

2766. By Mr. MEAD: Petition of Columbia County Rural Letter Carriers Association, Wyocena, Wis., urging full pay restoration and an adequate equipment allowance; to the Committee on Post Office and Post Roads.

2767. By Mr. ROMJUE: Petition of the Goad-Ballinger Post, No. 69, American Legion, of Springfield, Mo., demanding of Congress the immediate cash payment of the adjusted-compensation certificates or bonus, and that same shall be paid without deductions therefrom for interest on loans previously made thereon; to the Committee on World War Veterans' Legislation.

2768. By Mr. SABATH: Resolution adopted by Local Union No. 1, Chicago, Ill., United Brotherhood of Carpenters and Joiners of America, memorializing Congress to enact legislation establishing a universal 30-hour week; to the Committee on Labor.

2769. By Mr. SHANNON: Petition of C. H. Darnell, commander Lieutenant Jules G. Ord Camp, No. 45, United Spanish War Veterans, and over 1,500 other qualified voters of Kansas City, Mo., requesting all members of the House of Representatives to support the Steiwer-McCarran amendment to the independent offices appropriation bill; to the Committee on Appropriations.

2770. By Mr. TREADWAY: Petition of Miss Caroline Goodyear and other residents of Great Barrington, Mass., protesting against the Vinson naval construction bill; to the Committee on Naval Affairs.

2771. Also, resolutions of the General Court of Massachusetts, relative to increasing immigration quotas so as to enable persecuted Jewish people in Germany to enter the United States; to the Committee on Immigration and Naturalization.

2772. By Mr. WOLCOTT: Petition of Earl M. Doig and 52 others, opposing the Fletcher-Rayburn bill, S. 2693 and H.R. 7852, for the reason that it will seriously restrict credit facilities; to the Committee on Interstate and Foreign Commerce.

2773. By the SPEAKER: Petition of the city of Dearborn, Mich., concerning the payment of the soldiers' bonus; to the Committee on World War Veterans' Legislation.

## SENATE

TUESDAY, MARCH 6, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

### THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days Thursday, March 1, and Monday, March 5, was dispensed with, and the Journal was approved.

### CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from New York [Mr. COPELAND] and the Senator from Illinois [Mr. DIETERICH] are unavoidably detained from the Senate. I desire further to announce that the Senator from South Carolina [Mr. SMITH] is absent from the Senate because of a death in his family.

Mr. HEBERT. I desire to announce that my colleague the senior Senator from Rhode Island [Mr. METCALF] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

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

### PETITIONS

The VICE PRESIDENT laid before the Senate a resolution adopted by beet-growing members of Weld County local of the Colorado Farmers' Protective Association, favoring the passage of legislation giving the President authority to alter or amend sugar quotas as he may deem necessary, which was referred to the Committee on Finance.

Mr. ROBINSON of Arkansas presented a letter from W. C. Fordyce, of St. Louis, Mo., relative to the regulation of security markets, which was referred to the Committee on Banking and Currency.

### PAYLESS FURLOUGHS OF POSTAL CLERKS

Mr. WALSH presented a telegram from Emmett J. Whelan, president, Boston (Mass.) Post Office Clerks Union, which was referred to the Committee on Post Offices and Post Roads and ordered to be printed in the RECORD, as follows:

BOSTON, MASS., March 5, 1934.

HON. DAVID I. WALSH,

United States Senate, Washington, D.C.:

Sixteen hundred Boston postal clerks' families urge you make vigorous protest against Postmaster General Farley's 4-day payless furlough atop existing 15-percent pay cut. This policy unwarranted and inconsistent with President Roosevelt's appeal today for higher wages and consideration for those receiving \$2,000 or less.

EMMETT J. WHELAN,

President Boston Post Office Clerks Union.

### THE 40-HOUR WEEK

Mr. WALSH presented a telegram from J. F. Downey, executive secretary of the Cambridge (Mass.) Industrial Association, which was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

CAMBRIDGE, MASS., March 5, 1934.

Senator DAVID I. WALSH,

United States Senate, Washington, D.C.:

A questionnaire submitted by this association to the industrial firms of Cambridge places substantially all industry in the city as opposed to any reduction in the present 40-hour week. Replies prove reduction will diminish sales and put some concerns out of business. Shorter week will develop little new employment. As our representative in Congress we fully expect your judgment will be in keeping with opinions expressed by these industries that are doing their utmost to employ as many people as possible at best wages possible.

THE CAMBRIDGE INDUSTRIAL ASSOCIATION,  
J. F. DOWNEY, Executive Secretary.

### PAYMENT OF SO-CALLED "SOLDIERS' BONUS"

Mr. LOGAN presented a letter from the chief clerk of the Kentucky Senate, embodying a resolution adopted by the Legislature of the State of Kentucky, which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

KENTUCKY SENATE,  
OFFICE OF CHIEF CLERK,  
Frankfort, Ky., February 28, 1934.

HON. M. MILLS LOGAN,

Member of Congress, Washington, D.C.

DEAR SIR: The following resolution was adopted by the Kentucky State Senate, the House of Representatives concurring therein:

### JOINT RESOLUTION

"Whereas the Congress of the United States has heretofore passed what is known as the 'Adjusted Compensation Act' for the benefit of World War soldiers, sailors, marines, and nurses, and has under said act issued adjusted-compensation certificates to said World War veterans, which said certificates are due in 1945; and

"Whereas, largely on account of the depression, a great number of those holding these adjusted-compensation certificates have found it necessary to borrow money thereon and are re-

quired to pay interest upon money which the Government has acknowledged that it owes them; and

"Whereas the necessity for the relief of the said veterans and their families is greater today than ever in history, and probably greater than it will be in 1945, when many of them will be dead and unable to enjoy the benefits of the money due them; and

"Whereas it is the policy of the President and the Congress of the United States to increase the spending power of the Nation and the citizens thereof through various agencies established by the Congress, and for this purpose the expenditure of large sums from public funds has heretofore been authorized by Congress; and

"Whereas no better way is known for the accomplishment of this purpose than the payment in cash of the face value of the said adjusted-compensation certificates at the present time, which, while serving the purpose of paying off an existing Government indebtedness, will serve to circulate cash in every community, town, and city of the land, no matter how small or how great, thereby increasing the spending power of the people in every community, town, and city; and

"Whereas by doing this the Government will recognize a just obligation to its former soldiers and bring happiness and some degree of prosperity to millions of soldier homes: Therefore be it

*Resolved by the Senate of Kentucky (the house of representatives concurring therein):*

"SECTION 1. That the President of the United States, the Congress thereof, and especially the Senators and Representatives from Kentucky be, and they are hereby, respectfully memorialized, petitioned, and urged to use their best efforts and vote for the passage of a bill now pending in Congress providing for the immediate payment of the adjusted-compensation certificates due the World War veterans.

"SEC. 2. The clerk of the senate is hereby directed to send a certified copy of this resolution to the President of the United States, to the clerks of the Senate and of the House of Representatives of the Congress of the United States, and a copy to each Senator and Member of the House of Representatives from Kentucky."

Respectfully submitted.

BYRON H. ROYSTER,  
Chief Clerk of Senate.

#### FEDERAL EMERGENCY RELIEF IN ARIZONA

Mr. ASHURST presented a letter from the Assistant Federal Emergency Relief Administrator, which was ordered to lie on the table and to be printed in the RECORD, as follows:

FEDERAL EMERGENCY RELIEF ADMINISTRATION,  
Washington, February 28, 1934.

Hon. HENRY F. ASHURST,

United States Senate, Washington, D.C.

MY DEAR SENATOR ASHURST: I am in receipt of your letter of February 24. We are putting into Arizona for transient care something like \$250,000 per month, more than in any other State in the Union, more than we are putting into Mississippi, Arkansas, Louisiana, Tennessee, and Missouri combined.

Very truly yours,

AUBREY WILLIAMS,  
Assistant Administrator.

#### AIR-MAIL CONTRACTS

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in full in the RECORD a letter which I have received from Mr. Fred G. Tauber, of Jersey City, N.J., with reference to the authority of the United States Army to carry the mail.

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

NEW YORK, March 1, 1934.

Hon. W. WARREN BARBOUR,  
Senate Office, Washington, D.C.

