. We should not wait until the forest burns and then call in the C.C.C. A paltry \$500,000 to carry on this work is needed, if anything is needed, in this appropriation bill.

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

I rise in support of this amendment. Those who have not lived in the Northwest can hardly appreciate what this means. In my own State alone the Government owns billions of feet of timber. The States, private industry, and private owners are doing everything possible to carry out this great scheme, this study for the prevention of fires. The gentleman from Idaho [Mr. WHITE] and I have seen more than the entire amount of this appropriation in timber value go up in smoke in a single day. We have seen more than \$2,000,000 worth of timber destroyed in 24 hours in the Northwest. Those things will happen again. The C.C.C. may be with us for a little while, but this is a plan to develop for the future. You cannot indulge in a penny-wise and pound-foolish proposition in this scheme.

Mr. GOSS. Will the gentleman yield?

Mr. LLOYD. I will be glad to yield to the gentleman.

Mr. GOSS. Is not the gentleman referring to timber-lands privately owned more than he is to the national forests?

Mr. LLOYD. Both the national forests and the private owner as well, as I read this hurriedly. This is a study for the prevention of fires in the future.

Mr. GOSS. Near national forests?

Mr. LLOYD. Near national forests. The national forests are scattered throughout the Northwest. You will find a part of a national forest and then you will find a part that is privately owned. It is impossible to disassociate them because when a fire gets started it sweeps over a mountain side and takes both. Two million dollars would not be a large amount for this at all. It would be insurance well spent.

[Here the gavel fell.]

Mr. KVALE. Mr. Chairman, I rise in support of the amendment.

I think if the Members of this House understood the tremendous economy involved here they would not haggle over this addition of a few hundred thousand dollars. As the gentleman from Washington [Mr. LLOYD] so ably said, it is simply insurance against fire.

I believe the committee is sincere in believing that they are supplying adequately for this cooperative work. It carries out, presumably, the full Government responsibility under the Clarke-McNary Act, which guaranteed to the States a certain set sum of money—about 1 to 3, roughly speaking—to be matched by the States.

We appeared before the gentleman's committee, as the chairman will recall. Since the committee decided adversely, we have also been to see the Director of the Budget. The gentleman from Idaho [Mr. WHITE] was kind enough to invite me to accompany him, together with some representatives of forestry associations, one morning to call on the Director of the Budget, yet there again we were evidently unsuccessful.

It is not fire eradication; it is not fire suppression that is involved here at all. Get that. The C.C.C. men have been wonderfully helpful in these various areas in getting out after a fire is beyond control, to help to suppress it, but this item is not for suppression. This is for prevention of fires.

It involves the manning of the lookout towers; it involves the smoke chasers that go to the first sign of smoke and stop the fire before it spreads. It involves patrolmen, experienced. It involves protective and not suppressive work, and that is why the gentleman from Washington [Mr. LLOYD] so well referred to it as insurance.

I hope this item can be included in the bill. It means a great deal to the 39 States involved. It involves the disorganization of an outfit of experienced men which has been carefully built up, and the States have a right to believe that the Government will exercise the good faith that was demonstrated at the time the enabling act was passed.

Mr. Chairman, I ask unanimous consent to include in my remarks at this point a statement prepared by my State forester, Mr. Grover M. Conzet, and by him submitted to the committee.

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

There was no objection.

The matter referred to is as follows:

1. The Clarke-McNary Act was passed by Congress in 1924 and provided for Federal allotments of money for forest-fire protection to States setting up a fire-protection system and appropriating money therefor. As a result 39 States have built up a system of forest-fire protection based on the anticipation of a definite permanent allotment from the Federal Government in accordance with the plans and regulations set up by the Forest Service, United States Department of Agriculture.

2. The State of Minnesota has increased its fire-protection appropriations from \$75,000 a year to \$209,000 a year and very materially improved its system of fire protection as a result of the encouragement given it by the Clarke-McNary law and the Federal Government.

3. Minnesota and in all but a few of the other States, in spite of the economic conditions, have not reduced their State appropriations more than the amount of salary reductions, and in some items made a slight increase. The Federal reduction of allotments to Minnesota amounts to something over \$27,000, and means a permanent lay-off at this time for more than 30 men.

4. The regular overhead in any State department is more or less fixed and very difficult to change to any extent. That means that most of the reduction in the fire-protection force at this time because of the lack of funds from the Federal Government reflects back to the men in the field such as look-out-tower men, smoke chasers, fire guards, fire foremen, and law-enforcement officers. These are the backbone of the fire-protection organization.

5. Various States for many years, aided by Clarke-McNary allotments, have rapidly built up a budget for tree planting and definite forest management and cultural work. The conservation camps, which number 1,680 over the United States, all do a large amount of tree planting and cultural work, the future success of which depends entirely on adequate fire protection. One or two seasons without adequate fire protection and adverse weather conditions would wipe these millions of dollars of development and improvement out of existence.

6. Minnesota and most of the States have ample provisions for fire-suppression money, but they lack that for fire prevention and forest patrol, much of which is depended upon from the Federal Government.

7. The rate of wages and fire-equipment costs have materially increased, which further embarrasses available funds.

8. Fire hazards are very greatly increasing. Economic conditions have started a very definite back-to-the-farm movement, particularly in the cut-over and forest regions. Minnesota statistics show that 50 percent of the forest fires originate from some agricultural pursuit. This back-to-the-farm movement is very definitely going to increase the forest-fire protection problem. The use of fire in land clearing is recognized and such land clearing requires the aid and supervision of a trained field force.

9. Many of the Central and Western States have experienced extreme drought conditions for the past several years, which has greatly increased the fire hazard and the cost of protection. On account of the lack of employment, many incendiary fires have been started for the purpose of gaining work. The tourists and traveling public in general feel more than ever that they are entitled to free use of all forest land for hunting, camping, and fishing. This situation is clearly brought out in the Copeland report presented to the Seventy-second Congress and entitled "A National Plan for American Forestry."

10. The Conservation Corps camps are doing a very excellent work in the State and National forests. They are constructing a large number of trails, telephone lines, and look-out towers, all of which will assist very materially in better fire protection and improvement of the forests, but without man power for protection this work will be greatly depreciated in value. The Civilian Conservation Corps camps are valuable in emergencies for fire-suppression work, but cannot be used in fire-prevention activities.

11. Due to the type of men and the organization of the departments, the State forest service and various departments of conservation are best organized to give proper and immediate action on all of the President's emergency projects such as Public Works Administration, Civil Works Administration, and Civilian Conservation Corps. This takes an exceptional amount of extra time from the regular forces and along with that a decided amount of money for travel and subsistence. This aid has been willingly granted because of the recognized potential benefits to be derived in the future.

12. The Federal Government has a very decided interest in all types of mercantile timber, ground cover, and natural resources, regardless of the status of ownership. Watershed protection, regulation of stream flow, and national defense are most important and play their part regardless of whether it is private, State, or Federal lands. Eighty-five to ninety-five percent of the cost of manufacturing wood products is in labor and other incidentals. It is nationally important to keep these forests productive.

13. The President has taken a direct personal interest in the proper formulation of a lumber code. He has especially provided in this code article X, which defines that certain cutting methods and cultural systems must be carried out by the forest industries

in order to insure a recurring crop. This crop must be protected from the dangers arising from the free use of all forest land by the citizens of the United States.

Mr. HOLMES. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. HOLMES. Do the respective States where these forests are located make any contribution at all to the fire prevention within their own States?

Mr. KVALE. Oh, indeed, yes; three to one.

Mr. HOLMES. In other words, they are carrying their local burdens as far as they can?

Mr. KVALE. They are carrying out their end of the contract. They furnish at least 75 percent of the funds. If these funds are not provided, upon which they had based their original plans, their organization will crumble. They will have to dismiss these experienced men. It will have a terrific potential effect in the way of fires. They will be able to suppress them, certainly, but we are trying to prevent them before they occur.

Mr. GOSS. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. GOSS. The gentleman is aware that this bill appropriates the same amount that was carried last year. In addition, we have had the benefit of all this C.C.C. work. Now, where in all these expenditures is the proper place to stop?

This fire prevention is just as interesting to the cities, I would say to the gentleman, as it is to the people in the wooded areas. Cities have been wiped out as well as timberlands.

Mr. KVALE. Certainly.

Mr. GOSS. It is a big problem, but I am not prepared to say that, if we raise it half a million or a million or five million, we could accomplish what the gentleman and I should like to see done to stop these fires. The question is how far we should go.

[Here the gavel fell.]

Mr. KVALE. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. KVALE. The gentleman is, of course, guided by the highest motives. His colleagues who know him recognize that. Yet the point is if the amendment offered by the gentleman from Idaho [Mr. WHITEL] is accepted and incorporated into the bill, the necessary amounts will go to the various States so that they continue their present organization. I have no time to describe the situation as it specifically affects the States.

Mr. GOSS. It is the same amount that was in last year's bill, that they set up their basis on.

Mr. BROWN of Kentucky. Is it not a fact several new areas have been added to the forest reserves this year?

Mr. GOSS. No; very little area has been added, I may say to the gentleman from Kentucky.

Mr. KVALE. No; I do not think that this consideration enters in. It involved promises and commitments by our Government that led States to make definite appropriations and set-ups last year. Then last year we gave them a million and a half. On that basis their legislatures acted and adjourned. The work went on. Like a thunderbolt our action late last summer in impounding funds under the Economy Act crippled them. They could carry on after a fashion for a time. But when members of the committee now tell us they allow the sum available last year they may mean to be fair, but they certainly are not so.

This impounding of funds embarrassed our several State set-ups, but they could carry on for the season. Now, however, the State legislatures, most of them have met. They have had no notice this was to be a permanent policy. They believed the Federal Government would keep its end of the agreement under the Clarke-McNary Act.

This pinch was not felt last—this fiscal—year. I have tried to state the reasons. But now, if the Federal Government breaks faith, under the shallow plea that this bill makes available what they had last year, despite the fact

that the impounding of the stated moneys was accomplished in a midsummer surprise move, these organizations of experienced workers will break down, and our preventive work will suffer a most severe set-back, as Mr. Conzet so eloquently described.

This preventive force—not the suppression force—is built up of experienced men under the terms of the Clarke-McNary Act. It is this force which is now to be broken up as the direct result of our evidence of bad faith and our deliberate failure to live up to our contract.

My State has not reduced its annual appropriations by a penny, believing that the Federal Government would surely live up to its promises. It is pitiful; deplorable. I have gone through and through these forest areas, seen fire sweep through with its devastation, climbed the look-out towers, seen the threatening smoke plumes in hazardous weather, spoken with the rangers in charge of the preventive and suppression work, seen the cathedral-like virgin pines changed into a blazing inferno that needed mass assembly of men and equipment to halt its progress. I know how infinitely better it is to expend money and energy on prevention rather than on suppression.

All that is involved in this item. Now, our States are taken unaware. We fail in meeting our obligation under the Clarke-McNary Act. We say we give them what they had last year—and fail to add that this surprise impounding of part of the funds failed to show its effect until now. We neglect to say that \$1,700,000 would be, roughly, our 25 percent, as agreed. We ignore the fact that legislatures in most States now cannot meet to correct this cruel neglect and preserve these State set-ups.

I fervently hope that another deliberative body can take cognizance of some of these facts, affecting as they do 39 of our 48 States, and can replace this relatively small item that will enable the several States to preserve a carefully organized force of thoroughly trained personnel who guard our natural resources against a dread enemy—fire—and who are a most economical insurance against a wasteful, destroying force that can take its toll in 1 day with a destruction in actual value many times that of what we propose to spend today.

Mr. BUCHANAN. Mr. Chairman, I move to strike out the last three words.

I want to say to the Members of the House that this is a cooperative appropriation, the proportion being governed by law. Under appropriations heretofore allowed, the Federal Government has been contributing just about the same as the State governments and private interests have been contributing. The appropriation carried in this bill is sufficient to meet the contributions of the States and private enterprise dollar for dollar; and we should carry no more. In addition nearly \$15,000,000 has been spent for the prevention of fire in the forest area, public and private, in the United States; and this was spent by the Government from emergency allotments from the C.W.A. and the Public Works funds. Therefore this amendment ought not to be adopted.

The CHAIRMAN. The question is on the amendment of the gentleman from Idaho [Mr. WHITE].

The question was taken; and on a division (demanded by Mr. MARTIN of Colorado) there were—ayes 28, noes 57.

So the amendment was rejected.

The Clerk read as follows:

Forest insects: For insects affecting forests and forest products, under section 4 of the act approved May 22, 1928 (U.S.C., supp. VI, title 16, sec. 581c), entitled "An act to insure adequate supplies of timber and other forest products for the people of the United States, to promote the full use for timber growing and other purposes of forest lands in the United States, including farm wood lots and those abandoned areas not suitable for agricultural production, and to secure the correlation and the most economical conduct of forest research in the Department of Agriculture, through research in reforestation, timber growing, protection, utilization, forest economics, and related subjects", \$145,655.

Mr. WOLVERTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLVERTON: On page 52, line 8, after the conclusion of the sentence before line 9, insert a new paragraph to read as follows:

"Gypsy and brown-tail moth. For the control and prevention of spread of the gypsy and brown-tail moth, \$300,000."

Mr. BLANTON. Mr. Chairman, I reserve a point of order on the amendment.

Mr. WOLVERTON. Mr. Chairman, I offer this amendment to meet a situation that has been called to my attention by Hon. A. Harry Moore, Governor of the State of New Jersey, and by the secretary of agriculture of the State of New Jersey. I ask unanimous consent to read telegrams received by me from these officials of the State of New Jersey as part of my remarks.

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

There was no objection.

Mr. WOLVERTON (reading):

STATEHOUSE,

Trenton, N.J., February 28, 1934.

Hon. CHARLES A. WOLVERTON,

House of Representatives:

Urge inclusion of \$500,000 in Federal appropriation bill for gypsy moth. Understand no provision in present bill. We have exterminated gypsy moth in New Jersey and do not want reinfestation.

A. HARRY MOORE, Governor.

Another telegram was received by me from William B. Duryee, secretary of agriculture for the State of New Jersey. It reads:

TRENTON, N.J., February 28, 1934.

Hon. CHARLES A. WOLVERTON,

House of Representatives:

Understand no Federal appropriation provided for gypsy moth. Failure to include this item will expose New Jersey to reinfestation and invalidate work and expenditures of past 10 years. Infestation in Pennsylvania sure to invade New Jersey if no money appropriated. At least five hundred thousand should be provided.

WILLIAM B. DURYEE,

Secretary of Agriculture.

These telegrams present a very serious situation that is facing not only New Jersey but also the States of Pennsylvania, New York, Connecticut, Rhode Island, Massachusetts, and Vermont.

The last appropriation bill carried the sum of \$408,383 for the control and prevention of spread of the gypsy moth and brown-tail moths. This appropriation bill carries no appropriation whatsoever.

There is a real danger therefore that this destructive species of moth will spread elsewhere throughout the country. The possibility of distribution of the gypsy moth over long distances on shipments of products which might carry it is illustrated by inspection records on such shipments.

The testimony given by Lee A. Strong, Chief of the United States Bureau of Entomology and Plant Quarantine, when he appeared before the Appropriation Subcommittee on Agriculture, January 22, last, shows that during the period the quarantine has been in force up to the end of the fiscal year 1932 more than 101,672 gypsy-moth egg clusters have been removed from shipments, as well as 11,337 specimens in other than egg state. Infestations have actually been discovered on and removed from shipments destined to every State except Idaho, Montana, Nevada, and Oregon. Thus it will be readily seen that the danger is national in scope and not merely local.

The inspection and certification covers commodities which are grouped into nursery, quarry, forest, and evergreen products. Industries located within the infested area and which deal with articles likely to carry this insect are enabled under Federal certification to ship their products in a normal way. If there were no Federal certification, State quarantines, which are practically embargoes, would be in effect in nearly every State. An interstate business in such articles would operate under a severe handicap.

During the fiscal year 1933 certification covered: Evergreen products, 463 carloads and 103,766 less-than-carload lots; forest products, 2,427 carloads, 6 barge loads, and 26,633 less-than-carload lots; nursery products, 124 car-

loads and 57,958 less-than-carload lots; stone and quarry products, 169 barge loads, 4,957 carloads, and 125,623 less-than-carload lots.

Cooperation is being maintained during the fiscal year 1934 with nine States, which States contributed an aggregate amount of \$1,161,017 to the cooperative work.

It is true that the President's Budget message indicates that \$99,282 of Public Works allotments will be expended for this activity for 1935, but this amount is so small, compared to the amount needed to maintain this important work, that it is almost valueless. A comparison of this small allotment with the appropriations formerly made gives a clear understanding of why I am insisting that it is too small to be of any real value. In 1932 the appropriation was \$648,580, in 1933 it was \$400,000, and in 1934 it was \$408,388. In addition to this latter amount there was also allotted a very considerable sum from P.W.A. funds for projects in New York, Vermont, Massachusetts, Connecticut, and Pennsylvania. There has also been considerable work done by the C.W.A. But the fact, nevertheless, remains that if no appropriation is made in this bill, it will mean a curtailment and reduction in the amount of inspection furnished and in the other and worthwhile activities incidental to the control and prevention of the gypsy and brown-tail moths.

It seems to me to be unwise to curtail this important work at this time. The money already expended by the Federal and State Governments is beginning to show results. A reduction of activity at this time will most surely result in a necessity for larger appropriations at a later date.

I appeal for a favorable consideration of the amendment so that there will be no let-up in the important work being done by this Department.

We owe it to the States which have already contributed large sums to carry on the work in cooperation with governmental agencies.

By way of explanation as to how the amount of \$300,000 was determined, let me say that the Department of Agriculture appropriation bill as it was passed last year carried \$408,000 for this purpose. This year, as I understand, something over \$99,000 has been set aside under the President's Budget message to be used for this work. Therefore, with the \$300,000 provided by this amendment, the appropriation for control and prevention of gypsy and brown-tail moths is brought up to approximately the same amount as appropriated last year. The present bill carries no appropriation whatsoever for the control and prevention of the gypsy moth.

Mr. MALONEY of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield.

Mr. MALONEY of Connecticut. I should like to make the observation that other parts of the country are similarly interested, and I, too, received like telegrams and communications from my State.

Mr. WOLVERTON. I have pointed out that the control and prevention work is carried on particularly in Pennsylvania, New York, Connecticut, Rhode Island, Massachusetts, and Vermont; but the beneficial effect, as I have stated, reaches throughout the country.

[Here the gavel fell.]

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

I appreciate the interest of the gentleman from New Jersey, but the fact is that instead of having \$300,000 for this work as provided in his amendment, he will have \$360,000, just \$60,000 more than he asks for.

There was set aside from the Public Works fund for this same type of work, \$1,921,338.

While it is true there is no language carried in this bill to take care of it and there was some question whether or not the bureau of the Department of Agriculture which is handling this matter would have the authority to use any part of this fund beyond the 1st day of July 1934, there are several other items in the bill in the same status as this one; and after a conference with Mr. Burlew, of the Public Works Administration, with the gentleman from Texas [Mr.

BUCHANAN], Chairman of the Appropriations Committee, and Mr. Douglas, Director of the Budget, and after phoning Mr. McCarl, the Comptroller General, to see whether it would be satisfactory, the following resolution was agreed on, and we have every assurance that this resolution, if passed by Congress, would take care of the item mentioned by the gentleman from New Jersey. It is included in a letter addressed to the gentleman from Texas [Mr. BUCHANAN], which I will read:

FEDERAL EMERGENCY ADMINISTRATOR OF PUBLIC WORKS,  
Washington, D.C., February 15, 1934.

HON. JAMES F. BUCHANAN,  
Chairman Appropriations Committee,  
House of Representatives.

MY DEAR MR. BUCHANAN: Referring to Administrator Ickes' letter of February 8, regarding the items omitted from the appropriation bill for the Department of Agriculture by reason of Public Works allotments, I enclose a copy of the resolution passed by the Special Board for Public Works, which confirms the action taken by the Budget.

Sincerely yours,

E. K. BURLEW,  
For the Administrator.

RESOLUTION FOR SPECIAL BOARD

Whereas the President in presenting the 1935 Budget to Congress has stated that the Administrator and this Board have heretofore allotted funds to the Forest Service, Department of Agriculture, to finance its program for aerial fire control, sanitation, and fire prevention, for planting on national forests, for reconnaissance national forests, and for a forest survey (the Budget, 1935, p. 23) and that the Administrator and this Board have allotted funds to the Bureau of Entomology and Plant Quarantine, Department of Agriculture, to finance its program for gypsy and brown-tail moth, blister-rust control, Dutch elm disease and barberry eradication (the Budget, 1935, p. 24);

Whereas the President in so presenting the Budget has included in the comprehensive program of Public Works the said projects of the Department of Agriculture and it is necessary for accounting purposes that the Administrator and Special Board of Public Works register the President's action in the premises:

Resolved, That said projects be included in the comprehensive program and that the Forest Service and the Bureau of Entomology and Plant Quarantine be authorized and empowered to make expenditures toward accomplishment of said projects in the amounts and for the purposes stated in the Budget for 1935.

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

Mr. SANDLIN. Yes; I yield to the gentleman from New Jersey.

Mr. WOLVERTON. Does the resolution which the gentleman has just read fix a definite amount of expenditure for this particular agency?

Mr. SANDLIN. I yield to the gentleman from Texas [Mr. BUCHANAN] to answer the question.

Mr. BUCHANAN. Yes; it does. There is \$360,000 of Public Works money allotted for the gypsy and brown-tail moth unexpended and this will be retained to be expended during the next fiscal year. That is the reason this item was not in the bill.

The Public Works Administration allotted \$2,020,000 for the gypsy and brown-tail moth, five times as much as we appropriated last year. They entered an order that this money must be spent during the fiscal year 1934. This was a foolish order. When any department is required to spend money in such a rush it cannot be spent efficiently.

Mr. SINCLAIR. Will the gentleman include all the other items in his statement?

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Chairman, I move to strike out the last three words.

I might as well explain the situation as to the several appropriations.

In the first place, in my judgment, for this Government to have two appropriating authorities, one in the legislative branch and the other in the executive branch, is inimical to an economical Government. [Applause.] This is what we have had during this fiscal year. Congress appropriated \$3,300,000,000 for the Public Works relief program, and most of that vast sum has been allotted by what is called the Public Works Board, a majority of whom are Cabinet officers.

Heads of departments generally have an interest in trying to get more money for their respective departments. They

thus allotted \$2,400,000,000 out of the \$3,300,000,000 to Government departments, in many instances broadening the sphere of Government activities, which will require additional annual appropriations to carry on and administer such additional activities. This money was granted to furnish employment by public works, and I recognize the need for that, but I also stand for an economical Government and economical expenditures, and two appropriation bodies, one overriding the other, produce confusion.

The Budget came to the committee, and after obtaining the items that had been allotted to the Agricultural Department for the regular activities by the Public Works Board in addition or supplemental to what we had appropriated, I found that the Budget took into consideration many of these allotments and did not make an estimate for such project for the next fiscal year. Among the number was the gypsy and brown-tail moth. They have allotted \$2,020,000 for that purpose when we had appropriated only \$408,000 for this fiscal year. They allowed \$2,020,000 for it. Just think of this.

Mr. Chairman, this is money absolutely thrown away. Why? Some of you gentlemen who live in neighborhoods where the gypsy and brown-tail moth exists will shake your head, but let me tell you that we have had this project before us for 15 years or more. We have appropriated money year after year, and the total sum of these appropriations has gone into millions and millions of dollars. What have we found by all this experience, this research, and this investigation? We have found that the gypsy or brown-tail moth cannot be eradicated. Every entomologist and every Government official who has ever had anything to do with this matter frankly states that you cannot eradicate the gypsy or brown-tail moth. What policy did we adopt? We adopted the policy of controlling and preventing its spread. How? We established a 30-mile zone around the infested areas and we undertook to keep that zone moth-free, to prevent the moths from crossing the zone. The female moth cannot fly. The male moth can fly. This was a fortunate situation, because we could keep the zone free of moths and they could not spread to other territories.

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

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

There was no objection.

Mr. BUCHANAN. The only legitimate object for which we can appropriate money is to prevent the spread of this insect and to provide for inspection, treatment, and certification of the products out of the infested areas. This is to prevent the unfortunate people who happen to live in the infested zone from becoming bankrupt. In other words, when they have products to ship out of the infested zone, we go in there, inspect the products, and give them a certificate so that they can ship out the products. Otherwise every State would quarantine against their products and bankrupt the people in the infested area.

What is the situation? There is \$360,000 that will be available for the next fiscal year from the Public Works allotment to keep this zone free of moths, to prevent their spread, and to enter the infested area, examine, inspect, and certify the products that are shipped.

Mr. WOLVERTON. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. WOLVERTON. I am in full accord with the thought the gentleman has expressed that there should be only one appropriating agency in the Government, because it can be done in that way more intelligently. I make that observation because there is evidently a new appropriating agency. The House Appropriations Committee in this particular instance has evidently taken this fact into consideration and therefore has made no appropriation in this bill, assuming that the other agency to which the gentleman refers will do so.

Mr. BUCHANAN. No. I am not assuming they will do so. They have done so.

Mr. WOLVERTON. If the secondary or supplemental agency referred to can contribute money for this work, is it possible for such agency to withdraw the allotment after it has been made?

Mr. BUCHANAN. No. In order to prevent that, as Chairman of the Appropriations Committee I wrote the Public Works Administrator about that, so that I would be sure that some of this money the Public Works Board has allotted would be used in the next fiscal year. It was some time before I got a reply, but finally I got the representative from the P.W.A., the Budget officer of the Department of Agriculture, and Director Douglas together, and this letter that the gentleman from Louisiana [Mr. SANDLIN] read was the result, making the money that had been allotted by the Public Works Board for these various activities available not only for active work in the field but for the administrative expenses in the Department of Agriculture. There is no doubt about that.

Mr. WOLVERTON. For the information of those who are very sincerely interested with me in seeing that proper provision is made, will the gentleman inform us as to how much will be available for the control and prevention of gypsy and brown-tail moths for the fiscal year commencing July 1, 1934?

Mr. BUCHANAN. Three hundred and sixty thousand dollars.

Mr. HEALEY. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. HEALEY. An appropriation to carry on this work for the last fiscal year was made amounting to \$400,000.

Mr. BUCHANAN. About that; yes.

Mr. HEALEY. The gentleman's committee recommended that appropriation and the Congress accepted its recommendation. How much money was spent last year in addition to the appropriation of money by the P.W.A.?

Mr. BUCHANAN. Two million twenty thousand dollars was allotted and we should add to that \$400,000, which would mean \$2,420,000 as the total amount they had for this year and next year. By the end of this fiscal year they will have spent all but \$360,000, and so far as economical or permanent results are concerned, most of it has been thrown away. The only purpose it served was to give employment in a period of unemployment.

Mr. HEALEY. Has the gentleman facts to substantiate that statement?

Mr. BUCHANAN. I have facts to substantiate that or I would not have made the statement. Does the gentleman mean the "thrown away" part?

Mr. HEALEY. Yes.

Mr. BUCHANAN. The other facts I can substantiate. The "thrown away" part is my judgment, because what did they do? They went into an infested area and tried to eradicate a moth that is not capable of being eradicated.

Mr. SWICK. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. SWICK. Will the gentleman explain why it is that for certain of these pests like the corn borer and the pink bollworm and other cotton-destroying insects there are certain definite amounts set out, while for this moth there is no such appropriation?

Mr. BUCHANAN. Because the Public Works Administration did not allot a large appropriation for them and therefore the regular appropriation is carried. If the P.W.A. had allotted for the control of those insects a large sum of money, this bill would have been silent and carried no item of appropriation for them.

Mr. KENNEY. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. KENNEY. Is it not a fact that only \$99,000 has been allocated to this work for this year?

Mr. BUCHANAN. The gentleman is referring to the Budget figure that came up here the first of the session. I just phoned Mr. Strong, who has charge of this work, this morning and said I wanted to know definitely what the amount

would be for the next year, and he stated \$360,000, and if the gentleman will look at the hearings, he will find that that is also in the hearings and \$360,000 will be available next year.

Mr. KENNEY. May I inquire whether Mr. Strong regarded \$360,000 as sufficient?

Mr. BUCHANAN. Yes.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. WOLVERTON].

The amendment was rejected.

The Clerk read as follows:

Insect pest survey and identification: For the identification and classification of insects, including taxonomic, morphological, and related phases of insect pest control, the importation and exchange of useful insects, and the maintenance of an insect pest survey for the collection and dissemination of information to Federal, State, and other agencies concerned with insect pest control, \$121,616.

Mr. BLANTON. Mr. Chairman, on page 53, lines 9 and 10, I move to strike out the words "for the identification and classification."

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 53, lines 9 and 10, strike out the words "for the identification and classification."

Mr. BLANTON. Mr. Chairman, there is a good reason for the law which requires appropriation bills to originate in the House of Representatives. This places a duty and a burden upon the Members of the House to see to it that appropriations that take the people's money out of the Treasury are proper and right and just and in the interest of the people.

Many of the rules and precedents of the House have been built around the protection of the people's Treasury. You will find many valuable precedents of this House have come from distinguished Speakers who have been of both parties. There have been many valuable precedents established by Republican Speakers, by no less a distinguished Speaker than our former eminent colleague from Ohio, Mr. Nicholas Longworth.

I want to call your attention to one of his precedents. If you will look on page 2975 of the RECORD of January 23, 1931, you will find a ruling that Speaker Longworth made at that time. It is short and I want to read it to you:

INTERIOR DEPARTMENT APPROPRIATION BILL WITH SENATE AMENDMENTS REFERRED TO COMMITTEE

The SPEAKER (Mr. Longworth). The Chair desires to make a statement at this time, and wishes particularly the attention of the gentleman from Texas [Mr. Garner], in view of the question which the gentleman from Texas propounded to the Chair a few moments ago.

The Interior Department appropriation bill with Senate amendments is on the Speaker's table. It is entirely within the discretion of the Chair what course should be taken with regard to the disposition of this bill. Ordinarily a request is made for unanimous consent to send such bills to conference at once. The other course is that the Speaker himself shall refer the bill to the appropriate committee. In view of the tremendous importance of the question arising under the Senate amendment providing for a \$25,000,000 appropriation to the Red Cross, in view of the request of the members of the Appropriations Committee that hearings should be had and that the Red Cross may have the opportunity of stating its position, the Chair is going to take the course of referring this bill to the Appropriations Committee, and refers the bill with Senate amendments to the Appropriations Committee and orders it printed.

There is your precedent, I will say to my friend from Oregon [Mr. MOTT]. There is your precedent for the Speaker sending an appropriation bill, on his own motion, back to the committee. It was established by your own Republican Speaker, Mr. Nicholas Longworth, of Ohio.

This was on a \$25,000,000 amendment. The reference yesterday that was made by our distinguished Speaker from Illinois [Mr. RAINY] was on amendments from another body aggregating \$354,432,124.

Mr. SWICK. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. SWICK. The Speaker specifically pointed out there, however, that there had been no hearings on that matter. Have there not been hearings on the amounts that were placed in the bill referred to yesterday?

Mr. BLANTON. Why, certainly not, except superficial hearings.

I want to say to my friend that when the emergency officers came in here and asked Congress to give them retirement pay, they first represented there were only about 900 of them. Then later they said there were about 1,500 of them and they got Congress to pass a bill giving them retirement pay, and after they got the law through, instead of 900 of them being retired there were about 6,500 of them retired.

And it so happened that many of them were drawing large salaries from the Government, and from States, and from private corporations, and at the same time they received in addition to their salaries retirement pay from the Government ranging from \$125 to \$325 per month for life.

I will not have time to do it now but I am going to ask unanimous consent to revise and extend this speech, and later on I am going to review some of the cases and let you know just how this Government has been imposed upon, and just how foolish and ridiculous some of the reasons were for granting retirement.

I will quote to you later some of the evidence that was given at the hearing that our Committee on Military Affairs held on my resolution, House Joint Resolution 355, which eventually caused nearly 5,000 of these emergency officers to be dropped and to lose their fat pensions to which they were not entitled.

The Administrator of Veterans' Affairs testified before the committee and went to the White House with a report in which he said that in his judgment several thousand of these officers on the rolls were in effect a fraud; that they had no pensionable service-connected disability; and that it was an injustice to the veterans of the country to pay them this large monthly retirement pay.

Under Public Act No. 2, by authority of the Congress given the President, nearly 5,000 officers were dropped from the rolls.

By your consent I am having printed as a House document a revision of the old House Document No. 802 that carried the names and the salaries of these 6,500 retired officers. It is being printed today and will be ready for distribution on Monday. It shows that out of this 6,500 formerly drawing retired pay only 1,518 were restored to the list. Only 1,518 have been able to show or prove that they had service-connected disability.

Mr. BLANCHARD. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BLANCHARD. How does the gentleman know that this involves an expenditure of \$300,000,000?

Mr. BLANTON. It does not. Putting these emergency officers back on the rolls is only one amendment. When I said there had been added to the House bill \$354,432,124, that sum was the aggregate of all the amendments. If you will look on page 3297 of the RECORD for last Tuesday you will there see that the President's spokesman in another body, in recounting the various amendments added to our House bill, said:

If we add the amount which has been included in the bill by reason of the increase in the salaries of employees of the Federal Government, which amount is \$215,993,124, it means that as a result of the action of the Senate upon the pending bill we will have added to our appropriations \$354,432,124.

The law places upon us, Members of the House of Representatives, the burden of preparing and initiating all proper appropriation bills. It is a burden placed on our shoulders by law. It is a responsibility from which we cannot escape. We must meet it, and I commend the Speaker of this House for following the precedent of the former Speaker from Ohio, Mr. Longworth, when he sent the bill back to the Appropriations Committee on his own motion.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. BLANTON. I always yield to the distinguished lady from Massachusetts.

Mrs. ROGERS of Massachusetts. I am not so certain of that. Is the gentleman sure that every one of these retired officers have been justly taken off the roll?

Mr. BLANTON. Except those, possibly, in the district of the good lady from Massachusetts. I want to state that on that roll was William Wolff Smith—

[Here the gavel fell.]

Mr. BLANTON. I ask for 3 minutes more.

Mr. MARTIN of Massachusetts. Reserving the right to object, I would like to ask the chairman of the subcommittee if he is going to allow any more general debate on the bill?

Mr. BLANTON. I only want 3 minutes.

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

There was no objection.

Mr. BLANTON. On that list was William Wolff Smith, who had only 13 days in a swivel-chair service in Washington during the war, and in addition to an annual salary of \$9,000 drawn from the Government, he had himself retired at \$187.50 per month for the rest of his life. I put the facts before the committee and he resigned.

Mrs. ROGERS of Massachusetts. That is only one instance. What became of the others?

Mr. BLANTON. We produced the evidence on him and he sat there crumpled up like a baby, and he said, "Take me to the hospital." He said, "Let me alone and I will pay the money back to the Government"; and he resigned. There was one officer drawing a big salary from the Government who was retired for "social inaptitude." When we asked his experts what they meant by "social inaptitude", they said that he could not carry on a proper parlor conversation in high society. [Laughter.]

Possibly I ought to be retired if that is a reason for retirement. Probably I cannot carry on the proper kind of a parlor conversation in high society. When another body puts back on the list emergency officers who failed to prove service-connected disabilities, then it is high time, I think, that we have a Speaker, with precedent or without precedent, who under the rules of this House, on his own motion, will send the bill back to the committee. [Applause.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. I would like to ask the gentleman what, in a case such as I heard of today, of a retired emergency officer whose leg is off and his service-connected pension was cut and his retirement was taken away from him? There are a good many cases like that.

Mr. BLANTON. I refer the lady to General Hines, who, in effect, said several thousand of them were frauds and ought not to be there. They have been taken off, and we must not let them be put back.

Mrs. ROGERS of Massachusetts. Yes; but the gentleman knows perfectly well that a great many service-connected battle-casualty cases of men, not retired emergency officers, were cut and cut, as high as 60 percent, during the present administration.

Mr. BLANTON. Oh, I am for taking care of the veterans who were disabled and for the officers who were disabled, but not these officers who were not disabled. I will amplify my views at a later date and give some specific cases.

Mr. Chairman, the great majority of our emergency officers during the World War were of the finest, ablest, noblest, bravest men of this great Nation. They served our country through patriotism with no selfishness or hope of reward. Few of those, comparatively, who had actual service abroad have ever tried to "hold up" their Government since the war.

But, Mr. Chairman, there are always some black sheep in every flock. Among our emergency officers there are some racketeers. After the war closed, many tried to remain in the service, and did remain until Congress was influenced to grant to them 1 year's extra pay, as a bonus for leaving, to enable us to properly reduce the officers of our peace-time Army.

The chief racketeer of them all was Maj. William Wolff Smith. During the war he got a civilian position as a clerk in a department here at \$125 per month, or \$1,500 per year, which easy, safe, convenient, reclining position he held until October 29, 1918, when he entered the service just 13 days before the armistice, after which he held on until he got his pleasure trip to Honolulu in 1922, received his \$1,000 extra pay to get out, immediately went into the Veterans' Bureau, and by Col. Charles R. Forbes, then Director—whom we afterwards sent to the penitentiary—was made General Counsel of the Bureau, drew a salary of \$9,000 per year, and helped to pass over the President's veto the Retired Pay Act, under which he drew \$187.50 per month, additional to his salary, until we had him and 4,800 others put off the rolls.

Then there is Dr. Jo Marvin Ferguson, formerly of North Little Rock, but now at Lexington, who did not enlist until October 18, 1918, and who did not actually begin service until 7 days before the armistice, who, while drawing a salary of \$6,500 from the Veterans' Administration, drew additional retired pay of \$150 per month, and his back check he received as accrued pay amounted to \$1,051.94 when he retired, which he received in cash. You will find this set out on page 7 of House Document No. 802, which I had printed 2 years ago on March 3, 1931. He was cut off. He is trying to get back.