MY DEAR SENATOR: As a citizen and one of your constituents, I am writing this letter in protest against the useless and wanton sacrifice of life brought about by the hasty determination on the part of our bureaucratic administration to cancel air-mail contracts. This, in spite of the fact that none of the private mail carriers have had their day in court or a hearing which would give them an opportunity to present their side of the story. Even a murderer is entitled to his day in court, and certainly the same treatment ought to be accorded to respectable citizens engaged in the carrying of the mails under contract with their Government. I feel that Army aviators, who sacrificed their lives due to such hasty action, were forced to brave the elements with inadequate equipment, not in line of duty but in line of politics.

All of this has been thoroughly discussed in the press, but there is one further matter I desire to call to your attention which, insofar as I know, has thus far not been considered. In reviewing the United States Statutes, it is my humble opinion that there are specific violations of law on the part of the Postmaster General in utilizing the Army for the carrying of mails. While the President of the United States, under the Constitution, is "Commander in Chief of the Army and Navy of the United States, and of the militia of the several States, when called into the actual service of the United States", he, nevertheless, has only such powers to use the Army or Navy as directed by Congress, for, under the

Constitution, Congress alone is empowered "to make rules for the government and regulations of the land and naval forces." So that, while the President is the Commander in Chief, he must command the Army and Navy as directed by Congress, and whenever Congress desires the Army or the Navy to perform duties beyond the scope of regular military service, it, by law, specifically authorizes such service. Some of the duties specifically authorized by Congress are the following:

- Assistance to foreign governments.
- Assignment for instruction of National Guard.
- Assistants to Director of Public Buildings and Public Parks.
- Number of officers to be detailed to the Bureau of the Budget.
- Chiefs of staff of division of National Guard.
- Coast and Geodetic Survey work.
- Duty with National Guard.
- Officers of the Engineer Corps detailed to Federal Water Power Commission.
- Officers detailed as Indian agents.
- Officers detailed to Indian education.
- Officers detailed to educational institutions in military instruction.
- Officers detailed to instruct officers of the National Guard.
- Officers detailed for promotion of civil aviation.
- Officers detailed to work on Federal-aid, highways, and numerous others.

Why specific authorization was not obtained by the administration before this order was promulgated is beyond comprehension. Such course can only indicate two things: (1) That the administration has gone so bureaucratic and has become so drunk with power as to deliberately omit such a minor detail as to ask Congress whether or not they may do so, or (2) that the administration now considers Congress a sublimated rubber stamp for it and considers its ability to obtain such authorization for the mere asking at any time merely as a matter of form. It is true that some years ago during a railroad strike the Army was used for the carrying of the mail, but there was a real emergency. A strike was had and all mail had ceased moving, and therefore the public welfare was at stake; industry and business was faced with a standstill. A real emergency existed—not a mere imaginary one.

What, may I ask, was the emergency that prompted the calling of the Army into service to carry the mails? If, as stated by the President in his proclamation, it is an emergency, it then certainly is now created by the present administration when canceling the contracts summarily. Suffice it to say that unless and until the Government moves to annul the contracts allegedly to have been entered into by fraud in a court of equity no emergency exists.

It is true that under the statute whenever the Postmaster General finds that a contract has been entered into by fraud, he has the power to annul such contracts. But such power is not an arbitrary one, nor may it be arbitrarily used in the manner as employed in the instant case. No one condones graft or corruption, but if such existed it is an easy matter to bring the guilty party before the bar without engaging in a political fishing exhibition, as well as condemning an entire industry without giving them their day in court.

I further desire to point out that the Government had adequate remedy in a court of law to establish its damage if the charges provided in the contracts were exorbitant and fixed fraudulently. It could also have protected itself against further damage by an appropriate action on the contracts in a court of equity. However, now the Army is being used to obviate a civil action. In other words, a military collection agency. The danger of such procedure is obvious. Could not the President call upon the Army or the Navy to take over other activities such as carrying mails by railroad should the Chairman of the Reconstruction Finance Committee merely believe that some of the moneys loaned to the railroads were granted on the basis of fraudulent application? Or, could not the President call upon the Navy to carry mails by water, if the Postmaster General should imagine that the ocean-mail contracts, which everyone knows are nothing but a form of subsidy, have been entered into fraudulently? However, be that as it may, the Army may not be used for any and all purposes. Congress specifically provided that:

"It shall not be lawful to employ any part of the Army of the United States as a posse comitatus, or otherwise, for the purpose of executing the laws, except in such cases and under such circumstances as such employment of said force may be expressly authorized by the Constitution or by act of Congress; and any persons willfully violating the provisions of this section shall be deemed guilty of a misdemeanor and on conviction thereof shall be punished by fine not exceeding \$10,000, or imprisonment not exceeding 2 years, or by both such fine and imprisonment" (U.S.C., title 10, sec. 15, p. 170).

Further consideration should be given to the fact that due to the cancellation of such air-mail contracts many of the lines have curtailed their passenger service. I know that Eastern Air Lines flying between New York and Washington have cut their schedule approximately one third. This will ultimately result, beyond a doubt, in a curtailment of personnel, such as pilots, copilots, radio operators, airplane mechanics, engineers, mechanics, reserve pilots, meteorologists, clerical forces, and such other help as may now be employed. In that phase of the question, our State is vitally interested. We have one of the largest airports in the eastern section of the United States. That is Port Newark, which serves as a terminal for planes flying between the south, west, north, and east. The Army has sent its enlisted men, such as mechanics,



etc., to Port Newark to service the Army planes which carry the mail. Such mail had heretofore been carried by the private carriers, but since the cancellation of the mail contracts their staff has been curtailed and, therefore, the enlisted men of the Army if not directly certainly indirectly are replacing men who have been discharged due to the curtailed schedule brought about by the loss of the mails.

Congress specifically provided that—

"No enlisted men in the active service of the United States in the Army, whether a noncommissioned officer, musician, or private, shall be detailed, ordered, or permitted to leave his post to engage in any pursuit, business, or performance in civil life, for emolument, hire, or otherwise, when the same shall interfere with the customary employment and regular engagement of local civilians in their respective arts, trades, or professions" (U.S.C., title 10, sec. 609, p. 192).

The mere fact that we are at the present time passing through an economic depression should have prompted the administration to take into consideration the resultant loss of employment to part of the staff in the air lines. While there are still approximately 12,000,000 people unemployed in this country, and while the administration is creating imaginary employment for thousands of people under the C.W.A., part of the enlisted men of the United States Army should not have been called upon to compete with some of the citizens of our State, throwing them out of employment, even if there were no statute prohibiting such employment on the part of enlisted men. But to directly violate the statute, in my humble opinion, and detail enlisted men from the service to replace civilians of our State who are gainfully employed, is a matter which should commend itself to the serious consideration of the Members of Congress.

In debates before the Senate on February 26, Senator ROBINSON of Indiana said:

"Mr. President, just a concluding word. I understand there is a bill pending before the Congress, discussed in the House of Representatives last Saturday, by which, for some cause or other which I do not pretend to understand, the administration now wants Congress to share the responsibility for this high-handed action which has been taken which resulted in the deaths of all these Army pilots in the service of the United States Government. Of course, such a bill should be defeated—there is no question about that—and I suppose it will be discussed thoroughly when it reaches the floor of the Senate" (CONGRESSIONAL RECORD, p. 3184).

It seems to me that the answer to the query is contained in my letter. The administration had no authority to use the Army and now desires to supply the necessary authority to complete the program.

If the action of canceling air-mail contracts was not motivated by political consideration, why, then, did the Postmaster General refuse to accept the offer of the president of the Eastern Air Lines to run the mails for 30 days without cost to the Government in the event it is proven that the contracts were fraudulently entered into. Or, if the Government did not desire to have the mail carried under the offered conditions, that is, free of charge, it could have agreed with the air lines to dispatch the mail on a quantum meruit basis.

With kindest personal regards, I am,

Respectfully yours,

FRED G. TAUBER.

#### REPORTS OF COMMITTEES

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 1135) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended, reported it with an amendment and submitted a report (No. 410) thereon.

He also, from the same committee, to which was referred the bill (S. 2425) to repeal the act entitled "An act to grant to the State of New York and the Seneca Nation of Indians jurisdiction over the taking of fish and game within the Allegany, Cattaraugus, and Oil Spring Indian Reservation", approved January 5, 1927, reported it without amendment and submitted a report (No. 411) thereon.

Mr. DUFFY, from the Committee on Military Affairs, to which was referred the bill (H.R. 1015) for the relief of Frank D. Whitfield, reported it without amendment and submitted a report (No. 409) thereon.

Mr. COOLIDGE, from the Committee on Military Affairs, to which was referred the bill (H.R. 891) for the relief of Albert N. Eichenlaub, alias Albert N. Oakleaf, reported it without amendment and submitted a report (No. 412) thereon.

Mr. DICKINSON, from the Committee on Military Affairs, to which was referred the bill (S. 557) for the relief of John Ernst, reported it without amendment and submitted a report (No. 413) thereon.

#### ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 5th instant that committee presented to the President of the United States the following enrolled bills:

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

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

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

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

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

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

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

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

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

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

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

S. 1724. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.;

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

S. 2201. An act for the relief of the Neill Grocery Co.; and

S. 2766. An act to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes.

#### BILLS INTRODUCED

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

By Mr. CAREY (by request):

A bill (S. 2952) authorizing enlistment in the Army for a limited period and intensive military training of boys recently graduated from high school, or young men recently enrolled as students in college, and for other purposes; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 2953) granting the consent of Congress to the highway department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.; to the Committee on Commerce.

By Mr. GEORGE:

A bill (S. 2954) for the relief of Homer H. Adams; to the Committee on Claims.

By Mr. McADOO:

A bill (S. 2955) relating to advances to Federal Reserve member banks on time or demand notes, loans on real estate by national banks, shareholders' liability on national-bank stock, and for other purposes; to the Committee on Banking and Currency.

A bill (S. 2956) to provide for the appointment of two additional district judges for the southern district of California and for the southern district of New York, and for other purposes; to the Committee on the Judiciary.

By Mr. BULOW (by request):

A bill (S. 2957) for the relief of the rightful heirs of Wakicunzewin, an Indian; to the Committee on Indian Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 2958) to correct the military record of Anson W. Oden; to the Committee on Military Affairs.

A bill (S. 2959) granting a pension to Amanda Bastian;

A bill (S. 2960) granting a pension to Susan Harris;  
 A bill (S. 2961) granting a pension to Mary E. Troutman;  
 A bill (S. 2962) granting a pension to Gertrude Daly (with accompanying papers);

A bill (S. 2963) granting a pension to Caroline E. Harris (with accompanying papers);

A bill (S. 2964) granting a pension to Emma J. Johnson (with accompanying papers); and

A bill (S. 2965) granting a pension to Fred L. Long (with accompanying papers); to the Committee on Pensions.

By Mr. GOLDSBOROUGH and Mr. TYDINGS:

A bill (S. 2966) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland; to the Committee on Banking and Currency.

By Mr. THOMAS of Oklahoma:

A bill (S. 2967) for the relief of Mrs. Olin H. Reed; to the Committee on Claims.

(Mr. PITTMAN introduced Senate bill 2968, which appears under a separate heading.)

By Mr. BYRNES:

A bill (S. 2969) for the relief of the Mary Black Memorial Hospital; to the Committee on Claims.

#### LIQUIDATION OF CLOSED BANKS

Mr. PITTMAN. I ask leave to introduce a bill to relieve depositors of banks now in the hands of receivers or conservators to which the Reconstruction Finance Corporation made loans.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred.

Mr. PITTMAN. Mr. President, as I consider it a matter of considerable importance dealing with the liquidation of closed banks, I ask to have the bill printed in the RECORD.

The bill (S. 2968) to relieve depositors of banks now in the hands of receivers or conservators to which the Reconstruction Finance Corporation made loans, to restore confidence by fulfillment of the implied guaranty by the United States Government of depositors in such banks, to promote industrial and business recovery, and to increase employment and purchasing power, was read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

*Be it enacted, etc.,* That the Reconstruction Finance Corporation be, and is hereby, authorized and directed to purchase, acquire, and receive from the receiver or receivers and/or conservator or conservators of a bank or banks now in the possession or control of such receivers and/or conservators, all the remaining assets of banks to which the Reconstruction Finance Corporation made loans prior to such banks going into the hands and control of such receivers and/or conservators in sums of money in excess of 20 percent of the total deposits of such banks at the time of the final loan or loans to such banks.

The Reconstruction Finance Corporation, upon receipt of such remaining assets from such bank or banks, and upon application by the receivers and/or conservators of such bank or banks, shall immediately make available to such receivers and/or conservators as payment for such assets funds sufficient to pay 50 percent of the total deposit liability of such bank or banks at the time such assets are acquired and received by the Reconstruction Finance Corporation.

SEC. 2. Such receivers and/or conservators upon the making available of such funds for payment to the depositors shall immediately disburse such funds pro rata to the depositors of such bank or banks for which they are receivers and/or conservators.

SEC. 3. The receiver or receivers and/or conservator or conservators charged with the disbursement of such funds shall immediately after such funds have all been disbursed proceed without delay to make and file their final reports. Upon the filing and approval of the final report of the said receiver or receivers and/or conservator or conservators they shall cease to act as receiver or receivers and/or conservator or conservators and shall be discharged.

SEC. 4. The assets so purchased shall be liquidated by the Reconstruction Finance Corporation and, with the exception of assets in the form of unsecured notes, the Reconstruction Finance Corporation shall allow debtors a period of not to exceed 10 years in which to pay their indebtedness as evidenced by such assets. The Reconstruction Finance Corporation shall have full discretion concerning terms of liquidation of assets in the form of unsecured notes and may, when it deems such a course advisable, insist upon such terms of payment and such additional security from the debtor as it may demand.

As funds, over and above the 50 percent made available under section 1 of this act, become available by liquidation and after

pro rata expenses of liquidation are paid, the Reconstruction Finance Corporation shall pay such funds to such depositors pro rata, either directly or through such agencies as it may establish or designate.

SEC. 5. Regardless of any previous contract or agreement on the part of any person, the rate of interest paid to the Reconstruction Finance Corporation on such assets by the debtors, shall be reduced to 5 percent per annum and that for the purposes of this act, any statute of limitations shall be waived and held not to apply to any transaction referred to or covered by the provisions of this act. Nothing herein contained, however, shall prevent any debtor from anticipating payment on any such indebtedness.

SEC. 6. The Reconstruction Finance Corporation is authorized in its discretion to recognize any assignee of any depositor as a depositor under this act, and upon such recognition by the Reconstruction Finance Corporation such assignee shall be entitled to all the benefits and privileges conferred upon a depositor by this act.

#### UNSOLICITED MERCHANDISE IN THE MAILS—AMENDMENT

Mr. GOLDSBOROUGH submitted an amendment intended to be proposed by him to the bill (S. 2101) to prohibit the sending of unsolicited merchandise through the mails, which was ordered to lie on the table and to be printed.

#### AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

Mr. CONNALLY and Mr. LA FOLLETTE each submitted an amendment intended to be proposed by them, respectively, to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, which were ordered to lie on the table and to be printed.

#### MESSAGE FROM THE HOUSE

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

H.R. 1626. An act granting equipment allowance to third-class postmasters;

H.R. 3842. An act to provide for the deportation of certain alien seamen, and for other purposes;

H.R. 5075. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended;

H.R. 5632. An act to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes;

H.R. 6185. An act fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the Territorial Canvassing Board, defining its duties, and for other purposes;

H.R. 8046. An act to provide a penalty for the knowing or willful presentation of any false written instrument relating to any matter within the jurisdiction of any department or agency of the Government with intent to defraud the United States;

H.R. 8208. An act to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala.; and

H.J.Res. 290. Joint resolution to provide an appropriation to carry into effect 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.

#### ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 1759) to revive and reenact the act entitled "An act granting the consent of Congress to the Mill Four Drainage District in Lincoln County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into



Nutes Slough, Boones Slough and sloughs connected therewith", approved June 17, 1930, and it was signed by the Vice President.

#### MESSAGES FROM THE PRESIDENT

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

#### HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred as indicated below:

H.R. 1626. An act granting equipment allowance to third-class postmasters; to the Committee on Post Offices and Post Roads.