Then there is District Judge Carl O. Hamlin, of Breckenridge, who for 13 years has been drawing a fat salary holding court in only one county, while when I was a circuit judge I held court in the five big counties of Stephens, Eastland, Callahan, Taylor, and Shackelford; and Judge Hamlin has been drawing retired pay of \$150 per month additional from the Government. He was cut off. He is trying to get back. You will find Judge Carl O. Hamlin listed on page 139 of said House Document No. 802, which I had printed on March 3, 1931. During the war Hamlin never saw an enemy. His entire service was in the United States filling easy berths.

You will find many of the more than 4,800 emergency officers whom we have dropped from the rolls and taken from them the retired pay they had been unjustly drawing from the Government listed in my resolution, House Joint Resolution 355, which I introduced in the House on April 6, 1932, giving their names, their addresses, their length of service, the amount of their retired pay, and the big salaries many were at the same time drawing from the Government. It was in the hearing which the Committee on Military Affairs granted me on my said House Joint Resolution 355, during April and May of 1932, that I produced evidence showing the many flimsy, silly, ridiculous, fraudulent excuses upon which many were granted retired pay ranging as high as \$556.67 per month for life (drawn by Dr. Lloyd E. Dyer, of Greeneville, Tenn., shown on p. 139 of my said H.Doc. No. 802), and which eventuated in causing these more than 4,800 officers to be dropped from the rolls. Among these 4,800 officers who have been dropped, as listed in said House Document No. 802, printed by me on March 3, 1931, you will find Judge John H. Fraine, Col. Erle Davis Luce, and Col. William Theodore Mollison, of Minneapolis, all drawing retired pay of \$312.50 each at the time we dropped them. You will find Edward Lee Kearns, of Pittsburgh; Col. F. S. Van Gorder, of Warren; and Thomas Biddle Ellis, of Philadelphia, each drawing \$312.50. You will find Dr. Junius Francis Lynch, of Leesburg; Col. John Houston Merrill, of Washington; Col. John H. Dunn, of South Boston; Dorsey Woodruff Thickstun, of Los Angeles; and Col. Leroy V. Patch, of Payette, all drawing \$281.25 each when we cut them off. You will find Col. Charles Lutin Dulin, of Rome; Col. Charles D. Center, of Quincy; and Col. Charles William Decker, of Los Angeles, all drawing retired pay of \$300 per month each when we cut them off. You will find Col. Jouett C. Henry, of Hopkinsville, drawing \$312.50; Robert E. Steiner, of Montgomery, drawing \$375; Gen. William C. Wilson, of Nobleton, drawing \$375; and Julian Francis Greeley, of East Milton, drawing \$471.96 per month when they were cut off. Naturally none of them like it. This was easy money for them. None of them had suffered any disability in war. None of them had

any battle casualties. None of them were powder-burnt. Each and every one who was actually disabled, with service connection, has been kept on the rolls.

I have just had printed, by authority unanimously given me by the House, the names of all bona fide disabled emergency officers with service connection still allowed retired pay, and there are only 1,518 of them whose names, addresses, and amount of pay you will find printed in my House Document No. 269, just recently off the press. House Document No. 802 contained the names of over 6,300 emergency officers retired, but over 4,800 of them have been dropped from the rolls as undeserving and their retired pay taken from them, and their names do not appear in the revised list just printed in House Document No. 269. Naturally they are mad. They still want to draw their easy money. They are thoroughly organized. They have a strong lobby here in Washington. They have a lobby in each State. Most of them are men of means. Most of them hold lucrative positions. Some are mayors. Some are judges on benches. Some are legislators. Some are prosecuting attorneys. Many are prominent physicians. Many are prominent lawyers. Many are prominent dentists. Some are prominent politicians.

They did everything within their power to defeat me for office last election. They misrepresented me in my district. They maligned my record. They caused vicious newspaper articles to be published. They made a pussyfooting campaign throughout my district. But never once did they disclose their personal grudge or let the people know that my determined fight and hard work here, covering months of laborious effort, had helped to cut them out of their easy money which the tax-burdened people had been paying. And it is their lobby and influence which have put their amendment on the bill, and we must kill this amendment and not let them be put back on the rolls. This money should go to disabled ex-service men and to their widows and orphan children.

"POKER BILL"

When William Wolff Smith entered the service on October 29, 1918, just 13 days before the armistice, he was drawing \$125 per month as a clerk in a civilian position. He did not enter as a private. Having influential friends, he applied for a commission. He was examined October 28, 1918, the board reporting that he had the following existing defects:

Defective vision in right eye, defective vision in left eye, three missing teeth, and complete reducible indirect left inguinal hernia—

And he was rejected for general military service, but through influence was accepted for special and limited service, which he entered on October 29, 1918, with a swivel-chair commission here in Washington as captain in the Sanitary Corps.

So he had had 13 days' service in a swivel chair here in beautiful Washington when the armistice was signed on November 11, 1918. Though the war had closed, he held on to his commission, and in 1920 he asked that he be promoted either as a major in the Finance Department or a lieutenant colonel in the Quartermaster Corps. His examining board found that because of his said defects, all of which existed when he entered the service—

He was physically disqualified and incapacitated, and that he also lacked knowledge and experience.

When he left the Army, William Wolff Smith swore:

I certify that at the present time I have no wound, injury, or disease, whether incurred in the military service or otherwise—

And by making that affidavit he got the Army to appoint him a major in the Quartermaster Reserve Corps on January 24, 1923, and he received his 1 year's extra pay for getting out of the Army, and he received his free trip abroad, going to Honolulu during the fall of 1922 at Government expense, routing by Grand Canyon going, and Mount Rainier returning.

Maj. William Wolff Smith immediately secured a position with the United States Veterans' Bureau on January 17, 1923; Col. Charles R. Forbes, whom we later sent to the Fed-

eral penitentiary, was then the Director of the Bureau. Forbes gave Smith his appointment, and made him General Counsel of the Bureau, in charge of all legal matters. Smith had no standing as a lawyer, but was a broken-down, disreputable third-class newspaperman, yet had the final legal say on the rights of 4,000,000 war veterans, their widows and orphan children, with head control over the 876 lawyers eventually employed by said Bureau.

Some of you older Members here will remember the first report I filed against Col. Charles R. Forbes, showing the millions of dollars he grafted and wasted. Only such a man as Forbes would have placed Smith in such position.

I want you to look in the CONGRESSIONAL RECORD for April 21, 1932, and see the names, records, and salaries I printed of these 876 lawyers in this Veterans' Bureau, the majority of whom Smith caused to be appointed. You will see that many of them were formerly clerks in Government bureaus drawing salaries from \$900 to \$1,800 per year, and obtaining law licenses through correspondence schools and otherwise were designated as lawyers, and had their salaries trebled, and quadrupled and some raised to \$5,000, \$6,000, \$7,000, \$8,000, and \$9,000 per year. You will note that I published their former ratings and salaries, and their raised bureau salaries.

RETIRED PAY FOR DISABLED EMERGENCY OFFICERS

Then, aided and abetted by Maj. William Wolff Smith and by misrepresenting the facts, certain disabled emergency officers influenced Congress, over the President's veto, to pass their bill giving them retired pay for life many times greater than enlisted men draw as compensation for battle injuries. They first assured Congress there were only 900 of such officers and later said there could not be over 1,500 of them. But after getting their law passed and arranging boards that "would scratch each other's back", over 6,300 of such officers were retired, many of them being doctors and lawyers who never heard an enemy's gunfire, and whose only service was swivel-chair safety jobs in the United States, and who while drawing this large monthly retired pay from the Government have held lucrative jobs with either the State or Government at fat salaries.

RECEIVED PAY FROM THREE SOURCES

Some of these emergency officers retired on pay, in addition to their big annual salaries and their big monthly retired pay, and have been drawing additional money from the Government as Reserve officers on active duty. Illustrating this, as the situation existed in 1932 when I checked it, Dr. Julius L. Arntzen, at Tucson, Ariz., received an annual salary of \$5,400 from the Veterans' Bureau, and retired pay of \$150 per month additional, and then received pay and allowances of \$213.27 for active duty as a Reserve officer; Dr. John R. Brown, at Minneapolis, Minn., annual salary, \$4,600, retired pay, \$125 per month, pay and allowances as Reserve officer, \$148.02; Dr. Jesse L. Hall, at central office, Washington, annual salary, \$5,400, retired pay, \$150 per month, pay and allowances as Reserve officer, \$400.40; Dr. Bernard A. McDermott, at central office, Washington, annual salary, \$5,000, retired pay, \$125 per month, pay and allowances as Reserve officer, \$174.49; Maj. William Wolff Smith, general counsel, annual salary, \$9,000, retirement pay, \$187.50 per month, pay and allowances as Reserve officer, \$85.80; Levi A. Beem, at Indianapolis, Ind., annual salary, \$3,300, retired pay, \$165 per month, pay and allowances as Reserve officer, \$206.92; Dr. Edward J. Burnett, Veterans' Home, Dayton, Ohio, annual salary \$3,800, retired pay, \$150 per month, pay and allowances as Reserve officer, \$388.74; Dr. Alpha M. Chase, Denver, Colo., annual salary, \$4,600, retired pay, \$195 per month, pay and allowances as Reserve officer, \$104.28; Dr. William H. Hatcher, dentist at Cincinnati, Ohio, annual salary \$4,400, retired pay, \$150 per month, pay and allowances as Reserve officer, \$232.86; Dr. Horace E. Ruff, at Little Rock, Ark., annual salary, \$3,800, retired pay, \$243.75 per month, pay and allowances as Reserve officer, \$277.24; Dr. Thomas F. Dodd, Washington, annual salary, \$4,800, retired pay, \$187.50 per month, pay and allowances as Reserve officer, \$213.64; Dr. William E. Park, at Oteen, N.C., annual salary, \$4,600, re-

tired pay, \$150 per month, pay and allowances as Reserve officer, \$254.84; Dr. Edd L. Robertson, Washington, annual salary, \$5,400, retired pay, \$187.50 per month, pay and allowances as Reserve officer, \$416.52; Mr. Norman B. Gridley, on appeal board at Newington, Conn., annual salary, \$3,300, retired pay, \$150 per month, pay and allowances as Reserve officer, \$162.78.

#### RECEIVING FOUR DIFFERENT INCOMES

In addition to receiving their annual salaries, their monthly retired pay, and their pay and allowances for duty as Reserve officers, I found when checking them up in 1932 that Dr. Jesse L. Hall and Dr. Horace E. Ruff were doing private medical practice after official hours.

I found also in 1932 that the following high-salaried, over-paid Veterans' Bureau doctors were doing private practice after official hours: Dr. George I. Birchfield, at Seattle, Wash., salary \$4,000, retired pay \$150 per month; Dr. Louis B. Derdiger, at Minneapolis, salary \$3,800, retired pay \$150 per month; Dr. Charles W. Wang, at Philadelphia, salary \$3,800, retired pay \$125 per month; Dr. Hargus G. Shelley, Wichita, Kans., salary \$4,800, retired pay \$150 per month; Dr. Vincent M. Diodati, at Philadelphia, salary \$4,600, retired pay \$150 per month; Dr. John J. Small, dentist, at Philadelphia, salary \$3,800, retired pay \$150 per month; Dr. Albert Field, at Hines, Ill., salary \$4,200, retired pay \$150 per month; Dr. Leon M. Ochs, at St. Louis, Mo., salary \$3,800, retired pay \$125 per month; Dr. Harry Frey, Dallas, Tex., salary \$3,800, retired pay \$125 per month; Dr. Paul D. Moore, Seattle, salary \$3,800, retired pay \$125 per month; Dr. Harry S. Monroe, Pittsburgh, salary \$4,600, retired pay \$125 per month; Dr. Edwin M. Johnson, Washington, salary \$4,400, retired pay \$150 per month; Dr. Oliver P. Miller, at Louisville, salary \$4,600, retired pay \$125 per month; Dr. John Ladd, Washington, salary \$5,000, retired pay \$150 per month; Dr. James L. McKnight, Tucson, Ariz., salary \$4,600, retired pay \$125 per month; Dr. William R. Leahy, San Francisco, salary \$4,600, retired pay \$150 per month; Dr. William W. McCrillis, dentist, Los Angeles, salary \$3,700, retired pay \$150 per month; Dr. Henry C. Lochte, New Orleans, salary \$4,400, retired pay \$125 per month; Dr. Dick R. Longino, Atlanta, salary \$3,800, retired pay \$125 per month. They were supposed to be giving all their time to the Government, yet they practiced medicine on the side.

#### BLANTON'S HOUSE JOINT RESOLUTION 355

On April 6, 1932, I introduced House Joint Resolution 355, calling attention to all of the above, and showing that of the six-thousand-three-hundred-and-odd officers named drawing retired pay, as listed in my House Document No. 802, over 4,800 emergency officers were fraudulently drawing retired pay from the Government, and giving the name, address, position, retired pay, and salary many of them were drawing from the Government, and providing for the dismissal of William Wolff Smith, and for the removal of said officers not entitled to pay from the rolls, and providing for the repeal of said retirement act.

#### HEARING BEFORE COMMITTEE ON MILITARY AFFAIRS

My said resolution was referred to the Committee on Military Affairs, ably presided over by our friend from South Carolina [Mr. McSWAIN], who promptly gave me an exhaustive hearing. When confronted with proof of the above facts, Maj. William Wolff Smith completely collapsed, agreed to pay back to the Government the money he had drawn from it, and whimpered like a baby. Having been general counsel at the head of the Bureau's legal department, with 876 lawyers under him, he was supposed to be able to hold his own across the table with the leading lawyers of the United States; hence it was pitiful to witness his abject incompetency and helplessness, and he was able to offer no defense whatever against said House Joint Resolution 355, designated as the "Declaration of war against Government parasites", and the proof supporting same with which he was deluged.

#### HANDICAPS

As is usual in all such cases, one member of the committee in particular, Gen. Burnett M. Chiperfield, of Illinois,

tried in every ingenious way possible to hamper, obstruct, and hamstring me in my efforts to develop the evidence before said committee in said hearing. I want, especially, to thank and commend for their sympathetic and able assistance the following distinguished members of the Committee on Military Affairs who bravely insisted that all facts be uncovered and refused to shield any censurable conduct, to wit: Chairman John J. McSwain, of South Carolina; Hon. Lister Hill, of Alabama; Hon. Jed Johnson, of Oklahoma; Hon. Andrew J. May, of Kentucky; Hon. R. Ewing Thomas, of Texas; Hon. William N. Rogers, of New Hampshire; Hon. W. Frank James, of Michigan; Hon. William H. Stafford, of Wisconsin; Hon. Florence Kahn, of California; and Hon. Charles A. Wolverton, of New Jersey. For the hard work they performed, and the efforts they exerted in going to the bottom of everything and allowing no influence to distract them, they deserve the commendation of every red-blooded American in the United States. Even General Chiperfield in the end must have become convinced against his will, for he allowed a motion to be passed unanimously by said committee asking for the removal of William Wolff Smith.

#### HOUSE DOCUMENT 802

American Legion Posts from all parts of the United States obtained copies of my House Document No. 802, giving the names, addresses, service, and amount of monthly retired pay of all of the 6,300 emergency officers who had been retired on pay as disabled. They also obtained copies of my H.J.Res. 355, and exhausted the supply; and at my own expense I was forced to have extra copies printed, and the demand for them has been so great, that outside of our office copies, there is not an available copy left of House Document No. 802, or of H.J.Res. 355.

Members of American Legion Posts have learned that they have been exploited by some of these so-called "disabled" emergency officers, who have gobbled up important offices and key positions in the Legion, but failed to advise their "buddies" that they were drawing from the Government big retired pay, ranging from \$125 to \$556.67 per month for life, additional to the big salaries some of them were drawing either in State or Government positions. The buck private, with both legs and arms amputated from wounds received in front-line battle combat in France, did not appreciate some swivel-chair colonel who had only a few weeks' service in the United States being retired for "social inaptitude", or "appendicitis", or "diseased kidney", having no relation whatever to their service, and receiving handsome monthly retired pay several times the amount of compensation paid to the wounded soldier.

#### SOCIAL INADAPTABILITY

Dr. David O. Smith, of the Veterans' Administration, in giving evidence during the hearing before the Military Affairs Committee on my House Joint Resolution 355, testified that a board of experts examined one of these claimants on August 17, 1925, before the Retired Pay Act was passed, and reported that he had no disability and that he was thoroughly competent; but when this Retired Pay Act was passed, and this emergency officer applied for retirement pay, his examining board on August 6, 1928, reported that he had what they termed was "social inadaptability" upon which they gave him a rating of 70-percent permanent disability, and he was retired on \$150 per month for life.

Dr. David O. Smith also testified that when they left the service, all these emergency officers who had not had combat service abroad made oath and swore that they "have no wound, injury, or disease, whether incurred in the military service of the United States or otherwise"; but after the Retired Pay Act was passed in 1928, they then claimed to be diseased and disabled, and that to get around that inconsistent situation General Counsel William Wolff Smith rendered the following opinion:

A statement made for one purpose that conflicts with the statement made for another purpose is not necessarily false. Such conflicting statements are not generally accepted as materially wrong.

## DISTRICT JUDGE CARL O. HAMLIN

Judge Carl O. Hamlin, of Breckenridge, was born at Bolivar, Mo., on April 11, 1890; hence was 27 years old when the war started. He had attended Georgetown Law School (Catholic) for 3 years. He had a close relative in the War Congress from the Seventh Congressional District of Missouri, through whose influence he was admitted to the officers' training school at Leon Springs, where he remained from May 8, 1917, to August 1917. Then he went from Leon Springs to Camp Travis, where he remained from August 1917 to September 26, 1918. Then he went to Camp Grant, Rockford, Ill., and remained there from October 1, 1918, to January 30, 1919.

Carl O. Hamlin was never out of the United States during the war. He was never in a danger zone. He never at any time saw a German enemy. His service was performed under perfectly safe environments. When he left the service, he made oath and swore that he had "no wound, injury, or disease, whether incurred in the military service of the United States or otherwise." Then he went to Breckenridge to practice law. Later he was operated upon by Dr. Wilbur Smith, who removed his appendix. He made no claim that appendicitis, an infection for which thousands of men, women, and girls who have never been in the service have been operated upon, was in any way connected with his service. Not until November 1, 1928, many years after he had been district judge, did Carl O. Hamlin file any claim against the Government, and then he claimed that he was troubled with kidney stones.

On October 23, 1928, Hon. Ben J. Dean wrote Hon. Read Johnson, manager of the Veterans' Bureau at Dallas, that Judge Carl O. Hamlin was coming to Dallas to hold court for Judge Royal Watkins, and that he had been bothered with kidney trouble, and asking that he be given consideration. On February 8, 1929, before David Cole, notary public, Judge Carl O. Hamlin, claiming to be disabled, swore to his application for retired pay and sent it to the Veterans' Bureau on February 15, 1929, he then being a district judge, which position he had held for several years, having been appointed to the bench shortly after he got out of the Army. In connection with his application for retired pay, based on being disabled, Judge Carl O. Hamlin filed with the Bureau an affidavit made by Lila Keith, sworn to on November 17, 1928, stating that "Judge Hamlin was nervous, that his lungs gave him trouble, and that he had boils on his head."

The Emergency Officers' Retirement Board on April 1, 1929, decided against him and denied him retirement pay, and he got them to review his case, and then they allowed him retired pay of \$150 per month for life, and paid him an adjustment check covering pay at that rate dated back to the date he filed his application for pay. You will find him listed on page 139 of my said House Document No. 802, printed March 3, 1931, as one of the six-thousand-three-hundred-and-odd emergency officers retired on pay upon the assumption that they were disabled on account of their service.

## COMMITTEE TOOK DECISIVE ACTION

After holding exhaustive hearings on my said resolution, House Joint Resolution 355, during April and May 1932, the committee by a unanimous vote passed a resolution requesting the Administrator of Veterans' Affairs to discharge William Wolff Smith because of his incompetency and unfitness; and when the House met that day, I took the floor and called attention to their action, and printed their resolution in the RECORD, from which I now quote it:

*Resolved*, That it is the sense of the Committee on Military Affairs, before which is pending House Joint Resolution 355 and on which considerable hearings have been had, that the Administrator of Veterans' Affairs should discharge from the service William Wolff Smith on the ground of incompetency and unfitness.

*Resolved further*, That a copy of this resolution be sent to the Administrator of Veterans' Affairs and that a copy be spread upon the minutes of this committee.

Unanimously adopted this the 17th day of May.

And I then made the following observations, which I quote from the RECORD of May 17, 1932:

Mr. Chairman, I want to commend the personnel of the splendid Committee on Military Affairs for having the judgment, the backbone, and the courage to take action when it finds matters going on that ought to be corrected. Gen. Frank T. Hines is a man of his word, and when he assured the committee that he would fire Smith, he meant it, and you will find that he will discharge Smith immediately. We will get rid of one of the biggest parasites in the Government service.

Mr. Chairman, I feel greatly encouraged. We are making great strides in eliminating waste, extravagance, and graft. I feel sure that this splendid Committee on Military Affairs will in a few days report a measure to Congress eliminating from the pay roll of the Government the 876 lawyers whose names and tremendous salaries I placed in the RECORD now employed by the Veterans' Bureau, many of whom are drawing additional retired pay for presumptive disabilities, and at the same time will cause to be removed the hundreds of doctors who are drawing salaries ranging from \$3,000 to \$8,000 and at the same time drawing additional retired pay for presumptive disabilities, such as "social inaptitude", and so forth, and who are also at the same time engaged in the private practice of medicine.

Two days thereafter the Chairman of the Committee on Military Affairs took the floor and made the following announcement:

Mr. McSWAIN. Mr. Chairman, I have just received a letter from the Administrator of the Veterans' Bureau to the effect that he has accepted the resignation of William Wolff Smith as special counsel for the Veterans' Bureau, effective immediately after the expiration of his annual leave. [Applause.]

And thus we got rid of "Poker Bill" Smith, and stopped him from drawing a salary of \$9,000 per year, and additional retired pay of \$187.50 per month for life. And through recommendations of the committee and action that followed taken by Congress and the President, more than 4,800 of said emergency officers were dropped from the pay roll, and their retired pay stopped. They had their cases reviewed by this board, and by that board, and on appeals, and did everything known to the ingenuity of skillful men to get back on the pay rolls. They have cost this Government several hundred thousand dollars in expensive hearings and appeals.

## PERSISTENCE OF DISTRICT JUDGE CARL O. HAMLIN

Before getting his retired pay, upon an application for compensation he filed in November 1928, Judge Hamlin was granted compensation and had it dated back. Addressed to Judge Carl O. Hamlin at his post-office box 41, the Veterans' Administration, through S. P. Kohen, on February 27, 1929, notified Judge Hamlin as follows:

Additional allowance for the benefit of your wife and two children; your payments have been increased from \$20 to \$25 per month from November 1, 1927, through November 19, 1928, and from \$80 to \$100 per month from November 20, 1928, through December 3, 1928. Effective December 4, 1928, payments will continue at \$40 per month.

## RETIRED PAY FOR ALLEGED DISABILITY

The Administrator's Board, composed of Chairman J. W. Hayes, Attorney L. A. Lawlor, and Dr. Charles D. Collins, decided against Judge Carl O. Hamlin, holding that he had no disability due to service, and they sent Judge Hamlin their decision, addressed to him at his box 41, from which I quote the following:

The evidence shows that the above-named officer is not entitled to continue to receive retirement pay, \* \* \* the disability for which he was retired with pay is not shown to have been caused by a factor arising directly out of the performance of actual military or naval duty during the World War.

## NO DISABILITY INCURRED IN SERVICE

Then, upon insistence, the Central Office Rating Board, in its decision signed by Dr. H. W. Rollings, chief, Dr. C. E. Barton, Dr. O. D. Smith, and Attorney M. D. Gregg, on May 31, 1933, found that Judge Carl O. Hamlin's alleged disability was not incurred in service in the World War, and Judge Hamlin was notified of this decision at his post-office box 41.

On September 19, 1933, from his district judge's office on his district judge's stationery initialed "COH-S", Judge Carl O. Hamlin wrote a letter to the Director of Compensation of the Veterans' Administration, from which I quote:

On June 3, 1933, I was notified by the Director of Compensation that my claim had been carefully reviewed in accordance with the provisions of Public, No. 2, Seventy-third Congress, and that after June 30, 1933, I would not be entitled to any benefits thereunder, for the reason that my disability was not shown to be "service

connected or permanently and totally disabling." The information I respectfully desire is this:

1. Even though I have been dropped from the emergency officers' retirement roll as a presumptive case, would I not then revert back to my former status of "permanent, partial 40 percent disabled" (which status I had prior to my retirement with pay), and be entitled to compensation on that basis until October or such time as my case may be passed upon by one of the reviewing boards created for that purpose?

2. If my case is such as should properly be considered by a reviewing board, will I not be notified to that effect as well as what their final action may be in my case when they have reached a decision?

CARL O. HAMLIN.

On October 12, 1933, the Veterans' Administrator, through Director Brown, notified Judge Carl O. Hamlin at his post-office box 41 that he had been awarded a pension of \$30 per month effective July 1, 1933, pending decision on his appeal to be restored to his retired pay of \$150 per month.

ADVERSE DECISION AGAINST HAMLIN

On November 28, 1933, another appeal board rendered its decision against Judge Carl O. Hamlin, holding that his claims were not warranted, a copy of same being sent to him at his post-office box 41, such decision being the following:

DECISION

NOVEMBER 28, 1933.

The Adjutant General's Office report shows period of military service from August 15, 1917, to January 30, 1919. This report contains no evidence of kidney disease during service.

The veteran filed claim for compensation November 1, 1928, alleging kidney stone. \* \* \*

The file contains no evidence of the disability during service nor immediately after discharge from service.

It is therefore the decision of the board that service connection for nephrectomy scar, right, following nephrolithiasis, is not warranted. And "is denied." Signed by S. Garland Butler, chairman, Walter B. Bost, Dr. James J. McKinley, Frank C. Tess, and Bernard M. Wise, the board.

On December 6, 1933, Hon. George E. Brown, Director of Compensation, wrote Judge Carl O. Hamlin, at his post-office box 41, advising him the following:

The special review board, central office, has given careful consideration to the evidence in your case, and has reached the conclusion that your condition diagnosed as nephrectomy scar, nephrolithiasis, heretofore presumptively service connected, may not be recognized as service connected as it is not shown that the condition was incurred during or as the result of your active military service in the World War.

In view of this decision of the special review board your award of war-time service-connected pension in the amount of \$30 monthly is being discontinued effective November 30, 1933.

From his district judge's office Judge Carl O. Hamlin wrote the following:

DECEMBER 8, 1933.

In reply to: MCC—Bf.

In re: Carl O. Hamlin C-1,433,354.

THE DIRECTOR OF COMPENSATION.

*Veterans' Administration, Washington, D.C.*

DEAR SIR: Your letter of November 24 received, in which you state that, due to the time allotted the special review boards, it would be impossible to decentralize my case file to the regional office at Dallas, Tex., so that I might appear in person before such board. You further assure me, nevertheless, that my case will receive every consideration when heard on review by the special board, central office. \* \* \*

The fact that I filed no application for compensation until November 1928 \* \* \* ought not to militate against my claim. \* \* \* I cannot help but feel that under Presidential regulation, resolving all reasonable doubts in favor of the veteran, and placing the burden of proof upon the Government, my claim will be established as service-connected by the special board, central office, when they carefully review all of the evidence in my case file.

Respectfully,

CARL O. HAMLIN.

COH—m

REQUIRED TO SHOW SALARIED OFFICE HELD BY HIM

Required to do so by the act of March 20, 1933, and on notice sent him October 12, 1933, and sworn to by Judge Carl Oswald Hamlin on October 24, 1933, before John W. Mackey, notary public, he sent in the following affidavit:

Asked if he held an office, he replied: "I hold an elective office under the State of Texas."

Asked if he had ever applied for any other pension, compensation, and so forth, he replied: "Yes. February 15, 1929, I filed applica-

tion for retirement under provisions of Emergency Officers' Retirement Act. Application approved effective March 29, 1929. Dropped from retirement roll effective July 31, 1933, under Public, No. 2, Presidential Regulation No. 5, Claim No. C-1,433,354."

HAS COST GOVERNMENT TREMENDOUS SUM

Judge Carl O. Hamlin is still making strenuous efforts to be placed back on the pay roll of the Government, and to be granted again his retirement pay of \$150 per month for life, same being in addition to his salary as district judge. He is mad at me because he was cut off. He did everything he could against me in my district last election year in trying to defeat me. He imagines that if he can get me out of Congress, he can get back on the pay roll again, and then draw his undeserved retired pay of \$150 per month from the Government for life. And he imagines that he can then help to put back the over 4,800 other emergency officers on their big retired pay for life. But we must stop the proposed amendment, to put them back, and not allow this racket to continue longer. As a matter of right and justice Judge Carl O. Hamlin, and these other 4,800 retired officers dropped from the pay rolls, ought to pay back to this Government the thousands of dollars each of them has unjustly drawn from the overburdened taxpayers of the United States. The people ought to know just what effort and hard work it requires to stop racketeering in our departments of Government, especially when the Republicans had absolute control of it for 12 years.

HELPING ONE ANOTHER

You will remember that during the war, before and at the time he entered the service on October 29, 1918, 11 days before the armistice, Maj. William Wolff Smith was employed as a civilian clerk at \$125 per month, and he admitted that the only case he had ever tried in his life was a divorce case, and then he represented neither the plaintiff nor the defendant, but the respondent, and he could not recollect even the style of the case or anything about it; yet after the act was passed granting retired pay to disabled emergency officers—and the amount of such pay was based principally upon their occupation or profession just before entering the service, and the amount of such income they derived from such occupation just before entering the service—it became necessary for the "major" to show "high position" and "big income" at the time he became one of these "paper officers commissioned through influence."

So in his application for retired pay, in filling in the required blanks showing what he did and what he earned just before entering the service, Major Smith stated that he was in "the private practice of law, monthly earnings \$600 per month approximately", when he knew that was untrue, and he knew that he had been getting only \$125 per month as a civilian clerk. But he had to get two witnesses to swear to the truth of such statement in his application. His two witnesses were Mr. James O'C. Roberts and Miss Annabel Hinderliter, both of whom he had elevated from low civilian clerical positions of \$1,500 to high-salaried legal posts in the Veterans' Bureau. And what they all swore to eventually got Smith \$187.50 per month retired pay. Roberts had begun as a civilian clerk at \$1,400 in 1919 and had been raised to a solicitor at \$8,000, and finally raised to \$9,000, having taken his law degree while working for the Government.

When Smith took charge of the legal department of the Bureau, he immediately had Miss Annabel Hinderliter transferred from the War Department to the Veterans' Bureau as a civilian clerk at a salary of \$1,440 and through rapid promotions elevated her finally to the position of a senior attorney with a salary of \$4,800, she having secured her law license while working under Smith for the Government. Here is the record of Roberts' promotions, prior to his final raise to \$9,000 per year, as furnished by the Bureau:

James O'C. Roberts, solicitor, central office.

Date of appointment (temporary), \$1,500, June 25, 1919; date of appointment (permanent), \$1,400, February 1, 1920.

Promotions: \$1,620, February 1, 1920; \$1,800, August 11, 1920; \$2,300, February 16, 1921; \$3,000, February 16, 1923; \$3,250, December 1, 1923; \$3,300, July 1, 1924; \$3,800, May 1, 1925; \$4,000,

October 16, 1925; \$5,200. February 1, 1926; \$5,400. July 1, 1926; \$6,000. January 1, 1927; \$6,500. July 1, 1928; \$7,000. January 1, 1930; \$8,000. July 23, 1930.

Graduate of Georgetown Law School, LL.B.  
Date of graduation, June 1922.

In their affidavits attached to Major Smith's application for retired pay, Mr. Roberts and Miss Hinderliter swore that "they had read the statements made by Smith and that the facts stated were true to the best of their knowledge and belief."

In the hearing on my H.J.Res. 355 before the Committee on Military Affairs, I elicited the following admissions from Miss Annabel Hinderliter from whose testimony I quote the following excerpts:

Mr. BLANTON. Then you admit that on February 12, 1923, you were transferred from the Quartermaster Corps to the Veterans' Bureau as a clerk, at a salary of \$1,440?

Miss HINDERLITER. That is right.

Mr. BLANTON. You were assigned to Mr. Smith's office?

Miss HINDERLITER. I was.

Mr. BLANTON. On May 1, 1924, your salary was raised to \$1,860? Miss HINDERLITER. That is right.

Mr. BLANTON. On July 1, 1924, your salary was raised to \$2,100? Miss HINDERLITER. July 1, 1924, I received a \$240 bonus.

Mr. BLANTON. Which raised your remuneration?

Miss HINDERLITER. Which added to my salary, increased it to \$2,100. That was a bonus.

Mr. BLANTON. Then you did get \$2,100 from that date on?

Miss HINDERLITER. No; I got it from May 1, 1924.

Mr. BLANTON. On October 12, 1925, you got \$2,400?

Miss HINDERLITER. It started at \$2,400 July 1, 1925.

Mr. BLANTON. When did you get \$2,500?

Miss HINDERLITER. Effective October 16, 1925.

Mr. BLANTON. On February 12, 1926, your salary went to \$2,600?

Miss HINDERLITER. Effective February 1, 1926, my salary went to \$2,600.

Mr. BLANTON. On June 29, 1926, your salary went to \$3,000?

Miss HINDERLITER. Effective June 1, 1926.

Mr. BLANTON. Then it was effective 28 days before I stated it in this Resolution No. 355?

Miss HINDERLITER. That seems to be right.

Mr. BLANTON. When did you get your license to practice?

Miss HINDERLITER. October 13, 1925.

Mr. BLANTON. When you entered the Bureau in February 1923 as a clerk at a salary of \$1,440, you were not then a lawyer?

Miss HINDERLITER. No.

Mr. BLANTON. Now, when your salary was raised to \$3,000 on June 1, 1926, you had never tried a case?

Miss HINDERLITER. No.

Mr. BLANTON. You had never prepared a case in a courthouse?

Miss HINDERLITER. No.

Mr. BLANTON. Your salary went to \$3,100 on August 1, 1927?

Miss HINDERLITER. On August 1, 1927.

Mr. BLANTON. In December 1927 your salary went to \$3,800, did it not?

Miss HINDERLITER. That is right.

Mr. BLANTON. The civil-service examination that gives you a certificate from the Civil Service Commission does not involve any law examination of you, does it?

Miss HINDERLITER. It requires one to show qualifications which are satisfactory before the Commission.

Mr. BLANTON. If you will just answer my question—

Mr. CHIPERFIELD. Give the witness an opportunity to answer the question.

Mr. BLANTON. The question I asked can be answered "yes" or "no."

Mr. CHIPERFIELD. But counsel cannot direct the reply of the witness. It is the right of the witness in every court and everybody to answer questions in reasonable terms, and cowering won't deter me from my position.

Mr. BLANTON. Miss Hinderliter, we will get along, I think, without the General getting disturbed. When I ask you a question which can be answered "yes" or "no", would you mind, please, answering "yes" or "no", and then explain it?

Mr. CHIPERFIELD. One of the most fundamental things which the court would tell a lawyer and witness, either, is that you do not have to answer a question "yes" or "no."

Mr. ROGERS. I do not think that is right. That is one of the places where they make you answer "yes" or "no."

Mr. BLANTON. When did your salary go to \$3,800?

Miss HINDERLITER. Effective November 1, 1927, my salary went to \$3,800.

Mr. BLANTON. When did it go to \$4,000?

Miss HINDERLITER. Effective June 30, 1928.

Mr. BLANTON. When did it go to \$4,600?

Miss HINDERLITER. Effective July 1, 1928.

Mr. BLANTON. Then from 1927 to July 1, 1928, you got 3 raises, 1 in November to \$3,800, 1 the next June 30, 1928, to \$4,000, and 1 the next day, on July 1, 1928, to \$4,600?

Miss HINDERLITER. That is right.

Mr. BLANTON. Your salary went to \$4,800 in December 1929?

Miss HINDERLITER. It was effective January 1, 1930, but notice of it was dated December 28, 1929.

Mr. BLANTON. Since January 1, 1930, when your salary was raised to \$4,800, Major Smith has filed several recommendations that you be promoted to a higher salary, has he not?

Miss HINDERLITER. I know of one.

Mr. BLANTON. You signed that (Smith's application for retired pay) as a witness and swore to it, did you not?

Miss HINDERLITER. As a witness to Major Smith's signature.

Mr. CHIPERFIELD. Is that a part of our record?

Mr. BLANTON. I am going to make it a part of the record. Well, you did sign that document?

Miss HINDERLITER. Yes.

Mr. BLANTON. For whatever it says there—you did swear to whatever it says you swore to?

Miss HINDERLITER. No; not at all.

Mrs. KAHN. No; that was Major Smith swearing to it, and she witnessed his signature.

Mr. BLANTON. Well, whatever it says there that you did, Miss Hinderliter, you, as a lawyer, realize you are responsible for it, do you not?

Mrs. KAHN. Just pardon me 1 minute. I am not a lawyer, but if you witness a will, does that mean you know what is in the will, or do you only witness the signature thereof?

Miss HINDERLITER. You witness the signature, Mrs. KAHN.

Mr. BLANTON. Let me read you something here. Miss Hinderliter. Here is what this application says, "signed and sworn to" and "We, the undersigned, severally solemnly swear"; this is not Smith, this is Miss Hinderliter swearing here, and Mr. Roberts, who is now solicitor—

"We, the undersigned, severally solemnly swear that we have known the person [Smith] whose name is subscribed above, 6 and 9 years, respectively, and that we have read the statements made by him, and the facts stated are true to the best of our knowledge and belief." That is signed by J. O.C. Roberts, and by Annabel Hinderliter, and is subscribed and sworn to before F. W. Krichett, notary public, who is a lawyer down there, is he not?

Miss HINDERLITER. Yes.

Mr. BLANTON. Do you know him well.

Miss HINDERLITER. Yes.