H.R. 3842. An act to provide for the deportation of certain alien seamen, and for other purposes; to the Committee on Immigration.

H.R. 5075. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended; to the Committee on Indians Affairs.

H.R. 5632. An act to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes; to the Special Committee on Conservation of Wild Life Resources.

H.R. 6185. An act fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the territorial Canvassing Board, defining its duties, and for other purposes; to the Committee on Territories and Insular Affairs.

H.R. 8208. An act to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala.; to the Committee on Military Affairs.

H.J.Res. 290. Joint resolution to provide an appropriation to carry into effect 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; to the Committee on Appropriations.

#### NOMINATION OF ROBERT H. JACKSON—AGREEMENT FOR EXECUTIVE SESSION

Mr. HARRISON. Mr. President, I desire to propose a unanimous-consent agreement which is intended really to accommodate a Senator who is not very well.

I ask that at 2 o'clock tomorrow the Senate go into executive session to consider the nomination of Robert H. Jackson to be general counsel of the Bureau of Internal Revenue. I may say that I think it will take but a few minutes to dispose of the nomination.

Mr. McNARY. Mr. President, that is entirely agreeable.

There being no objection, the unanimous-consent agreement was reduced to writing and entered, as follows:

*Ordered*, That at 2 o'clock p.m. tomorrow (Mar. 7, 1934) the Senate go into executive session to consider the nomination of Robert H. Jackson, to be general counsel, Bureau of Internal Revenue.

#### ROOSEVELT'S APPEAL

Mr. GOLDSBOROUGH. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial from Baltimore Sun of today entitled "Roosevelt's Appeal."

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

[From the Baltimore Sun, Mar. 6, 1934]

#### ROOSEVELT'S APPEAL

President Roosevelt's address before the gathering of N.R.A. code authorities in Washington suggests that he has made little progress toward further and real understanding of the social and economic implications of his recovery program. His appeal had

a distinctly familiar ring. On June 16, when he signed the recovery act, and upon other occasions at about the same time, he addressed several messages to business men in particular and the public in general that were of like tenor to his latest speech.

Everybody, he declared 9 months ago, as he declared again on Monday, must do his part to make the recovery program a success. Business must be high-minded and altruistic. It must employ more workers, pay them more money, and so, by increasing the total purchasing power, contribute to its own welfare. Small business enterprises must be protected. The interests of the consumers must be carefully guarded, and the consumers themselves must do their part by patronizing only those manufacturers and merchants who are cooperating in the recovery campaign upon the terms laid down by the Roosevelt administration.

It is a little strange that after 9 months of effort it should still be found necessary to issue another appeal of this nature to the public. If nothing else, it strongly indicates that the desired cooperation has not been forthcoming. Indeed, in the last paragraph of his speech, the President indirectly admitted as much when he said:

"We have been seeking experience in our first 8 months of code making; for that same reason we have been tolerant of certain misunderstandings even when they resulted in evasions of the spirit if not the letter of the law. Now we are moving into a period of administration when that which is law must be made certain and the letter and the spirit must be fulfilled. We cannot tolerate actions which are clearly monopolistic, which wink at unfair trade practices, which fail to give to labor free choice of their representatives, or which are otherwise hostile to the public interest."

In other words, the President is here in effect saying that there have been evasions, and that his repeated appeals for cooperation have not been heeded by everyone. Are we to suppose that still another plea along the same familiar lines will meet with any different response?

Lest anyone be misled by Mr. Roosevelt's moderate language into believing that what he called "evasions in spirit" have been few and far between, it is necessary to refer to the report of the Consumers' Advisory Board issued on Sunday. This report, dealing mainly with price fixing under the N.R.A. codes, shows clearly to what considerable extent these evasions in spirit have been taking place. It flatly asserts that in some industries there has been a tendency to forget the recovery program in their own interests.

The Consumers' Board said it has "evidence indicating that a number of industries have increased prices more than can be justified by increased wage payments under the N.R.A.", a practice "which our observations indicate may have retarded the recovery program." In several instances "there have been efforts to establish uniform prices without code sanction." Low-cost producers have been subjected to pressure to compel them to raise their prices to the level generally desired in the industry, thus depriving the consuming public of the benefit of low prices resulting from efficiency in production. Several other practices, violating the spirit of the recovery law and operating to the disadvantage of the consumers are cited in the report.

It must be emphasized that we do not disagree with the President in the objectives he set forth in his speech yesterday. There can be no question that real recovery cannot be attained until unemployment has been decreased, purchasing power enlarged, and the little man as well as the big manufacturer placed on a sound operating basis. But we do not believe that Mr. Roosevelt's methods are such as to insure progress in that direction.

For one thing, the limitation of competition envisaged in the recovery law must inevitably encourage price-fixing and other monopolistic practices, oppress the small enterprise, and penalize the consuming public by keeping alive marginal and high-cost producers. This becomes doubly certain when the administration of the codes of fair competition is given into the hands of interested parties, to use the language of the Consumers' Advisory Board's report. That is precisely what General Johnson appears to have done.

Only the most efficient and disinterested social control could check or prevent these abuses. The Consumer's Board bravely essays to suggest several ways in which such control could be developed with regard to prices. The President and General Johnson, however, seem to prefer to let industry govern itself, which can only mean that in the end the strongest and greediest factions will prove the real rulers of industry.

Carried to its logical conclusion, social control would appear to require the erection of a Fascist or Socialist dictatorship. Certainly there is no indication that the country is prepared to go that far; thoughtful people must be alarmed at the slightest semblance of dictatorship. The only apparent alternative is free and open business competition. Under such a system abuses are likely to arise, largely because of the immensity and complexity of our economy. But such abuses can be checked or eliminated by vigorous and equitable enforcement of the anti-trust laws and similar statutes, something which this country has never actually witnessed.

Certain of our big business corporations had their own way under the recent Republican administrations. They seem to be having their way again under Roosevelt. This cannot be corrected, on the one hand, by freeing them from the anti-trust laws and allowing them to assume control of the N.R.A. codes, or, on the other hand, by constantly appealing to them to improve their conduct.



## TAX FAVORS FOR BIG SPECULATORS—ARTICLE BY HERBERT S. WOOD

Mr. MURPHY. Mr. President, I ask unanimous consent to insert in the RECORD an article by Herbert S. Wood, of Washington, D.C., appearing in the New Republic for March 7, 1934, captioned "Tax Favors for Big Speculators."

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

[From the New Republic, Mar. 7, 1934]

## TAX FAVORS FOR BIG SPECULATORS

The revenue bill recently introduced into the House of Representatives will correct a number of the abuses that were revealed by the Pecora investigation into the income-tax practices of the Mitchells and the Wiggins, the Lamonts and the Morgans. But the bill's new provision for the taxation of so-called "capital gains" is hardly less vicious than the present capital-gains tax. This little-understood section of the old tax law is the largest of the loopholes through which wealthy men have been able to escape their fair share of the Nation's tax burden. It virtually annuls the surtax on speculative profits from long-term investments by permitting gains on the sale of property that has been held 2 years or more (called capital gains) to pay a flat tax of 12½ percent in lieu of a combined normal tax and surtax running up to 63 percent. It thus remits as much as 80 percent of the taxes that would otherwise be paid by the "big fellows" on profits that in boom years make up at least one half their total incomes and represent less useful service to society than any other major class of gains. Moreover, the great bulk of this relief from high surtaxes goes to taxpayers who have little or no just claim for relief.

Under the pending revenue bill the tax on capital gains would be computed at the regular normal tax and surtax rates, but only a part of the capital gains would be included in net income subject to tax—80 percent for property held 1 to 2 years, 60 percent for property held 2 to 5 years, and 40 percent for property held 5 years or more. If enacted, the bill would reduce the tax favors granted to this class of gains, and would distribute the remainder more evenly between large gains and small, and between longer-term and shorter-term investments. But it would still give the recipients of million-dollar incomes a wholly unwarranted reduction of about 60 percent in their taxes on speculative profits from 5-year investments.

From 1925 to 1929 the bounty granted by the capital-gains tax to favored speculators amounted to no less than \$75,000,000, of which at least three fourths was wholly unjustifiable. Under the present law the unjustifiable relief granted on the same gains would be \$2,000,000,000, and under the pending bill it would be well over \$1,000,000,000, of which something like \$500,000,000 would go to taxpayers with incomes of one million or more.