Mr. BLANTON. And he swore you to that, did he not?

Miss HINDERLITER. I would have to see it; may I see the paper?

Mr. BLANTON. Say if that is your signature, please, Madam [handing paper to witness].

Miss HINDERLITER. Yes; that is mine.

Mr. BLANTON. With pen and ink?

Miss HINDERLITER. Yes.

Mr. BLANTON. You signed that and swore to it before Mr. Krichett?

Miss HINDERLITER. I said I did.

Mr. CHIPERFIELD. She said so.

Mr. BLANTON. The 6 years refers to the time Mr. Roberts had known Smith and the 9 years to the time you had known him?

Miss HINDERLITER. I think so. I would say so without seeing the paper.

Mr. BLANTON. Where concerning his occupation and income just before he entered the service, it says "private practice of law" and "monthly earnings, \$600 per month approximately", before you swore to that, did you make any investigation to find out that his monthly earnings from May to October 29, 1918, were only \$125 per month?

Miss HINDERLITER. No.

Mr. BLANTON. You just signed that and swore to it, saying that was true, without making any investigation, did you?

Miss HINDERLITER. I had no way of investigating. Major Smith was a lawyer with offices in the—

Mr. BLANTON. You just took his word for it.

Mr. CHIPERFIELD. Let her finish her answer.

Mr. BLANTON. You say he had offices there?

Miss HINDERLITER. Yes.

Mr. BLANTON. While he was general counsel?

Miss HINDERLITER. For many years after he was general counsel.

Mr. BLANTON. How do you know, Miss Hinderliter?

Miss HINDERLITER. Why, because I knew; I worked for him.

Mr. BLANTON. You worked for him in his private law office?

Miss HINDERLITER. I did.

General ——. I do not see why she should be dragged here and put on this stand and questioned for 2 hours. I propose to quit attending these hearings.

Mr. CHIPERFIELD. I am with you.

Mr. BLANTON. I do not want to be lectured. I am showing that she swore to his application that during the 6 months just immediately before entering the service, Smith was practicing law, making \$600 per month, when he had testified already that he was employed as a clerk at \$125 per month. If I find rottenness in a bureau, I condemn it.

The CHAIRMAN. This is a congressional inquiry, and the gentleman from Texas [Mr. BLANTON] is under his obligation as a Member of Congress, the same as we are, and I think that we will have to permit that.

Mr. HILL. In determining this 30-percent disability, the Bureau goes into what is called "different variants", and those variants depend upon a man's vocation and the amount of money the man made in that particular vocation. So it does go into the determination of the retired pay.

Mr. BLANTON. Now, with regard to some of the costs of the Bureau, Miss Hinderliter, for the period between October 1 and 6, 1928, you collected traveling expenses for taking some depositions

of \$121.31, transportation and Pullman \$87.86, per diem \$27, other expenses \$6.45. You got a per diem in addition to your salary?

Miss HINDERLITER. Yes.

Mr. BLANTON. On January 2, 1929, you went over to Baltimore and back—transportation and Pullman \$2.37, per diem \$2.15, other expenses \$3.50—total, \$8.02 for that day?

Miss HINDERLITER. I will admit that, if you get this from the Bureau certified, as correct.

Mr. BLANTON. I got this from General Hines.

Miss HINDERLITER. Well, they are probably right.

Mr. BLANTON. Now, October 13 to 16, 1931, to Atlanta, Ga., \$83.24—transportation and Pullman \$65.44, per diem \$13.50, other expenses \$4.30—totaling \$83.24?

Miss HINDERLITER. Yes; that is right.

Mr. BLANTON. You went to Baltimore October 26, 1931, gas and oil \$2.04, per diem \$9, other expenses 50 cents, totaling \$11.54.

Miss HINDERLITER. I traveled by motor.

Mr. BLANTON. On January 5, 1932, you went to Philadelphia, returning next day, and the Government paid you transportation and Pullman, \$12.06; per diem, \$7.50; other expenses, \$3.50; totaling, \$23.06. On February 6, 1932, you went to Chicago and came back February 19, and there was paid you transportation and Pullman, \$72.06; per diem, \$15; other expenses, \$6.20; totaling, \$93.26. Miss Hinderliter, is it not a fact that the Bureau has altogether 876 lawyers employed, scattered all over the United States?

Miss HINDERLITER. I do not know how many they have.

Mr. BLANTON. Did you see the number of names I put in the RECORD and their salaries?

Miss HINDERLITER. Yes.

Mr. BLANTON. There were 876 of them.

Miss HINDERLITER. I did not count them.

Mr. BLANTON. Mr. Chairman, I offer the expense account of William Wolff Smith that the Government paid on his trips to Europe.

The CHAIRMAN. If there is no objection, it is so ordered.

Mr. BLANTON. Now I offer in evidence the list of the 876 attorneys, with their salaries, certified by General Hines to be correct.

The CHAIRMAN. Very well.

I want the Members of this House, Mr. Chairman, to look into the CONGRESSIONAL RECORD for April 26, 1932, and see the evidence I put in there, showing the amount of \$688.85 William Wolff Smith spent on his first trip to Europe, and the whole page of expense he incurred on his second trip to Europe. On one of these trips he went to Europe to attend the meeting of the American Bar Association. The only kind of bar association that William Wolff Smith would fit in well with is the kind of long ago, where they had a rail to put your feet on and free lunches on the counter. Additional to his trips to Europe the following will show the travel expense of William Wolff Smith, certified to me to be correct by General Hines, Administrator, to wit:

The data submitted relative to Major Smith's travel are complete, with the exception of a trip made during the current month to Columbia, S.C., and Norfolk, Va. This trip was made in connection with war-risk litigation. The voucher has not as yet been submitted, and detailed information relative to this trip is, therefore, not available.

I trust that the information submitted herewith presents the facts which you desire.

Very truly yours,

FRANK T. HINES, Administrator.

Summary statement of travel, William Wolff Smith, period May 18, 1923, through Mar. 11, 1932

Period	Number of days	Transportation and Pullman	Per diem	Other expenses	Total
1923					
May 18-23	6	\$24.10	\$16.00	\$2.50	\$42.60
May 23-June 20	37	106.75	26.00	9.10	141.85
Aug. 22-Sept. 2	12	108.88	29.00	6.35	144.23
Sept. 21-23	3	16.28	11.00	12.60	39.88
Oct. 6-28	23	283.99	90.00	21.03	395.02
Dec. 28-31	4	23.78	15.00	5.35	44.13
1924					
Jan. 12-16	5	63.20	18.00	5.60	86.80
May 17-25	9	63.20	35.00	5.60	103.80
July 11-Aug. 17	5	70.00	20.00	—	90.00
Sept. 12-21	10	66.05	37.00	7.50	110.55
1925					
Mar. 18	1	2.14	—	2.14	2.14
Apr. 1-5	5	48.27	18.00	8.45	74.72
May 4-6	3	40.42	11.00	5.60	57.02
May 16-June 1	17	107.23	63.00	11.50	181.73
Sept. 1-8	8	55.86	19.00	5.60	80.46
Sept. 28-Oct. 12	15	116.92	55.00	11.70	183.62
Oct. 28-Nov. 1	5	58.44	15.00	6.30	79.74
1926					
Mar. 24	1	1.75	3.00	—	4.75
Apr. 1-4	4	40.42	13.00	5.50	58.92
May 12-21	10	114.43	37.00	12.80	165.23

Summary statement of travel, William Wolff Smith, period May 18, 1923, through Mar. 11, 1932—Continued

Period	Number of days	Transportation and Pullman	Per diem	Other expenses	Total
1926					
July 10-Aug. 10	32	\$307.29	\$145.50	\$26.83	\$479.62
Sept. 22	1	21.91	6.00	3.70	31.61
Oct. 8-15	8	8.85	45.00	1.00	54.85
Dec. 3	1	7.15	3.00	1.80	11.95
1927					
Jan. 7-12	6	63.05	30.00	8.15	101.20
Jan. 27-31	5	69.16	27.00	5.95	102.11
Apr. 20-May 16	27	169.37	153.00	37.50	359.87
Aug. 28-Sept. 4	8	19.70	40.50	5.00	65.20
Sept. 9-Oct. 19	41	594.78	196.00	71.81	862.59
1928					
May 15-21	7	60.26	34.50	8.95	103.71
July 9-12	4	234.71	150.00	20.23	404.94
Oct. 2-21	20	160.15	70.50	17.05	247.71
Nov. 22-24	3	6.60	13.50	1.00	21.10
1929					
Jan. 12-16	5	70.01	25.50	6.25	101.76
Apr. 24-29	6	64.31	28.50	6.55	99.86
May 13-June 4	23	132.55	133.50	33.25	299.30
July 21-27	7	7.50	33.30	1.50	42.00
July 30-Aug. 2	4	18.04	22.50	1.50	42.04
Sept. 2-4	3	23.78	15.00	4.00	42.78
Sept. 22-Oct. 7	15	39.18	81.00	3.50	123.68
Oct. 14-25	12	93.11	63.00	8.20	164.31
Nov. 9	1	2.22	—	—	2.22
Nov. 12-20	9	62.26	46.50	7.85	116.61
Dec. 9-12	4	23.78	21.00	5.70	50.48
1930					
Mar. 25-Apr. 13	20	131.86	112.50	16.80	261.16
May 13-17	5	63.20	22.50	4.85	90.55
June 29-July 6	8	56.09	30.00	4.95	91.04
Aug. 9-13	5	42.03	24.00	5.30	71.33
Aug. 17-26	10	76.94	54.00	12.55	143.49
Sept. 27-Oct. 20	24	30.95	132.00	6.00	188.95
Nov. 11-15	5	63.20	22.50	5.00	90.70
1931					
May 12-19	8	67.38	40.50	8.65	116.53
June 12-20	9	16.19	52.50	3.00	71.69
Sept. 10-29	14	97.75	67.50	12.70	177.95
Nov. 16-30	15	76.37	55.00	12.65	144.02
1932					
Mar. 8-11	4	41.36	17.50	5.85	64.71
Total	562	4,435.16	2,545.50	529.74	7,510.40

Because it is such a very important matter to the Government to keep these 4,800 racketeers from being placed back on the pay rolls and their undeserved big retired pay restored to them each month for life, I want you to get a clear insight into the character of this General Counsel, William Wolff Smith, who was responsible for their being placed on the pay rolls in the first instance, and who will do everything in his power to get them put back. You can get a better insight by reading some of his testimony given before the Committee on Military Affairs in their hearing on my resolution, House Joint Resolution 355, and from such testimony I quote the following excerpts:

EXCERPTS FROM WILLIAM WOLFF SMITH'S TESTIMONY APRIL 16, 1932

Q. You were practicing law?—A. No, sir; I was in the newspaper—in the publicity business.

Q. If I understood you correctly yesterday, up until you went with the Veterans' Bureau you never in your entire life had but one contested civil case, and that was a divorce case, which you lost?—A. No; I did not lose it; I did not say that.

Q. I thought you said you lost it?—A. My recollection is that I won it, in this way: I represented the corespondent.

Q. Yes; but if I understood the record right, now, you never in your entire life tried but one contested litigated case?—A. Yes, sir.

Q. Only one, and that was a divorce case?—A. Yes, sir.

Q. Was there any appeal from that case?—A. Well, I do not know.

Q. What was the style of that case?—A. I cannot tell you.

Q. You never tried a case in any State of the Union?—A. No, sir.

Q. Who appointed you as General Counsel?—A. Colonel Forbes.

Q. Was that a Presidential appointment?—A. No, sir.

Q. Then why the necessity for Colonel Forbes to go to President Harding about your appointment?—A. When Colonel Forbes went to the White House, he did it to request my being appointed General Counsel. I presume it was customary to consult the President.

Q. Are the lawyers under you appointed by you?—A. On my recommendation. General Hines accepts it or not as he sees fit.

Q. Has he as a rule accepted your recommendations on those appointments?—A. I would say in the majority of instances.

Q. What was your offer you made yesterday about returning your retired pay to the Government?—A. That I would return my checks as they come in to the Treasury.

Q. What are you going to do about that more than \$5,000 you drew when first retired?—A. I have used a considerable portion of it. I will go out and try to raise every cent that I have taken, and return it to the Treasury.

Q. Had the Department, before you came in it, and before your case had been turned down by three boards, ever held that a hernia constituted 30-percent permanent disability?—A. I presume not.

Q. You wrote the opinion holding that?—A. I cannot tell without looking it up.

Q. If you did not actually write that opinion, you confirmed it, did you not?—A. Yes, sir.

Q. And ratified it?—Yes, sir; it is good today.

Q. You were in the service 13 days before the Armistice?—A. Yes, sir.

Q. And you had no permanent disability, of course, at that time?—A. None due to service.

Q. You do not have any now?—A. The Board has found that my injuries are due to service.

Q. If the law is amended as proposed, then you and a lot more would go out?—A. Yes, perhaps three or four thousand.

Q. Now look at it and say whether you wrote that opinion making hernia 30 percent?—A. I would say I did.

Q. That is signed William Wolff Smith.—A. I rendered the opinion. There is no question about that.

Q. In addition to your \$9,000 salary, how long have you been drawing this retired pay of \$187.50 per month?—A. Since May 25, 1928. It was dated back.

Q. It amounts to about \$8,000 you have drawn in addition to your \$9,000 salary?—A. About that.

Q. You came to a decision?—A. This morning; yes, sir.

Q. That you would not take the monthly retirement pay of \$187.50 any longer?—A. That is correct.

Q. You enlisted in the Army on October 29, 1918?—A. Yes, sir.

Q. You had tried but one case, a divorce case?—A. Yes, sir.

Q. And at that time you had written no briefs yourself?—A. No court briefs.

Q. Had you taken any action in court?—A. No, sir.

Q. In your application for retired pay, witnessed by Annabelle Hinderliter, you gave as your business just prior to entering the service as "Private practice of law; address, 400 Commercial National Bank Building"?—A. Yes, sir.

Q. When you were discharged from the Army November 25, 1922, did you not make oath to the fact that you "had no wound, injury, or disease, whether incurred in the military service of the United States or otherwise"?—A. I think so.

Q. Do you not know?—A. No, sir; I do not.

Q. You read this bill (by BLANTON, H.J.Res. 355) now being considered by this committee, before today?—A. Yes, sir.

Q. Before you testified yesterday?—A. Yes, sir.

Q. Did not you check up that charge in the bill?—A. Yes, sir. I am willing to admit that I made the oath referred to.

Q. Here it is, "I certify that at the present time I have no wound, injury, or disease whether incurred in the military service of the United States or otherwise. William Wolff Smith, November 25, 1922."—A. That answers the question.

Q. Did you get an extra year's pay at the time you retired?—A. Yes, sir; I retired under that act when they reduced the army.

Q. And you entered the Veterans' Bureau January 17, 1923?—A. Yes, sir.

Q. Do you recall the year your salary was raised from \$7,500 to \$9,000?—A. No, sir.

Q. The Board considering your application for retired pay was Dr. B. A. Cockrell, Dr. C. J. Harris, Mr. D. E. Smith, Maj. George B. Kolk, and Chairman J. D. Hayes?—A. Yes, sir.

Q. And that board turned down your application?—A. Yes, sir.

Q. Then you appealed?—A. Yes; I took two appeals.

Q. Then your case went before another retirement board composed of N. E. Bateman, Dr. Collins, Dr. McDermott, and Dr. Charles M. Taylor in May 1929?—A. May 24, 1929.

Q. It decided against you?—A. Yes, sir.

Q. Then your case went to the Division of Appeals on January 25, 1930?—A. I took the ordinary steps.

Q. On April 22, 1930, section A of the Central Board of Appeals filed an adverse decision against you, did it not, signed by Charles O. Shaw, Dr. Garrett V. Johnson, Dr. E. L. Robertson, Dr. J. M. Ladd, Dr. F. Manning, and W. L. Pipen?—A. Yes, sir.

Q. Then on May 29, 1930, you requested a special hearing before the Council on Appeals, Dr. Clark, Dr. Tobias, Dr. Tastet, and J. Q. Buzbee, and asked to be represented by Capt. Watson B. Miller of the American Legion?—A. Yes, sir.

Q. And he filed an affidavit with reference to your playing golf, and so forth?—A. I think he testified orally.

Q. You play cards sufficiently to be known as "Poker Bill"?—A. That title was conferred on me in 1900.

(Witness claimed that he did not feel like continuing.)

The CHAIRMAN. Do any of you doctors know about Major's condition? (No response.)

Major SMITH. I am utterly fatigued. I am worn out. You understand that I do not do much talking. I was on the stand 4 hours yesterday. I slept little last night. I vomited my dinner last night and my breakfast this morning. I am exhausted.

Now, was not that a pitiful spectacle, to see the former General Counsel of the Veterans' Administration, drawing

a salary of \$9,000 per year and drawing additional retired pay of \$187.50 per month, and with 876 lawyers under him at one time, go all to pieces under a few hours' examination! It was not only his conscience hurting him, but it was inefficiency and incompetency and unworthiness that caused his collapse. Let me show you just how the Government has suffered under him:

VETERANS' BUREAU ATTORNEYS LOSE IN COURT 85 TO 90 PERCENT OF GOVERNMENT CASES

When Mr. Abaticchio, one of the leading trial lawyers for the Veterans' Bureau, was testifying before the Committee on Military Affairs I brought out the following:

Mr. BLANTON. Mr. Abaticchio, in your judgment, what percent of the cases have we lost?

Mr. ABATICCHIO. Eighty-five to ninety percent, I understand, is the number we lose.

Then I quoted from the decision of United States District Judge Bourkin, of Montana, on August 12, 1931, when in deciding four cases against the Government, he said:

The Veterans' Bureau having rejected the claim, has made its record; and it would be folly to blink the facts that though it assumed to defend the suit, it does little to investigate, prepare, and present—and its defense is hardly worth the name. The plaintiff has it pretty much his own way. Juries are human, and the verdict goes against the United States almost as a matter of course.

Naturally, the Government suffered this tremendous loss with an inefficient, uninformed, unqualified man like "Poker Bill" Smith at the head of its legal department.

#### WE MUST KILL AMENDMENT

We have these 4,800 emergency officers, some of whom like Judge Hamlin who never saw an enemy, and who never heard an enemy's gun fire, cut off the pay rolls now, and have stopped their big, undeserved retired pay, and we must keep them off, and we must not let them get back. They are thoroughly organized. They have their influential lobby. They will try to beat us in our districts. They will malign us. They will misrepresent us and our records. We must stop them now, and kill their amendment, and then we must go home and let the people of the United States know about them.

The CHAIRMAN. The time of the lady has expired, and the Clerk will read.

The Clerk read as follows:

Foreign plant quarantines: For enforcement of foreign plant quarantines, at the port of entry and/or port of export, and to prevent the movement of cotton and cottonseed from Mexico into the United States, including the regulation of the entry into the United States of railway cars and other vehicles, and freight, express, baggage, or other materials from Mexico, and the inspection, cleaning, and disinfection thereof, including construction and repair of necessary buildings, plants, and equipment, for the fumigation, disinfection, or cleaning of products, railway cars, or other vehicles entering the United States from Mexico, \$536,516: *Provided*, That any moneys received in payment of charges fixed by the Secretary of Agriculture on account of such cleaning and disinfection shall be covered into the Treasury as miscellaneous receipts.

Mr. BUCK. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BUCK: Page 54, line 14, strike out "\$536,516" and insert in lieu thereof "\$552,966."

Mr. BUCK. Mr. Chairman, with money provided by this paragraph the Department of Agriculture enforces foreign plant quarantines at maritime ports of entry and along the Mexican border and other border stations of the United States. It is highly important to the agriculture of every section of the United States that these quarantine stations be maintained at their highest efficiency. The appropriation bill makes a reduction of some \$10,000 for port inspection service and some \$32,905 for Mexican border service. The State of California is much interested in what crosses the border at the ports of entry in Mexico, as well as in other parts of the United States; and, as I told the committee the other day, we are much better off if we can keep pests out instead of trying to eradicate them after they come in to the tune of several million dollars, such as has been the case with the Dutch elm disease and the Mediter-

ranean fly. Mr. Strong testified in the hearings that there are still hundreds of foreign pests that have not yet entered the country.

It would not be fair to the committee if I did not tell them that I intended to offer an amendment in a much larger sum of money to restore port inspection and border service in its entirety, but I have consulted with the members of the Committee on Appropriations, and have convinced them that my contention is at least partially right and they have agreed to accept the amendment as I now offer it. This will, in part at least, restore the appropriation that was made last year.

Mr. TABER. Mr. Chairman, I rise in opposition to the amendment for the purpose of asking the chairman of the subcommittee a question. How much money was available under the rulings of the Director of the Budget for this particular item, for this current fiscal year? I do not mean how much was appropriated, but I mean how much was allowed to be expended by the Director of the Budget?

Mr. SANDLIN. Five hundred and sixty-eight thousand five hundred and fifty dollars.

Mr. TABER. How much was the Budget estimate on this item when it came to the House?

Mr. SANDLIN. Five hundred and thirty-six thousand five hundred and sixteen dollars.

Mr. TABER. And how much allotment has been made for this particular purpose from the P.W.A. or the C.W.A., if any?

Mr. SANDLIN. None.

Mr. TABER. Did the Department make justification for the expenditure of more than the Budget allotment?

Mr. SANDLIN. They said it would be hampered; yes. They took off the men on the Mexican border between California and Mexico and Texas and Mexico.

Mr. BUCK. Is it not a fact that this will result in the elimination of at least one border-patrol station and a reduction in the force of 14 inspectors on the Mexican border, if the committee's figures are adhered to?

Mr. SANDLIN. That is our information.

Mr. TABER. Fourteen inspectors at \$1,000 apiece?

Mr. BUCK. At 13 different patrol stations.

Mr. TABER. Mr. Chairman, I never heard of Government inspectors working for \$100 a month at these stations. I have no question that the gentleman is telling what he believes to be the truth; but I do not believe that any station on the border, for proper inspection of this quarantine, could be maintained for that purpose, and if you give them this extra money, I do not see how they could possibly maintain efficient quarantine stations. Therefore it seems to me we ought to go along with what the Budget recommended without going any further.

Mr. SANDLIN. The Budget reduction in the Mexican border inspection service was in the sum of \$32,905, and involved the elimination of the 14 inspectors referred to, which would indicate an average annual compensation for these inspectors of more than \$2,000. The pending amendment proposes to restore only one half of the Budget cut, or, presumably, about seven inspectors. Mr. Chairman, we went into this question thoroughly with the chairman of the full committee [Mr. BUCHANAN] and notified the gentlemen on the Republican side. We agreed, so far as the committee is concerned, to accept the amendment offered by the gentleman from California.

Mr. SINCLAIR. Mr. Chairman, in my judgment this item is necessary because of the fact that there are a great many insects along the Mexican border that should be kept out of this country.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from California.

The amendment was agreed to.

The Clerk read as follows:

For the acquisition of areas of land or land and water pursuant to the act entitled "An act to establish the upper Mississippi River wild life and fish refuge", approved June 7, 1924 (U.S.C., title 16, secs. 721-731), as amended, and for all necessary expenses incident thereto, including the employment of persons and means in the city of Washington and elsewhere, \$1,862, which shall be

available until expended, being part of the sum of \$1,500,000 authorized to be appropriated for such purpose by section 10 of said act; and for all necessary expenses of the Secretary of Agriculture authorized by section 9 of said act, \$31,933; in all, \$33,795.

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

Mr. Chairman, I did not know that this section was in this appropriation. I just happened to come on to it now; but it is a splendid example of the evil to which the gentleman from Texas [Mr. BLANTON] referred a little while ago, of duplicating appropriating bodies.

This upper Mississippi wild life refuge is an area of about 90,000 acres, and nearly all of it is within the banks of the Mississippi River. That 90,000 acres has been acquired at an expense of about \$800,000 up to this time. In July 1930 this Congress appropriated about \$7,500,000 to the upper Mississippi 9-foot channel, and since July 1930 Congress has not appropriated a single dollar for the upper Mississippi 9-foot channel.

At the special session last year the Rivers and Harbors Committee had before it a proposition to authorize \$11,600,000 for the upper Mississippi 9-foot channel, and that bill never came onto this floor. The amount that I call attention to was \$11,600,000.

With that state of affairs and with that proposal not having even been brought on to this floor and with no appropriation by Congress since July 1930, Mr. Ickes allots to the upper Mississippi 9-foot channel thirty-three and one half million dollars. A part of the result of that allotment of Mr. Ickes and the completion of the 9-foot channel will be the utter destruction of this Upper Mississippi Wild Life Refuge. Other effects will be that the fishing industry in my district, the clam industry, the button factories in my district, will be absolutely destroyed, and the purpose of it is to supply us a kind of river transportation that is obsolete. The advocates of this proposition tell us that it will open a great land-locked area of the Middle West. It will allow the farmers to transport their grain north and south, when they are transporting it east and west. They are not going to transport it north and south on this upper Mississippi 9-foot channel.

I received a letter yesterday from General Ashburn, the head of this Inland Waterways Transportation Co. I had asked him if the transportation rates on the upper Mississippi 9-foot channel would be different than the rates on the present 6-foot channel, and he said "No." The proponents of this proposition to spend \$33,500,000 on the upper Mississippi 9-foot channel tell the people, in effect, that the farmers of the United States, while they will not transport their stuff with 6 feet of water, will transport it on 9 feet of water.

Mr. CULKIN. Will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. CULKIN. I should infer from the gentleman's remarks that those projects should take a course through Congress, rather than going through the P.W.A. or through Mr. Ickes.

Mr. BIERMANN. Yes. I think exactly that; and this particular one, I think, should be thrown onto the ash heap.

Mr. CULKIN. The gentleman thinks that course should be more orderly and more intelligent?

Mr. BIERMANN. Yes, sir.

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

Mr. BIERMANN. I yield.

Mr. TABER. This proposition involves an expenditure, as a result of the appropriation in this bill, of \$33,795 for the upper Mississippi wild life refuge. As I understand from the gentleman, this refuge will all be destroyed as the result of Secretary Ickes' allotment of these funds for the development of the upper Mississippi 9-foot channel?

Mr. BIERMANN. I will say to the gentleman that I am not prepared to say all of it will be destroyed, but almost all of it will be if the 9-foot channel is completed.

[Here the gavel fell.]

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

If I may have the attention of the gentleman from Iowa, I would like to ask him, if we are going to destroy this game refuge by one operation of the Government and spend more money on it by another operation, is it not perfectly apparent that we should strike out this paragraph and have an end to this performance?

Mr. BIERMANN. I may say to the gentleman that when this upper Mississippi 9-foot channel was first authorized, the Army engineers estimated it would cost \$98,000,000. The next year they estimated it would cost \$124,000,000. If Secretary Ickes succeeds in spending his \$33,500,000, there will have been spent, after his expenditure has been completed, about \$50,000,000. The hope of the people along the Mississippi River, as far as I know their will, is that this Congress, before we proceed any further in expenditures, will have retrieved its power of appropriating money, and that in that capacity they will refuse to appropriate any more money for the 9-foot channel, and thereby the destruction of the 90,000 acres of wild-life refuge will be stopped.

Mr. TABER. It seems ridiculous that we should go on with this operation of spending money, in view of the fact that it is going to be destroyed as a result of the operation of Secretary Ickes' allotting thirty-three and a half million dollars for the development of the upper Mississippi River. Just as soon as this pro forma amendment is withdrawn I am going to move to strike out the section.

Mr. CULKIN. Will the gentleman yield that I may interrogate the gentleman from Iowa?

Mr. TABER. I yield.

Mr. CULKIN. The theory of the upper Mississippi 9-foot channel is that wheat will go to the South through the Port of New Orleans, is it not?

Mr. BIERMANN. Yes.

Mr. CULKIN. And the natural route and the consuming millions lie to the east; is that not true?

Mr. BIERMANN. That is correct.

Mr. CULKIN. So that the theory of the improvement is based on a false transportation hypothesis?

Mr. BIERMANN. Absolutely.

Mr. CHRISTIANSON. Will the gentleman yield for the purpose of asking the gentleman from Iowa a question?

Mr. TABER. Certainly.

Mr. CHRISTIANSON. The gentleman will admit, of course, that they do eat wheat down South also, and there will be a movement down the Mississippi as well as an east and west movement of wheat?

Mr. BIERMANN. I do not admit that they are any more likely to ship this wheat north and south with 9 feet of water than they are on 6 feet of water when the rates are identically the same.

Mr. CHRISTIANSON. Obviously the barge navigating 9 feet of water would carry a larger cargo than one operating in 6 feet of water. The gentleman states that the people along the Mississippi River are opposed to this project. The gentleman may speak for the people of the State of Iowa, but I do not think he would care to speak for the people of the State of Minnesota on the matter.

Mr. BIERMANN. I am speaking for many of them, because I have a great many letters from people of Minnesota in opposition to the 9-foot channel.

Mr. CHRISTIANSON. I can assure the gentleman that the majority of the people of Minnesota are for it.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 58, beginning in line 22, strike out the paragraph ending in line 9 on page 59.

Mr. TABER. Mr. Chairman, I do not know whether the paragraph ought to be stricken out or whether we ought to strike out the \$33,000,000 appropriation. It was an unwise use of funds for Secretary Ickes to have set aside \$33,000,000 for this work on the upper Mississippi, but he has done it and they are in process of spending the money; and the spending of the money is going to destroy this refuge according to the information that has been presented to us on the floor. Is it not ridiculous that we should carry this

language and go on spending money for this refuge while at the same time spending \$33,000,000 to destroy it? I cannot go along with such a policy.

Mr. KVALE. Mr. Chairman, will the gentleman yield?  
Mr. TABER. I yield.

Mr. KVALE. I do not believe the gentleman from Iowa undertook to say that the entire area would be flooded and that all the work would be destroyed. I have not any exact information, but I believe certain portions will be flooded. Added land will be acquired perhaps from certain other areas. Land now arid and suitable for no other purpose will be flooded and will add to the territory which is desirable from the refuge standpoint. I know the gentleman wants to be fair. This undoubtedly is the situation.

Mr. TABER. I do not understand that dredging a channel deeper is going to flood more territory.

Mr. KVALE. Dams will be built.

Mr. TABER. Of course where dams are built there would be some flooding; but when Members of Congress who live right there tell us on the floor of this House that the refuge is going to be destroyed by something that Congress has not any control over, it seems to me it is time we stopped it; and, therefore, I have offered this motion to wipe out the paragraph.

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

The plea of the people who are opposed to this Upper Mississippi 9-foot channel is that before the thing is completed Congress will stop it. It just happens that these dams that have been authorized by Mr. Ickes are not the dams that are going to make the biggest destruction in the upper Mississippi wild life refuge, so the 90,000 acres for which the appropriation now under consideration is made will not be greatly affected by the program of Mr. Ickes.

Of course, if the building of the 9-foot channel is carried out in its entirety, then unquestionably nearly every acre of these 90,000 acres will be destroyed, will be covered with water.

It may be interesting for those who are not familiar with this project to learn that the 9-foot channel from the mouth of the Illinois River up to St. Paul-Minneapolis is to be accomplished by the building of dams, one about every 30 miles. The dams will back the water up, inundating this 90,000 acres of wild-life refuge that has been acquired, which territory is said to be the best breeding grounds for fowl and small game animals and game fish in the United States. Through the same operation the fishing industry along the Mississippi will be wiped out, the claming industry along the river will be wiped out, and if the claming industry is wiped out the button factories will be put out of business, too. Also the basket industry will be wiped out. At Burlington, Iowa, is the largest basket factory in the United States. It gets all its supplies for making these baskets from the quick-growing timber on islands in the river. These islands will be inundated and the timber destroyed.

I do not believe, however, that this is the time for withholding this appropriation for the Upper Mississippi Wild Life Refuge. We should try at the very earliest opportunity to stop this criminal folly of trying to provide an obsolete method of transportation from the mouth of the Illinois River up to Minneapolis, a means of transportation the people do not want.

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

Mr. BIERMANN. I yield.

Mr. BACON. I am in accord with what the gentleman is saying, and I may suggest to him that perhaps the better way to stop the program would be to put a limitation on the War Department appropriation bill when it comes up for consideration in the House in the next few weeks. The War Department appropriation bill carries the rivers and harbors appropriations, and it will be perfectly possible to put a limitation on that bill preventing the use of the \$33,000,000 for the building of this 9-foot channel. I suggest to the gentleman that he take it up with the Appropriations Committee and be prepared to offer such an amendment on the floor of the House.

Mr. BIERMANN. Do I understand the gentleman to say that this money that has already been allotted by Mr. Ickes to the War Department for this specific purpose cannot be spent if such a limitation were put in the War Department appropriation bill?

Mr. BACON. It can be stopped by a limitation in the War Department appropriation bill.

Mr. BIERMANN. I am heartily in favor of stopping it, and I promise the gentleman I shall be prepared to offer such a limitation if it can be done at that time.

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

Mr. BIERMANN. I yield.

Mr. DOWELL. Could an appropriation which has already been made be stopped by a limitation in the War Department appropriation bill? I think the gentleman from New York is mistaken about being able to stop an appropriation already made.

Mr. BACON. We might not be able to stop the spending of money under contracts already let.

Mr. DOWELL. A limitation can be put in the appropriation bill against the spending of money carried in it for a certain purpose.

Mr. BACON. Under the Holman rule a limitation may be inserted in an appropriation bill against the spending of money for specific purposes.

Mr. DOWELL. But only for appropriations carried in the bill. If the appropriation has already been made and is then being expended it cannot be stopped by a limitation carried in another appropriation bill, except by legislation, which would not be in order on an appropriation bill.

Mr. BACON. It is a question of allocation. Of course, you cannot stop something that has already been contracted for.

Mr. BIERMANN. The money is now in the course of being spent.

Mr. SANDLIN. Mr. Chairman, does the gentleman press his amendment?

Mr. TABER. I think I should press it; yes.

Mr. SANDLIN. The gentleman from Iowa is not opposed to this paragraph of the bill. I think the gentleman should withdraw the amendment, but I do not care to discuss it.

I do not care to discuss this amendment further. The appropriation has been carried ever since 1921, and there has been a total authorization of over \$1,000,000 for this project. No one has information here sufficient to strike this paragraph out of the bill. Therefore I oppose the amendment.

The amendment was rejected.

The Clerk read as follows:

Total, Bureau of Biological Survey, \$1,054,084, of which amount not to exceed \$252,308 may be expended for departmental personal services in the District of Columbia, and not to exceed \$14,450 shall be available for the purchase of motor-propelled passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

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

Mr. Chairman, we know that the House of Representatives has a Committee on Foreign Affairs, but I want to call the committee's attention to some of the foreign problems that have become domestic which confronted the committee having charge of this bill. We are providing funds in this bill to exterminate the Mediterranean fruit fly, to control the European corn borer, to eliminate the Japanese beetle, to destroy the Mexican fly, to investigate the Argentine fly, to abolish the Dutch elm disease; also to quarantine and segregate the gypsy moth, which I assume is a resident of all these other nations. So the committee has considered all of these problems from foreign sources in attempting to assist agriculture. I wish our foreign missionaries could induce the people of these nations to keep their pests at home. If they can, a great saving will result for our Treasury.

The pro forma amendment was withdrawn.

The Clerk read as follows:

For carrying out the provisions of the act entitled "An act to provide that the United States shall aid the States in the construc-

tion of rural post roads, and for other purposes", approved July 11, 1916 (39 Stat. pp. 355-359), and all acts amendatory thereto and supplementary thereto, to be expended in accordance with the provisions of said act, as amended, including not to exceed \$176,400 for departmental personal services in the District of Columbia, \$8,000,000, to be immediately available and to remain available until expended, which sum is a part of the sum of \$125,000,000 authorized to be appropriated for the fiscal year ending June 30, 1933, by section 1 of the act approved April 4, 1930 (46 Stat. p. 141): *Provided*, That none of the money herein appropriated shall be paid to any State on account of any project on which convict labor shall be employed, except this provision shall not apply to convict labor performed by convicts on parole or probation: *Provided further*, That not to exceed \$45,000 of the funds provided for carrying out the provisions of the Federal Highway Act of November 9, 1921 (U.S.C., title 23, secs. 21 and 23), shall be available for the purchase of motor-propelled passenger-carrying vehicles necessary for carrying out the provisions of said act, including the replacement of not to exceed one such vehicle for use in the administrative work of the Bureau of Public Roads in the District of Columbia: *Provided further*, That hereafter whenever performing authorized engineering or other services in connection with the survey, construction and maintenance, or improvement of roads for other Government agencies the charge for such services may include depreciation on engineering and road-building equipment used, and the amounts received on account of such charges shall be credited to the appropriation concerned.

Mr. DOWELL. Mr. Chairman, I reserve a point of order on the last proviso. My purpose is to make some inquiry about this paragraph.

I note that in this paragraph \$8,000,000 is the amount appropriated. There is no other appropriation, I understand, for Federal aid in the construction of roads.

Mr. SANDLIN. There has been no authorization since 1932. The \$8,000,000 is a part of the funds remaining from that authorization. The total amount remaining is \$16,000,000.

Mr. DOWELL. Is this all that remains of the authorization made at that time?

Mr. SANDLIN. No. There is \$16,000,000 plus remaining.

Mr. DOWELL. There is no other authorization since that time. Do I understand from the gentleman that it is the policy of the administration to abolish Federal aid in connection with road building?

Mr. SANDLIN. I cannot tell the gentleman whether that is so or not. My thought is it is not. I am not authorized to speak on the subject at this time, but my thought is that it is not the intention of the administration to abandon contributions to roads. This committee, as the gentleman well knows, is not the proper committee to pass on the matter.

Mr. DOWELL. I understand; but I also know that the gentleman had before his committee, in connection with appropriations, a representative of the Bureau of Public Roads, and the gentleman's committee has had a complete hearing relative to the situation concerning the building of roads.

Mr. SANDLIN. Yes. We held a hearing on this item when it came up.

Mr. DOWELL. Then may I inquire what the program is to be? The gentleman should know, as his committee appropriates the money for the Federal aid system.

Mr. SANDLIN. Speaking for myself, the program will be to appropriate whatever is authorized by Congress for this purpose. The gentleman is a member of the Public Roads Committee?

Mr. DOWELL. Not at the present time. Prior to this time we have been authorizing funds for a regular Federal aid program.

Mr. SANDLIN. Yes.

Mr. DOWELL. Has that been discontinued?

Mr. SANDLIN. I would suggest to the gentleman that as the Committee on Public Roads has full authority to consider bills covering this matter the gentleman take the matter up with the chairman and members of that committee.

Mr. DOWELL. That is the reason I am taking it up on the floor at this time. I have been unable to find out from anyone what the program is to be with reference to the building of roads. I am asking the chairman of this subcommittee, because this is the subcommittee which has al-

ways appropriated money for the building of roads, and I assume it is the proper committee to determine what is to be appropriated for the construction of roads the coming year.

Mr. SANDLIN. My answer to the gentleman is that it is the policy of the Appropriations Committee to appropriate the amount authorized by the Congress.

Mr. DOWELL. As I understand the gentleman, the committee has not appropriated the full amount that is still unexpended?

Mr. SANDLIN. The committee has appropriated all they will use and has followed the custom that has been followed for 16 years by the same committee under both the Republicans and Democrats.

Mr. DOWELL. May I ask the gentleman if he will get the information for the Members of the House as to what the program is to be with reference to the construction of roads in the coming year?

Mr. SANDLIN. I have not the information at this time, and I do not know that it is incumbent upon this committee to say what the legislative committee is going to do. I think the proper course to pursue is to get the information from the committee that is to pass on the authorization. The gentleman well knows that this House is very jealous of the Appropriations Committee legislating. I think wherever possible no items of legislation should be put in an appropriation bill. I have taken this position since I have been a member of the committee.

Mr. DOWELL. The proviso against which I reserved a point of order is legislation. I am asking the gentleman, the chairman of the committee, where there is any authority from the legislative committee to place the provision in this paragraph.

Mr. GOSS. Will the gentleman yield?

Mr. DOWELL. I yield to the gentleman from Connecticut.

Mr. GOSS. I have been on my feet to make a point of order on the word "hereafter" in that paragraph. I was going to suggest that we tie it up to this particular appropriation bill and then it would not be permanent law.

Mr. DOWELL. I do not know that; but this is clearly legislation, as I view it. That is the reason I make the inquiry.

Mr. GOSS. If the committee would accept an amendment to strike out the word "hereafter" and insert the language, "during the fiscal year 1935", that would meet the gentleman's point.

Mr. SANDLIN. If we cut out the word "hereafter", it would accomplish the same thing.

Mr. DOWELL. That is all it would cover if this were cut out. As this reads now it is permanent legislation and should not be in this appropriation bill. I raised the point of order because I thought we should not legislate in this way.

Mr. HASTINGS. Why not move to strike out the word "hereafter"?

Mr. DOWELL. I wanted to find out what is the purpose or the necessity for this legislation?

Mr. SANDLIN. The Bureau of Public Roads, I understand, does work for other departments. They perform certain work for other departments of the Government, such as the Park Service and the Indian Service, and this allows them authority to charge depreciation on the road-building equipment used in such work.

Mr. DOWELL. These machines are owned by the Government, and is there any reason for charging depreciation to one department any more than another?

Mr. SANDLIN. The gentleman understands that this Bureau wants to keep as much of its funds as it can, so that the funds may be used for this particular purpose.

Mr. DOWELL. That is simply a matter of keeping accounts. As a matter of fact, these machines are used by the Bureau of Public Roads; and is there any reason why other departments should be charged for the depreciation of machinery used by the Bureau of Public Roads in its construction of roads?

Mr. HART. If the gentleman will permit, the testimony shows they have to replace these machines and get the money out of these various appropriations. Of course, when their machines are gone they have to come here and get more money.

Mr. HASTINGS. If the gentleman will yield, if you charge the other departments for work done by this Bureau, can the gentleman give any good reason why the depreciation on the machinery used in such work should not be charged to that department? I think the statement is unanswerable.

Mr. DOWELL. If the gentleman please, I am asking a question and trying to get information.

Mr. HASTINGS. That is all this proviso does.

Mr. DOWELL. Mr. Chairman, I have no objection to leaving this legislation in the bill if it is amended to make it apply only to this appropriation and to this year.

Mr. GOSS. Will the gentleman yield there?

Mr. DOWELL. Yes.

Mr. GOSS. If we struck out the word "hereafter" and inserted "during the fiscal year 1935", the gentleman's purpose would be accomplished.

Mr. SANDLIN. If we struck out the word "hereafter", that would cover it.

Mr. GOSS. But we would be absolutely sure if we put in the language I have suggested.

Mr. DOWELL. May I say that the wording of this proviso is such that I believe it might be construed to be permanent law even if the word "hereafter" were stricken out.

Mr. GOSS. But if we insert "during the fiscal year 1935", that will tie it up so that it only applies to this year.

Mr. DOWELL. I think the gentleman is correct.

Mr. GOSS. I had intended to make a point of order on that basis, but if we could have such an amendment accepted, I think it would be better. There is no harm in the language suggested.

Mr. HASTINGS. That is true, and that is what it means anyway. The word "hereafter" makes it permanent law and when you cut out the word "hereafter" it is limited to this appropriation, but there would be no objection to inserting the language which the gentleman has suggested.

Mr. DOWELL. The language is, leaving out the word "hereafter", "whenever performing authorized engineering or other services in connection with", and so forth, which would seem to me to make it permanent law.

Mr. GOSS. Again I suggest that if we include the words "during the fiscal year 1935" there could be no such objection.

Mr. DOWELL. I think that is correct and I will withdraw my reservation of a point of order, if the gentleman will consent to an amendment of this provision to make it clear that it only provides for this fiscal year.

Mr. SANDLIN. I shall accept the gentleman's suggestion.

Mr. DOWELL. With that understanding, Mr. Chairman, I withdraw the reservation of a point of order.

Mr. GOSS. Mr. Chairman, I offer the amendment which I have suggested.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 62, line 15, strike out the word "hereafter" and insert "during the fiscal year 1935."

The amendment was agreed to.

Mr. HASTINGS. Mr. Chairman, I want to detain the Committee for a moment to inquire of the chairman of the subcommittee having the bill in charge, if I am correct with respect to the amount of money that may be expended for road building during the next fiscal year.

My understanding is that the \$400,000,000 of the \$3,300,000,000 first authorized and afterward appropriated in the National Recovery Act has all been allocated to the several States, but that part of this money has not as yet been expended, and for this reason the Director of the Bureau of Roads did not insist on appearing before the legislative committee or to ask of this committee for a larger appropriation. As I understand from the chairman of the subcommittee having this bill in charge, there only remains \$16,000,000 of

the amount of money heretofore authorized to be appropriated, which could be appropriated by the Committee on Appropriations in this particular bill. I am advised that the statement was made by the Director of Public Roads, Mr. MacDonald, that the amount of \$400,000,000 allocated to the States, together with the amount of \$8,000,000 carried in this bill, will be a sufficient amount to carry the work forward until February 1935.

Mr. DOWELL. Will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. DOWELL. If that be true, how much money has been unexpended of the amount that was appropriated, added to this \$8,000,000?

Mr. HASTINGS. I do not have the exact figures, but I refer the gentleman to page 631 of the hearings, where the allocation of the several amounts totaling \$400,000,000 are found, and where there is a statement made by the Director of the Public Roads such as I have indicated, which I understand, in substance, is that it will be sufficient for road building, with the amount appropriated, until February 1935.

Mr. TABER. Will the gentleman yield for a suggestion?

Mr. HASTINGS. I will be glad to yield to the gentleman.

Mr. TABER. If the gentleman will turn to pages 80, 80A, and 81 of the Budget message, I think he will find that approximately \$200,000,000 of the \$400,000,000 will be available for expenditure in 1935.

Mr. DOWELL. This is the only real information I have received, and I have made repeated inquiries attempting to get this information, as I understand there will be approximately \$200,000,000, half of the appropriation made last year, for use in road building next year.

Mr. HASTINGS. Plus \$8,000,000 carried in this bill.

Mr. DOWELL. And that will be used in the coming year.

Mr. HASTINGS. I want to say, while I am on my feet, that I think I agree with the gentleman from Iowa. If I had my way about it, I would prefer to see the legislative committee authorize a larger amount of money for road building. I would prefer seeing a much larger appropriation for road building in this bill. But the Director of Roads says that he has sufficient to carry on.

Let me repeat what I have frequently taken occasion to say before in the House, and that is, that I do not believe that any public money is expended to a more useful purpose than in road building. The first good road act was passed in 1916. There was a small appropriation at the time providing for the expenditure of \$25,000,000 over a period of 5 years. This act has been amended and enlarged from time to time until a splendid network of good roads has been built throughout the entire country.

There is less criticism of road building than perhaps against the expenditure of money for any other purpose. We earmarked \$400,000,000 out of the \$3,300,000,000 authorized to be appropriated in the National Recovery Act. As I have just stated, this money has all been allocated to the several States and a detailed statement may be seen on page 631 of the hearings. I notice that my State, Oklahoma, received \$9,216,798.

In the event additional funds are asked for the relief of unemployment, it is my judgment that Congress should specifically set apart and earmark a sizeable sum for road building. The building of good roads connects up every section of the country, East and West and North and South. It connects the rural communities with their marketing centers.

It enables children to attend rural schools and all persons to attend churches. It benefits those who live in the cities and those who live in the country. It adds value to the lands in the country and it reduces the cost of hauling farm products to market.

I have heretofore stated that I favor the improvement of every rural-route road and every star-route road. If these routes were improved the local county commissioners, with their funds, would improve the connecting links. This would enable the people to secure employment in every community and remain at home and save part of the money received from their work.

I trust that the Committee on Roads will meet at an early date and authorize an additional appropriation to be made for roads.

This bill carries an appropriation of \$8,000,000, leaving only \$8,000,000 more unappropriated that has been authorized. I would like to have seen the entire \$16,000,000 appropriated. Then if a larger sum for relief work is again asked for I want to emphasize that I think that Congress should earmark, as it did in the National Recovery Act, a large part of it for road building.

We could aid the unemployment situation greatly by expending more money on roads, and second, by expending more money in building standardized public buildings in the smaller cities and towns throughout the country. The larger cities and towns now have adequate public buildings. Certainly every county-seat town should have a public building to house whatever Federal activities there are at that place. Each county-seat town is a permanent town and most of the county-seat towns grow in population and I think we are justified in urging additional appropriations for public buildings in the smaller towns throughout the country, particularly at this time, when the expenditure of money in those places would greatly relieve the unemployment situation.

As stated by the gentleman from New York, that of the \$400,000,000 set apart in the National Recovery Act for road building, \$200,000,000 remains unexpended, which, with the \$8,000,000 provided in this bill, the Director of the Bureau of Public Roads advises will be sufficient to carry on the work of road building until February 1935.

May I again express the hope that prior to that time adequate sums will be made to care for the work of road building and erection of public buildings in the smaller cities and towns throughout the country.

The Clerk read as follows:

Bureau of Agricultural Economics.

Mr. LOZIER. Mr. Chairman, I move to strike out the last word. There are many fallacies which mightily influence individuals, communities, and nations, especially fallacies relating to economic problems. An untruth, if believed, and until it is disproved, has the same psychological effect as the truth. Jeremy Bentham, in his Book of Fallacies, calls attention to a large number of conclusions, formulas, maxims, aphorisms, proverbs, and theories which are quite generally accepted, and although at first glance they appear plausible, on closer examination are found to be obviously fallacious, erroneous, and illogical. The versatile Sydney Smith, the founder and first editor of the Edinburgh Review, in commenting on this posthumous work of Mr. Bentham, said:

There are a vast number of absurd and mischievous fallacies which pass readily in the world for sense and virtue, while in truth they tend only to fortify error and encourage crime.

A fallacy, if long indulged and unchallenged, soon comes to be accepted as truth. A false philosophy, if its sophistry be not exposed, will be readily accepted as genuine and sound by those who do not investigate for themselves, and who are prone to accept the statements and conclusions of others in reference to matters with which they have no close familiarity. Someone, sometime, somewhere advanced an argument, formulated a maxim, or announced a theory, which the unthinking public accepted without subjecting it to the acid test of logic, reason, and common sense, and once accepted, its accuracy may go unchallenged for years. There are fallacies in religion, science, philosophy, sociology, business, and politics in which much error is cunningly mingled with a little truth.

In every sphere of human activity fallacies flourish on every hand and error in the garb of reason stubbornly contends with truth for the mastery of the world. Every generation explodes old fallacies and incubates new ones. No one familiar with the political history of the American people will deny that skillfully fashioned fallacies have often influenced legislation and dominated the political and economic life of the Nation.

It is not strange that men and multitudes are wedded to some dear falsehood when we consider that nearly every false philosophy has some admixture of truth. Fallacies thrive in the same soil that nurtures truth, just as tares and wheat grow side by side. Our form of government and our complicated business and economic systems furnish a fertile soil for the incubation of fallacies and false systems of political philosophy. Mr. Jefferson, in one of his inaugural addresses recognized this situation when he said:

Error of opinion may be tolerated where reason is left free to combat it.

In connection with the pending bill I desire to call your attention to a fallacy that has been boldly promulgated and pretty generally accepted, to the effect that our agricultural depression is due primarily and exclusively to overproduction of agricultural commodities. No greater or more mischievous fallacy has ever been given such general acceptance.

This false claim and illogical arguments in its support have been so long and so persistently pressed that many well-meaning individuals have, without investigation, accepted this conclusion as sound and axiomatic. Our agricultural distress is not primarily due to overproduction but to underconsumption and to maldistribution of our agricultural commodities. To illustrate:

In the 3 years, 1927, 1928, 1929, we produced in the United States an average of 868,607,000 bushels of wheat annually, while in the years 1930, 1931, and 1932 the annual production only averaged 828,159,000 bushels. That is to say, that in the last 3 years, 1930, 1931, and 1932, we produced on an average annually 40,448,000 bushels of wheat less than the average annual production for the preceding 3 years, 1927, 1928, and 1929.

In the 3 years 1927, 1928, and 1929, the average annual production of corn in the United States was 2,705,793,332 bushels, while for the last 3 years, 1930, 1931, and 1932, the average annual yield of corn was 2,511,664,000 bushels, or an annual average of 194,000,000 bushels less during the last 3 years than during the preceding 3 years.

Now, with reference to cotton. In the 3 years 1927, 1928, and 1929 the average annual production was 14,086,259 bales, while for the last 3 years, 1930, 1931, and 1932, the average annual production was 14,676,368 bales, or an average increase of only 590,109 bales annually.

Take our potato crop. For the 3 years 1927, 1928, and 1929 we produced on an average annually 400,000,000 bushels of white potatoes, while for the 3 succeeding years 1930, 1931, and 1932 the average annual production was 355,000,000 bushels, or an average annual decrease of 45,000,000 bushels.

The total world production of corn in the 3 years 1927, 1928, and 1929 was 12,794,000,000, or an average annual yield of 4,264,666,666; while for the 3 years 1930, 1931, and 1932 the total corn production of the world was 12,866,000,000 bushels, or an average of 4,288,666,666 bushels annually. That is to say, the total world production of corn in the last 3 years averaged only 24,000,000 bushels annually more than the annual production for the 3 preceding years.

The total world production of wheat for the 3 years of 1927, 1928, and 1929 averaged 4,448,000,000 bushels, while the average annual production for the 3 years 1930, 1931, and 1932 averaged 4,782,000,000 bushels, from which it appears that the average annual world production of wheat for the last 3 years was only 334,000,000 bushels in excess of the average annual world production for the 3 preceding years.

The total wheat exports from North America in the 3 years 1927, 1928, and 1929 averaged 476,813,666 bushels, while the exports from North America for the 3 years 1930, 1931, and 1932 averaged 372,569,000 annually. It is significant that the total average annual exports of wheat from the United States and Canada for the last 3 years were 104,244,666 bushels less than the annual average exports for the 3 preceding years.

Moreover, the exports of wheat from all countries has declined in the last 3 years. The total exports of wheat from all countries for the 3 years, 1927, 1928, and 1929,

averaged 833,822,333 bushels annually, while the total world exports for the 3 years, 1930, 1931, and 1932, averaged only 708,697,333 bushels annually, or an average annual decline in world exports of 124,125,000 bushels.

These statistics conclusively demonstrate that there has been no overproduction of wheat, cotton, potatoes, or corn, and during the last 3 years the exports of these four major commodities from the United States and from all nations has declined, very largely because the buying power of the masses in all nations has been materially reduced, and in many nations practically destroyed.

On August 1, 1933, the world's stock of wheat amounted to 960,000,000 bushels, of which the United States held 345,000,000, or 36 percent of the world's wheat supply. This was the largest total in history for that date. The world's total supply of wheat August 1, 1933, was 180,000,000 bushels larger than the stock on hand August 1 of the preceding year. On August 1, 1933, the United States stocks of wheat exceeded the combined supplies of Canada, Australia, Argentina, and all other exporting countries, plus the grain then in ocean transit.

Only in recent years have old crop carry-overs become a prominent feature of the world's wheat situation. Changes in August 1 stock had very little bearing on world markets during the post-war period prior to 1929, and until that time neither the United States nor Canada entered the season with as much as 100,000,000 bushels of wheat on hand, and European stocks showed such slight variations from season to season that they were seldom listed in world's tabulations. That is to say, prior to 1920 the world habitually consumed practically all surplus stock of wheat by the time the new crops were harvested and marketed.

From 1925 to 1928 inclusive, the world at no time had a supply of more than 300,000,000 to 500,000,000 bushels of wheat on August 1, but suddenly in 1929 an additional 300,000,000 bushels was piled on top of the already accumulated stock of 500,000,000 bushels, and since 1929 so-called "excessive surpluses" have operated to drive the market price of wheat lower and lower.

But, I repeat these so-called "surpluses" accumulated not as a result of unusual or excessive production, but because of unprecedented and unexpected underconsumption. The people, not only of the United States but of the world, were in such economic distress and their purchasing power had been so tremendously reduced that they were unable to buy wheat or its products, and, therefore, the stocks continued to accumulate in the world's markets, in spite of reduced production.

So I come back to my original proposition that there never was a greater fallacy in the world than that the present agricultural depression and low prices of farm products are attributable to overproduction. It is not overproduction; it is underconsumption; it is a maldistribution of agricultural commodities. I do not believe that since the world began the Almighty has ever permitted the earth to produce more food than was reasonably necessary to supply the wants of mankind, if only the farm products could be brought within reach of the people who were hungry and wanted them.

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

Mr. LOZIER. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LOZIER. For the past several years there has been just as much demand and actual need in the world for agricultural products as there ever was. There has been a gradual falling off in the per capita consumption of wheat, in the per capita consumption of meat products, and of all agricultural commodities, and as a result the carryover from year to year has constantly augmented the surplus supplies. That, as I have said, is not due primarily to overproduction, but inevitably results from the inability of the American people and the people of the world to buy farm products.

We know as a matter of fact that there are millions of people in the cities whose financial condition will not permit them to have meat at more than one meal a week, and then in very limited quantities. Until the purchasing power of the American people is restored, until the people have funds with which to buy farm commodities and other food products at prices far above present market levels, there can be no rehabilitation of the agricultural classes. There are 30,000,000 people who live on farms and depend directly on agriculture for a livelihood, and until the buying power of those 30,000,000 people is restored, and until the farmer is able to sell his commodities at prices which will not only return to him the cost of production, but a fair profit over and above production costs, permanent and Nation-wide prosperity is impossible.

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. LOZIER. Yes; I yield to my friend from Minnesota.

Mr. JOHNSON of Minnesota. I agree with the gentleman in what he has said, but has he any record of the increase in the production of dairy and meat products?

Mr. LOZIER. No; I have not placed anything of that kind in the RECORD, but what I said about corn, wheat, cotton, and potatoes applies to dairy and all other farm products. No more butter is being produced in the United States than is needed or desired by the people, but more dairy products are being produced than the impoverished people can buy and pay for.

From what I have said, I do not want to be understood as opposing the President's domestic-allotment plan and his other progressive and forward-looking measures for the restoration of prosperity to the agricultural classes. I am whole-heartedly supporting the entire agricultural program of President Roosevelt, and I am convinced that if it is sympathetically administered, it will lead the American farmers out of bondage and out of the swamps of insolvency into the high hills of prosperity. [Applause.]

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

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HASTINGS. Mr. Chairman, I make the same request.

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk read as follows:

Farm management and practice: To investigate and encourage the adoption of improved methods of farm management and farm practice, and for ascertaining the cost of production of the principal staple agricultural products, \$313,670.

Mr. WHITTINGTON. Mr. Chairman, I move to strike out the last word to ask a question with respect to the appropriation of \$313,670 for farm management and practice. Will the amount carried in the current appropriation for the year 1935 be the same as that carried in the appropriation for 1934 except as to the matter of the adjustment of salaries?

Mr. SANDLIN. Yes, sir.

Mr. WHITTINGTON. In other words, there is no curtailment of the work that is done during the current year provided for in the pending appropriation?

Mr. SANDLIN. This bill carries the same amount that was carried for 1934.

Mr. WHITTINGTON. So that there should be no occasion for curtailment of the work, and the same work can be done as during the present year?

Mr. SANDLIN. Yes.

The Clerk read as follows:

Crop and livestock estimates: For collecting, compiling, abstracting, analyzing, summarizing, interpreting, and publishing data relating to agriculture, including crop and livestock estimates, acreage, yield, grades, staples of cotton, stocks, and value of farm crops, and numbers, grades, and value of livestock and livestock products on farms, in cooperation with the Extension Service and other Federal, State, and local agencies, \$603,701: Provided, That no part of the funds herein appropriated shall be

available for any expense incident to ascertaining, collating, or publishing a report stating the intention of farmers as to the acreage to be planted in cotton.

Mr. WEARIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. WEARIN: Page 67, line 7, after the word "cotton", insert the words "or corn."

Mr. WEARIN. Mr. Chairman, I have introduced this very short amendment which will cost the Department of Agriculture nothing. It is quite possible that the amendment may save the American farmer and particularly the corn grower some money. Before I discuss it at length I call the attention of the committee to the fact that under the provisions of the section pertaining to the Bureau of Agricultural Economics there is a limitation that the Clerk read just a moment ago, as follows:

*Provided*, That no part of the funds herein appropriated shall be available for any expense incident to ascertaining, collating, or publishing a report stating the intention of farmers as to the acreage to be planted in cotton.

My amendment simply adds the words "or corn."

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

Mr. WEARIN. Yes.

Mr. ARENS. Why not have it apply to all crops? The prediction of what acreage the farmer is to plant is a damage to all of us.

Mr. WEARIN. I think the suggestion of the gentleman from Minnesota is very good. The reason I did not do that is because I represent a corn section, and I thought the gentleman from Minnesota or some other might be interested in enlarging the amendment to the extent of making it refer to the products from their particular districts. I will support such a motion. I believe the dissemination of such information upon the part of the Department of Agriculture is equivalent to a revelation of what should be a trade secret on the part of the American farmer. There is no reason why the reservation with reference to the publication of planting intentions should be applicable to the cotton producer and not applicable to the corn grower. I think what is true of cotton is also true of corn; that the distribution of such information might readily militate to the disadvantage of the corn grower to the extent that any data indicating increases has a tendency to decrease the market price of the product.

Mr. DOBBINS. Will the gentleman yield?

Mr. WEARIN. I yield.

Mr. DOBBINS. Does not the objection which the gentleman raises to the dissemination of this information apply to the entire paragraph with equal force—information as to the number of acres, planting, crop conditions, and the like?

Mr. WEARIN. Do I gather that the gentleman means that it applies to all farm products?

Mr. DOBBINS. No. I mean does it not apply with equal force to the entire paragraph covering the estimates, crop production, dissemination of information which the Department of Agriculture gives out in monthly estimates? Does not the objection apply with equal force to that?

Mr. WEARIN. I am inclined to think this particular proviso simply refers to the intention to plant cotton and not to the publication of actual data as to the number of acres planted. For that reason I have introduced this amendment including corn. I think the retention of such information, as a matter of secret data within the files of the Department of Agriculture, is of the utmost importance to the corn grower as well as the cotton grower. I trust the committee and the Members of the Committee of the Whole House on the state of the Union will accept the amendment.

Mr. SANDLIN. Mr. Chairman, I am going to leave this question to my friends on the other side, as they come from the corn-growing sections of the country. As far as I am concerned I will not oppose the amendment.

Mr. SINCLAIR. Mr. Chairman, as far as this side of the House is concerned, we have had no discussion of that question at all in the committee. There has not been any

attempt on the part of the committee to insert other crops with reference to this paragraph. However, I have no objection to going along with the gentleman if it is agreeable to the other gentleman on this side. All crops should be considered in the same way, however.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Iowa [Mr. WEARIN].

The amendment was agreed to.

The Clerk read as follows:

Enforcement of the standard container, hamper, and produce acts.

Mr. SANDLIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SANDLIN: Page 71, line 23, after the word "produce", insert the word "agency."

The amendment was agreed to.

The Clerk read as follows:

Total, Bureau of Agricultural Economics, \$4,916,031, of which amount not to exceed \$1,861,856 may be expended for personal services in the District of Columbia, and not to exceed \$22,200 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

Mr. JENKINS of Ohio. Mr. Chairman, I move to strike out the last word. I ask unanimous consent to revise and extend my remarks, Mr. Chairman.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. JENKINS of Ohio. Mr. Chairman, I rise to discuss the parliamentary maneuvers which have attended the course of the independent offices appropriation bill, especially as they apply to the passage or rather to the refusal to pass the veterans' amendments to that bill.

It is very unfortunate that legislation seeking to aid the veterans could not be taken up by itself and upon its own merits. The public, which cannot be well informed on the parliamentary practices of the House of Representatives, fails to understand why this cannot be done. There is no real reason for this except that the administration cannot trust the Congress to legislate, even though it has a majority of over 200 Members out of 435, which is the largest majority for any party since the establishment of the Republic.

To get at the very bottom of this opposition to the veterans shown by the President and the administration we must go back to the passage of the Economy Act by the House of Representatives within a week after President Roosevelt took office. At that time the people of the country were in a state of great anxiety due to the closing by the President of all the banks and financial institutions of the country. Finances, private and national, were the common topic of discussion by the people everywhere. The fortitude and patriotism shown by our people then was most commendable.

When the country was in this condition, the President made a great play to balance the Budget. To do this his spokesmen in the House made it appear that his plan was to reduce the expenditures in the Veterans' Department by a reduction of expensive red tape and unnecessary overhead expenses to the extent of about \$225,000,000. He was granted this authority under these conditions. This authority was grossly abused immediately, and thereby was disclosed the animosity of the President and his administration toward legislation favoring the veterans. Since that time the administration has balked every effort made by the veterans to regain that which was unfairly taken from them. This is the reason why it is impossible for those sponsoring legislation favorable to veterans to get their measures considered. The committees, which are dominated by Democrats afraid to act for fear of the President's wrath, pigeonhole the bills. And the Rules Committee, which furnishes the necessary "gag rules" for the administration, refuses consideration to any such measures. The veterans, therefore, are forced to "tack on" their measures as amendments to some other bills. The only bills which must be passed in order to keep the Government going are appropriation bills. This class of bills have very

frequently been the vehicle by which much legislation has been passed. In the last session of Congress veterans' legislation seeking to undo the consequences of the Economy Act was appended to the independent offices bill. In order to forestall this procedure in this session, the high and mighty Rules Committee early in this session adopted the most drastic course ever yet attempted by any Rules Committee. They prepared and forced through a rule which was opposed almost unanimously by the Republicans and by many Democrats, and would have been defeated except for fear of Executive retribution. This rule provided, in effect, that when the independent offices appropriation bill would be brought up for consideration no amendments could be offered to it except those which the Appropriations Committee itself might wish, and also provided that on no appropriation bill that might be considered at any future time during the life of the Seventy-third Congress could any amendment be added except those which the committee offered. Thus did the Congress blindly and supinely, and to the everlasting disgrace of those who agreed, surrender to the committee and the grasping administration bunch their constitutional right and duty to legislate for the people.

This was nothing less than a rank, unfair, unjust invasion of the rights of the legislative branch of the Government by the Executive. It was also an invasion of the rights of a large group who took up arms in defense of the country. This is much more serious than those who oppose the veterans' requests appreciate. When the time comes for them to seek redress under the rights given by the Constitution, and they are denied this redress by the interposition of a "gag rule", they will appreciate more clearly how dangerous this is. They will then doubt very much our vaunted boast that ours is the "land of the free."

John W. Davis, the erstwhile leader of Democracy, when Democracy was democracy and not socialism, has much to say recently that is apropos of this situation. He says, in effect, that wisdom and common sense in legislation will carry further than hasty expedients devised to circumvent. Does any Democrat who has been voting for these "gag rules" believe in his heart that John W. Davis or Andrew Jackson or Thomas Jefferson or John C. Calhoun or Jeff Davis himself would have voted for such a rule if he were a Member of this Congress? The House was circumvented from the consideration of any veterans' legislation by the simple process of allowing itself to be scared into inaction and to be gagged into inarticulation.

The independent offices appropriation bill passed the House without any amendment for aid of veterans. The Senate, after the interposition of every possible obstacle by administration leaders, ordered the measure before the Senate for open consideration. The administration failed to gag the Senate. The Senate adopted amendments restoring the Spanish War veterans to the pension rolls as they formerly were with the same pension as formerly less 10 percent. The whole of the four-point program of the American Legion was adopted except the fourth point, which provided a pension plan for World War widows.

While the administration would make no concessions to the House and offered only the "gag rule" as its plan, when the Senate showed some fight the administration immediately countered with a proposition of compromise. The compromise was very liberal when contrasted with "gag-rule" tactics, but those in charge of the fight for the veterans could not then in honor accept any compromise.

After passage by the Senate, the next step in regular parliamentary procedure would be to refer the bill with the amendments to the House for action by the House. The usual procedure would have been for the Chairman of the Appropriations Committee to have asked unanimous consent to have the bill with the amendments referred to conferees made up from the membership of the Appropriations Committee with Members of both parties represented. It would be their duty to bring out some report that would give the House the right to pass upon the amendments offered by the Senate. Instead of following the usual course, resort was

had to an ancient rule that has not been invoked for many years, and the existence of which few, if any, Congressmen knew. This rule gives the Speaker the right to refer the bill back to the committee if he chooses. By virtue of this rule the Speaker, refusing to allow the bill to come up under the heretofore universal custom, arbitrarily referred it back to the Appropriations Committee, where it may be emasculated at will, or where it may be buried forever. The only way this bill may be brought to light again if the committee refuses to act is by the invocation of the discharge rule. This is done by the signing of a petition to that effect by 145 Members of the House. This cannot be done until after the committee has held the bill for more than 30 days.

The administration will not risk this procedure, for there is no question that a sufficient number of signatures can be secured to a discharge petition. The administration will not permit a straight-out vote, for if the gag is taken from the mouths of Congressmen, enough of them will be found with courage enough to reclaim their constitutional rights to vote as they please. The administration, with its great boasting of fairness and liberality, dares not permit a straight-out vote.

As soon as the Senate passed these favorable amendments the Democratic leadership immediately called a caucus of their membership. The object was to bind the membership to oppose the Senate amendments. Fearing a revolt among their members, it was decided to call a conference instead of a caucus, the difference being only a sentimental one. A caucus is supposed to bind, while a conference is supposed to effect a unanimity of sentiment. A short time before the arrival of the hour for the conference the Democratic leaders, still fearing an explosion which was sure to follow any convocation of the Democratic membership, grew panicky, and from a conference at the White House with the President the Democratic floor leader called off the conference. It was then that somebody discovered this age-old rule, which was welcomed by the leaders as a drowning man would welcome even a straw. Thus endeth a chapter full of alternating hope and despair for the veterans.

What the next step will be nobody seems to know. It is safe, though, to assume that the administration will now come forward with a proposition of compromise which will carry a substantial increase to the veterans and which will be accepted by their leaders, just as was done in the closing days of the last session, when the Cutting-Steiner amendment was defeated and a substitute accepted. Thus will the administration keep itself from a defeat, and thus will it seek to convince the veterans that only from it can come any veterans' relief, and that it is the veterans' best friend. I have no doubt that the veterans will be able to understand that whatever gains they have been able to make for their comrades are due to their own efforts, assisted by Senators and Congressmen who are friendly to their cause. It cannot be fairly claimed that the present administration has shown anything but open hostility toward the cause of the veterans.

The Clerk read as follows:

To enable the Secretary of Agriculture, in cooperation with the authorities of the States concerned, or with individuals, to make such investigations and demonstrations as may be necessary in connection with the development of livestock production in the cane-sugar and cotton districts of the United States, \$37,036.

Mr. ARENS. Mr. Chairman, I move to strike out the last word. We heard a little while ago of the possibility of the Government appropriating money to create a game refuge at one place and then appropriating money at another place to destroy it. We are at the present time confronted with the question of reducing the production of dairy products, and we have appropriated in a bill sometime ago \$200,000,000, of which seventy-five or eighty million dollars will go to eliminate dairy cows. In this bill we are appropriating here \$37,000 to show the people of the South how to raise dairy cows and to encourage them to raise dairy cattle in the southern part of the United States. I just wanted to call attention to this fact. Objections were made to appropriating \$33,000,000 for developing a water-

way for our section of the country. Here we appropriate \$37,000 to create competition for people in our section of the country. We appropriated sometime ago a large sum of money, I mentioned, to eliminate surplus dairy cattle, and here we are spending money in the South to investigate and demonstrate and encourage the raising of dairy stock. I just wanted to call attention to the inconsistency.

I withdraw the pro forma amendment.

The Clerk read as follows:

For the application of such methods of control of grasshoppers as, in the judgment of the Secretary of Agriculture, may be necessary, in cooperation with such authorities of the States concerned, organizations, or individuals as he may deem essential to accomplish such purposes, including the employment of persons and means in the District of Columbia and elsewhere, printing and binding, rent outside of the District of Columbia, and for other expenses, \$2,000,000, to be immediately available, of which amount not to exceed \$7,500 may be expended for personal services in the District of Columbia: *Provided*, That this appropriation shall be used for expenditures of general administration and supervision, purchase and transportation of poisoned bait, or materials for its manufacture, and such other expenses as in the discretion of the Secretary of Agriculture may be deemed necessary, and that the cooperating State shall be responsible for the local distribution and utilization of such bait on privately owned lands, including full labor costs: *Provided further*, That, in the discretion of the Secretary of Agriculture, no part of this appropriation shall be expended for grasshopper control in any State until such State has provided the necessary organization for the cooperation herein indicated: *And provided further*, That no part of this appropriation shall be used to pay the cost or value of farm animals, farm crops, or other property injured or destroyed.

Mr. GOSS. Mr. Chairman, I reserve a point of order on this paragraph, for the purpose of asking for an explanation as to the apparent emergency need for this appropriation, when it has not ever been authorized by law; and also to ascertain if the committee would accept an amendment which would at least tie up this appropriation to the fiscal years 1934-35, so that it could not in any way be construed as a permanent law?

Mr. SANDLIN. I will refer the gentleman to the gentleman from North Dakota, who is more familiar with the grasshopper situation than I am.

Mr. SINCLAIR. Mr. Chairman, the conditions in effect now are these: There has been an inspection made of the territory in the Northwest this past fall to ascertain the extent to which the whole territory was infested with grasshoppers. The Bureau of Entomology has sent several men up there, working in conjunction with local people.

They find that along the international boundary line from the Rocky Mountains to Lake Superior there is the worst infestation from grasshopper eggs that has been known in this country in 50 years.

Mr. GOSS. The gentleman recalls that a few years ago we had this same item before us, and that it was voted down. It was then stated in March that we needed the money by April; and when April came we needed it by June; and when June came we needed it by July. Finally, the House refused to appropriate the money, and after all there was no grasshopper infestation that year, yet we might very easily have spent a million and a half dollars.

Mr. SINCLAIR. Will the gentleman allow me to explain the situation?

Mr. GOSS. Yes; I shall be pleased to, for I want to understand what the emergency is this year and why the money is needed.

Mr. SINCLAIR. The infestation a few years ago, of which the gentleman speaks, was in a limited area. It was severe in spots, nevertheless, and the value of the crops the grasshoppers destroyed was not only thousands of dollars but millions of dollars. The grasshoppers have gradually grown worse each year since and have spread out until now they take in practically the entire area of 8 States on this side of the border and of 3 Canadian Provinces on the other side. The estimated damage done by them last year was \$20,000,000.

Mr. GOSS. I want to ask the gentleman in this connection if it is going to be necessary to come in here year after year for \$1,500,000 or \$2,000,000 if we appropriate this amount today on account of the emergency I understand

now exists? Will this be used as a precedent for other areas seeking other millions to exterminate other bugs? Will we have to appropriate millions each year for this purpose?

Mr. SINCLAIR. I may say to the gentleman from Connecticut that I hope we will not have to come back here another year if we get this appropriation and the poison is spread at the right time; that is, the period when the eggs first hatch and before vegetation becomes very green. If we can catch them at the right time, we will be able to dispose of the grasshopper scourge; and we hope not to have to come back for an additional appropriation.

Mr. GOSS. In order that it may be clear and stand of record, it is not the intention to make this a permanent annual affair?

Mr. SINCLAIR. No; it is not.

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

Mr. GOSS. I yield.

Mr. BOILEAU. I may say to the gentleman that we believe if a sufficient appropriation is provided this year we can kill off most of the grasshoppers, and they will not lay eggs to be hatched another year.

Let me say further that had we spent a substantially large amount of money last year in killing these grasshoppers we would not have had to spend so much money as we have been spending right along through C.W.A. and other relief measures to feed livestock because the farm crops were destroyed by the grasshoppers. I feel it will prove to be a saving to the country, and it certainly will be a great help to that great western section.