It may be fanciful to turn back to the boom years of the late twenties for figures to measure the effects of 1934 tax policies. But is not now the time to adjust our tax system to a new period of rising prices, when the speculators will be in clover, as they were from 1925 to 1929? The administration's currency measures are designed to produce a price rise. Returning prosperity will almost inevitably bring it. If its benefits are not to be monopolized by the speculators, measures to ensure a wider distribution should not be delayed.

The only equitable claim of investors for special consideration in the taxation of their speculative profits arises from the fact that such profits are not taxable until realized by the sale of the property from which they are derived. Gains that presumably accrued through several years may thus be taxed in 1 year, and may be subjected to much higher rates, under our steeply graduated surtax schedule than they would have borne if divided through the years in which they accrued. The House subcommittee on tax revision and the Treasury Department agree that the tax on a capital gain should approximate the tax which would have been paid if the gain had been realized in equal annual amounts over the period for which the asset was held. Allowance should also be made for interest on the tax payments that have been deferred by deferring the realization of the gain. With that modification, the quoted statement affords a fair standard by which to test the soundness of methods designed for the solution of this problem. But both the present law and the substitute proposed in the pending bill utterly fail even to approach that standard. Instead they both grant unwarranted tax reductions several times greater than the excessive burdens that capital gains would bear if no relief were afforded.

If no relief were granted on capital gains, a married man without dependents having an ordinary income (apart from capital gains) of \$100,000, and realizing in 1 year a profit of \$500,000 on a 5-year investment, would pay, at the rates fixed in the pending bill, 4 years' tax on \$100,000, amounting to \$121,432, and 1 year's tax on \$600,000, or \$324,683, making a total of \$446,115. On the assumption that his profit accrued evenly over the 5 years he should have paid 5 years' tax on \$200,000, or \$433,915 in all. His only claim for relief arises from a threatened overpayment of \$12,200—less than half the interest he has saved (at 5 percent) by deferring his tax payments. Yet the present law reduces his tax by \$232,000 and the pending substitute would reduce his tax by \$179,925.

A man with an ordinary income of one million who realizes a capital gain of five millions would pay thereon at regular rates a tax of \$3,150,000, whether the gain was realized in 1 year or

spread over 5 years. He has no equitable claim for relief, but on the contrary has saved \$315,000 in interest (at 5 percent) through deferral of taxes; yet the present law reduces his tax by \$2,525,000 and if the property has been held 5 years or more, the pending substitute would reduce his tax by \$1,890,000.

Even men with ordinary incomes from \$25,000 to \$100,000 get, for the most part, grossly excessive relief. Ignoring the interest factor and assuming in each case a capital gain derived from a 5-year investment, amounting to five times the taxpayer's ordinary income, we find that a man with an ordinary income of \$25,000 might justly claim a reduction of \$24,535 in the tax he would pay at regular rates, but gets a reduction of \$39,205 under the present law and \$40,305 under the pending bill; a man with \$50,000 might justly claim \$27,500, but gets \$104,750 under the present law and \$86,450 under the pending bill; a man with \$75,000 might justly claim \$14,184, but gets \$168,935 under the present law and \$132,450 under the pending bill. As the taxpayer's average income rises above \$100,000 his equitable claim for relief goes down, but the relief granted shoots upward at an accelerated rate. Moreover, in incomes below \$50,000, where the relief granted is moderate, capital gains amounted to less than 5 percent of the taxpayers' total incomes in 1925 to 1929; but in incomes above five millions, where the relief granted is most grossly excessive, capital gains amounted to about 65 percent of the taxpayers' total incomes in those years.

The capital-gains provision of the pending bill fails to accomplish its avowed purpose of equalizing taxation, as between such gains and other income, because it takes into account only one of a number of factors that determine the amount of relief that should equitably be granted with respect to capital gains. The factor considered—the length of time the property has been held—is grossly overweighted. Assuming an ordinary income of \$20,000 and a capital gain of \$50,000 on a 5- to 25-year investment, we find that from 64 to 74 percent of the capital gain should be included in taxable income in order to obtain a just tax, against 40 percent prescribed by the bill. For an investment lasting from 2 to 5 years, from 73 to 84 percent should be included, against 60 percent prescribed by the bill. For an investment lasting from 1 to 2 years the percentage should range from 80 to 100, against 80 percent prescribed by the bill.

A more important factor—namely, the size of the taxpayer's ordinary income—was mentioned in a published statement of the Treasury Department to the Ways and Means Committee; but it is ignored in the bill. No less important is the amount of the capital gains realized in prior years. Assuming a 5-year investment, if such gains realized this year do not exceed those realized in each of the preceding 4 years, it is obvious that the taxpayer has no just claim for relief.

The size of the capital gains is also a factor. If a taxpayer's ordinary income is \$35,000 and he has a capital gain (from a 5-year investment) of \$5,000, 100 percent of the gain should be used in computing the tax, instead of 40 percent as prescribed in the bill; but if the capital gain amounts to \$75,000, only 74 percent should be used.

A proposal like the capital-gains provision in the pending bill, which grants unwarranted tax favors amounting to far more than the justified relief it gives, is wholly intolerable. The relief provision should either be abandoned altogether, leaving capital gains subject to full taxation at regular rates, or it should be modified so that the tax on such gains will be not less than it would have been (at current tax rates) if the gains had been spread evenly over the years during which the property was held. Even so, we shall be giving the long-term speculators the benefit of the biggest doubt; for such men very commonly take prompt advantage of rises in security prices, so that their profits really accrue in the year of sale.

HERBERT S. WOOD.

## DECISION OF SUPREME COURT IN NEW YORK IN MILK-CONTROL CASE

Mr. WAGNER. Mr. President, yesterday the Supreme Court of the United States rendered an epoch-making decision in upholding the constitutionality of the act passed by the Legislature of the State of New York to create a board of control to regulate the entire milk industry of the State of New York. I ask unanimous consent that the prevailing and dissenting opinions of the Supreme Court be printed in the RECORD.

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

## SUPREME COURT OF THE UNITED STATES

(No. 531. October Term, 1933)

LEO NEBBIA, APPELLANT, v. THE PEOPLE OF THE STATE OF NEW YORK—  
APPEAL FROM THE COUNTY COURT OF MONROE COUNTY, N.Y.

[Mar. 5, 1934]

Mr. Justice Roberts delivered the opinion of the Court.

The Legislature of New York established by chapter 153 of the Laws of 1933 a milk control board with power, among other things, to "fix minimum and maximum . . . retail prices to be charged by . . . stores to consumers for consumption off the premises where sold." The board fixed 9 cents as the price to be charged by a store for a quart of milk. Nebbia, the proprietor of a grocery store in Rochester, sold 2 quarts and a 5-cent loaf bread for 18 cents and was convicted for violating the board's



order. At his trial he asserted the statute and order contravene the equal protection clause and the due process clause of the fourteenth amendment and renewed the contention in successive appeals to the county court and the court of appeals. Both overruled his claim and affirmed the conviction.<sup>1</sup>

The question for decision is whether the Federal Constitution prohibits a State from so fixing the selling price of milk. We first inquire as to the occasion for the legislation and its history.

During 1932 the prices received by farmers for milk were much below the cost of production. The decline in prices during 1931 and 1932 was much greater than that of prices generally. The situation of the families of dairy producers had become desperate and called for State aid similar to that afforded the unemployed, if conditions should not improve.

On March 10, 1932, the senate and assembly resolved "That a joint legislative committee is hereby created \* \* \* to investigate the causes of the decline of the price of milk to producers and the resultant effect of the low prices upon the dairy industry and the future supply of milk to the cities of the State; to investigate the cost of distribution of milk and its relation to prices paid to milk producers, to the end that the consumer may be assured of an adequate supply of milk at a reasonable price, both to producer and consumer." The committee organized May 6, 1932, and its activities lasted nearly a year. It held 13 public hearings at which 254 witnesses testified and 2,350 typewritten pages of testimony were taken. Numerous exhibits were submitted. Under its direction an extensive research program was prosecuted by experts and official bodies and employees of the State and municipalities, which resulted in the assembling of much pertinent information. Detailed reports were received from over 100 distributors of milk, and these were collated and the information obtained analyzed. As a result of the study of this material a report covering 473 closely printed pages, embracing the conclusions and recommendations of the committee, was presented to the legislature April 10, 1933. This document included detailed findings, with copious reference to the supporting evidence; appendices outlining the nature and results of prior investigations of the milk industry of the State; briefs upon the legal questions involved; and forms of bills recommended for passage. The conscientious effort and thoroughness exhibited by the report lend weight to the committee's conclusions.