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. JOHNSON of Minnesota. I think there is an emergency, as the gentleman from North Dakota has stated. In the State of Minnesota during the summer in drought-stricken areas the grasshoppers multiply by the millions.

I do not think we will have to have the appropriation continued for more than the next 2 years if we can have it this year; but we certainly do need it now.

Mr. GOSS. Mr. Chairman, will the chairman of the committee accept an amendment, on page 80, line 23, after the figures "\$2,000,000", to insert the words "to be available during the fiscal years 1934 and 1935"?

Mr. SANDLIN. Would that be agreeable to the gentleman from North Dakota?

Mr. SINCLAIR. That is agreeable to me.

Mr. GOSS. That at least limits the period during which it may be used.

Mr. SINCLAIR. To be immediately available.

Mr. GOSS. That language is in the bill. I am not striking that out. I am simply making it available for these 2 fiscal years only.

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

Mr. GOSS. I yield.

Mr. ARENS. Will the language of the gentleman's amendment be construed to mean that this money will have to be spent if it is appropriated?

Mr. GOSS. No. I hope it will not be necessary to spend it, I may say to the gentleman from Minnesota; that is the object of this colloquy; but it would be available if necessary.

Mr. ARENS. Will not the probable effect of the amendment be to encourage the offices to use the money anyway?

Mr. GOSS. No; I will take a chance on that just to tie it up to these 2 fiscal years.

Mr. SINCLAIR. Of course, the gentleman understands another \$2,000,000 will be required from the States and counties where this infestation has taken place.

Mr. GOSS. Is there not any language in the bill to indicate that the States are required to contribute an equal amount?

Mr. SINCLAIR. Yes; they are required to cooperate.

Mr. GOSS. They are required to cooperate, but that does not mean necessarily that they are required to appropriate, I may say to the gentleman from North Dakota.

Mr. SINCLAIR. They are required to cooperate. No part of the money appropriated for this item may be used to

pay the cost or value of farm animals, farm crops, or other property injured or destroyed.

Mr. GOSS. But the States will not be required to contribute any money.

Mr. SINCLAIR. Yes; they will.

Mr. GOSS. How much; that is what I want to find out?

Mr. SINCLAIR. They will probably have to contribute an amount equal to what we are appropriating.

Mr. GOSS. But the language of the bill does not require it.

Mr. SINCLAIR. The whole cost of distributing and spreading the bait must be borne by the States, the counties, and the farmers. It was brought out in the hearings that this sum will equal the amount here appropriated.

Mr. GOSS. Mr. Chairman, I withdraw my point of order and offer the amendment.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 80, line 23, after "\$2,000,000", insert the following: "to be available during the fiscal years 1934 and 1935, and."

The CHAIRMAN. The question is on the amendment of the gentleman from Connecticut.

The amendment was agreed to.

The Clerk concluded the reading of the bill.

Mr. SANDLIN. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House 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. GREGORY, 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. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, 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. SANDLIN. 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.

A motion to reconsider was laid on the table.

#### WILLIE B. CLEVERLY

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent to vacate the proceedings by which the bill (S. 407) for the relief of Willie B. Cleverly was passed last evening for the purpose of offering an amendment.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent to vacate the proceedings by which the bill S. 407 was passed last evening. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read the title of the bill.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 6, strike out the words "in full compensation."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

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

A motion to reconsider was laid on the table.

#### ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I wish to renew my request that after the consideration of the privileged resolution

from the Rules Committee which will be presented shortly it shall be in order to call up the bill (S. 2766) to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes, under the general rules of the House, a similar House bill having been reported by the House Committee on Banking and Currency.

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

There was no objection.

PROFITEERING IN MILITARY AIRCRAFT

Mr. SMITH of Virginia. Mr. Speaker, at the request of the Rules Committee I call up House Resolution 275.

The Clerk read as follows:

House Resolution 275

Whereas there are a number of bills pending before the Committee on Military Affairs of utmost importance to the problem of national defense in general, and to the operations of the War Department; and

Whereas allegations and charges of a serious nature have been made relative to profiteering in military aircraft and aircraft engines purchased by the War Department; the leasing of public property by the War Department to private concerns under terms and conditions alleged to be contrary to public interest; profiteering in the purchase of War Department property; the awarding of contracts without competitive bidding, and methods of purchase of military aircraft under which the aircraft purchased is inferior in performance to the military aircraft of other world powers, and to the requirements of national defense: Therefore be it

*Resolved*, That the Committee on Military Affairs, or any subcommittee appointed by the chairman, be, and is hereby, authorized and directed to inquire into and investigate the allegations and charges that have been or may be made relative to profiteering and irregularities involving the expenditure of public funds for national defense and other matters in which the problem of national defense in whole or in part is involved; be it further

*Resolved*, That the said committee, or such subcommittee thereof, shall make a thorough and exhaustive investigation of all allegations and charges that have been or may be made in connection with any and all matters pertaining to legislation or proposed legislation coming within the jurisdiction of said committee, and shall make a full and complete report to the House of Representatives, together with such recommendations as it deems advisable; and be it further

*Resolved*, That for the purpose of this resolution the said committee, or any such subcommittee thereof, is authorized to hold such hearings, to sit and act during the sessions and the recesses of the present Congress, at such time and places, either in the District of Columbia or elsewhere, and to employ such expert, clerical, and stenographic services as may be found necessary, and to require by subpœna or otherwise the attendance of witnesses, to administer oaths, to compel the production of books, papers, and documents by Government or private agencies, and to take and record such testimony as the committee or subcommittee may deem advisable or necessary to the proper conduct of the investigation directed by this resolution.

With the following committee amendments:

Page 2, line 6, after the word "defense", insert the words "the use and disposition of surplus property", and on page 2, line 22, strike out the language "and to employ such experts, clerical, and stenographic services as may be found necessary."

The committee amendments were agreed to.

Mr. SMITH of Virginia. Mr. Speaker, I have no demand for time over here.

I may say that this resolution is reported unanimously by the Rules Committee, and at a hearing of the members of the Military Committee before the Rules Committee it was stated that the resolution had the unanimous support of that committee.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman explain the resolution. This is quite an important resolution.

Mr. SMITH of Virginia. I shall be glad to do so.

Mr. MARTIN of Massachusetts. I would also suggest that the gentleman yield me the usual 30 minutes. I do not expect to use it all, but I would like to have the time in case I need it.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts and 5 minutes to the gentleman from South Carolina [Mr. McSWAIN].

Mr. McSWAIN. Mr. Speaker, this resolution is no afterthought. It is the result of long experience and considera-

tion. On March 20, 1933, I introduced House Concurrent Resolution No. 6, asking for a full investigation into matters of this same general nature, and on January 11, of this year, I introduced House Resolution 219, asking for the establishment of a special committee to be appointed by the Speaker, to investigate the same general subject matter.

Inasmuch as it was thought by many, especially some members of the Committee on Military Affairs, it would be better that the investigation be made by those who are already familiar with the general subject, the effort to have resolution 219 passed was abandoned, and this resolution was brought out upon the authority of the committee by its unanimous vote.

Mr. Speaker, I may say this is a broad and sweeping power, but it is not intended that this power shall be exercised with any partisan or political motive or purpose. It is solely for the purpose of discovering the truth in order to guide us in the matter of framing legislation. We will not besmirch any reputation upon hearsay evidence. It is no fishing party for scandal or slander. It is an effort to purge, if there be anything wrong, and to rectify a system which many allege to be wrong.

But, on the other hand, Mr. Speaker, I can assure you there will be no whitewashing, so far as this committee is concerned, and wherever the truth points, there the charge will follow.

Mr. CULKIN. Will the gentleman yield?

Mr. McSWAIN. I yield.

Mr. CULKIN. I note in the press that there is a grand-jury investigation going on with reference to some of this subject matter. Will this investigation have any adverse or unfavorable effect on that criminal investigation?

Mr. McSWAIN. I cannot conceive that it would have any influence whatever.

Mr. CULKIN. In other words, will the effect of calling witnesses before the committee be to give them immunity from criminal prosecution?

Mr. McSWAIN. Oh, no. Any witness that comes before our committee is absolutely liable in any civil court for any proceeding that the truth may justify.

Mr. CULKIN. Would he be liable in a criminal prosecution if you swore him? Would not that fact give him immunity?

Mr. McSWAIN. No, indeed.

Mr. GOSS. He could be required to waive immunity.

Mr. McSWAIN. I understand; but that refers to the civil courts. The Congress, as I understand from the precedents and from good parliamentary and constitutional principles, is a grand jury of inquest in all the affairs of government and all persons are bound, upon the demand of the Congress, to come and testify and tell the truth with regard to Government matters irrespective of their responsibility or liability as witnesses, as defendants, or otherwise, in the civil courts.

Mr. CULKIN. In the gentleman's opinion, the passage of this resolution will not impede or affect unfavorably the present grand-jury investigation?

Mr. McSWAIN. In no way whatever, and this investigation, as I have already said, is not for the purpose of running down and trying to find some particular individual guilty. The purpose is to find out how these things happen and to enable us, knowing these facts, to frame legislation to prevent their recurrence. It is to guide us in the framing of adequate legislation.

While I am on my feet, Mr. Speaker, I may say this resolution is broad enough to cover the inquiry that has been proposed by the gentleman from New Jersey [Mr. HARTLEY] with respect to the relations between the War Department and a concern called the Mercur Corporation, which has some sort of operating arrangement, under contract, for the Port Newark Army base at Newark, N.J.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman 2 minutes.

Mr. BUCHANAN. Will the gentleman yield?

Mr. McSWAIN. I yield to the gentleman from Texas. Mr. BUCHANAN. What will be the cost of this inquiry?

Mr. McSWAIN. We propose to ask the Committee on Accounts to authorize an expenditure of \$10,000.

Mr. BUCHANAN. Is the gentleman prepared to state to the House it will not cost any more than that?

Mr. McSWAIN. I am prepared to state to the House I hope it will cost much less than that, because we have called upon the General Accounting Office, the Department of Justice, and the Department of the Inspector General of the Army to give us assistance. We will not spend one single cent that is unnecessary, and there will be no junketing trips, I can assure the gentleman, because under the resolution pending before the Committee on Accounts, I am to O.K. any expenditure, and I assure the gentleman there will be no junketing and there will be no waste of money.

Mr. MARTIN of Massachusetts. The gentleman from Texas [Mr. BUCHANAN] has asked the question which I intended to ask the gentleman, but may I state that it was also understood when the gentleman appeared before the Committee on Rules that the gentleman would not come back and ask for another appropriation.

Mr. McSWAIN. Yes; I can say that we will not be back asking for another appropriation.

This committee has already been working all day for 4 weeks under the permission of the House to be absent from its sessions. We have been working some days until after dark in an effort to obtain the truth, but having no assistance from auditors and investigators, our efforts sometimes seem to be frustrated by the skillful evasion of those who have appeared before us.

Mr. HARTLEY. Will the gentleman yield?

Mr. McSWAIN. I yield.

Mr. HARTLEY. I may say that the investigation of this Mercur Corporation at Port Newark will result in a saving of many times the \$10,000 which the committee has requested.

Mr. McSWAIN. I think we are losing there something like \$120,000 a year.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, the people of Kansas have a particular interest in seeing this resolution adopted. The Assistant Secretary of War, Harry H. Woodring, is a former Governor of our State and is a citizen of the district I represent. He is not of my political party. I am glad to speak of him as my friend and neighbor.

I may say to you that the people of Kansas, irrespective of party politics, believe in the character and integrity of Harry H. Woodring. Kansas Republicans seek no political advantage by an unwarranted besmirching of the character of Harry Woodring or any other Democrat.

In the light of grand jury proceedings and newspaper comment thereon, there is no question but that at this time there is a cloud on the War Department.

The people of Kansas, in common with the rest of the people of the United States, want to see the truth served; they want honesty and integrity in the War Department and every other department of this Government.

I believe that the Military Affairs Committee of the House will conduct this proceeding in a dignified and honorable manner. I do not believe the committee will permit it to be used to gain political advantage by blackening the character of people, even though they be officials of the former administration. At the same time, I do not believe the committee will whitewash any official of this War Department.

I am particularly eager to see this resolution go through and be adopted by this House, giving this committee the opportunity to make a most thorough investigation. I would be most amazingly surprised if it should develop that anything has been done by the present Assistant Secretary of War, Mr. Woodring, which would point to any malfeasance on his part.

It is the truth which we want, and when that truth is brought out by this committee it will serve justly every person connected with this or the preceding War Department,

and, above all, will serve well the true needs of the people of this country.

Now, all that has been written and printed growing out of hearsay and innuendo has to a greater or lesser degree pointed the finger of suspicion to this great Kansan, a man whom the people of Kansas revere and respect, not only as of yesterday but as of today. We are particularly anxious to see the full proceedings brought out to the sunlight of day. We believe and hope that when that is done there will be no finger of suspicion pointing toward Harry H. Woodring, former Governor of Kansas and the present Assistant Secretary of War, whom the people of Kansas respect very much.

I thank you. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I am glad to add my voice in support of this investigation, particularly as I know it will be conducted by the Chairman of the Military Affairs Committee, one of the ablest men in this House and absolutely fair-minded, who has given his word to the Members of the House that it will be conducted impartially, without regard to politics, and that those who are guilty, irrespective of party, will be prosecuted. I am sure that that is the attitude of everyone on this side of the House. If there is any crookedness or graft in the War Department, it ought to be exposed, and those responsible and who are found guilty sent to jail, no matter to what party they belong or how high or how low in rank or official position. I am more than glad to vote for this resolution because for years I have felt that this House has been shirking its duty; that it had evaded investigations of the bureaus and departments of the Government and had imposed that burden on the Senate of the United States. That body has rendered great service to the people of our country in exposing the Teapot Dome scandal, in exposing Fall and Forbes, and in exposing the tax dodgers, such as Wiggin, of the Chase National Bank, and Mitchell, of the National City Bank, while we have not conducted any investigations on a large scale, except that in respect to the activities of the Communists in the United States, in the many years that I have been in the Congress. I hope this is the beginning of the use of the powers of the House, representing the people and being closer to the people, to keep in touch with the departments of the Government and to investigate executive bureaus and departments of the Government whenever necessary.

I further hope that this committee will investigate the Army Air Corps and the operations of the Air Corps not only for the last 10 days but for a number of years past. When that matter was up for discussion in the House the other day I defended the Army Air Corps, I defended the efficiency of the Army air flyers, and said that the trouble was that they were sent out in open and inadequate machines in heavy snowstorms without proper equipment, without sufficient knowledge of the mail routes and landing places, and without practical experience in the use of radio-beam devices, but since then I have listened to a political speech made by the head of the Army Air Corps, and I doubt if my statements in the House were correct. General Foulois, head of the Army Air Corps, said everything was near perfection in the Air Corps, that they have the best machines, that they could operate the air mail as well or better than the air mail transport companies. The fact is, Mr. Speaker, and we all know it, that six of these Army flyers have been killed either in flying the air mail or preparatory to it or learning routes or ferrying others to carry the air mail. It does not make so much difference to the officer who is killed, or his family, whether he was flying the air mail directly or was preparing to do it. I have repeatedly said that the Army flyers were just as efficient and brave as any, but that they should not have been sent out to fly the mail without knowledge of the routes. The distinguished Speaker of this House had this to say about the Army Air Corps:

We have found out in the air mail emergency that the Army pilots are not properly trained and do not understand beam flying. If we are unfortunate enough to be drawn into another war, the

Air Corps would not amount to much. If it is not equal to carrying the mails I would like to know what it would do in carrying bombs.

This is not an alleged Republican political speech, but the statement of the Democratic Speaker of the House. As I pointed out in the House yesterday, the air mail subsidies cost this Government only \$7,000,000 a year, and they have done more to build up the air mail transport service and make it the greatest service in the world on merely \$7,000,000 subsidies and to build up and develop aviation for national defense and made available these air mail pilots for national defense than any other like expenditure. These pilots could be used overnight, and if Government money was ever well spent, it was spent to develop the air mail service of our country.

Under this resolution I probably have no right to discuss the air-mail service, but I shall merely read into the RECORD the figures that have been presented to me today of the total number of deaths in the air-mail service: 1 death actually flying the mail, 3 deaths of men who were familiarizing themselves with routes, 1 death on ferry trip with the air mail, 2 deaths in the Air Corps, in no way connected with the air mail. Accidents and injuries: There were 4 Army men injured flying the mail, 2 were not connected with the air-mail operation. Crack-ups, 12. The minor crack-ups, 3; major crack-ups, 9.

I estimate those crack-ups alone have already cost the Government of the United States \$250,000. I estimate that the compensation for the deaths of the Army pilots for their families will cost about \$10,000 annually, the interest on \$200,000. Therefore practically \$450,000 is the cost to the Government in the last 10 days for flying the air mail, and the subsidy alone for last year was only \$14,000,000, but \$7,000,000 was returned in air-mail postage. If this percentage continues, it will cost the Government of the United States a great deal more than \$7,000,000 subsidy when air-mail postage is deducted to have the Army fly the air mail if we have any more crack-ups, if we have any more injured Army pilots or any more killed. In conclusion let me say that a blunder is often worse than a crime, and in this case the hysterical and hasty cancellation of the air-mail contracts without any investigation or trial or hearing was a crime, and is now and has been responsible for the death of six air-mail pilots, and we ask, in the name of that mother of Lieutenant Lowry, in her words, What is the Government going to do about it?

That is the question the American people are asking, and that is the question they are entitled to have asked, "What is the Government going to do about it?"

Mr. REILLY. Will the gentleman yield?

Mr. FISH. I yield.

Mr. REILLY. Is it not worth something to the country to have the Army airplanes find out what real flying means?

Mr. FISH. Well, I hope it will be; but I cannot tell, in view of the political speech made by General Foulois, commander of the Army Air Corps.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. FISH. I yield.

Mrs. ROGERS of Massachusetts. Is it not true that our Army flyers and Navy flyers have very remarkable records for their flying, their altitude flying, their close-formation flying?

Mr. FISH. If given a chance and properly equipped, they should be the best in the world.

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. HILL].

Mr. HILL of Alabama. Mr. Speaker, I have listened with a great deal of interest to the remarks of the gentleman from Kansas [Mr. McGUGIN]. With reference to those remarks, I want to say that as a member of the subcommittee on aviation of the Committee on Military Affairs, before which subcommittee the Assistant Secretary of War, Mr. Woodring, has appeared several times recently, Mr. Woodring made an unusually favorable impression on that subcommittee. He

was a most helpful witness, and he certainly impressed me, as one member of the committee, as a Government official who was trying his best to do his duty, and who had tried to carry out the law according to what he thought was the intent and purpose of Congress.

A great deal has been said this afternoon about corruption, malfeasance, and misfeasance. I believe that the passage of this resolution will bring about a thorough and complete investigation. If there be any corruption or malfeasance or misfeasance, I am confident that this investigation will bring it to light, as it should be brought to light, but I want to leave the thought with the House that this resolution was presented perhaps not so much out of any charge of misfeasance or malfeasance or corruption as because of the fact that the law which Congress passed in 1926 providing for the purchase of aircraft and aircraft material has apparently not been carried out, and that through failure to carry out the spirit and intent of that act there has grown up a system for the purchasing of aircraft and aircraft material that has perhaps enabled an air trust to grow up in this country, which has resulted in profiteering on the part of this air trust and kept our Government from getting the planes with that speed and performance that our Air Corps should have.

The gentleman from New York [Mr. FISH] has referred to what he calls a "political speech" by the present Chief of the Air Corps, General Foulois. I want to say that General Foulois was before the Subcommittee on Aviation of the Committee on Military Affairs for over 3½ hours yesterday afternoon. He was sworn as a witness before that committee. He certainly made no political speech, but he answered many questions and presented a statement with reference to the carrying of the mail by the Air Corps pilots in a very solemn and thoughtful manner. The testimony given by General Foulois under oath shows unequivocally that on the night that the Air Corps pilots were sent out to carry the mail they were adequately equipped from the standpoint of safety to those pilots and to their planes.

We have heard a great deal of talk on this floor in these later days about Air Corps pilots and their planes not being properly equipped. The testimony of General Foulois absolutely contradicts any such proposition. It has been said that our pilots did not know how to fly the beam. The testimony of General Foulois shows that before a man can become a pilot in the Air Corps he must graduate as a flyer at the Air Corps school at Kelly Field, Tex., and in that school he is taught to fly the beam, and after he leaves the school and goes out as an Air Corps pilot he practices flying the beam.

Mr. FISH. Will the gentleman yield?

Mr. HILL of Alabama. I do.

Mr. FISH. Is it not a fact that there have been pilots who only graduated a few months before from the air school, who have had practically no experience flying the night mail?

Mr. HILL of Alabama. No, sir. The testimony of General Foulois shows that not a single man, not a single Air Corps pilot was put on the job of flying the mail unless that pilot had been in the service for a minimum of 2 years, and unless he had at least a minimum of 12 or 14 hours of night flying, and nearly all of them had had several hundred hours of day flying.

The reason we had these deaths, gentlemen, was not due to any lack of equipment, was not due to any lack of training, but because the pilots ran into that unusual, that extraordinarily cruel weather that we had during those first nights. Only 1 Air Corps pilot has been killed while flying the mail, and 4 have met their deaths in flying incidental to carrying the mail. Four of these five pilots went down because of the weather, just as did that great ship of the private commercial company go down because of the same weather when eight persons were killed.

Mr. FISH. Will the gentleman yield?

Mr. BACON. Will the gentleman yield?

Mr. HILL of Alabama. I do not have time to yield. I am sorry. I want to say, further, that all this talk we

have heard on the floor of this House about legalized murder is a lot of political claptrap. Furthermore, these private companies, having had their contracts annulled on account of fraud and collusion, have sought to do all they could to get the mind of the public off of that fraud and collusion. They have shouted about "legalized murder" in an effort to make the people forget the collusion and fraud of their companies, and to make the people believe that there was something wrong in having the contracts annulled. [Applause.]

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from New Hampshire [Mr. ROGERS].

Mr. ROGERS of New Hampshire. Mr. Speaker, I have an unusual interest, perhaps, in some phases of this investigation which is to be undertaken by the committee of which I have the honor to be a member. To begin with, and it goes back many years, the first time I went up in the air in a plane I came down in a crash and wondered what it was all about, because I had the good fortune to survive. Again, because in the Sixty-eighth Congress I had the honor of being a member of the Lampert special committee which investigated aviation on behalf of this body. Again, because I now have the honor to be chairman of subcommittee no. 3 of the Committee on Military Affairs, which subcommittee has charge of all questions relating to military aviation. And, finally, in perhaps a closer way, because I have a brother who was in the Air Service of the Army during the World War.

It seems to me, Mr. Speaker, that we as Members of Congress, whether Republicans or Democrats, ought to get away from any political question in this matter and to realize that we are investigating a subject which is more dear than politics, a subject which relates not only to property, to lives, but, perhaps, to the integrity and salvation of the Nation itself. [Applause.] When I say this, I say it because we hear charges of legalized murder hurled against the head of the administration for asking the Army air force to carry the mail. Let me bring out, Mr. Speaker, if I may, what the records of this Government show during the last 10 years as to deaths in the military Air Service, during which time we heard nothing about legalized murder. In 1923, 58 members of the military Air Corps of this country were killed; in 1924, 34 were killed; in 1925, 38 were killed; in 1926, 42 were killed; in 1927, 43; in 1928, 27; in 1929, 61; in 1930, 52; in 1931, 26; in 1932, 50; in 1933, 46; and from July 1 to October 1, 1933, 13 were killed. Yet during all this time we heard nothing about legalized murder.

So, Mr. Speaker, let us realize that we are here to investigate this question as servants of our country. Let us not prejudge it today, but let us obtain all the evidence from sources on which we can depend; and let us then see to it that we put the fighting forces of this Nation in proper condition to insure national defense and to protect and safeguard the lives and property of the citizens and young manhood of America. [Applause.]

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, I shall take but a minute. I believe in thoroughly investigating this whole situation. There is an interesting editorial in last night's Star. General Foulois did not, when he appeared before the committee, bring out, it seems, the fact that these men had had no real practice in flying over the airmail routes. As you know, before commercial pilots are sent out alone they must have flown 40 hours with a copilot. It is an entirely different proposition to send a man out alone for the first time over an unknown route in bad winter weather in an open cockpit plane. The copilot who knows the route could have looked up the navigation for the pilot and could have managed the radio control and the maps. Apparently General Foulois did not say that before the committee.

Mr. HILL of Alabama. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. HILL of Alabama. General Foulois did say that in some instances there was a copilot.

Mrs. ROGERS of Massachusetts. But in very few instances, because the Army does not have many of the type of ship to accommodate a copilot. It only has a few of these ships and they are the big passenger ships.

Mr. BACON. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. BACON. The gentleman from Alabama stated that the Army flyers were taught to fly the beam. I find in this morning's New York Times this short paragraph:

Pilots at Newark actually on mail duty continued yesterday to take instructions in blind flying under the direction of Lt. O. A. Anderson. Arrangements were made with C. S. "Casey" Jones to take over the blind-flying equipment of his flying school at Newark for the next few days.

In other words, this bears out what I said the other day that these young flyers at Mitchel Field had not been taught to fly the beam. I talked to Jones. He is an expert on the subject. Several Army flyers asked him to teach them how to fly the beam.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 additional minutes to the gentlewoman from Massachusetts.

Mr. BACON. Will the gentlewoman yield further?

Mrs. ROGERS of Massachusetts. I yield.

Mr. BACON. We now find that the Army is doing what some of the Army flyers asked Mr. Jones to do, and the pilots are now being taught what they should have been taught 10 days ago.

Mrs. ROGERS of Massachusetts. Yes; that is true.

I also want to bring out the fact that a great many commercial pilots were taught to fly the beam originally by Lieutenant Hegenberger. I think the Army school where he teaches is in Texas. So, although originally the commercial pilots learned to fly the beam from the Army, they have been through their baptism of fire by flying the mail routes over and over again.

I wish I could impress upon the House the terrible blow that has been dealt commercial aviation. As I have said before, I personally know what it means to use commercial planes in an emergency, for once I had to fly west to reach a terribly sick relative. I do hope everything possible will be done to help commercial aviation and to make it accessible to the people in case of emergency and to facilitate business. Air transportation is a great industry and a very much needed one for our country. At the present time the air public is suffering by the curtailed commercial air travel, and business suffers by poor air-mail service. The public is also paying the bill.

If, as some of the Members claim, the Air Corps is not satisfactory, if it is inefficient, then for heaven's sake help commercial aviation, which has proven its worth time after time. It is a very necessary part of our national defense.

Mr. HILL of Alabama. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. HILL of Alabama. According to the testimony of General Foulois these Air Corps pilots who have been flying the mail were taught to fly the beam; and General Foulois testified that this man, Casey Jones, to whom the gentleman from New York [Mr. BACON] referred, has some system he has been trying to sell the Army. He came to Washington and tried to sell it to the Army.

Mrs. ROGERS of Massachusetts. I do not know about that, but I do know that while these men may have been taught the theory of flying the beam, they have not had the requisite number of hours of actually flying the beam over the air-mail routes in the worst months of the year. The average number of hours per Army pilot for the year 1934 is 150, whereas the commercial pilots average 75 or 100 hours a month per pilot.

The Army Air Corps apparently blows hot and then it blows cold as to whether the Army flyers are sent out to fly the mail routes in planes adequately equipped. If the planes have been adequately equipped and the flyers have had the same chance that the commercial flyers had had, then General Foulois makes but a very poor case for the efficiency of his Army pilots. But there is one way both the Army and the administration know that the Army pilots are un-equipped, and that is in experience in flying many times over the same air-mail route with a copilot before flying the course alone. I draw attention to the number of heated, closed planes that can be operated by the commercial lines and are operated by them.

*Type of plane used by the commercial lines; open or closed pilot's cockpit*

	Open	Closed	Total
United Air Lines	13	111	124
American Airways	18	80	98
Western Air Express	3	10	13
Eastern Air Transport	13	31	44
Northwest Airways	3	17	20
Pennsylvania Air Lines	2	10	12
Transcontinental & Western Air	2	40	42
National Parks Airways	2	6	8
Kohler Aviation Corporation	0	3	3
United States Airways	0	7	7
Total	56	315	371

I feel very sure that the commercial pilots never use the open-cockpit planes for flying in the winter months unless they prefer to use them. The Members all know that the Army does not have the necessary number of enclosed planes for use in flying the air mail. As a result the Army flyers of necessity must use the open-cockpit planes.

If the Members think it is easy to fly a plane in an open cockpit in cold stormy weather—and manage radio controls, maps, and instruments for navigation with cold fingers, I just wish they would try it. Much has been said about coddling the Army pilots. No one wants to coddle them. They do not want to be coddled. They are always anxious to serve, to respond to every command. They have proved their ability in very difficult altitude flying, very difficult bombing attacks, very difficult formation flying, and in very difficult air navigation over uncharted courses in this country and other countries. Send the Army pilots back to their regular work of being prepared to defend us in the air. If the pilots are doing air-mail work how can they be trained in work with our troops? How can they be trained in what to do in case of war if they are flying the mails?

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. BACON].

Mr. BACON. I do not think the gentleman's statement about Mr. "Casey" Jones is correct. I have known Mr. Casey Jones for many years. He was a famous World War "ace" and one of the original air-mail flyers. He did not come down to try to sell anything to the Government; he came down at the request of some of the young flyers at Mitchel Field. He told me he was willing to go ahead and teach these flyers at cost without payment for the moment. He made the same statement before the gentleman from South Carolina [Mr. McSWAIN], who will bear me out, I am sure, because he is a fair man. I took Mr. Jones to see him, and he told the whole story to the gentleman from South Carolina. Mr. Jones told us that the actual cost to him of teaching some 25 flyers how to fly the beam would be about \$2,000. He told us he would go ahead and do it and take his chances on reimbursement for the actual cost incurred. He told us he did not want any profit. Therefore, it is unfair to him to say he came down to sell anything to the Government. His only desire was to help in an emergency. If General Foulois is correct that all Army flyers know how to fly the beam, why are they now being taught with Casey Jones' equipment?

Mr. HILL of Alabama. Will the gentleman yield?

Mr. BACON. I yield to the gentleman from Alabama.

Mr. HILL of Alabama. General Foulois testified before the subcommittee yesterday afternoon that Mr. Jones came down to see him and he did have something to say.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. JAMES].

Mr. JAMES. Mr. Speaker, I have been a Member of the House Military Affairs Committee for 15 or 16 years. Part of that time I was acting chairman and chairman. There never has been any politics in the Military Affairs Committee.

As acting chairman I had charge of the hearings in 1926, made the report, and had charge of the bill on the floor. I was chairman of the House conferees. Senator WADSWORTH was Chairman of the Senate Military Affairs Committee and chairman of the Senate conferees. We had the idea at the time we were passing the bill that it would provide 1,800 planes ready for military service. I made the statement a year ago at the first meeting of the new committee that, in my opinion, we had less planes equipped for war in 1933 than we had in 1926. Now we have the admission of the Air Corps in 1934, 8 years after the passage of the act, that we have only 200 attack, bombing, and pursuit planes equipped to go to war. We did not know until the other day, when the Air Corps came around for another program, that they were not complying with the law passed in 1926. We had not the slightest idea that practically every bid is let without real competition.

We had men come before our committee and make the statement that men go from the Army and work for private industry at a good salary and then come back into the Army again. In other words, they go out of the Army and come back again. Personally I do not know of any of these men. I do not believe that the records will show that there is anybody of that kind; but it is due you gentlemen, it is due the Congress, and it is due the people of the United States to find out whether men can go from the Army into private aviation at a salary of \$8,000 or \$10,000 and come back to the Army—because, if a man comes back to the Army and does business with the concern from which he received \$8,000 or \$10,000, he does not represent the Army. He represents the concern he was working for.

Mr. WADSWORTH. Will the gentleman yield?

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

Mr. WADSWORTH. Would this transferring in and out be only in the case of Reserve officers?

Mr. JAMES. No. They were talking of men in the Regular Establishment.

Mr. WADSWORTH. Men who are granted leave?

Mr. JAMES. Men who are granted leave. They retain their commissions in the Army; they go into private aviation and then come back to full pay in the Army.

Mr. WADSWORTH. I have understood that quite a number of men in the Army Air Corps held Reserve commissions and are on active duty for a year or two, then pass back to civil life and may be called up for active duty again after a certain period of time.

Mr. JAMES. I am referring to men in the Regular Establishment. I know of no such men myself.

Mr. COCHRAN of Missouri. Will the gentleman yield?

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

Mr. COCHRAN of Missouri. There is a law which provides that a retired Navy officer cannot accept employment from a partnership, corporation, or individual selling materials to the Navy. Does not that same law apply to the Army?

Mr. JAMES. I understand the Army has the same law, but I am not referring to that. I am referring to men who leave the Army and go to some aviation concern and then come back to the Army again. As I say, I know of no such men. I stated that we would look up the record of anyone who came within this category; and if we found him out, we would put him out of the Army. We have had men tell us that they have been threatened with court martial if they told the truth to our committee.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the balance of my time to the gentleman from Michigan [Mr. JAMES].

Mr. JAMES. I have been told by responsible Members on this side of certain things that they wanted us to investigate. We are not trying to smear anyone. Having been on the Military Affairs Committee for 15 years in the capacities of acting chairman and chairman, I am not an enemy of the War Department. I say this, and I told the members of the committee the same thing, that until such time as we shall have a thorough investigation and find out who are guilty, recommending these men for court martial and clearing the rest, I would not vote for a single War Department bill, whether it be the Air Corps or any other branch of the Department.

Mr. McSWAIN. Will the gentleman yield?

Mr. JAMES. I yield to the gentleman from South Carolina.

Mr. McSWAIN. Is this not an inquiry which the Army itself ought to invite, because so long as these charges are made and remain uninvestigated and the identity of the guilty unestablished, it constitutes a slur upon the entire personnel?

Mr. JAMES. So I have informed responsible generals in the Army. I have told them that this is their responsibility as much as ours, and that every man in the Army ought to be glad to have the investigation to determine what men in the Army should be court-martialed.

Mr. CULKIN. Will the gentleman yield?

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

Mr. CULKIN. Can the gentleman tell the House how much money we have spent on aviation in the last 2 years? The gentleman states we now have 200 planes.

Mr. JAMES. I stated that we have 200 planes out of all the money we spent since 1926.

Mr. CULKIN. How much have we spent during that period?

Mr. JAMES. I do not know the exact figures. The program we put through at that time Mr. Madden estimated would cost \$150,000,000. In addition to that, we have been told by responsible Members of the House that they have been told that the specifications on trucks have been changed. We have been told that in another branch a contract was awarded by the Government to a bidder who was \$300,000 above the others. That information I have from the Comptroller General.

Mr. Speaker, I sincerely hope that this resolution will pass. There will be no politics in it. We do not want to blacken the reputation of any man. I am just as careful of everybody's reputation as I am of my own; but, as I said, having been on the committee for 15 years, I sincerely hope that we will be able to conduct such an investigation. [Applause.]

Mr. SMITH of Virginia. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, of course I realize that partisanship is responsible in great part for some of the speeches that have been made in connection with the recent experiences of our Army Air Corps.

I want to make a statement to you, and I shall try to leave politics out of it. I favor the return of the air mail to the private transport lines under proper legislative restrictions, but I want to say to you that every member of the Army Air Corps is a victim of the veiled partisan attacks leveled at the Army, and I resent it. Those who stand up in the Chamber and refer to them as "these rosy-cheeked boys of the Army who ought not to be up there in the air in open cockpit ships, flying at night or in a storm—it is a shame—it is legalized murder." To my mind every red-blooded American who believes in the traditions of the American Army is sick and disgusted with such partisan attacks, and it is time that these were stopped. [Applause.] Even those who made these speeches believe in the Air Corps,

but politics prompts the attacks. I regret every death that ever befell our brave flyers, but such attacks will not help the situation.

I want to say further that on midnight last Monday night if the private transport lines had been flying the mail nearly every ship would have remained on the ground, but even though orders were sent out by the Chief of the Air Corps to keep the Army pilots on the ground in bad weather they took chances. When Army pilots were told to turn back if the storm became too severe, not an Army man stayed on the ground, not an Army man turned back, because it is not the spirit of the Army to turn back, the Army goes through. [Applause.]

So I say enough of this sob stuff. We all regret these unfortunate accidents. Let us be proud of the American Army and Army Air Corps—support and sustain them. Any man who reads the CONGRESSIONAL RECORD and analyzes these unfair statements will come to the conclusion that those who made these partisan speeches charged the administration or the Postmaster General or somebody with legalized murder, and what are the specifications, picayune and petty as they are? Here they are: They are flying the rosy-cheeked boys in open ships; they are without radio; they fly without beam and directional flying; they have no blind-flying apparatus or instruments; no night-flying equipment, and they are ordered to fly with this poor equipment in stormy weather.

Mr. FISH. Will the gentleman yield?

Mr. MEAD. No; I must refuse to yield, because I only have a few minutes to answer 10 speeches on the subject made by the gentleman from New York. If I get more time I will be pleased to yield. [Applause.]

Now, Mr. Speaker, are open ships used by private lines? Yes, of course they are; more open ships were used by private lines than are now being flown by the Army in carrying the mail.

Are they more dangerous than cabin ships? No; the safest ship in the world for air-mail purposes is the open ship. The ship that was flown by every private transport line with an air-mail contract.

What radio equipment has the Army? Every essential bit of radio equipment that any private line has and all that is necessary for safe flying in any kind of weather.

What blind- and night-flying equipment has the Army? One hundred percent of all the night- and blind-flying equipment they need. Every instrument and all the flares required. You stop talking about it if you do not know what you are talking about.

Do they fly on a radio beam? Yes; certainly they fly on a radio beam. And they have directional-flying apparatus.

Now, let us have the facts. I have the specifications here and I shall read them if I have the time.