In part those conclusions are:

Milk is an essential item of diet. It cannot long be stored. It is an excellent medium for growth of bacteria. These facts necessitate safeguards in its production and handling for human consumption which greatly increase the cost of the business. Failure of producers to receive a reasonable return for their labor and investment over an extended period threaten a relaxation of vigilance against contamination.

The production and distribution of milk is paramount industry of the State, and largely affects the health and prosperity of its people. Dairying yields fully one half of the total income from all farm products. Dairy-farm investment amounts to approximately \$1,000,000,000. Curtailment or destruction of the dairy industry would cause a serious economic loss to the people of the State.

In addition to the general price decline, other causes for the low price of milk include a periodic increase in the number of cows and in milk production, the prevalence of unfair and destructive trade practices in the distribution of milk, leading to a demoralization of prices in the metropolitan area and other markets, and the failure of transportation and distribution charges to be reduced in proportion to the reduction in retail prices for milk and cream.

The fluid milk industry is affected by factors of instability peculiar to itself which call for special methods of control. Under the best practicable adjustment of supply to demand the industry must carry a surplus of about 20 percent, because milk, an essential food, must be available as demanded by consumers every day in the year, and demand and supply vary from day to day and according to the season; but milk is perishable and cannot be stored. Close adjustment of supply to demand is hindered by several factors difficult to control. Thus surplus milk presents a serious problem, as the prices which can be realized for it are much less than those obtainable for milk sold for consumption in fluid form or as cream. A satisfactory stabilization of prices for fluid milk requires that the burden of surplus milk be shared equally by all producers and all distributors in the milkshed. So long as the surplus burden is unequally distributed the pressure to market surplus milk in fluid form will be a serious disturbing factor. The fact that the larger distributors find it necessary to carry large quantities of surplus milk, while the smaller distributors do not, leads to price cutting and other forms of destructive competition. Smaller distributors, who take no responsibility for the surplus, by purchasing their milk at the blended prices (i.e., an average between the price paid the producer for milk for sale as fluid milk, and the lower surplus milk price paid by the larger organizations) can undersell the larger distributors. Indulgence in this price cutting often compels the larger dealer to cut the price to his own and the producer's detriment.

Various remedies were suggested, amongst them united action by producers, the fixing of minimum prices for milk and cream by State authority, and the imposition of certain graded taxes on milk dealers proportioned so as to equalize the cost of milk and cream to all dealers and so remove the cause of price cutting.

The legislature adopted chapter 158 as a method of correcting the evils, which the report of the committee showed could not

be expected to right themselves through the ordinary play of the forces of supply and demand, owing to the peculiar and uncontrollable factors affecting the industry. The provisions of the statute are summarized in the margin.<sup>2</sup>

Section 312 (e) on which the prosecution in the present case is founded, provides: "After the board shall have fixed prices to be charged or paid for milk in any form \* \* \* it shall be unlawful for a milk dealer to sell or buy or offer to sell or buy milk at any price less or more than such price \* \* \*, and no method or device shall be lawful whereby milk is bought or sold \* \* \* at a price less or more than such price \* \* \* whether by any discount, or rebate, or free service, or advertising allowance, or a combined price for such milk together with another commodity or commodities, or service or services, which is less or more than the aggregate of the prices for the milk and the price or prices for such other commodity or commodities, or service or services, when sold or offered for sale separately or otherwise \* \* \*."

First. The appellant urges that the order of the milk control board denies him the equal protection of the laws. It is shown that the order requires him, if he purchases his supply from a dealer, to pay 8 cents per quart and 5 cents per pint, and to resell at not less than 9 and 6, whereas the same dealer may buy his

<sup>2</sup>Chapter 158 of the Laws of 1933 added a new article (no. 25) to the agriculture and markets law. The reasons for the enactment are set forth in the first section (sec. 300). So far as material they are: that unhealthy, unfair, unjust, destructive, demoralizing, and uneconomic trade practices exist in the production, sale, and distribution of milk and milk products, whereby the dairy industry in the State and the constant supply of pure milk to inhabitants of the State are imperiled; these conditions are a menace to the public health, welfare, and reasonable comfort; the production and distribution of milk is a paramount industry upon which the prosperity of the State in a great measure depends; existing economic conditions have largely destroyed the purchasing power of milk producers for industrial products, have broken down the orderly production and marketing of milk, and have seriously impaired the agricultural assets supporting the credit structure of the State and its local governmental subdivisions. The danger to public health and welfare consequent upon these conditions is declared to be immediate and to require public supervision and control of the industry to enforce proper standards of production, sanitation, and marketing.

The law then (sec. 301) defines the terms used; declaring, inter alia, that "milk dealer" means any person who purchases or handles milk within the State, for sale in the State, or sells milk within the State except when consumed on the premises where sold; and includes within the definition of "store" a grocery store.

By section 302 a State milk control board is established; and by section 303 general power is conferred upon that body to supervise and regulate the entire milk industry of the State, subject to existing provisions of the public health law, the public service law, the State sanitary code, and local health ordinances and regulations; to act as arbitrator or mediator in controversies arising between producers and dealers, or groups within those classes, and to exercise certain special powers to which reference will be made.

The board is authorized to promulgate orders and rules which are to have the force of law (sec. 304); to make investigations (sec. 305); to enter and inspect premises in which any branch of the industry is conducted, and examine the books, papers, and records of any person concerned in the industry (sec. 306); to license all milk dealers and suspend or revoke licenses for specified causes, its action in these respects being subject to review by certiorari (sec. 308), and to require licensees to keep records (sec. 309), and to make reports (sec. 310).

A violation of any provision of article 25 or of any lawful order of the board is made a misdemeanor (sec. 307).

By section 312 it is enacted (a): "The board shall ascertain by such investigations and proofs as the emergency permits, what prices for milk in the several localities and markets of the State, and under varying conditions, will best protect the milk industry in the State, and insure a sufficient quantity of pure and wholesome milk \* \* \* and be most in the public interest. The board shall take into consideration all conditions affecting the milk industry, including the amount necessary to yield a reasonable return to the producer and to the milk dealer." (b) After such investigation the board shall by official order fix minimum and maximum wholesale and retail prices to be charged by milk dealers to consumers, by milk dealers to stores for consumption on the premises or for resale to consumers, and by stores to consumers for consumption off the premises where sold. It is declared (c) that the intent of the law is that the benefit of any advance in price granted to dealers shall be passed on to the producer; and if the board, after due hearing, finds this has not been done, the dealer's license may be revoked, and the dealer may be subjected to the penalties mentioned in the act. The board may (d) after investigation fix the prices to be paid by dealers to producers for the various grades and classes of milk.

Subsection (e), on which the prosecution in the present case is founded, is quoted in the text.

Alterations may be made in existing orders after hearing of the interested parties (f) and orders made are subject to review on certiorari. The board (sec. 319) is to continue with all the powers and duties specified until March 31, 1934, at which date it is to be deemed abolished. The act contains further provisions not material to the present controversy.

<sup>1</sup> *People v. Nebbia* (262 N.Y. 259).



supply from a farmer at lower prices and deliver milk to consumers at 10 cents the quart and 6 cents the pint. We think the contention that the discrimination deprives the appellant of equal protection is not well founded. For aught that appears, the appellant purchased his supply of milk from a farmer as do distributors, or could have procured it from a farmer if he so desired. There is therefore no showing that the order placed him at a disadvantage, or in fact affected him adversely, and this alone is fatal to the claim of denial of equal protection. But if it were shown that the appellant is compelled to buy from a distributor, the difference in the retail price he is required to charge his customers, from that prescribed for sales by distributors is not on its face arbitrary or unreasonable, for there are obvious distinctions between the two sorts of merchants which may well justify a difference of treatment, if the legislature possesses the power to control the prices to be charged for fluid milk. Compare *American Sugar Refining Co. v. Louisiana* (179 U.S. 89); *Brown-Forman Co. v. Kentucky* (217 U.S. 563); *State Board of Tax Commissioners v. Jackson* (283 U.S. 527).

Second. The more serious question is whether, in the light of the conditions disclosed, the enforcement of section 312 (e) denied the appellant the due process secured to him by the fourteenth amendment.

Save the conduct of railroads, no business has been so thoroughly regimented and regulated by the State of New York as the milk industry. Legislation controlling it in the interest of the public health was adopted in 1862<sup>3</sup> and subsequent statutes<sup>4</sup> have been carried into the general codification known as the agriculture and markets law.<sup>5</sup> A perusal of these statutes discloses that the milk industry has been progressively subjected to a larger measure of control.<sup>6</sup> The producer or dairy farmer is in certain circumstances liable to have his herd quarantined against bovine tuberculosis; is limited in the importation of dairy cattle to those free from Bang's disease; is subject to rules governing the care and feeding of his cows and the care of the milk produced, the condition and surroundings of his barns and buildings used for production of milk, the utensils used, and the persons employed in milking (secs. 46, 47, 55, 72-88). Proprietors of milk-gathering stations or processing plants are subject to regulation (sec. 54), and persons in charge must operate under license and give bond to comply with the law and regulations; must keep records, pay promptly for milk purchased, abstain from false or misleading statements and from combinations to fix prices (secs. 55, 57a, 252). In addition there is a large volume of legislation intended to promote cleanliness and fair-trade practices, affecting all who are engaged in the industry.<sup>7</sup> The challenged amendment of 1933 carried regulation much further than the prior enactments. Appellant insists that it went beyond the limits fixed by the Constitution.

Under our form of government the use of property and the making of contracts are normally matters of private and not of public concern. The general rule is that both shall be free of governmental interference. But neither property rights<sup>8</sup> nor contract rights<sup>9</sup> are absolute; for government cannot exist if the citizen may at will use his property to the detriment of his fellows, or exercise his freedom of contract to work them harm. Equally fundamental with the private right is that of the public to regulate it in the common interest. As Chief Justice Marshall said, speaking specifically of inspection laws, such laws form "a portion of that immense mass of legislation, which embraces everything within the territory of a State, . . . all which can be most advantageously exercised by the States themselves. Inspection laws, quarantine laws, health laws of every description, as well as laws for regulating the internal commerce of a State, . . . are component parts of this mass."<sup>10</sup>

Justice Barbour said for this Court:

" . . . it is not only the right but the bounden and solemn duty of a State to advance the safety, happiness, and prosperity of its people, and to provide for its general welfare, by any and every act of legislation, which it may deem to be conducive to

these ends; where the power over the particular subject, or the manner of its exercise is not surrendered or restrained, in the manner just stated. That all those powers which relate to merely municipal legislation, or what may, perhaps, more properly be called internal police, are not thus surrendered or restrained; and that, consequently, in relation to these, the authority of a State is complete, unqualified, and exclusive."<sup>11</sup>

And Chief Justice Taney said upon the same subject:

"But what are the police powers of a State? They are nothing more or less than the powers of government inherent in every sovereignty to the extent of its dominions. And whether a State passes a quarantine law, or a law to punish offenses, or to establish courts of justice, or requiring certain instruments to be recorded, or to regulate commerce within its own limits, in every case it exercises the same power; that is to say, the power of sovereignty, the power to govern men and things within the limits of its dominion. It is by virtue of this power that it legislates; and its authority to make regulations of commerce is as absolute as its power to pass health laws, except insofar as it has been restricted by the Constitution of the United States."<sup>12</sup>

Thus has this Court from the early days affirmed that the power to promote the general welfare is inherent in government. Touching the matters committed to it by the Constitution, the United States possesses the power,<sup>13</sup> as do the States in their sovereign capacity touching all subjects jurisdiction of which is not surrendered to the Federal Government, as shown by the quotations above given. These correlative rights, that of the citizen to exercise exclusive dominion over property and freely to contract about his affairs, and that of the State to regulate the use of property and the conduct of business, are always in collision. No exercise of the private right can be imagined which will not in some respect, however slight, affect the public; no exercise of the legislative prerogative to regulate the conduct of the citizen which will not to some extent abridge his liberty or affect his property. But subject only to constitutional restraint the private right must yield to the public need.

The fifth amendment, in the field of Federal activity,<sup>14</sup> and the fourteenth, as respects State action,<sup>15</sup> do not prohibit governmental regulation for the public welfare. They merely condition the exertion of the admitted power by securing that the end shall be accomplished by methods consistent with due process. And the guaranty of due process, as has often been held, demands only that the law shall not be unreasonable, arbitrary, or capricious, and that the means selected shall have a real and substantial relation to the object sought to be attained. It results that a regulation valid for one sort of business, or in given circumstances, may be invalid for another sort, or for the same business under other circumstances, because the reasonableness of each regulation depends upon the relevant facts.

The reports of our decisions abound with cases in which the citizen, individual, or corporate has vainly invoked the fourteenth amendment in resistance to necessary and appropriate exertion of the police power.

The Court has repeatedly sustained curtailment of enjoyment of private property, in the public interest. The owner's rights may be subordinated to the needs of other private owners whose pursuits are vital to the paramount interests of the community.<sup>16</sup> The State may control the use of property in various ways; may prohibit advertising billboards except of a prescribed size and location,<sup>17</sup> or their use for certain kinds of advertising;<sup>18</sup> may in certain circumstances authorize encroachments by party walls in cities;<sup>19</sup> may fix the height of buildings, the character of materials, and methods of construction, the adjoining area which must be left open, and may exclude from residential sections offensive trades, industries, and structures likely injuriously to affect the public health or safety;<sup>20</sup> or may establish zones within which certain types of buildings or business are permitted and others excluded.<sup>21</sup> And although the fourteenth amendment extends protection to aliens as well as citizens<sup>22</sup> a State may for adequate reasons of policy exclude aliens altogether from the use and occupancy of land.<sup>23</sup>

Laws passed for the suppression of immorality, in the interest of health, to secure fair-trade practices, and to safeguard the interests of depositors in banks have been found consistent with

<sup>3</sup> Laws of 1862, ch. 467.

<sup>4</sup> Laws of 1893, ch. 338. Laws of 1909, ch. 9; Consol. Laws, ch. 1.

<sup>5</sup> Laws of 1927, ch. 207; Cahill's Consolidated Laws of New York, 1930, ch. 1.

<sup>6</sup> Many of these regulations have been unsuccessfully challenged on constitutional grounds. See *People v. Cipperly* (101 N.Y. 634); *People v. Hill* (44 Hun. 472); *People v. West*, (106 N.Y. 293); *People v. Kibler* (106 N.Y. 321); *People v. Hills* (64 App. Div. 584); *People v. Bowen* (182 N.Y. 1); *Lieberman v. Van de Carr* (199 U.S. 552); *St. John v. New York* (201 U.S. 633); *People v. Koster* (121 App. Div. 852); *People v. Abramson* (208 N.Y. 138); *People v. Frudenberg* (209 N.Y. 218); *People v. Beakes Dairy Co.* (222 N.Y. 416); *People v. Teuscher* (248 N.Y. 454); *People v. Perretta* (253 N.Y. 305); *People v. Ryan* (230 App. Div. 252); *Mintz v. Baldwin* (289 U.S. 346).

<sup>7</sup> See Cahill's Consolidated Laws of New York, 1930, and supplements to and including 1933: Ch. 21, secs. 270-274; ch. 41, secs. 435, 538, 1740, 1764, 2350-2357; ch. 46, secs. 6a, 20, 21.

<sup>8</sup> *Munn v. Illinois* (94 U.S. 113, 124, 125); *Orient Ins. Co. v. Daggs* (172 U.S. 557, 566); *Northern Securities Co. v. United States* (193 U.S. 197, 351); and see the cases cited in notes 16-23, *infra*.

<sup>9</sup> *Allgeyer v. Louisiana* (165 U.S. 578, 591); *Atlantic Coast Line v. Riverside Mills* (219 U.S. 186, 202); *Chicago, B. & Q. R.R. Co. v. McGuire* (219 U.S. 549, 567); *Stephenson v. Binford* (287 U.S. 251, 274).