How does the Army air equipment compare with the equipment used by private companies? It is, in my judgment and in the judgment of the Army Air Corps, as good if not better than the equipment now being used by the private transport lines; and when I say this I mean their equipment, and their planes. Their ships cost more, and are worth more and they are inspected in greater detail than are like ships built for commercial purposes.

Were they ordered to fly in bad weather? No; they were not. They were ordered to remain on the ground, and I have here copies of the radiograms and telegrams sent by the Post Office Department and the Chief of the Air Corps supporting my statement.

But let me answer the critics in the words of General Foulois. This certainly was not a political address. It sounds to me like manly talk coming from a two-fisted, red-blooded American fighting man, who refuses to stand for your coddling and pampering, even though it is politics. Here are the words of the general:

Much has been said lately of the type of Air Corps officers now actually flying the mail. Some would have you believe them a bunch of rosy-cheeked young babies. On the contrary, they constitute a corps of highly intelligent, rugged, determined, loyal,

and fearless young officers. It is my most cherished honor to be their chief, and no human being worthy of the name could betray their trust.

Let that sink in, those of you who launched those veiled attacks upon the Army Air Corps.

Continuing, General Foulois said:

Today they have no superiors in the world as military flyers; and, given a fair chance, I am certain they will in a very short time be carrying the air mail in a favorable comparison with their excellent commercial-pilot comrades. Our military pilots are not weaklings looking for sympathy. They should be treated like men and not like children. If there is anything that the average, red-blooded American military pilot resents—

And, my friends, when he said this he meant it— it is this recent twaddle about inexperienced, rosy-cheeked boys being sent to their death. They are proud that theirs is a man-sized job, and they have no desire to be coddled.

Now, Mr. Speaker, let me insert in the RECORD copies of the radiograms sent out to these boys asking them to remain on the ground or to turn back if the storm looked serious enough to turn them back; and do not forget that only 1 man flying the air mail has been killed and that 8 have been killed during this same period of time in a ship operated by one of the commercial transport lines. In all the record of aviation, military and air mail, even when the Army carried the first air mail from San Francisco to New York, the record of the Air Corps compares favorably with the record of the commercial transport lines.

I want you to know that I have the evidence here which shows the Army has the equipment, every bit that is necessary, their records stand out the equal of the private lines; and if these attacks continue, I shall, for one, stand out against the return of the air mail to the private transport lines until the good name of our Air Corps is vindicated again. These attacks directed against our pilots by men on that side of the aisle must stop. [Applause.]

Now, Mr. Speaker, I ask unanimous consent to publish in my remarks certain telegrams and other statements which I have here.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MEAD. Mr. Speaker, I have here a copy of a radiogram sent to zone commanders on February 11, 1934, and also a copy of a radiogram issued on February 16, 1934, which was sent to all zone commanders. They require no further explanation from me. But I trust they will be read by all who are interested in this subject. They indicate the solicitude the Chief has for his corps.

EXHIBIT NO. 1

(Radiogram sent to all zone commanders Feb. 11, 1934, by the Chief of the Army Air Corps.)

EXTRACT

Operations will be conducted under present Air Corps flying regulations, especially as concerns weather conditions.

EXHIBIT NO. 2

WAR DEPARTMENT,  
ARMY AIR CORPS MAIL OPERATIONS,  
Washington, D.C., February 16, 1934.

Maj. B. Q. JONES, Air Corps,  
Commanding Officer Eastern Zone,  
Army Air Corps Mail Operations,  
Floyd Bennett Airport, Brooklyn, N.Y.

N-222-EZ 42

Lt. Col. H. M. HICKAM, Air Corps,  
Commanding Officer Central Zone,  
Army Air Corps Mail Operations,  
Municipal Airport, Chicago, Ill.

N-222-CZ 59

Lt. Col. H. H. ARNOLD, Air Corps,  
Commanding Officer Western Zone,  
Army Air Corps Mail Operations,  
Newhouse Hotel, Salt Lake City, Utah.

N-222-WZ 53

In conduct of air-mail operations, zone commanders will govern their operations with a view to safeguarding lives and property at all times, even at sacrifice of mail service. Before clearing any scheduled trip, careful consideration will be given to experience of personnel, suitability of aircraft, night-flying equipment, and blind-flying equipment. Steps will be taken to inculcate all personnel engaged in air-mail operations with the above principle.

FOULOIS.

EXHIBIT NO. 3

WAR DEPARTMENT,  
ARMY AIR CORPS MAIL OPERATIONS,  
Washington, February 17, 1934.

Lt. Col. H. H. ARNOLD, Air Corps,  
Commanding Officer Western Zone,  
Army Air Corps Mail Operations,  
Newhouse Hotel, Salt Lake City, Utah.

N-234-WZ 55

Maj. B. Q. JONES, Air Corps,  
Commanding Officer Eastern Zone,  
Army Air Corps Mail Operations,  
Floyd Bennett Airport, Brooklyn, N.Y.

N-234-EZ 47

Lt. Col. H. M. HICKAM, Air Corps,  
Commanding Officer Central Zone,  
Army Air Corps Mail Operations,  
Municipal Airport, Chicago, Ill.

N-234-CZ 63

Impress most emphatically upon all pilots the utmost necessity for extreme care and judgment in flying the air mail during the first few days of operation. If weather conditions are uncertain, instruct your pilots they must stay on ground, even if this interrupts the mail schedules for several days. The safety of pilots, mail, and planes is of more importance than keeping of air-mail schedules. Drill these instructions into your pilots daily until they thoroughly understand the safety-first policy of Air Corps.

FOULOIS.

EXHIBIT NO. 4

[Radiogram]

WAR DEPARTMENT,  
ARMY AIR CORPS MAIL OPERATIONS,  
Washington, February 24, 1934.

Lt. Col. H. H. ARNOLD, A.C.,  
Commanding Officer Western Zone,  
Army Air Corps Mail Operations,  
Newhouse Hotel, Salt Lake City, Utah.

N-----WZ

Lt. Col. H. M. HICKAM, A.C.,  
Commanding Officer Central Zone,  
Army Air Corps Mail Operations,  
Municipal Airport, Chicago, Ill.

N-----CZ

Maj. B. Q. JONES, A.C.,  
Commanding Officer Eastern Zone,  
Army Air Corps Mail Operations,  
Floyd Bennett Airport, Brooklyn, N.Y.

N-----EZ

Plots will not be on flight duty more than a scheduled 8 hours in any 24 period and shall have 24 consecutive hours' relief from all duty in each 4-day period. Only pilots of more than 2 years' service in the Air Corps will be used on air-mail operations involving night flying unless weather conditions all along the route to be flown are excellent. After take-off on a night air-mail run no pilot will proceed on his flight unless his flight instruments are working satisfactorily and he is receiving proper reception on his radio. Pilots on night runs will not commence flights under unfavorable weather conditions nor will they continue flights into unfavorable weather conditions. No pilot will take off when weather is doubtful unless he has received a clearance on weather which is not older than 30 minutes before time of take-off. Control officers will be held responsible that every plane which passes through their control station has had required inspections that radio equipment, instruments, engine, and controls are operating satisfactorily. He will check from no. 1 to see that maintenance-inspection requirements have been complied with. All pilots must thoroughly understand that under certain atmospheric conditions ice will form on planes, propeller hubs, and venturi tubes of instruments normally between 28 and 34° F., and no flights will be continued into weather conditions conducive to ice formation. No pilot will be sent on an air-mail trip or ferry flight unless he has had previous experience in flying the type of airplane assigned for the mission. Control officers will be held responsible that every pilot who passes through their control station is fully informed of such of the foregoing instructions as concerns him. When compliance with above instructions necessitates cancellation of trips or delay of mail, postal authorities will be contacted as per previous instructions. Zone commanders will take immediate steps to transmit these instructions to control officers by radio or telegraph and will also take immediate steps to have these instructions printed and distributed without delay to all control officers and pilots.

FOULOIS.

Now, let us see what General Foulois thought about these charges. This information is from his speech delivered over radio February 27 last:

Our initial air-mail operations necessitated a complete redistribution of military airplanes, equipment, and personnel throughout the entire United States, in order to place pilots and planes at air-mail stops, and provide additional ground facilities for all operations. This redistribution was accomplished primarily by Army airplane transportation.

The initial air-mail routes put in operation by the Army Air Corps are those connecting 11 of the 12 Federal Reserve bank districts. These involve 12 main routes covering 70 air-mail stops, over a distance of 13,284 route-miles, which, when considered in connection with the number of scheduled daily trips, total 40,827 miles to be flown normally each day. The cancellation of certain routes in the former airway system, the activities of stamp collectors, and other factors during the first week of operation caused the air-mail poundage to be greatly in excess of that previously carried over the same routes now operated by the Air Corps. In some cases the poundage has been in excess of 100 percent over the loads normally carried, thus necessitating the dispatch of 2, and sometimes 3, planes on a schedule which normally should have been handled by 1 plane.

Army aircraft used in carrying the mail over the initial routes have, from the beginning of actual operation, been adequately equipped for receiving weather broadcasts and for following the directional radio beams operated over air-mail routes by the Department of Commerce. The planes used on the initial routes are also equipped with instruments for blind flying and for night operations.

With further reference to the use of radio I would like to clarify an apparent prevalent misconception in connection with an airplane following a directional radio beam. The ground radio stations transmitting these beams are located along the mail routes from approximately 100 to 150 miles apart. These beams usually overlap between stations, and so long as the pilot follows the beam he will receive through his earphones a continuous hum. If he deviates from the course laid by the beam, the hum is broken into a series of "A's" or "N's", depending on whether he is to the right or left of the beam. Aerial strip maps, prepared by Government agencies, and used by pilots, show these beams and on which side thereof the "A" and "N" signals will be received. The operation of our radio sets used for this purpose is just as simple as the operation of the radio set in your home, and requires only a few hours' time to become thoroughly proficient therein. Radio-beam flying, however, should not be confused with so-called "blind flying", which, although it includes radio-beam flying as one of its requisites, is an entirely different and much more difficult undertaking.

Although the Army Air Corps has been training its flying personnel in radio and in instrument flying for years, it has only been during the past year that improved radio and blind-flying instruments have been available in any quantity for general service use. Our experience in flying the air mail, in which radio and instrument flying play such an important part, will therefore be of inestimable value to our future training, and thus better prepare the Army Air Corps to carry out successfully its air force military operations in any and all kinds of weather, to the end that our national-defense mission of protecting our borders from air invasion during military emergencies may be more fully executed.

We have had, and still have, many other handicaps to overcome, and all facilities placed at my command by the War Department will be used to eliminate such handicaps. The flying of military aircraft designed primarily for combat purposes is recognized as inherently hazardous under all conditions, and accidents increase when flying activities are carried out on a large scale. However, to date only one fatal accident has occurred on a scheduled air-mail run. In this connection I would like to state that no attempt has been made by the Air Corps to maintain a high percentage of mail schedules regardless of hazards involved. On the contrary, I have from the very start continually stressed in my instructions that the safety of operating personnel is the paramount consideration in these operations.

I am honestly and frankly of the opinion that the hazards involved in flying the mail are not as great as those involved in peace-time military flying, when military flying is considered as a whole. Further, the officers on duty with the Air Corps mail operations in an executive capacity are most capable officers of many years' experience in air operations. They are intelligently and efficiently carrying out the foregoing policies and thoroughly understand that the safety of the pilots flying the mail takes precedence over all other considerations.

I would like also to ask you to discount as untrue, unfair, and unfounded certain of the recent accusations and headline-seeking phrases which have reflected not only against the efficiency of the Air Corps personnel but also against the present administration. Much of this, in my belief, is nothing more or less than partisan propaganda designed to advance interests which are by no means unselfish. These attacks, in a number of cases, have emanated from persons absolutely unqualified, in my opinion, to pass judgment on such matters, especially if any weight is to be given to the adage that "air experience is the best teacher."

I seriously question the many statements which have been made by individuals in public and private life during the past few weeks to the effect that the Army Air Corps is poorly trained and poorly equipped, as compared to foreign air powers. I will promptly agree that, insofar as quantity of aircraft is concerned, we are behind at least four foreign air powers. This fact has been frequently stressed in the past. But I will not admit that the normal quality of our material and the general efficiency of our personnel is exceeded by any air power in the world.

Much has been said lately of the type of Air Corps officers now actually flying the mail. Some would have you believe them a bunch of rosy-cheeked young babies. On the contrary, they constitute a corps of highly intelligent, rugged, determined, loyal, and fearless young officers. It is my most cherished honor to be their chief, and no human being worthy of the name could betray their

trust. Today they have no superiors in the world as military flyers; and, given a fair chance, I am certain they will in a very short time be carrying the air mail in a favorable comparison with their excellent commercial-pilot comrades. Our military pilots are not weaklings looking for sympathy. They should be treated like men and not like children. If there is anything that the average red-blooded American military pilot resents it is this recent twaddle about inexperienced, rosy-cheeked boys being sent to their deaths. They are proud that theirs is a man-sized job, and they have no desire to be coddled. Such public statements are a direct challenge to the average young Army pilot, and detrimental to the iron flying discipline so essential to a military pilot. Therefore, I urge the thinking public to give the Army air-mail pilots its loyal support. Lack of trust eventually will break the morale of the strongest of seasoned veterans, and when morale is gone all is lost.

Every day our pilots and men are rapidly gaining familiarity with their new duties, and I am certain that our entire organization for handling the air mail will soon be working smoothly and efficiently. Please remember, however, that no matter how experienced a pilot may be, or how efficient and modern his aircraft equipment, frequent accidents will still occur, both in commercial and military flying. Both types of flying constitute a stern and serious business, but, in spite of this fact, the Army Air Corps welcomes this present opportunity to improve its organization, improve its aircraft equipment, and improve the training of its pilots, in proper peace-time preparation for any military war emergency which may arise.

Here is an answer to the charges, furnished upon request by the War Department:

In view of the misstatements that have been made regarding the operation of the air mail by the Army Air Corps, the following is furnished for your information:

On February 19, 10 days after the Executive order was issued, the Army began to carry the mail. It initiated the operation of 12 main routes, including 70 air-mail stops and covering a distance of 13,284 miles. Scheduled trips involve the flying of 40,827 miles each day on air-mail runs.

From the very beginning all Army aircraft used in carrying the mail have been equipped with radio for receiving weather broadcasts and for following directional radio beams operated over the air-mail routes by the Department of Commerce. Similarly, these airplanes have been equipped with instruments for blind flying and with night-flying equipment. Personnel flying in Army airplanes are always equipped with the best procurable parachutes, a safety precaution not usually followed in commercial practice. While many of the military airplanes have open cockpits, the pilots are furnished and use the best procurable protective clothing. Open-cockpit airplanes are conceded to be safer than those having closed cockpits. Commercial companies frequently use them where only mail is carried.

The Air Corps has been training its flying personnel in radio and in instrument flying for years. However, it has only been during the past year that improved radio and blind-flying instruments have been available in sufficient quantity for general service use. The wide experience gained in flying the air mail in which radio and instrument flying play an important part will be of inestimable value in training the Air Corps, and will result in its being far better prepared to perform successfully military operations under all weather conditions. To carry out the Air Corps role in national defense, pilots must be ready to fly at any time and under any conditions that may be imposed by the requirements of the service.

The flying of military aircraft is recognized throughout the world as being inherently hazardous under any and all conditions, and accidents in the military forces necessarily increase when flying activities are carried out on a large scale. Considering the nature of normal military flying, which requires the maneuvering of large fighting forces in formation in the air, it is believed that the hazards involved in flying the air mail are not as great as those involved in ordinary peace-time military flying. To date only one fatal accident has occurred on a scheduled air-mail run.

In flying the air mail, just as in normal military peace-time flying, every effort is made in the military service to safeguard the lives of the personnel involved. From the very start instructions issued have stressed the importance of safeguarding the lives of flying personnel engaged in carrying the mail. Pilots carrying the air mail were selected for their known flying ability under service conditions. Only pilots of more than 2 years' service in the Air Corps are being used in night flying, unless weather conditions all along the route to be flown are excellent.

It is generally recognized that today the quality of our flying material and the general efficiency of our personnel are not excelled by any air power in the world.

The Army will continue to carry the mails as long as it may be necessary with that high standard of performance which has invariably characterized its services in emergencies.

FEBRUARY 28, 1934.

Here are reports of the accidents which have occurred since the Army took over the mail:

FEBRUARY 26, 1934.

Memorandum for the Chief of Staff:

In compliance with your telephonic request of this date the following information is furnished:

On February 16 Second Lts. Jean D. Grenier and Edwin D. White, Jr., Air Reserve, were killed while flying between Cheyenne, Wyo., and Salt Lake City, Utah. The airplane was a two-seater A-12 (attack) type. They were not carrying the mail and were not attempting to maintain an air-mail schedule, but were flying over the mail route to familiarize themselves therewith.

At about 10:50 p.m., February 16, Second Lt. James Y. Eastham, Air Reserve, piloting a B-7 (bombardment) airplane, was killed about 7 miles from Jerome, Idaho. He was flying from Salt Lake City to Seattle, Wash., and under exactly the same conditions as were Lieutenants Grenier and White. Lieutenant Eastham had had considerable experience with the B-7 airplane and had flown over this course twice before.

The three above-named pilots cleared Salt Lake City under favorable weather reports, with further instructions from the commanding officer at that point to come back in case unfavorable weather was encountered. Local weather conditions were threatening, but the ceiling over the mountain peaks was at least 1,000 feet, with the average ceiling along the route up to 5,500 feet. The pilots on both of these runs had communicated their position to the ground stations by radio about 10 minutes prior to the accidents. Lieutenant Eastham circled in the vicinity of the airport at Jerome, Idaho, and was apparently endeavoring to make a landing therewith.

Second Lt. Durward O. Lowry, Army Air Corps, was killed on the morning of February 22 near Deshler, Ohio. He was piloting an observation (O-39) type airplane, and was flying between Chicago and Cleveland, having taken off from Chicago at 4 a.m. Lieutenant Lowry was on a regular air-mail run when killed and was carrying mail. He apparently had attempted to make an emergency parachute jump, for the rip cord was pulled and pilot was caught in the tail of the airplane.

On February 22 First Lt. F. I. Patrick, Army Air Corps, was killed near Denison, Tex., while flying a P-26 (pursuit) airplane. Lieutenant Patrick was in no way connected with air-mail operations, and was on a training flight from Barksdale Field, La., to Sherman, Tex.

During the afternoon of February 23 Second Lt. James H. Rothrock, Air Reserve, piloting a C-29 (amphibian type) airplane, with Second Lts. William S. Pocock, Jr., and George E. McDermott, Air Reserve, as passengers, took off from Floyd Bennett Field, Brooklyn, N.Y., at 2:05 p.m., for Langley Field, Va., via Bolling Field, D.C. They made a forced landing on account of motor trouble in the sea about 5 miles southeast of Fort Tilden, N.Y. Lieutenants Rothrock and Pocock were rescued by the United States naval destroyer *Bernadou* about 7:20 p.m., Lieutenant McDermott having disappeared from the airplane a few minutes prior to the rescue. This flight was for the purpose of ferrying pilots to air-mail stations and was therefore connected with the mail operation but was not on an air-mail run nor carrying mail.

The customary procedure in the Army Air Corps is for station commanders to immediately report by radio a brief account of all accidents. A board of officers is then appointed to make a detailed investigation into the cause of such accidents. Up to date the detailed reports covering the above accidents have not been received, and the information submitted herewith has been taken from the brief radio reports.

Attention is invited to the fact that only one Air Corps officer has been killed while actually carrying the mail.

B. D. FOULOIS,  
Major General Air Corps,  
Chief of the Air Corps.

No one regrets these unfortunate accidents more than I do, but I am informed that a fatality occurs every 12 days in military aviation and every 29 days in commercial aviation. We should foster and promote aviation by supporting legislation in its interest.

POST OFFICE DEPARTMENT,  
SECOND ASSISTANT POSTMASTER GENERAL,  
Washington, February 28, 1934.

Hon. JAMES M. MEAD,  
House of Representatives.

My DEAR MR. MEAD: In compliance with the telephonic request made by you for certain statistics, the following information is furnished:

On exhibit sheet no. 1 is a record by fiscal years showing the number of pilots killed, the number of passengers and others killed, the total number of persons killed, and the number of pounds of air mail destroyed, from the time of the establishment of air mail service to the present date.

On exhibit sheet no. 2 is a list furnished by the Department of Commerce showing the number of open- and closed-cockpit airplanes operated by the air-mail contractors.

The Department of Commerce reports that 95 percent of all airplanes on scheduled routes are equipped with some type of radio, and of the 95 percent, 60 percent of the planes are equipped with two-way radio.

While no definite information is available with reference to automatic control for airplanes, it is understood that the operators who held mail contracts prior to cancellation had only used this device in an experimental way on a few individual ships.

With reference to the precautions taken by the Post Office Department to prevent unnecessary loss of life in flying the mail, the Second Assistant Postmaster General personally in every conference with the officials of the Army Air Corps stressed the fact that no unnecessary risks should be taken and that the Post Office

Department preferred to take the responsibility for the delay of mail rather than for the Army pilots to jeopardize their lives. Mr. Stephen A. Cisler, general superintendent of Railway and Air Mail Service, also in several conferences with the Army officials reiterated the attitude of the Post Office Department that there should be no unnecessary risks taken. The orders issued by Army officials disclosed beyond doubt that the policy of the Post Office Department was thoroughly understood and that the officers of the Air Corps also took every reasonable precaution to prevent loss of life.

HARLEE BRANCH,  
Second Assistant Postmaster General.

*Air-mail fatalities, by fiscal years*

Fiscal year	Pilots killed	Passen- gers and others killed	Total killed	Pounds of mail destroyed
<b>Government operated:</b>				
1918	0	0	0	0
1919	2	1	3	258
1920	5	4	9	1,025
1921	12	5	17	376
1922	1	0	1	164
1923	3	1	4	0
1924	4	0	4	0
1925	2	0	2	155
1926	2	0	2	80
1927	1	0	1	327
1928	0	0	0	0
<b>Contract service:</b>				
1926	2	0	2	0
1927	3	2	5	0
1928	6	2	8	810
1929	11	7	18	3,569
1930	9	0	9	4,665
1931	8	9	17	2,807
1932	16	16	32	1,340
1933	8	1	9	2,065
1934	5	6	11	199
Army: 1934	1	0	1	0

*Type of plane—open or closed pilot's cockpit*

	Open	Closed	Total
United Air Lines	13	111	124
American Airways	18	80	98
Western Air Express	3	10	13
Eastern Air Transport	13	31	44
Northwest Airways	3	17	20
Pennsylvania Air Lines	2	10	12
Transcontinental & Western Air	2	40	42
National Parks Airways	2	6	8
Kohler Aviation Corporation	0	3	3
United States Airways	0	7	7
Total	56	315	371

WAR DEPARTMENT,  
OFFICE OF THE CHIEF OF THE AIR CORPS,  
Washington, February 24, 1934.

Memorandum for the Chief of Staff:

With reference to the present agitation over the Army Air Corps accidents during the past 2 weeks there is submitted herewith data on the total number of accidents in scheduled commercial air transport services since January 1928:

	Accidents	Fatalities
January to June 1928	35	6
July to December 1928	51	18
January to June 1929	61	17
July to December 1929	76	22
January to June 1930	44	27
July to December 1930	47	5
January to June 1931	61	14
July to December 1931	65	23
January to June 1932	67	26
July to December 1932	48	14
January to June 1933	48	6
July to December 1933	53	10
Total	656	188

The foregoing is submitted in compliance with your telephonic request of the evening of February 23, 1934.

B. D. FOULOIS,  
Major General, Air Corps, Chief of the Air Corps.  
Normal casualties of Army Air Corps about 45 per year.

Now, let me read what happened on private lines. Here is the report from the Department of Commerce giving us the civilian accident record since the Army took over the air mail, showing that eight people were killed in one crash and one in another. Why did not you mention these crack-ups? [Applause.]

CIVILIAN ACCIDENT RECORD SINCE ARMY HAS BEEN FLYING MAIL—  
REPORT FROM DEPARTMENT OF COMMERCE

One fatal accident in scheduled civilian flying during the period the Army has been carrying the mail (accident on United Air Lines at Salt Lake City; eight killed).

One forced landing; none injured (Georgia; Eastern Air).

Four accidents in miscellaneous flying; that is, outside of scheduled flying (1 of these 4 was fatal).

Commerce Department says above report does not cover all the accidents but only those reported upon so far. Reports will probably be coming in from their inspectors as finished for the next 2 months on accidents which occurred during the storm period. They have no record of all accidents for this period at the present time.

Anyone who reads the charges made by some of our Republican colleagues can find an answer for them in these official statements and records. I am only anxious to correct the RECORD and to give you the facts in the case. They made the charges, but they cannot be sustained.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

Mr. SMITH of Virginia. Mr. Speaker, I move to strike out the preamble.

The motion was agreed to.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

On motion of Mr. SMITH of Virginia, a motion to reconsider the vote whereby the resolution was agreed to was laid on the table.

## REREFERENCE OF CERTAIN BILLS

Mr. BROWNING. Mr. Speaker, by direction of the Committee on the Judiciary, I ask unanimous consent that the bills, S. 682, to prohibit financial transactions with any foreign government in default on its obligations to the United States, and H.R. 2850, relative to the securities of foreign governments which have defaulted in their contract obligations to the United States, be referred from the Committee on the Judiciary to the Committee on Foreign Affairs, with the understanding, however, that such reference shall in no wise constitute a precedent for the reference of any bills which define a criminal offense and prescribe a penalty therefor to any committees other than the Committee on the Judiciary.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that the bills S. 682 and H.R. 2850 be referred from the Committee on the Judiciary to the Committee on Foreign Affairs. Is there objection?

There was no objection.

## ONE YEAR UNDER THE NEW DEAL

Mr. CARPENTER of Kansas. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CARPENTER of Kansas. Mr. Speaker, it is just a year since Mr. Roosevelt was inaugurated as President of the United States. It is therefore well that we review the events as they have occurred to determine whether we can report progress. To do so it is necessary that we first note the condition we were in, in the period just preceding, and at this time 1 year ago.

Wheat was then selling for 30 cents a bushel; corn, 7 to 12 cents per bushel; oats, 10 cents per bushel; cotton, 5 cents per pound or lower; and all other agricultural products at corresponding low prices. Wages were gradually being lowered as unemployment increased until there were about 14,000,000 jobless men and women, directly affecting, including themselves, some 35,000,000 people. The farmers everywhere were facing mortgage foreclosures. Over all the country were closed factories, empty store buildings, and impoverished towns and cities. Taxes were unpaid and municipalities and counties ceasing to function. Despair had taken the place of confidence. There was only one hope that sustained the people in the terrible condition they found themselves in, and that was the coming of a new leader. A leader who talked with understanding terms and in a language that all could understand, and who, instead of condemning the

common man, the laboring man, and the farmer, attempted to view their situation from their point of view and interested himself in their cause. In short, he promised them a new deal. Franklin D. Roosevelt, when he became President 1 year ago, assumed the greatest responsibility of any President since the time of Lincoln. Every bank in the country was closed, and we were on the verge of a panic that would have led us to chaos.

The welfare and future of not only our country but each and every individual in this country depended upon him. His utterances on March 4 were calculated to give us much encouragement. Thereupon action became his byword. The banks were saved. Congress was called in an extraordinary session and the President proceeded to set the national house in order. Then followed a series of emergency laws enacted by Congress upon the recommendation of the President. The results of which were to take us off the gold standard; to afford relief to agriculture; to save the farmers from foreclosure; to help the home owners in the towns and cities; to prevent the sale of fraudulent stocks and bonds by making the seller beware as well as the buyer; legislation creating useful camps where the youth of the country could be gathered off the highways and byways and paths that might lead to crime; legislation providing for the guaranty of bank deposits, thereby making the earnings and life savings of all, and especially of the older people, secure; and legislation to assist labor of all kinds, including railroad labor.

This legislation was supported by me, not because I was told to do so by any particular person or because it was popular but because in my judgment it was right and for the best interest of the people of my district and the country at large, and any legislation I did not believe was right or for the best interest of my people I just as vigorously opposed, and will continue to do so as long as I remain in this office.

To be sure, some of the legislation, as might be expected in such an emergency, was not perfect, and in some cases caused hardship, but the results of the legislation as a whole in relieving the terrible conditions in this country should be considered, and what are they? First, confidence in our country, our future, and ourselves has been restored. The price of wheat to the farmer is now better than 70 cents per bushel; cotton better than 10 cents per pound; corn, 50 cents per bushel or better; oats, 38 cents per bushel; and the price of every other agricultural product, with just a few exceptions, has increased or is on the upgrade. Thousands of farms and homes have been saved, most of the factories opened, millions of people put back to work, deposits in banks up to \$2,500 secured, protection given from unscrupulous stock-and-bond salesmen, and racketeering and unfair business practices abolished, and all this without any bloody revolution or dictatorship established in this country.

The man in the White House has not assumed the role of dictator; his every action has been with the consent of Congress. In fact, he has not gone anywhere near as far as Congress has authorized him to go, and, more than anything else, he has been satisfied for every Member of Congress to vote according to the dictates of his own conscience, in keeping with our American principles of government.

In conclusion, let me say the American people have been patient and long suffering through it all; their spirit has been wonderful; and regardless of their former party affiliations, they have given the President and Congress their full measure of support and cooperation.

## COLLATERAL SECURITY FOR FEDERAL RESERVE NOTES

Mr. STEAGALL. Mr. Speaker, I call up the bill (S. 2766) to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Alabama calls up the bill S. 2766, on the Union Calendar, and asks unanimous consent that it be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

The Clerk will report the bill.

The Clerk read the bill, as follows:

*Be it enacted, etc.* That the second paragraph of section 18 of the Federal Reserve Act, as amended, is amended to read as follows:

"Any Federal Reserve bank may make application to the local Federal Reserve agent for such amount of the Federal Reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal Reserve agent of collateral in amount equal to the sum of the Federal Reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes, drafts, bills of exchange, or acceptances acquired under the provisions of section 13 of this act, or bills of exchange endorsed by a member bank of any Federal Reserve district and purchased under the provisions of section 14 of this act, or bankers' acceptances purchased under the provisions of said section 14, or gold certificates: *Provided, however,* That until March 3, 1935, or until the expiration of such additional period not exceeding 2 years as the President may prescribe, the Federal Reserve Board may, should it deem it in the public interest, upon the affirmative vote of not less than a majority of its members, authorize the Federal Reserve banks to offer, and the Federal Reserve agents to accept, as such collateral security, direct obligations of the United States. On such date or upon the expiration of such period so prescribed by the President, or sooner should the Federal Reserve Board so decide, such authorization shall terminate and such obligations of the United States be retired as security for Federal Reserve notes. In no event shall such collateral security be less than the amount of Federal Reserve notes applied for. The Federal Reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal Reserve notes to and by the Federal Reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal Reserve bank for additional security to protect the Federal Reserve notes issued to it."

Mr. STEAGALL. Mr. Speaker, this bill provides an extension of a measure passed on February 27, 1932, which authorized the Federal Reserve banks, upon approval of a majority of the Federal Reserve Board, to issue Federal Reserve notes based upon Government bonds to the same extent and in the same manner that Federal Reserve notes were authorized to be issued when secured by eligible commercial paper. The original act was in operation for 1 year, and a subsequent bill was passed extending that measure down to the 3d of March 1934. It is urgent that this bill be enacted now in order that confusion and embarrassment be not visited upon the Federal Reserve banks in connection with Federal Reserve notes now outstanding which are protected by Government bonds.

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

Mr. STEAGALL. In a moment. There are \$570,000,000 of such notes outstanding at the present time. If this legislation is not passed, then after the 3d day of March such notes will have no legal status. It would become necessary for the Federal Reserve banks to take some action to restore the legality of these notes now in circulation. To do that it would be necessary, under the general law, to substitute eligible paper for those bonds. To accomplish that it would be necessary for member banks to borrow of the Federal Reserve banks. Borrowing is not being practiced now, except in a very limited way. Rediscounts now in the Federal Reserve banks amount to only about \$150,000,000, so that the Federal Reserve banks, in order to bring about necessary rediscounts of commercial paper, would be forced to unload Government holdings, which would result in the withdrawal and contraction of the supply of the Nation's currency. That is not thought desirable, I am sure, by many Members of the House, and it is not thought desirable by the administration.

This legislation freed something like \$1,000,000,000 of gold which had to be carried for protection of Federal Reserve notes at the time of the enactment of the original measure, for the reason that there had been such a decline in rediscounts by the Federal Reserve banks that it became necessary to carry 80 percent of gold as security or collateral for Federal Reserve notes, and that tied up nearly \$1,000,000,000 of gold, which was a very uneconomic use of our gold supply. Under the measure passed that gold was freed, and it made possible an increase in the amount of currency in circulation of something like two and a half billion dollars, and more than a billion dollars of Government bonds have been used as a basis for the circulation of Federal Reserve notes.

The SPEAKER. The time of the gentleman from Alabama has expired.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, it is very important from the standpoint of the general necessity for currency expansion that this liberalized policy of issue be continued. It is also important, or at least might become very important, in connection with the liberal financing program now being carried on by the administration. This authority will relieve the administration, to the amount of several billions of dollars, from the necessity of an appeal to private investors and banks for the purchase of Government securities in the financing program of the Treasury.

The SPEAKER. The time of the gentleman from Alabama has again expired.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. PATMAN] may address the House for 10 minutes.

Mr. McFADDEN. Reserving the right to object, I should like 10 minutes on this bill.

Mr. STEAGALL. As far as I am concerned, I shall be very happy for the gentleman to have it.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent that when the gentleman from Texas [Mr. PATMAN] concludes I may address the House for 10 minutes on this bill.

The SPEAKER. Without objection, the request of the gentleman from Alabama is granted.

There was no objection.

The SPEAKER. Without objection, the request of the gentleman from Pennsylvania is granted.

There was no objection.

#### BANKERS' BONUS BILL

Mr. PATMAN. Mr. Speaker, I expect to introduce an amendment to one part of this bill, and, of course, expect to get 5 minutes' time to discuss that amendment. That will make up the 15 minutes' time that I expected to get.

This bill is to continue a privilege that was first granted to Federal Reserve banks for 1 year, in February 1932. At that time the distinguished gentleman from Alabama [Mr. STEAGALL] gave as his reason for the adoption of this measure that it was necessary to keep from going off the gold standard. The bill was passed under a gag rule, no amendments were in order. A year ago, 1933, another bill was introduced for the purpose of extending this same privilege another year. The reason given was that there was a panicky condition existing and in order to save our gold and keep us from going off the gold standard we would have to pass this bill. It was again passed under a gag rule, no amendments were in order. I opposed the bill each time.

#### FACTS EXISTING IN 1932

In 1932 the Federal Reserve banks had \$2,900,000,000 deposited with the Federal Reserve agents to secure \$2,900,000,000 of Federal Reserve notes. Nine hundred million dollars of that represented eligible paper and \$2,000,000,000 of gold, and it was the view of the gentleman from Alabama at that time, that it was necessary to permit the substitution of United States bonds in order to release a billion dollars' worth of gold, which he said was needed at that time to protect the gold standard. It was thought France was going to demand a large amount of gold which she held in the United States, and this bill was necessary to release gold to be used in the event France should make such a demand. But the condition that existed then does not exist now, and this bill is extending a great privilege to a very few people.

#### WHAT IS FEDERAL RESERVE BANKING SYSTEM?

Let us think for a moment what the Federal Reserve banking system is. The Federal Reserve banking system operates almost solely on the credit of this Nation. The Government does not own one penny of its capital stock. It is owned solely by private banks. It was organized as a non-profit-making institution for the purpose of extending adequate credit to commerce, industry, and agriculture. Such amendments as we now have before us have diverted the system from the object of its creation and have caused it to be used in the interest of private bankers solely. A Federal

Reserve bank has a right to issue money that is a blanket mortgage upon all the property of all the people of this Nation. Every Federal Reserve note—paper money—so issued is a blanket mortgage. Federal Reserve banks do not guarantee to redeem that money, but the Treasury of the United States, the people of this country, agree to redeem it. It occurs to me that it is an idiotic and imbecile system that will permit a private banking institution so to handle the credit of this Nation that that banking institution can buy United States Government bonds, with Government credit, and then that same Government continue to pay interest to that private banking institution on those bonds that it has purchased on the Government credit. The privilege under this amendment is going much further than that. I doubt that you would vote now to extend the privilege I have just mentioned, but the privilege before you goes much further than the privilege I have just discussed.

The question is squarely before us, Are we going to continue this system of issuing money on Government bonds or will we defeat this bill and do what the Constitution says to do—"Coin money and regulate its value"?

#### ELASTIC CURRENCY INTENDED

The object of the creation of the Federal Reserve banking system was to extend credit and elastic currency for the benefit of commerce, industry, and agriculture. It was never intended that they would operate in the markets and speculate upon Government bonds for their benefit and for the benefit of member banks. The first bill that was proposed 2 years ago, which allowed the substitution of Government bonds for eligible paper was the first bill that encouraged banks to get out of the banking business and quit loaning money to industry, trade, commerce, and agriculture, and just speculate and make money in United States Government bonds, and that is what they have been doing. There is no incentive for them to loan money to agriculture, commerce, and industry as long as they can manipulate the Government credit in the manner in which they are manipulating it today.

#### CAMEL'S NOSE UNDER TENT

When this bill is read, I expect to offer an amendment. The bill provides that the privilege shall be extended 1 year and, with Presidential approval, it may be extended 2 additional years. That is the way the Federal Reserve Banking System has always gotten its special privileges, just by getting a little hold and annually securing so-called "perfecting amendments", just like the camel getting its nose under the tent, and finally the camel, hump and all, gets under the tent. That is the way it has been doing ever since the Federal Reserve Banking Act was enacted. This is another attempt to get another great privilege at the expense of the people of this country. First, they just wanted it a year to keep from going off the gold standard. Next, they wanted it for another year to keep from going off the gold standard. Now they want it for 3 years, although we are off the gold standard, and they bring it in here just 1 day before the time expires and they say it is an emergency and that we must pass it now. The very next thing to a gag rule. I am going to offer an amendment providing that instead of this privilege being extended 3 years it shall be extended until June 3, 1934. That is 3 months. That will give the Federal Reserve banks time to let industry have some money. Let them get some eligible paper in exchange for credit which the people need, and let them put up this eligible paper and get the bonds back. It will have a tendency to encourage them to let the people have the money that they want, and that is what we should do. Although I am against the bill and have opposed it every time, I am willing for the privilege to be extended 3 months. During that time another bill can be brought in and full and free discussion may be allowed.