<sup>10</sup> *Gibbons v. Ogden* (9 Wheat. 1, 203).

<sup>11</sup> *City of New York v. Miln* (11 Pet. 102, 139).

<sup>12</sup> *License Cases* (5 How. 504, 583).

<sup>13</sup> *United States v. Dewitt* (9 Wall. 41); *Gloucester Ferry Co. v. Pennsylvania* (114 U.S. 196, 215).

<sup>14</sup> *Addyston Pipe & Steel Co. v. United States* (175 U.S. 21, 228-229).

<sup>15</sup> *Barber v. Connolly* (113 U.S. 27, 31); *Chicago B. & Q. R. Co. v. Drainage Comm'rs* (200 U.S. 561, 592).

<sup>16</sup> *Clark v. Nash* (198 U.S. 361); *Strickley v. Highland Boy Mining Co.* (200 U.S. 527).

<sup>17</sup> *Cusack Co. v. City of Chicago* (242 U.S. 526); *St. Louis Poster Advertising Co. v. St. Louis* (249 U.S. 269).

<sup>18</sup> *Packer Corporation v. Utah* (285 U.S. 105).

<sup>19</sup> *Jackman v. Rosenbaum Co.* (260 U.S. 22).

<sup>20</sup> *Fischer v. St. Louis* (194 U.S. 361); *Welch v. Swasey* (214 U.S. 91); *Hadacheck v. Sebastian* (239 U.S. 394); *Reinman v. Little Rock* (237 U.S. 171).

<sup>21</sup> *Euclide v. Ambler Realty Co.* (272 U.S. 365); *Zahn v. Board of Public Works* (274 U.S. 325); *Gorieb v. Fox* (274 U.S. 603).

<sup>22</sup> *Yick Wo v. Hopkins* (118 U.S. 356, 369).

<sup>23</sup> *Terrace v. Thompson* (263 U.S. 197); *Webb v. O'Brien* (263 U.S. 313).



due process.<sup>24</sup> These measures not only affected the use of private property but also interfered with the right of private contract. Other instances are numerous where valid regulation has restricted the right of contract, while less directly affecting property rights.<sup>25</sup>

The Constitution does not guarantee the unrestricted privilege to engage in a business or to conduct it as one pleases. Certain kinds of business may be prohibited;<sup>26</sup> and the right to conduct a business, or to pursue a calling, may be conditioned.<sup>27</sup> Regulation of a business to prevent waste of the State's resources may be justified.<sup>28</sup> And statutes prescribing the terms upon which those conducting certain businesses may contract, or imposing terms if they do enter into agreement, are within the State's competency.<sup>29</sup>

<sup>24</sup> Forbidding transmission of lottery tickets, *Lottery Case* (188 U.S. 321); transportation of prize-fight films, *Weber v. Freed* (239 U.S. 325); the shipment of adulterated food, *Hipolite Egg Co. v. United States* (220 U.S. 45); transportation of women for immoral purposes, *Hoke v. United States* (227 U.S. 308); *Caminetti v. United States* (242 U.S. 470); transportation of intoxicating liquor, *Clark Distilling Co. v. Western Maryland Ry. Co.* (242 U.S. 311); requiring the public weighing of grain, *Merchants Exchange v. Missouri* (248 U.S. 365); regulating the size and weight of loaves of bread, *Schmidinger v. Chicago* (226 U.S. 578); *Petersen Baking Co. v. Bryan*, No. 203, Oct. T. 1933, decided Jan. 8, 1934; regulating the size and character of packages in which goods are sold, *Armour & Co. v. North Dakota* (240 U.S. 510); regulating sales in bulk of a stock in trade, *Lemieux v. Young* (211 U.S. 489); *Kidd, Dater Co. v. Musselman Grocer Co.* (217 U.S. 461); sales of stocks and bonds, *Hall v. Geiger-Jones Co.* (242 U.S. 539); *Merrick v. Halsey & Co.* (242 U.S. 568); requiring fluid milk offered for sale to be tuberculin tested, *Adams v. Milwaukee* (228 U.S. 572); regulating sales of grain by actual weight, and abrogating exchange rules to the contrary, *House v. Mayes* (219 U.S. 270); subjecting State banks to assessments for a State depositors' guarantee fund, *Noble State Bank v. Haskell* (219 U.S. 104).

<sup>25</sup> Prescribing hours of labor in particular occupations, *Holden v. Hardy* (169 U.S. 366); *B. & O. R.R. Co. v. I.C.C.* (221 U.S. 612); *Bunting v. Oregon* (243 U.S. 426); prohibiting child labor, *Sturges & Burn v. Beauchamp* (231 U.S. 320); forbidding night work by women, *Radice v. New York* (264 U.S. 292); reducing hours of labor for women, *Muller v. Oregon* (208 U.S. 412); *Riley v. Massachusetts* (232 U.S. 671); *Miller v. Wilson* (236 U.S. 373); fixing the time for payment of seamen's wages, *Patterson v. Bark Eudora* (190 U.S. 169); *Strathearn S.S. Co. v. Dillon* (252 U.S. 348); of wages of railroad employees, *St. Louis, I. M. & St. P. Ry. Co. v. Paul* (173 U.S. 404); *Erie R.R. Co. v. Williams* (233 U.S. 685); regulating the redemption of store orders issued for wages, *Knoxville Iron Co. v. Harbison* (183 U.S. 13); *Keokee Consolidated Coke Co. v. Taylor* (234 U.S. 224); regulating the assignment of wages, *Mutual Loan Co. v. Martell* (222 U.S. 225); requiring payment for coal mined on a fixed basis other than that usually practiced, *McLean v. Arkansas* (211 U.S. 539); *Rail & River Coal Co. v. Yaple* (236 U.S. 338); establishing a system of compulsory workmen's compensation, *New York Central R.R. Co. v. White* (243 U.S. 188); *Mountain Timber Co. v. Washington* (243 U.S. 219).

<sup>26</sup> Sales of stock or grain on margin, *Booth v. Illinois* (184 U.S. 425); *Brodnax v. Missouri* (219 U.S. 285); *Otis v. Parker*, (187 U.S. 606); the conduct of pool and billiard rooms by aliens, *Clarke v. Deckebach* (274 U.S. 392); the conduct of billiard and pool rooms by anyone, *Murphy v. California* (225 U.S. 623); the sale of liquor, *Mugler v. Kansas* (123 U.S. 623); the business of soliciting claims by one not an attorney, *McCloskey v. Tobin* (252 U.S. 107); manufacture or sale of oleomargarine, *Powell v. Pennsylvania* (127 U.S. 678); hawking and peddling of drugs or medicines, *Baccus v. Louisiana* (232 U.S. 334); forbidding any other than a corporation to engage in the business of receiving deposits, *Dillingham v. McLaughlin* (264 U.S. 370); or any other than corporations to do a banking business, *Shallenberger v. First State Bank* (219 U.S. 114).

<sup>27</sup> Physicians, *Dent v. West Virginia* (129 U.S. 114); *Watson v. Maryland* (218 U.S. 173); *Crane v. Johnson* (242 U.S. 339); *Hayman v. Galveston* (273 U.S. 414); dentists, *Douglas v. Noble* (261 U.S. 165); *Graves v. Minnesota* (272 U.S. 425); employment agencies, *Brazee v. Michigan* (241 U.S. 340); public weighers of grain, *Merchants Exchange v. Missouri* (248 U.S. 365); real-estate brokers, *Bratton v. Chandler* (260 U.S. 110); insurance agents, *La Tourette v. McMaster* (248 U.S. 465); insurance companies, *German Alliance Insurance Co. v. Lewis* (233 U.S. 389); the sale of cigarettes, *Gundling v. Chicago* (177 U.S. 183); the sale of spectacles, *Roschen v. Ward* (279 U.S. 337); private detectives, *Lehon v. City of Atlanta* (242 U.S. 53); grain brokers, *Chicago Board of Trade v. Olsen* (262 U.S. 1); business of renting automobiles to be used by the renter upon the public streets, *Hodge Drive-it-yourself Co. v. Cincinnati* (284 U.S. 335).

<sup>