#### BANKERS' BONUS BILL

This bill should be known as the "bankers' bonus bill." It is another attempt, by bribery and by bonus and by subsidy, to try to persuade the bankers of this country to render a public service to the people by extending to them a part

of the Government's credit which they have been using for themselves and for the benefit of themselves. I hope the time will come in the very near future when the Government of the United States will make direct loans to industry, will make direct loans to people who need Government credit. That is necessary. The banking system of this country has fallen down in its efforts, if it has made any effort, to extend sufficient credit to commerce, industry, and agriculture, although such system has been favored by the Government in every conceivable way. No other business is allowed to use the Government credit free, just the Federal Reserve System, which is controlled by a few large banks and such banks as are allowed to deposit Government bonds drawing annual interest of 3% percent and receive in return for them new currency paper money, and while using the money, also get credit on the bonds. I wish someone would give a good reason why the Government should not issue the money in the first place rather than issue bonds, sell the bonds, and then let the holder get money in return for them. The Government is paying the holders of Government bonds a billion-dollar bonus this year.

#### MONEY ISSUED ON I O U'S

As it is today, the member banks of the Federal Reserve put up their own notes, just I O U's, and get money issued on them, and they even want to enlarge this privilege. When they put up these notes with the Federal Reserve, they want the Federal Reserve to have the privilege of taking the United States bonds that have been purchased with Government credit as collateral security for the issuance of that money and at the same time get interest on the bonds that are put up as collateral security.

Suppose you owed a mortgage on your home and you gave me the money to pay the mortgage, and I got the mortgage transferred to me in return for your money, would it be right for you to continue to pay interest on that mortgage? That is exactly what the Government is doing.

#### A BIG RACKET

The Federal Reserve Banking System today holds \$3,000,000,000 in Government bonds. The Government should not have to pay interest on bonds that have been repurchased with Government credit; but they did it, and are doing it. It is not right that they should do it, and I am not willing for the privilege to be continued or extended.

#### CONTINUE ONLY 3 MORE MONTHS

Probably the Members do not desire to kill the bill outright since it is just a day before the old law expires, and a full discussion has not been permitted, but let us not continue the privilege more than 3 months, during which time this Committee on Banking and Currency, headed by the distinguished gentleman from Alabama, can bring in another bill, and under the general rules of the House we can thoroughly discuss it. If it is a good proposition, the House will pass it; but if it is not a good proposition, it will be defeated. So, let us attempt to amend the pending bill in order that the privilege may not be extended longer than 3 months without a better understanding of what is allowed under it.

#### 1945 BONDS

Under this bill they can take bonds, due in 1945, payable in 1945—they can do that anyway, but this is an extension and enlargement of that privilege—and deposit these bonds with the proper official and get new money on these bonds; and at the same time they use the money they get interest on the bonds deposited. It is not fiat money, rag money, or greenbacks, it is good money; but offer to let the 3,500,000 veterans ask for the same privilege and the same money is called greenbacks and no good. Of course, they do not want the privilege extended until 1945 in this bill, but they are going to get it if you pass this bill because next time, instead of 3 years it will be 6 years, or maybe 25 years, or maybe longer. Just before the time expires another bill will be brought in to give them an extension of the same privilege. They have never lost a valuable privilege. They always manage to get their privileges extended and enlarged. Gag rules, emergency, and many other methods are used to carry out their purposes.

## SUPPORT AMENDMENT

Therefore, my friends, I hope you will support the amendment which I shall introduce to limit the provisions of this bill to 3 months. This will give them plenty of time to bring in a bill and give the House time to consider properly the bill. The records show that most of the country banks are doing their part. It is the large banks that will benefit the most by this bill that are refusing to do their part.

One half of the Government bonds today are owned by the large banks of this country. Think of it, half of them; and the Government is paying the banks a bonus, or a subsidy, of \$500,000,000 a year. And yet they will not make deserving loans to industry. If you want to continue this privilege, vote for this bill as it is. The Government will pay holders of tax-exempt interest-bearing bonds a billion-dollar bonus this year. It should not be paid. Think of the many ways a billion dollars could be used to better advantage of the people. The bonus system for the banks must be stopped. If you are in favor of the Congress issuing money as contemplated by the Constitution, vote to refuse the banks this extension of that very valuable right.

[Here the gavel fell.]

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 2 minutes in order that I may ask him a question.

Mr. BURKE of Nebraska. Mr. Speaker, I object.

The SPEAKER. The gentleman from Pennsylvania [Mr. McFADDEN] is recognized for 10 minutes.

Mr. McFADDEN. Mr. Speaker, I am assuming that the House bill is the same in all respects as the Senate bill. I ask the chairman of the committee whether I am correct?

Mr. STEAGALL. The bill passed the Senate day before yesterday, and we are considering the Senate bill in order to expedite passage of the measure to meet the peculiar conditions that exist. The committee, however, unanimously reported the House bill on yesterday, and the House bill is identical with the Senate bill.

Mr. McFADDEN. This is a bill to extend the period during which direct obligations of the United States may be used as collateral security for the basis of the issuance of Federal Reserve notes.

The purpose of the original enactment was to protect the gold reserve. The renewal that was given subsequently was also involved in that same situation. The situation today has entirely changed. The purpose of the enactment of this bill today is to permit the continued use of the hopper into which Government bonds are placed and out of which, when the crank is turned, come Federal Reserve notes.

The real reason that this is necessary is that \$10,000,000,000 has to be raised by the United States Treasury, and this is one of the vehicles that is to be used to furnish the inflation which will be necessary in order that the Treasury may sell United States bonds to get the money to carry out its financial program. We might just as well recognize this fact. I am at a loss to understand why they have delayed until the last minute the question of renewing this act.

This is a part of the general plan of the Federal Reserve and the Treasury to avoid any real discussion on the subject of the issuance of Federal Reserve notes and the operations of the Federal Reserve System in this House. We were told on the 4th day of last March that the money changers were to be thrown out of the temple. The Federal Reserve System management represents a large part of the money changers, and during the past 10 days we have seen a definite reversal of the policy of throwing the money changers out of the temple and an endorsement by the President of the United States of a continuance of the Federal Reserve System in the same manner it has been operated for the past several years.

I should like to ask the leader of the Democratic side whether or not any attention is going to be paid to an examination of the operations of the Federal Reserve System. I am asking the leader of the Democratic side now what they are going to do with the impeachment resolution that is lying before the Judiciary Committee. Are you going to act on it, Mr. BYRNS?

Mr. BYRNS. The resolution is before the Judiciary Committee.

Mr. McFADDEN. The gentleman from Tennessee is the leader of his party and there are resting with the committee accusations against the Federal Reserve System and protests against the continued exploitation of the American people by the Federal Reserve.

Mr. BYRNS. As the gentleman has just stated, the matter is before the Committee on the Judiciary, and I have no doubt that this committee will give it the fullest consideration and investigation. As an individual Member of Congress, however, it is impossible for me to say to the gentleman what will or will not be done by that committee.

Mr. McFADDEN. Over 2 years ago, in response to a resolution proposing an investigation of the Federal Reserve, I was assured by the leadership on both sides of this House that at the following session, after the election, a thorough investigation would be made of the operations of the Federal Reserve System. This has not been had and I can get no cooperation from the committees as regards the examination of the operations of the Federal Reserve. The exploitation by the Federal Reserve of this very question of note issue is at stake in this proposed study of their operations. There should be a complete study of the operations of the Federal Reserve System because of the well-known mistaken policy under which they have been operating. They themselves admit the mistaken policy, which was largely responsible for the collapse in 1929, and has caused us hundreds of millions of dollars of loss; yet in the very bill now before us is a clause phrased in these words:

That the Federal Reserve Board may, should it deem it in the public interest.

Has the Federal Reserve, in these important decisions which they have made in the past, when they furnished the money to operate the stock-exchange speculation, as they did, worked in the public interest? Are they working in the public interest now? The same management, the same mismanagement, that was in operation in 1929 is still in charge of the operation of the Federal Reserve System.

As the gentleman from Texas has pointed out, the bill grants a further extension of the operation of this note issue for 3 years. It is a mistake to grant this extension of this note-issuing privilege for 3 years. It should not be more than 1 year, as heretofore.

The gentleman has referred to the franchise that is given to this system to issue these notes. Over \$3,000,000,000 worth of these notes are outstanding now. If the Federal Reserve loans that money at 4 percent, they get \$120,000,000 a year. The law provides that when the Government lends its credit to the Federal Reserve System they were to pay a certain percent for this credit. Have they done this? Not one penny have they ever paid. This franchising of the public credit to the Federal Reserve System has been a fine racket. It is a racket today.

Mr. McFARLANE. Will the gentleman yield?

Mr. McFADDEN. I am sorry; I have not the time.

If we continue this legislation, we should at least see that the law is carried out in its original intent and purpose, and see that this system pays back into the Public Treasury that which the law said they were to pay back.

I do not want to keep continually talking about what the Federal Reserve is doing to this country. I have done everything within my power to get both sides of this House to audit not only the Federal Reserve System, but the Treasury of the United States. When the banking bill was before this House last spring and when the banks were all closed, I begged the incoming administration to draw a red line through the operations of the Treasury and the Federal Reserve System and audit their books. This has not been done. When you talk about throwing the money changers out, every financial operation that has been passed, every assistance from every board that has been created under the new deal and every assistance from the Reconstruction Finance Corporation has been used to strengthen the position of the bankers who are responsible for the great losses that the people of this country have suffered. It has

been a consistent policy that has been followed. Here is a continuation of the same proposition with an endorsement to continue further to operate this system in order to bolster the banks, the private investment, and the international financial interests. How long must the people of this country wait to know about the operations of their financial system? Let me say as solemnly as I can that you are not going to restore confidence in the United States, in your Government, or in your financial system, until the American people are given assurance that everything is right in the Treasury and in the Federal Reserve System. [Applause.]

[Here the gavel fell.]

Mr. LUCE. Mr. Speaker, we have listened to two interesting arraignments of the Federal Reserve Board. The attitude of my colleague from Pennsylvania toward that body has been made well known to the House. His views so far have not convinced.

The attitude of the gentleman from Texas particularly interested me. If I wished to make this a topic in a political campaign I need not go beyond the four corners of the speech of my friend from Texas to find damning arraignment of his administration.

This measure is brought before us by the administration, by the financial agents of the administration, the Treasury and the Federal Reserve Board. This embodies their program for meeting what is probably the greatest danger and the most difficult situation since the days of the Revolutionary War, when, by reason of the disordered state of the finances this country came near going to wreck. Under these circumstances, for one I am disposed to put the same confidence in the Treasury and in the Federal Reserve Board that when the Democrats were in a minority they gave to the Republican Secretary of the Treasury and the Board as it was then constituted.

The Federal Reserve Board was never contemplated to be a political agency. It was never constituted as such. I am told that at the present moment every member of that Board is a Democrat. If there be any criticism, then it goes to a Democratic Secretary of the Treasury and a Democratic Federal Reserve Board; but I refuse to share in such intimations, such insinuations, such charges.

The finances of this country have always been in the hands of honorable men, men who were never subservient to the financial interests of the country as represented by Wall Street. It is absurd, it is preposterous, to tell this House and to tell the country that the Democratic Secretary of the Treasury and the Democratic Federal Reserve Board are nothing but the servants of the wealthy people of the country, the slaves of the money interests of the country.

Does the gentleman from Texas not know the reason money is not loaned to industry is because his administration, working through the Comptroller of the Currency, demands that loans shall not be made on shaky securities, demands that the banks shall be kept liquid, and demands that payment shall be made on outstanding obligations? The banks would be delighted to lend money to industry. They cannot find borrowers who can present security that will be satisfactory to the examiners sent out by the Comptroller of the Currency. That is the heart of the whole problem.

Mr. PATMAN. Will the gentleman yield?

Mr. LUCE. With the greatest of pleasure, because may I say, the more the gentleman speaks on the subject upon the floor of this House the more he puts his foot in it.

Mr. PATMAN. The gentleman is entitled to be facetious over such an important matter. The gentleman in 1932, when he discussed this bill, gave as a reason for its passage then the fact that they needed this gold that the Federal Reserve banks had put up, amounting to about \$1,000,000,000. In 1933 in discussing the same bill the gentleman gave as a reason the fact that the emergency still existed.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that the gentleman be allowed 5 additional minutes.

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

There was no objection.

Mr. PATMAN. Since we have gone off the gold standard and since the Federal Reserve banks have \$4,000,000,000 in gold and they only need \$1,600,000,000, and having \$2,400,000,000 of idle gold, where is the necessity for the passage of this bill?

Mr. LUCE. I am not going to bandy figures with the gentleman. My answer is adequate to my own judgment and conscience. This measure is asked by the men to whom we have entrusted the responsibility of meeting a tremendous problem with respect to the finances of the Government, due to the measures that his party has put upon the statute books, and the proclamations that his President has issued. I am willing to trust his Secretary of the Treasury. I am willing to trust his Federal Reserve Board. The gentleman is not.

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

The Clerk read the bill for amendment.

Mr. ELLENBOGEN. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ELLENBOGEN: Page 2, line 16, after the words "United States", insert "and such obligations as are guaranteed unconditionally both as to principal and as to interest by the United States."

Mr. ELLENBOGEN. Mr. Speaker, the purpose of this amendment is to include in this bill not only the bonds of the United States but also those bonds that are guaranteed unconditionally both as to interest and as to principal by the United States. I refer in particular to the farm-loan bonds, which only a few weeks ago were guaranteed by the Government, and also to the home-loan bonds. In a message which was presented to the Congress yesterday the President has requested us to guarantee also the home-loan bonds.

Mr. Speaker, these bonds will be as good as the Government bonds, because they will have behind them not only the unconditional promise of the Government of the United States but also the security of the homes of the country.

If the privilege that is extended to the Government bonds to issue currency on the security of such bonds will also be extended to the farm-loan bonds and later to the home-loan bonds, after they are guaranteed, the Farm Loan Corporation and the Home Owners' Loan Corporation will be able to sell these bonds at a lower rate of interest.

Mr. Speaker, the Farm Loan Corporation and the Home Owners' Loan Corporation are going to have losses. Today the Home Owners' Loan Corporation is selling its bonds or is exchanging its bonds carrying a rate of interest of 4 percent and charging the home owner 5 percent. There is only a difference of 1 percent, which is insufficient or which, in my opinion, will be insufficient to absorb the losses that will be suffered by the Home Owners' Loan Corporation, and I assume the condition is the same as to the farm-loan bonds.

I can see no harm in the passage of this amendment, and on the contrary, I believe it will permit these two corporations—the Farm Loan Corporation and the Home Owners' Loan Corporation—to fix a lower rate of interest for their bonds, and thus save money for themselves and absorb some of the losses.

Mr. Speaker, I hope the House will adopt the amendment.

Mr. STEAGALL. Mr. Speaker, any amendment to this bill now would defeat its passage within the time within which it is urgent and necessary. In that connection I say to the gentleman from Pennsylvania [Mr. ELLENBOGEN] that it is contemplated that legislation will be passed dealing with the bonds of the Home Owners' Loan Corporation to which he refers, and to other bonds to which the Government has become responsible as to both principal and interest, and that the purpose contemplated by his amendment will in all probability be taken care of in another bill which will be before this House at an early date, and I ask the gentleman to withdraw his amendment.

Mr. ELLENBOGEN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. ELLENBOGEN. I have looked over the bill introduced by the gentleman relating to the Home Loan bonds, and I do not find such provision in it, and in addition to the Home Loan bonds I also have in mind the Farm Loan bonds; but if the gentleman will assure me that the House will be given an opportunity to vote on a proposition like this, then I do not desire to endanger the passage of the bill, although I believe it is a deplorable policy to bring such an important bill before the House at the last moment. If the gentleman will give me such assurance, I will withdraw my amendment.

Mr. STEAGALL. I can only assure the gentleman that it is expected that such legislation will be considered by the Committee on Banking and Currency connected with the measure providing for Government guarantee of bonds. Such a provision is embodied in a bill now pending and which was introduced by me.

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. McGUGIN. If I read the amendment aright, I do not believe the gentleman from Alabama means to convey to the House that at some time we are going to have legislation that will carry out that amendment. If I read it right, it will provide for issuing currency against all Government bonds. We now have approximately \$30,000,000,000 of Government bonds, and with these \$4,000,000,000 that will make \$34,000,000,000, and it would make possible a 700-percent inflation.

The SPEAKER. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. PATMAN. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Page 2, line 9, after the word "however", strike out "that until March 3, 1935, or until the expiration of such additional period not exceeding 2 years as the President may prescribe" and insert in lieu thereof the words "that until June 3, 1934."

AN AGENT WHO REPRESENTS BOTH BANKS AND GOVERNMENT

Mr. PATMAN. Mr. Speaker, the gentleman from Alabama suggests that he wants this bill passed without delay. There are 12 Federal Reserve banks in the United States, and at each Federal Reserve bank there is a Federal Reserve agent who occupies a dual position. He represents the Federal Reserve bank where he is, and also he is the agent of the Government of the United States. He not only has these bonds in charge but he has the gold in charge; and if we were to fail to pass this bill today or tomorrow or next week, all in the world that he would have to do would be a mere bookkeeping transaction. He would transfer the bonds back and put the gold up as collateral security for the issuance of these Federal Reserve notes.

SURPLUS OF GOLD

The Federal Reserve banks today have \$4,000,000,000 in gold. They need only \$1,600,000,000 to cover the notes they have outstanding. Therefore, they have idle and unincumbered more than \$2,400,000,000 in gold. There is no real necessity for this legislation at all, but in order to be absolutely fair I suggest that we give them 3 months, and that we ourselves have 3 months in which to study the proposition, and if it is a good thing we can pass it, and if it is a bad proposal we can defeat it. I am getting tired of this bill being brought in here under such circumstances every time.

WILLING TO TRUST PRESIDENT

With reference to the remarks of the gentleman from Massachusetts [Mr. LUCE], the gentleman is evidently gratified that one measure recommended by President Hoover and Secretary of the Treasury Mills will probably receive support from leaders of the present administration. He said that I was not willing to trust our Secretary of the Treasury and the President. I want the gentleman to understand that I am perfectly willing to trust them, but I am sure they are

not asking for powers they do not need, that have been abused in the past. I am not willing to make them accept a responsibility they do not need, and one that if exercised will not promote the general welfare. If the President or Secretary of the Treasury should suggest to me how this bill would aid the President's program, I would withdraw my objection to it. There are banks in this country that have for the last several years paid 200-percent dividends. There is one in Pittsburgh, Pa., owned by a former Secretary of the Treasury, Mr. Mellon, that has paid a 200-percent dividend a year for years by using the credit of this Nation, free of charge. No other business or industry in the United States is allowed to use the credit of this Nation free of charge. It is only certain bankers in the country who have been allowed to do it.

AMENDMENT SHOULD BE PASSED

There is no reason in the world why this amendment should not be passed, which will allow the time to be extended for 3 months. My objection is not new. When the bill came up in 1932, I opposed it then. We asked for a roll call, and I was 1 of 15, including 2 or 3 other gentlemen from Texas, and others, who opposed it at that time.

NOT AN INFLATIONARY MEASURE

We opposed it a year ago because it is not an inflationary measure. It is not a measure that will expand the currency. It is a measure that will contract the currency. It is a contraction measure and not an inflationary measure, for the reason it induces and persuades banking institutions to put their money in Government bonds, and not in commerce, industry, and agriculture, and any time you induce the banks to use their money by putting it into Government bonds, you are not helping commerce, industry, and agriculture.

ADOPT 3 MONTHS' AMENDMENT

That is exactly what you are doing in this bill. Therefore I ask you to vote for this amendment, which will allow 3 months' more time. The Federal Reserve banks have plenty of power to control the situation without any inconvenience or without any trouble. Banks can still put up their own IOU's, the bankers' note, the note of that bank, and get the money of the United States, guaranteed by the United States, issued upon that banker's note. Therefore if they were to be embarrassed by the failure of this bill, they certainly could resort to the means that they have now to get money in its place. I ask you to adopt this amendment, which will in no way jeopardize the merits of this bill. If we allow another year, this Congress will not be allowed to pass on the question again. Another Congress will pass on it. Since we know something about what is attempted, let us stay with it until the question is finally settled. We are paying holders of Government tax-exempt, interest-bearing bonds a billion dollars this year. It is a pure bonus. It should not be paid.

Mr. BUSBY. Mr. Speaker, I offer a substitute to the amendment just offered by the gentleman from Texas.

The Clerk read as follows:

Substitute offered by Mr. BUSBY to the amendment offered by Mr. PATMAN: Strike out the words "three months" in the amendment and insert in lieu thereof "twelve months."

Mr. BUSBY. Mr. Speaker, I very seriously doubt the advisability of enacting this kind of legislation if we are going to maintain the bank set-up in this country and use it to furnish us a medium of exchange with which to carry on business. Of course, we are committed to it, and we look to it for nine tenths of the efficiency of the exchange that we have to use.

When the Federal Reserve Act was enacted it was thought proper to permit currency to be issued on certain short-term paper and gold for the purpose of benefiting trade and commerce. Now, a great many gentlemen do not know it, but we have been issuing commodity money ever since the Federal Reserve bank was set up. That money—Federal Reserve notes—is 60 percent commodity money, or it was until the first enactment of this act. We used to discount short-term bills and obligations, based on commodity loans and property loans, on which to issue money. When this bill was first

enacted we changed that policy and began to use Government debts on which to issue Federal Reserve notes, a total departure from the original purpose of the issuance of Federal Reserve notes on property loans. Nobody will dispute that. The chairman of the committee will not dispute that. But 2 years ago we were called upon to make this radical change, a change that was favorable, of course, to the holders of Government bonds and obligations. Now, we have gone along here for these years, and this is drifting into a permanent policy which converts the banking set-up of this country into an institution to finance the Government. Is that not ridiculous? Issuing Government bonds with interest for the banks so banks can pledge them with the Government so the Government can issue money, when the original purpose was to finance business and commerce and trade. Is that not ridiculous?

I think 1 year is long enough for us to enact this law. I am not proposing to cut off anything that has been the practice under this act. Let us pass this substitute for the amendment offered by the gentleman from Texas and extend the proposition 1 more year, but keep the power in the hands of Congress. I am appealing to you on a proposition that I believe you will stand for, because the Congress after all is responsible in this money matter, and the President is not particular about having it turned over to him for 3 years. I hope you who are listening will stand by me and help us adopt this substitute so that we can keep the matter in our hands as it has been before. I appeal to you in earnest. If 1 year was a sensible proposition in 1932 or 1933, it ought to be likewise in 1934.

Mr. LAMBERTSON. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. LAMBERTSON. Since these leaders on the committee cannot tell us, can the gentleman tell us why you waited until this eleventh hour to bring this bill in?

Mr. BUSBY. That is a form of strategy in which the House often permits itself to be thrown, in order to coerce Members into doing something that they ordinarily would not do. That is the truth of the matter.

Mr. LUCE. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. LUCE. I should like to say something that perhaps the chairman of the committee would not want to say. This is not the fault of the committee. The committee acted as soon as it was requested to act. The blame, if there be any, is not to be placed upon the committee.

Mr. BUSBY. Will the gentleman let me answer?

Mr. STEAGALL. I yield.

Mr. BUSBY. Of course, the committee only received the bill about an hour before we were called upon to have hearings. The hearings lasted 30 minutes on yesterday. That is the only opportunity we had in regard to the matter.

Mr. STEAGALL. Mr. Speaker, this bill was sent to the Committee on Banking and Currency only a few days ago. In the rush and confusion of the hour, with several subcommittees at work, and repairs under way in the committee room, the committee was not called as soon as perhaps it should have been to consider this measure.

The Senate passed the bill day before yesterday.

The committee was called together and hearings were held yesterday. It was considered in the committee and reported without objection.

One gentleman, who is not here, indicated that he might see fit to offer amendments to the bill when it got into the House. Other members, and I think practically the entire committee was present, agreed—certainly all those who are here now were present—and agreed to the bill, although they had opportunity, then, to suggest amendments for consideration of the committee. So much for that.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I have not time just now.

I wish to say in answer to the gentleman from Texas that going off the gold standard has not affected in the slightest degree the operations of the Federal Reserve banks in the matter of the issuance of Federal Reserve notes.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield? Mr. STEAGALL. I beg the gentleman's pardon, but I cannot yield. I want to make a statement. Then I shall be glad to yield.

The only thing that took place was that the gold holdings by the Federal Reserve banks were transferred to the Treasury for revaluation, and gold certificates, so-called—and they are in fact gold certificates—were issued by the Treasury to the Federal Reserve banks in place of the gold taken over. Those certificates, as everybody understands, were for the same amount in dollars and cents as the gold held by the Federal Reserve banks before its transfer to the Treasury. The profit in that transaction, of course, inures to the benefit of the Treasury, I think very properly, and for which I am very glad.

Now, when application is made to issue Federal Reserve notes by the Federal Reserve banks, the Federal Reserve banks must carry against Federal Reserve notes the same amount in gold certificates that were formerly carried in gold or gold certificates which were specifically redeemable in gold. So when the Federal Reserve banks are called upon to issue Federal Reserve notes they must have commercial paper, eligible paper, for 60 percent of the amount of the notes issued and 40 percent in gold certificates. The transaction is just the same in effect as it was under the old order when the Federal Reserve banks held the actual gold and gold certificates specifically redeemable in gold.

The Federal Reserve banks find themselves with only \$150,000,000 of eligible paper on hand. They have no power to compel member banks to ask for rediscounts.

The Federal Reserve banks have no power to issue Federal Reserve notes unless they have the collateral to support those notes. The only collateral they may use is eligible commercial paper supplemented by 40 percent of gold or gold certificates. In the absence of eligible commercial paper they must protect Federal Reserve notes by gold certificates, unless they are permitted to continue the use of bonds as security. Federal Reserve notes already outstanding—and they amount to \$570,000,000—would lose their legal status as money with consequent confusion. The only remedy would be for the Federal Reserve banks to go out into the market and sell Government bonds and draw in money that is now in circulation and contract the currency of the country or substitute gold certificates for bonds. Any such use of gold certificates would curtail the possible enlargement of circulating currency. The tendency would be to contract the currency when many of us believe conditions demand expansion.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

Mr. BUSBY. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 5 minutes, for I wish to ask him a question.

Mr. MARTIN of Massachusetts. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is, Is there objection to the request of the gentleman from Alabama?

Mr. BUSBY. Mr. Speaker, I object.

The SPEAKER. The question is on the amendment of the gentleman from Mississippi [Mr. BUSBY] to the amendment of the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, I move to strike out the last word.

The SPEAKER. That would be an amendment in the third degree.

Mr. PATMAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PATMAN. What kind of a motion could a Member make to secure recognition at this time?

Mr. MARTIN of Massachusetts. Mr. Speaker, I demand the regular order.

The SPEAKER. The question is on the Busby amendment.

The question was taken; and on a division (demanded by Mr. BUSBY) there were—ayes 34, noes 35.

Mr. BUSBY. Mr. Speaker, I ask for tellers.

Tellers were refused.

Mr. McFADDEN. Mr. Speaker, I raise the point of no quorum. This is too important a matter to be crowded through in this manner.

The SPEAKER. The Chair will count. [After counting.] One hundred and three Members present; not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 97]

Abernethy	Doughton	Kleberg	Robinson
Andrew, Mass.	Douglass	Lanzetta	Romjue
Andrews, N.Y.	Drewry	Lee, Mo.	Rudd
Arnold	Driver	Lehlbach	Sadowski
Auf der Heide	Duncan, Mo.	Lesinski	Scrugham
Bakewell	Eagle	Lewis, Md.	Sears
Bankhead	Eaton	Lindsay	Shallenberger
Beck	Edmonds	McClintic	Shannon
Beedy	Elizley, Miss.	McGrath	Shoemaker
Beiter	Evans	McLean	Simpson
Berlin	Faddis	McLeod	Smith, Va.
Black	Farley	McMillan	Smith, Wash.
Boland	Fernandez	McSwain	Smith, W.Va.
Boylan	Fish	Mansfield	Somers, N.Y.
Britten	Fitzgibbons	Marland	Stalker
Brunner	Flannagan	Marshall	Stokes
Bulwinkle	Ford	Merritt	Strong, Pa.
Burch	Frear	Millard	Stubbs
Cannon, Wls.	Fulmer	Milligan	Studley
Carley, N.Y.	Gambrill	Montague	Sullivan
Carpenter, Nebr.	Gasque	Montet	Sutphin
Cary	Gavagan	Moynihan, Ill.	Sweeney
Cavicchia	Gifford	Norton	Taylor, Colo.
Celler	Gillette	O'Connell	Taylor, Tenn.
Chapman	Goodwin	O'Connor	Terrell, Tex.
Chavez	Goss	Oliver, Ala.	Thomason
Claiborne	Granfield	Oliver, N.Y.	Thompson, Tex.
Clark, N.C.	Greenway	Owen	Thurston
Cochran, Pa.	Greenwood	Palmisano	Tinkham
Coffin	Gregory	Parker	Treadway
Cole	Griffin	Perkins	Truax
Condon	Haines	Pettengill	Underwood
Connery	Hancock, N.C.	Peyser	Vinson, Ky.
Cooper, Ohio	Harlan	Plumley	Waldron
Corning	Hart	Polk	Wallgren
Cox	Harter	Pou	Walter
Crosby	Hess	Prall	Welch
Crowther	Hill, Knute	Randolph	Whitley
Cullen	Hoeppel	Rankin	Willford
Cummings	Howard	Ransley	Williams
Darden	Hughes	Reece	Wilson
Dear	Johnson, Tex.	Reed, N.Y.	Withrow
Delaney	Kahn	Reid, Ill.	Wood, Ga.
Dickstein	Kelly, Pa.	Richards	Young
Dockweiler	Kennedy, N.Y.	Robertson	Zioncheck

The SPEAKER. Two hundred and forty-nine Members have answered to their names. A quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

The SPEAKER. The question is on the amendment of the gentleman from Texas.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes in order to explain the amendment that is pending before the House.

Mr. STEAGALL. Mr. Speaker, because of the circumstances I am forced to object, a thing I have never done in this House; but under the circumstances I must do so.

Mr. BROWN of Kentucky. Mr. Speaker, I offer a substitute for the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Kentucky as a substitute for the amendment offered by Mr. PATMAN: On page 2, lines 10 and 11, strike out "March 3, 1935, or until expiration of such additional period not exceeding 2 years" and insert in lieu thereof the following: "such time, not exceeding 1 year."

Mr. BYRNS. Mr. Speaker, I make the point of order that a similar amendment has just been voted down.

Mr. BROWN of Kentucky. Mr. Speaker, I want to be heard on the point of order.

Mr. BYRNS. It is very clear that the House voted down a similar amendment.

Mr. BROWN of Kentucky. It was not the same amendment.

The SPEAKER. The point of order is overruled.

Mr. BROWN of Kentucky. Mr. Speaker, my amendment on page 2, line 10, strikes out "March 3, 1935" and inserts in lieu of that statement "such time not to exceed 1 year as the President may prescribe."

This bill prescribes the authority under which the Federal Reserve System buys Government bonds and get 4, 4½ percent, or whatever it is, on the bonds, then issues currency on these bonds. That authority expires on March 4. The Senate is not now in session. You are brought here on the last day that this authority can be extended and asked by the committee to swallow the bill that they have been holding here since February 14 because this has to be made a law today.

May I say that one of the reasons why you have some insurrection on the part of the 160 new Members of this House is just such action as the committee is taking today. [Applause.] The gentleman from Massachusetts said to one Member who was objecting to this sort of thing that when you opened your mouth you stuck your foot in it. I came here to stick my foot into some things.

I resent such actions as this, that cause us at 6:30 at night to vote on a measure that is more important to the people of the country than anything you can bring before this Congress. "Money", said Adam Smith, "is the life-blood of the nation." John Stuart Mill said it is like the blood that flows through the human body, and yet on the last day we can extend the authority, the committee brings in a bill it has had since February 14 and asks us to swallow it because it is necessary, the Senate not being in session.

I may say that the Constitution provides that Congress has the right to coin money and to regulate the value thereof. This bill says that the Federal Reserve System has the right to buy the obligations of this Government, collect the interest on the obligations, then lend it to whoever wants to borrow the money at whatever rate of interest they may choose to charge, including brokerage fees and other things which increase the rate of interest. There is no opportunity to amend. This is the last hour this can be passed.

It should be the sense of this House to say once and for all: You cannot bring a bill of this importance in here at midnight and crowd it down the throats of the Representatives of the people. We want time to discuss these things. Why, it has taken generations to teach the people of this country that nobody understands money. Why do we not understand it? Because it serves the interest of organized bankers not to let the people understand money; because it serves their interest not to let us study the bill, not to let us debate, and then bring the bill in at the last minute.

As far as I am concerned I do not want to hinder the progress of this country; I do not want to put any obstacle in the way. I have stood by the program from the beginning to the end, but I am not going to stand for being called up here at 6:30 to vote on a bill that no Member of the House has had an opportunity to read, to discuss, to debate, or know anything about; and to extend to the bankers of the country the right to take our Government credit, draw 4½-percent interest on this credit, and then lend it to the people of this country and charge them 6-percent interest to boot.

It is not so important but what we can wait until Monday. My amendment is an amendment which merely gives the President the authority to extend this thing for a year if he finds it necessary; and if the amendment is voted down, then the gentleman from Texas has an amendment that will extend it to July 1, and we ought to adopt that amendment and extend the time to July 1. [Applause.]

Mr. STEAGALL and Mr. PATMAN rose.

Mr. PATMAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PATMAN. Mr. Speaker, the gentleman from Kentucky [Mr. BROWN] has offered a substitute for my amend-

ment. Would I not be entitled to recognition in opposition to that amendment?

**THE SPEAKER.** A member of the committee would be entitled to prior recognition.

**MR. STEAGALL.** Mr. Speaker, I am sorry that my brilliant friend from Kentucky has not kept quite apace with the discussion of this measure. I feel sure he would not have taken the position he has if he were entirely familiar with the facts.

**MR. BROWN** of Kentucky. Will the gentleman yield? Have I had any chance to get familiar with the facts?

**MR. STEAGALL.** Let me say to my friend that this is a measure which should be determined upon its merits. If gentlemen in this House were governed entirely by considerations of personal convenience, all of us would have had our dinners, been enjoying the quietude of our homes and apartments.

The Banking and Currency Committee is not responsible for the trend of business in the House today. When this matter was called to the attention of the leader, he informed me that the Department of Agriculture bill would be out of the way, he thought, in an hour and that this bill should follow another measure which he thought would be passed in a few minutes. In order to be accommodating and courteous, as I thought, I acquiesced in the suggestion and made no insistence that we should take up the bill in advance of those measures.

This bill comes from the Committee on Banking and Currency with a unanimous report, after full consideration and hearings, with only one Member indicating he was not entirely satisfied with the bill, and he is not here.

I want to submit to this House that no Member has offered opposition to the passage of this bill. The only proposals are that it be made effective for 3 months only or that it be made effective for 1 year. It is only operative for 1 year unless extended by the President.

As for clothing the President with power to extend the legislation for a year, the administration is exercising that power now by asking the Congress to pass a bill extending the time by legislative action for a year.

Mr. Speaker, it was not anticipated that in offering this measure, which passed the House without substantial objection in 1932, and again last year without serious opposition, we would be confronted with insistence that because of any delay we were undertaking to force something through the House.

This bill was taken up by unanimous consent under the general rules of the House. If gentlemen are not willing to be governed by the general rules of the House, and are not willing to consider legislation when its consideration is agreed to by unanimous consent, I do not know what we should be required to do in order to satisfy them. [Applause.]

Mr. Speaker, I move that all debate on the bill and all amendments thereto do now close.

The question was taken; and on a division (demanded by Mr. STEAGALL) there were—ayes 75, noes 90.

**MR. STEAGALL.** Mr. Speaker, I demand tellers.

**THE SPEAKER.** The gentleman from Alabama demands tellers. All those in favor of taking this vote by tellers will rise and stand until counted.

**MR. STEAGALL.** Mr. Speaker, I withdraw the demand.

**MR. PATMAN.** Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

**THE SPEAKER.** Is there objection?

**MR. MARTIN** of Oregon. Mr. Speaker, I object.

**MR. GRAY.** Mr. Speaker, I ask unanimous consent to speak for 3 minutes.

**THE SPEAKER.** Is there objection?

**MR. MARTIN** of Oregon. I object.

**MR. McCORMACK.** Mr. Speaker, I move to strike out the last word. I should like to ask the chairman of the committee, the gentleman from Alabama, if this is the Glass-Borah amendment that was put on the loan corporation bill which was passed last session?

**MR. STEAGALL.** It is not the same.

**MR. McCORMACK.** Substantially the same.

**MR. STEAGALL.** No; it is not. That bill was entirely different. That bill authorized the national banks to issue currency on bonds. This is a measure which authorizes the Federal Reserve banks to use Government bonds as collateral for Federal Reserve notes in the same manner that they may use eligible commercial paper.

**MR. McCORMACK.** Does this allow them to use 4 1/4-percent interest bonds or consols for expansion of the currency?

**MR. BUSBY.** In the past we have authorized them to use consols that were formerly permitted to be used by national banks when we authorized the issue of national-bank notes, and the Government said that they could issue currency based on 4 1/4 bonds drawing interest and issue currency.

**MR. McCORMACK.** Is not this substantially along the line of the Glass-Borah amendment?

**MR. BUSBY.** No; that was an independent act in relation to eligible paper. If we should refuse to pass this bill today the only effect would be a suspension of their authority to make loans until we passed it next week. It would not invalidate the loans that had been made or the money outstanding on the loans. It would simply suspend the making of loans until we passed the bill next week. It would only delay the passage a few days.

**MR. WEIDEMAN.** Will the gentleman yield?

**MR. McCORMACK.** Yes.

**MR. WEIDEMAN.** Under this bill, this is the method where bankers put up bonds and get currency in return, they paying one-half percent for the issue of the currency. Is not that so?

**MR. BUSBY.** It might be so.

**MR. WEIDEMAN.** Is it not so?

**MR. BUSBY.** I do not want to divulge the secrets of the bankers. [Laughter.]

**MR. McCORMACK.** What I should like to get an answer to definitely is whether the banks are to issue currency based upon Government bonds which are now paying 4 1/4-percent interest.

**MR. BYRNS** rose.

**MR. BUSBY.** Mr. Speaker, I hope this House will not adjourn until we settle this proposition while we are in a humor.

**MR. MALONEY** of Connecticut. Mr. Speaker, will the gentleman yield?

**MR. McCORMACK.** I yield to the gentleman from Connecticut.

**MR. MALONEY** of Connecticut. I should like to ask the gentleman from Massachusetts or the Chairman of the Committee on Banking and Currency what the objection is to a considerable debate upon this particular measure?

**MR. BUSBY.** We are ready to vote on the bill.

**MR. McCORMACK.** I want to make this thought in my mind clear. Could a national bank issue a million dollars' worth of currency based on a million dollars' worth of Government bonds paying 4 or 4 1/4 percent?

**MR. BUSBY.** No; the national banks cannot use Government obligations that carry more than 3 1/2 percent, but this is the Federal Reserve bank.

**MR. McCORMACK.** Can the Federal Reserve bank do it?

**MR. BUSBY.** That is correct.

EFFORT TO BRIE BANKERS WITH GOVERNMENT MONEY TO EXTEND CREDIT

**MR. PATMAN.** Mr. Speaker, this is another bankers' bonus bill. I want to explain it again for the benefit of the Members who have just come in. It is another effort to bribe, to subsidize, a few big bankers of this Nation into rendering a public service. We have been trying it for the last 2 years and have not succeeded, and they now propose to give them an additional bonus and bribe and subsidy to try to persuade them to do in the next 3 years what they have refused to do in the last 2 years. Two years ago, in 1932, a bill came before this House to allow the Federal Reserve banks to put up United States Government bonds to the Federal Reserve agent instead of eligible paper and get money in return for them. The Federal Reserve Bank System was organized for the purpose of helping com-

merce, industry, and agriculture. This is diverting the course of the object of the creation of the Federal Reserve banks by letting these bankers manipulate, speculate, and make sure profits with United States Government bonds, and not only get money in return for the bonds but get interest on the bonds they put up as collateral security.

## GAG RULE OR EMERGENCY EVERY TIME

Mr. KENNEY. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I cannot yield. In 1932 the gentleman from Alabama [Mr. STEAGALL] brought a bill here under gag rule allowing this privilege for 1 year. We had no fair opportunity to debate it. We had no opportunity to offer an amendment to that bill. At that time he said it was an emergency; that we needed the relief quickly to save our gold. He even criticized a Member of the House for insisting that the facts be publicly told as to why the bill was necessary. It was a deep secret. It was whispered around that France would soon endeavor to drain gold from this country. The House passed that bill under a gag rule surrounded by mystery. We were getting ahead of France. We later discovered it was a false alarm—just another bankers' bonus. Last year, 1933, they came in here saying that they needed an extension of the bill for another year in order to release the gold and save the gold standard. The gentleman from Massachusetts [Mr. LUCE] could hardly hold back the tears when he said the emergency still existed; that we must extend the privilege another year. The mysterious bill, after the Secretary of the Treasury visited certain Members early that morning, was ushered through the House under another gag rule. The House fooled again, but the Members are used to that. The people have been, and are, fooled, too, in regard to the Government's idiotic and imbecilic system for the issuance and distribution of money. One of these days the people are going to get wise. When they do, the money system will be changed or their representatives in Congress will be changed. We should help our President by pointing these things out. He has done more against the Money Trust than any President this country has ever had. He is with the folks, so let us help him destroy special privilege.

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I do not have the time to yield. I hope the gentleman will not overlook the fact that he brought both bills here under gag rules in 1932 and 1933. Now he brings another bill here in a way that is tantamount to gag rule and asks you to extend the great privilege for 3 more years. Ever since the Federal Reserve System was established these chiseling amendments have been brought in under just such circumstances as this one is brought in. If you know what this bill is you will not vote for it, but in order that all the Members may know what it is, I have offered an amendment to permit it to remain the law for 3 more months, and during that time we can study it, and the Banking and Currency Committee can bring the bill in here if it is a good thing and ask us to extend it any length of time they want it extended. If it is a good proposition this House will adopt the Banking and Currency Committee's recommendation, but if it is a bad thing the bill should and will be defeated. I say, vote down this amendment of Mr. BROWN's extending it for 1 year, and then vote for my amendment extending it 3 months.

## NO INCONVENIENCE

That will not inconvenience the banking system, it will not inconvenience the Treasury or this Congress and will give you an opportunity to find out just exactly what you are voting for. I tell you, the greatest racket on earth today is our Federal Reserve banking system and the hundred banks of this Nation which have been operating and manipulating the Government's credit of this country through the Federal Reserve banking system. They have been issuing free of charge mortgages upon your home and mine and our income and the income of all the people; they are getting paid for it by the people they issue the credit to, and also getting paid from the Government that gives them the privilege of doing it. If you understand this bill, you will

not vote for it, but in order to make it absolutely sure it is all right to defeat it, we will extend the privileges for 3 additional months, and I ask that it be extended no longer than 3 months. Do not overlook the fact that the Government is paying \$1,000,000,000 this year to holders of tax-exempt, interest-bearing bonds of the Government.

The SPEAKER. The time of the gentleman has expired.

Mr. BYRNS. Mr. Speaker, I move to strike out the last word. This bill was taken up, I think, about 4 o'clock. I thought it was entirely agreeable, because I had consulted the gentleman from Texas [Mr. PATMAN] with reference to the time that he should have, and he has had that time. I thought it was entirely agreeable to proceed with the consideration of the bill, which I am informed is recommended and requested by the Secretary of the Treasury and the Federal Reserve Board, and I am told that they are anxious to have it passed.

The time expires tomorrow. I am not going to have anything to say about any criticisms of the committee for its failure to bring it in sooner. It was taken up, as the gentleman from Alabama [Mr. STEAGALL] has said, by unanimous consent of the House. Not a single Member objected to its being taken up and considered. It was taken up with the idea that it would be discussed. As I understand, the gentleman from Texas [Mr. PATMAN] was entirely agreeable to the arrangement, because the arrangement was made with him prior to the unanimous-consent request, which was allowed. There seem to be gentlemen who want to discuss the matter.

I am going to move that the House adjourn until tomorrow. I had hoped that we could adjourn over tomorrow until Monday, but the passage of this bill, I am told, is absolutely necessary, and it is important that it be passed. Certainly it should be passed tomorrow, if the time expires tomorrow.

I move that the House do now adjourn, Mr. Speaker.

The SPEAKER. Will the gentleman withhold his motion for a moment?

Mr. BYRNS. I withhold the motion.

## BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution and bills of the House of the following titles:

H.J.Res. 278. Joint resolution to amend Public Act No. 81 of the Seventy-third Congress, relating to the sale of timber on Indian land;

H.R. 93. An act to authorize the Secretary of War to sell to the Plattsburgh National Bank & Trust Co. a tract of land comprising part of the Plattsburgh Barracks Military Reservation, N.Y.;

H.R. 715. An act to award the Distinguished Service Cross to former holders of the certificate of merit, and for other purposes;

H.R. 6219. An act to repeal certain specific acts of Congress and an amendment thereto enacted to regulate the manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma;

H.R. 7205. An act to provide for the care and transportation of seamen from shipwrecked fishing and whaling vessels;

H.R. 7554. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.; and

H.R. 7705. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La.

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SUTPHIN, today, on account of illness in his family.

To Mr. HANCOCK of North Carolina, for 3 days, on account of illness in his family.

## AMERICAN SUGAR INDUSTRY IS DOVETAILED INTO OUR ECONOMIC STRUCTURE AND MUST BE PROTECTED

Mr. AYERS of Montana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. AYERS of Montana. Mr. Speaker, when the United States produces less than one third of its consumption of any particular agricultural product, I am at a total loss to grasp any reason why we should reduce production on that commodity.

Continental United States produces less than one third—to be more accurate, a fraction less than 28 percent—of the sugar it consumes, and yet a proposal is made to reduce its production and to establish a reduced quota for the United States, and then, in order to meet the consumption demand, the proposal is to increase the quota of foreign sugar, and to invite it by reduced tariff rates. To me such proposal seems ridiculous. Any agricultural commodity, ranking as sugar does in the family of American agricultural commodities, should by all means be encouraged and advanced instead of limited or reduced.

The idea of putting an American agricultural product on a quota basis and retarding its production when the product is produced to the extent of less than one third of our consumption seems to me to be in direct opposition to all established standards of American progress. Really, it seems a step backward.

By reason of the proposal of the Agriculture Department it is my firm belief that the real picture of the situation has not been brought to the Department. I am sure that the purpose of the Department is of the highest and that the intentions of its officers are sincerely for the best interests of all of the people of the Nation. I am equally sure that they desire facts, not only in this but in all cases. I feel sure that these gentlemen will yield when the real facts are put before them. Therefore, it behooves the Members of Congress from the sugar districts to get the true picture of the situation before their colleagues and before the Agriculture Department so that they may be brought to see the actual ruinous results of the contemplated move, on the domestic sugar situation.

The Agriculture Department has explained its purpose to regulate sugar production in this country through the Agricultural Adjustment Administration by the allotment of tonnage to the American producers as well as the import producers. It was frankly put forth that the idea was to cut down our own production and increase Cuba's production. It also proposes to reduce the tariffs on import sugar and to collect a processing tax upon sugar manufactured in this country. Now that, in my judgment, would be a step toward the ultimate destruction of the sugar-beet grower, the cane grower, and the domestic sugar industry in general.

This proposal is made on the theory of opening up a foreign market for other of our products in Cuba. Well, now let us see what a chance we are taking on that proposition. Cuba's entire population is only 3,765,000, about the same as the city of Chicago and its suburbs. Now, in order to experiment on opening a market on an island of that population are we going to jeopardize one of our own industries that brings a decent living to an equal or greater number of our own people? I hope not. Surely our first concern is our own people.

Although Cuba has only this small population, it produces more than twice as much sugar as the United States and at only a fraction of our cost. When the door is once opened, as proposed, we will never be able to shut it.

This is a matter of grave and vital importance to us. Therefore my criticism and opposition is against the plan and against any step toward its advancement. I believe that such a program would ultimately destroy this all-important agricultural industry in this country.

Under the proposed plan, whereby America goes on a limited quota basis, domestic competition with the imports is eliminated. This competition must be maintained and supported by adequate tariffs. Without domestic competition, foreign sugar is incapable of price control. If our

domestic production is limited, and this proposal goes into effect, it would ultimately eliminate it and we would then be at the mercy of importers.

Let us see who these importers are. This is a trap set right here at home. About 2 years ago our Commerce Department, in making a survey of the Cuban situation, estimated that there was over a billion and a quarter of American money invested in Cuba. Of this vast sum, nearly a billion, to be exact, \$918,957,000, was invested in commercial, industrial, and agricultural enterprises. Let us see what they were—sugar refineries and cane plantations. These American money changers, who already have about 90 percent of our money, are not satisfied with what they are doing to us here at home, but they are trying to corner the other 10 percent through the channels of tax-reduced and tax-free imports owned by them.

## SUGAR PROPOSAL CONFLICTS WITH RECOVERY PROGRAM

No person doubts that Cuban sugar can be produced at a cost far under American sugar, and no one can doubt that without adequate tariff protection against foreign production and processing taxes on our insular production, it would be only a short time before the domestic industry became only a memory.

To impress the seriousness of the Department's proposal, let me inject a few pertinent questions: If it should go into effect what will happen to the 100,000 American farmers who, with their families, depend solely upon the crops that produce the American sugar? These farmers themselves are not the only ones who will suffer by the enactment of this law.

What will happen to the tens of thousands of farm laborers during the growing and harvesting seasons of the sugar beets? What will happen to the thousands of sugar-beet factory workers and the skilled labor and the executives who operate these factories? What is to happen to the livestock growers who depend upon the byproducts from the sugar factories for their livestock feed? What will happen to the annual freight bills paid to the railroads and the trucks for transporting the raw material and the refined products? What will happen to the machinery, the coal, the coke, the lime rock, the chemicals, and all the other products of American industry which are used in sugar production and refining in this country? And remember that all of these separate industries likewise give employment to a lot of people. What is to happen to these thousands upon thousands of employees in these industries? If this program is adopted, what is to become of the sugar-beet refineries in this country? Eighteen in Colorado, 16 in Michigan, 15 in Utah, 7 in Nebraska, 9 in Idaho, 8 in California, 5 in Wyoming, 4 in Montana, 5 in Ohio, 3 in Wisconsin, and 3 in Iowa, around all of which have been built successful, progressive, and prosperous towns and communities. And what is going to happen to all of the other industries dependent upon these towns and communities? Let that include the banks of these towns, the merchants, the butchers, the bakers, and all the other small business men.

What is to become of them? Last, but not least, what is to happen to the other farmers of these States who by reason of affiliation with this industry are interwoven into it? And what is going to happen to the 1,000,000 acres of productive and fertile lands in these States which are now devoted to the growing of beets? These lands are the most fertile and the most highly developed of all the lands in the Western States. They are all under irrigation and have been developed at a great expense and at extreme hardship to the owners. Are these lands, which are just exactly the opposite of borderlands, to be, like borderlands, retired from production, or are they to be devoted to the production of other crops of which we are now producing a surplus? I trust you will find substance for thought in those questions. Surely, when we consider all of these things, we must conclude that the proposed program is absolutely in opposition to the Agricultural Adjustment Administration and the great recovery program that has been undertaken.

By no means should the sugar industry come under the allotment plan. The allotment plan was designed to reduce

production on the agricultural products of which we have a surplus. The fact that our sugar production only meets a fraction less than 28 percent of our consumption divorces it from any idea consistent with the allotment plan.

By the plan proposed we would actually be taking all of the farmers, toilers, and laborers that I have enumerated out of gainful occupation and employment. That would be ridiculous, for they are all now engaged in an industry which can be expanded to the extent of more than 390 percent before it is adequate to take care of our own consumption. For the benefit of foreign labor, foreign industry, a foreign country, and the American capitalist who has invested his money there, this proposal is urged upon us. It will never do. My idea is to protect home people who are devoting their lives and their all in building a home industry rather than protecting those who have seen fit to invest their money in the building of an industry in a foreign country. Let us be for deserving and patriotic home people, for home industry, and for our own country first and all the time. [Applause.]

#### AMERICAN SUGAR INDUSTRY SHOULD BE EXPANDED

Mr. Speaker and Members of the House, for the life of me I cannot see why our domestic sugar industry should not be fostered, extended, and expanded rather than decreased at all, and particularly rather than be decreased by this proposed method, which will ultimately destroy it. The only reasonable conclusion that can be drawn from the Agricultural Adjustment program that is going on is that lands should be taken from the class of production in which we have a surplus and put into the production of products on which we have a shortage. Common sense tells us that the program should be to let one hand wash the other, and surely that would be the way to do it.

In the sugar-beet States of the West, the beet farmer, by reason of the high character of the soil necessary for this production, and by reason of the fact that it is all under irrigation, and by reason of the fact that there has been a shortage in the production of this commodity, has been the only farmer, during all of this depression, who has been able to keep his head above water. The banks and all the business men of the towns in sugar-beet territory have stood the depression better and have called upon the Government for less relief than any other class in the entire West. I hope that we will not now hit that farmer on the head, for if we do he will go under with the rest and with him will go the towns and the communities he has been supporting.

By the sugar experts favoring this proposal we are told that they expect to take approximately 17 percent of the American sugar-beet acreage out of production; we are also told that it will not reduce the price paid to the farmer for his production, and that it will not increase the price to the American consumer; and at the same time we are told that the deficit caused by a 17-percent reduction will be made up by increased importations, and that the importation tariffs will be reduced. Well, now, ladies and gentlemen of the House, just how can that be done? Somebody has to be hurt, and under the program it is not Cuba, for it is slated for all the benefit. These New York fellows, who are Cuba so far as sugar is concerned, have seen to that. Therefore, it must be Americans who will pay the penalty for the benefits that Cuba gets.

Under the proposal, as it has developed before the various committee hearings, the consumer seems to have been safeguarded, and after he has been safeguarded and Cuba has been protected to the extent of a benefit there is no one else to put the load upon except the producer—the grower. What is worse is that when this proposal is worked out to its ultimate conclusion it will destroy the domestic sugar industry.

It seems to me that just the opposite of this proposal should be put into effect if we intend to apply sugar to and make a success of it under the Agricultural Adjustment Act. The spirit of that act, so far as original production is concerned, is for the curtailment of crops of which a surplus is produced, such as cotton and wheat, and its spirit is to aid and assist in the production of crops of which we have

a material shortage, such as sugar. In this way one class of farming takes up the slack of the other and helps to equalize the situation. If the domestic sugar industry could have the encouragement and the protection that would justify its expansion to a point somewhere near domestic consumption it would aid materially in the solving of our agricultural troubles.

#### HOME INVESTMENT SHOULD BE PROTECTED FIRST

The argument of protecting American money invested in foreign countries is all right so far as it does not affect our own people and their investments in our own country. These farmers, these sugar refineries, and all of the investments incident to this industry here in America, are bearing their share of tax burdens and Government support, and should come before the American capital invested and administered in a foreign country. The Cuban investment of American capital was made by reason of cheap labor and low cost of production in Cuba. Under such circumstances, American money invested in a foreign country is not deserving of a bit of consideration. [Applause.]

These same men who are seeking the protection of their Cuban investments, together with their Wall Street financial allies, are the ones who have for the past 3 years been evading their income taxes; they are the ones who have been drawing the fabulous salaries from the banks when the stockholders and depositors were forced to suffer; they are the ones who have made millions upon millions in ocean-mail subsidies; they are the ones who for years have been selling worthless foreign securities in this country; they are the ones who have broken down and destroyed the independent banking system of this Nation; they are the same ones who control the present banking system; and it is they who go to the Government Treasury and have money issued to them on Government bonds while the Government is paying them interest on it and then pyramid these issues to the end that the money of the country is being taken out of circulation; they are the ones who control and dominate the New York Stock Exchange. They are the ones who exploited the Treasury through the air-mail subsidy contracts; they are of the kind that can, by inside workings, run an investment of a mere \$250 up to \$35,000,000 in a short time, as did B. F. Rentschler in the aircraft industry. And now they say to us, protect our Cuban investment at the destruction of America's domestic sugar industry and the ruination of the millions of loyal hard-working Americans.

#### AMERICA FOR AMERICANS

The domestic sugar industry is tied up with and dovetailed into the economics of every region where it is located, and it just cannot be replaced by something else.

Much testimony was submitted before the committee and much argument had there about adopting a "permanent policy" for our sugar industry. Let me suggest along the line of permanent policy that as long as we do not produce our own supply we should be protected by quotas and adequate tariff on both the refined and raw products imported from foreign countries. Quotas should be fixed on sugar imports from our insular possessions, and processing taxes should be imposed upon their raw products imported and refined in this country.

All these should be elastic quotas so that they could be retarded from time to time in conformity with our own production; and as long as our own production is under our own consumption, let our production expand in the ordinary and natural manner. In other words, let the law of supply and demand adjust itself in a natural and orderly manner on our own production and consumption. In short, let us take care of ourselves first, and foreign countries only after that has been done. [Applause.]

It has been urged that we should buy the Cuban sugar because it can be produced there cheaper than in America. If that is a sound theory of economics, then we should buy our wool and mutton in Australia, our beef in Mexico and the Argentine, our cotton in India, our wheat in Canada, our butter and cheese in Denmark and Switzerland. In fact, if that is sound political economy, we should buy all our agri-

cultural products from foreign countries and surrender our entire standard of living to the cheap labor and peasantry of a foreign country, for it is a fact that all of our agricultural products can be produced in some foreign country cheaper than in America. Do we desire to go down to that standard of living? Certainly not. Then let us get the proper picture impressed upon the minds of the administration offices in the Agriculture Department, to the end that the sugar industry of this country get its just deserts instead of being crucified on the cross of Mammon. [Applause.]

## ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I renew my motion to adjourn. The motion was agreed to; accordingly (at 6 o'clock and 55 minutes p.m.) the House adjourned until tomorrow, Saturday, March 3, 1934, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

368. Under clause 2 of rule XXIV, a communication from the President of the United States, transmitting a supplemental estimate of appropriation amounting to \$40,000,000 for the Farm Credit Administration for the fiscal year 1934, to remain available until June 30, 1935, for the purpose of carrying into effect the provisions of the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes" approved February 23, 1934 (H.Doc. No. 271), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

## Under clause 2 of rule XIII.

Mr. DOUGLASS: Committee on Education. H.R. 7059. A bill to provide for the further development of vocational education in the several States and Territories; with amendment (Rept. No. 861). Referred to the Committee of the Whole House on the state of the Union.

Mr. DE PRIEST: Committee on Indian Affairs. H.R. 5871. A bill to provide for the protection and conservation of the grazing resources of the undisposed of ceded Indian lands the tribal title to which remains unextinguished; without amendment (Rept. No. 862). Referred to the Committee of the Whole House on the state of the Union.

Mr. PEAVEY: Committee on Indian Affairs. S. 555. An act to authorize the acquisition by the United States of the land upon which the Seneca Indian School, Wyandotte, Okla., is located; without amendment (Rept. No. 863). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'MALLEY: Committee on Indian Affairs. House Joint Resolution 257. Joint resolution authorizing the Secretary of the Interior to arrange with the several States for the education, medical attention, relief of distress, and social welfare of the Indians, and for other purposes; with amendment (Rept. No. 864). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H.R. 7976. A bill to add certain public-domain land in Montana to the Rocky Boy Indian Reservation; without amendment (Rept. No. 865). Referred to the Committee of the Whole House on the state of the Union.

## CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 2850) relative to the securities of foreign governments which have defaulted in their contract obligations to the United States; Committee on the Judiciary discharged, and referred to the Committee on Foreign Affairs.

A bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States; Committee on the Judiciary discharged, and referred to the Committee on Foreign Affairs.

A bill (H.R. 4091) for the relief of Stanley A. Jerman, receiver for A. J. Peters Co., Inc.; Committee on Claims discharged, and referred to the Committee on War Claims.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McDUFFIE: A bill (H.R. 8424) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes; to the Committee on Insular Affairs.

By Mr. ELLENBOGEN: A bill (H.R. 8425) to reduce the tax on articles made of fur to 2 percent, and for other purposes; to the Committee on Ways and Means.

By Mr. CHRISTIANSON: A bill (H.R. 8426) to authorize payment of farm-loan mortgages with bonds issued by the mortgagee banks, and for other purposes; to the Committee on Agriculture.

By Mr. MARTIN of Massachusetts: A bill (H.R. 8427) to release veterans from the liability to pay interest on loans secured by adjusted-service certificates, and for other purposes; to the Committee on Ways and Means.

By Mr. JAMES: A bill (H.R. 8428) to provide for the establishment, maintenance, and operation of one or more branches of a national banking association created by the union or consolidation of two or more national banking associations under the general banking law of the United States and the supervision of the Comptroller of the Currency; to the Committee on Banking and Currency.

By Mr. THOMPSON of Illinois: A bill (H.R. 8429) to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931; to the Committee on Interstate and Foreign Commerce.

By Mr. DOUGHTON: A bill (H.R. 8430) to amend the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. PIERCE: A bill (H.R. 8431) authorizing the payment to the Snake or Piute Tribe of Indians of the former Malheur Indian Reservation of Oregon of damages for the restoration of certain lands to the public domain; to the Committee on Indian Affairs.

By Mr. SMITH of Virginia: A bill (H.R. 8432) to provide for a preliminary examination of Dogue Run in Fairfax County, Va., with a view to preparing plans and an estimate of cost of dredging so as to restore navigation from the Potomac River to the George Washington gristmill; to the Committee on Rivers and Harbors.

By Mr. FLETCHER: A bill (H.R. 8433) to enable the several States and Territories and the District of Columbia to meet the crisis in public education through the cooperation of the Federal Government; to the Committee on Education.

By Mr. CANNON of Missouri: A bill (H.R. 8434) to authorize the reimbursement of the Missouri State Highway Department, certain drainage and levee districts, and certain individuals for funds contributed to the War Department for use in the construction of permanent improvements on the Missouri River; to the Committee on Rivers and Harbors.

By Mr. LAMNECK: A bill (H.R. 8435) to amend the Air Mail Act of February 2, 1925, as amended by the acts of June 3, 1926, May 17, 1928, and April 29, 1930, further to encourage commercial aviation; to the Committee on the Post Office and Post Roads.

By Mr. ELLENBOGEN: A bill (H.R. 8436) to provide for a census of population, occupations, and unemployment, to advance the date of the census of agriculture to November 12, 1934, and for other purposes; to the Committee on the Census.

By Mr. RANKIN: A bill (H.R. 8437) authorizing the War Department to complete the channel-improvement and flood-control project of the Tombigbee River, in Itawamba County,

Miss., which has already been started by the United States Government; to the Committee on Flood Control.

By Mr. DRIVER: A bill (H.R. 8438) to legalize a bridge across St. Francis River at or near Lake City, Ark.; to the Committee on Interstate and Foreign Commerce.

By Mr. MITCHELL: A bill (H.R. 8439) granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the Cumberland River near Carthage, in Smith County, Tenn.; to the Committee on Interstate and Foreign Commerce.

By Mr. KELLER: Resolution (H.Res. 289) to provide for the appointment of a special committee for the purpose of investigating the real-estate-bond situation, investigating the practices of real-estate bondholders' committees, and other things; to the Committee on Rules.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of New York: A bill (H.R. 8440) for the relief of Charles Colver; to the Committee on Military Affairs.

By Mr. BURKE of Nebraska: A bill (H.R. 8441) authorizing W. S. O'Brien, of Omaha, Nebr., to bring suit in the Court of Claims of the United States against the United States of America for reimbursement of expenses incurred on account of certain sanitary improvements in the city of Colon, Republic of Panama; to the Committee on Claims.

By Mr. EAGLE: A bill (H.R. 8442) authorizing the retirement of First Lieut. Lucius L. Handly, Medical Corps, United States Army; to the Committee on Military Affairs.

Also, a bill (H.R. 8443) for the relief of the heirs of Frank Boddeker; to the Committee on Claims.

By Mr. FITZPATRICK: A bill (H.R. 8444) for the correction of the naval record of officers and sailors who served on the *St. Louis*, the *Harvard*, and the *Yale* during the Spanish War; to the Committee on Naval Affairs.

By Mr. FOCHT: A bill (H.R. 8445) granting an increase of pension to Mary Rinard; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8446) granting a pension to William M. Atkinson; to the Committee on Invalid Pensions.

By Mr. HAMILTON: A bill (H.R. 8447) for the relief of William Foster Whitlow; to the Committee on Naval Affairs.

By Mr. HOWARD (by departmental request): A bill (H.R. 8448) for the relief of N. Lester Troast; to the Committee on Indian Affairs.

Also, a bill (H.R. 8449) for the relief of George St. Cyr; to the Committee on Military Affairs.

By Mr. KVALE: A bill (H.R. 8450) for the relief of Peter McDonough; to the Committee on Naval Affairs.

Also, a bill (H.R. 8451) for the relief of William J. Darmodity; to the Committee on Claims.

By Mr. McDUFFIE: A bill (H.R. 8452) for the relief of the owners of the late American schooner *Three Marys*; to the Committee on Claims.

Also, a bill (H.R. 8453) for the relief of the owners of the late American schooner *Frederick A. Duggan*; to the Committee on Claims.

By Mr. MARTIN of Oregon: A bill (H.R. 8454) granting a pension to Capt. Wama Louie; to the Committee on Pensions.

By Mr. TAYLOR of Tennessee: A bill (H.R. 8455) for the relief of Thomas Green; to the Committee on Claims.

By Mr. THOMAS: A bill (H.R. 8456) for the relief of Ettie A. Shepard; to the Committee on Claims.

By Mr. THOMPSON of Illinois: A bill (H.R. 8457) for the relief of Thomas H. Dolly; to the Committee on the Civil Service.

#### PETITIONS, ETC.

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

2682. By Mr. AYRES of Kansas: Petitions of various citizens of El Dorado, Caldwell, and Newton, Kans., protesting against the passage of the Tugwell-Copeland measure; to the Committee on Interstate and Foreign Commerce.

2683. By Mr. BURNHAM: Petitions of residents of the Twentieth California Congressional District, urging restoration of pension benefits to veterans of the Spanish-American War, their widows, and dependents, which they received prior to the passage of the Economy Act; to the Committee on World War Veterans' Legislation.

2684. By Mr. CARPENTER of Kansas: Petition of Mrs. Lon Richards and 20 others living in and around Keats, Kans., protesting against the passage of Senate bill 2000, introduced by Senator COPELAND; to the Committee on Interstate and Foreign Commerce.

2685. Also, petition of Chloe M. Willis and 12 others living in and around Manhattan, Kans., protesting against the passage of Senate bill 2000, introduced by Senator COPELAND; to the Committee on Interstate and Foreign Commerce.

2686. Also, petition of Robert Wisly and 20 others living in and around Abilene, Kans., protesting against the passage of Senate bill 2000, introduced by Senator COPELAND; to the Committee on Interstate and Foreign Commerce.

2687. By Mr. CARTER of California: Petition of F. Rossi, Thomas J. Brady, and 48 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2688. Also, petition of Frank J. Campbell, L. C. Parker, and 48 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2689. Also, petition of Mrs. Herman W. Johnson, Hilda Sears, Mrs. B. Barnett, and 41 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2690. Also, petition of Dr. Thomas C. Hughes, Elsie Curran, Edith Asher, and 47 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2691. Also, petition of Lucy Jamison, Margaret Fisher, and 48 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2692. Also, petition of C. B. Ingram, G. Cammerer, R. J. Clark, and 47 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2693. Also, petition of Mattie A. Richmond, C. W. Wilson, H. A. Walker, and 47 others, residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2694. By Mr. DONDERO: Petition of the Common Council of the City of Detroit, Mich., urging the passage of the so-called "Johnson bill" to limit jurisdiction of Federal courts in suits brought to restrain State officers in enforcement of public-utility rate orders; to the Committee on Interstate and Foreign Commerce.

2695. By Mr. FORD: Petitions signed by numerous voters in the Fourteenth Congressional District of California, asking for legislation which would restore to Spanish-American War veterans, their widows, and dependents, the pensions they were receiving prior to the passage of the Economy Act; to the Committee on Appropriations.

2696. By Mr. GUEVARA: Resolution unanimously adopted at a mass meeting held by the Philippine League for Freedom in the Filipino Community Center Assembly Hall, January 28, 1934, affirming its confidence and faith in the present Philippine independence delegation headed by Hon. Manuel L. Quezon, and refuting the remarks made by Hon. NUMA S. MONTEL, Congressman from Louisiana, who de-

clared that the members of the present Philippine delegation, now in Washington pleading for immediate and complete independence, are "obstructionists" and "do not carry the mandate of the Filipino people." The Philippine League for Freedom endorses the stand taken by the Philippine Legislature in rejecting the Hare-Hawes-Cutting Act, and condemns Mr. MONTER's statement against the delegation; to the Committee on Insular Affairs.

2697. Also, resolution unanimously adopted by 600 Filipinos of Chicago, January 1, 1934, commemorating the thirty-seventh anniversary of the death of Dr. Jose Rizal, pledging their whole-hearted support and undivided loyalty to the present independence delegation headed by Hon. Manuel L. Quezon, president of the Philippine Senate; to the Committee on Insular Affairs.

2698. Also, resolution unanimously passed by the League for Philippine Freedom assembled January 28, 1934, questioning the statement by the Chairman of the Senate Committee on Territories and Insular Affairs to the effect that "it was the overwhelming opinion of Congress that the Hawes-Cutting Act is the fairest bill to both Nations which can be passed, and that if the Filipino people do not want it, no better bill can be written and passed which will be acceptable to both Nations"; and asserting that it rejoice in the knowledge that the Filipino people have petitioned, and still petition, the Congress of the United States to grant them the independence which they honorably covet; to the Committee on Insular Affairs.

2699. Also, petition subscribed by the members of Cuyo Camp, No. 35, Veterans of the Spanish-American War, and signed by Manuel Juan, commander, Camp No. 35, and others; Department of Veteran Army of the Philippines, United Spanish War Veterans, Cuyo, Palawan, P.I., November 13, 1933, respectfully requesting, first, that pensions be extended to all Spanish-American War veterans without age limitation; second, that the point of service be above all the measure considered in the matter without discriminating residents and nonresidents in the continental United States; and third, that more equitable and reasonable treatment be accorded to all veterans who fought and gave their best under the American flag; to the Committee on Appropriations.

2700. By Mr. HILDEBRANDT: Petition of the Lincoln Parent-Teacher Association of Sioux Falls, S.Dak., urging passage of House bill 6097 for supervision of motion pictures, known as the "Patman bill and House Resolution 144"; to the Committee on Interstate and Foreign Commerce.

2701. By Mr. JOHNSON of Texas: Petition of C. M. Bredehoft, of Centerville, Tex., opposing the Tugwell bill; to the Committee on Interstate and Foreign Commerce.

2702. Also, petition of Austin Beene, Hillsboro, Tex., opposing the Tugwell bill; to the Committee on Interstate and Foreign Commerce.

2703. By Mr. KRAMER: Petition of California State Chamber of Commerce, protesting against the proposed reductions in the research and extension work of the United States Department of Agriculture; to the Committee on Agriculture.

2704. Also, petition endorsing House bill 5694, pending before Seventy-third Congress, the purpose of which is to create a Bureau of the Blind in the Post Office Department, to provide for the issuing of licenses to blind persons to operate stands in Federal buildings, and for other purposes; to the Committee on the Post Office and Post Roads.

2705. By Mr. LAMNECK: Petition of Stella S. Elder, president, Ada Rees, secretary, Woman's Home Missionary Society, Third Avenue Methodist Episcopal Church, urging early and favorable hearings on the Patman motion-picture bill, H.R. 6097, providing means for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2706. By Mr. LEHR: Petition of the House of Representatives of the State of Michigan (the senate concurring), petitioning the President of the United States, Franklin D. Roosevelt, to recommend to Congress the enactment of legislation providing that as a regulation of interstate

commerce all taxes or excises of any State on personal property may be levied upon, or measured by, sales of like property in interstate commerce, by the State into which the property is moved for use or consumption therein; to the Committee on Ways and Means.

2707. By Mr. PETTENGILL: Petition of L. E. Thornton, of Elkhart, Ind., and several hundred others, in behalf of the Hatfield-Keller railroad labor pension bill; to the Committee on Interstate and Foreign Commerce.

2708. By Mr. RICH: Petition of the Abbie M. Everett Woman's Christian Temperance Union of Williamsport, Pa., favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

2709. By Mr. SHANNON: Petition of Elmer Urie and 160 others, urging that the House adopt the Steiwer-McCarran amendment to the independent offices appropriation bill, relating to Spanish-American War veterans; to the Committee on Appropriations.

2710. By Mr. SMITH of Washington: Petitions signed by 2,017 residents of Cowlitz, Thurston, Mason, Lewis, and Clark Counties, State of Washington, requesting that legislation be enacted by Congress to restore to the Spanish War veterans, their widows and dependents, the pensions which they formerly received (the petitions state that practically 98 percent of the people approached signed the documents); to the Committee on Appropriations.

2711. By Mr. SUTPHIN: Petition of the American War Mothers Association, urging that a commemorative Mothers' Day stamp be authorized and issued by the Post Office Department; to the Committee on the Judiciary.

2712. By Mr. WOLCOTT: Petition of Henry J. Welkenbach and 14 others, asking for relief for Spanish War veterans by the restoration of pensions; to the Committee on Expenditures in the Executive Departments.

2713. Also, petition of C. W. Spaulding and 20 others, advocating the enactment of an amendment to the pure food and drug laws to assure continued professional protection of legally responsible registered pharmacists; to the Committee on Interstate and Foreign Commerce.

2714. Also, memorial of the Legislature of the State of Michigan, to enact legislation to correct discrimination against sales at retail; to the Committee on Ways and Means.

2715. By the SPEAKER: Petition of Branch 105, Russian Mutual Aid Society; to the Committee on Labor.

## HOUSE OF REPRESENTATIVES

SATURDAY, MARCH 3, 1934

The House met at 12 o'clock noon.

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

O Lord and our God of all comfort, gentleness, and long-suffering, bear with our limitations, teach us, and give us help. Renew and refresh our strength and persuade us that difficulties are the playthings of heroes, and may we not complain. Here we would energize and fortify ourselves by prayer and supplication. O let us feel the breath divine. Take our errors, our pains, and our sins to Thy compassionate breast, and there may we find a place of forgiveness, harmony, and accord. O tell us, Heavenly Father, that there is a place where no eye weeps, no heart bleeds, and the feeblest effort at goodness receives support. We beseech Thee, blessed Lord, give us the power of a mighty faith to satisfy our hunger, a faith that climbs high, heaven kissed; then ours shall be a growth in wisdom, a growth in knowledge, a growth in courage, and a growth in love. Amen.

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

### COLLATERAL SECURITY FOR FEDERAL RESERVE NOTES

The SPEAKER. The pending business is the further consideration of the bill (S. 2766) to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes.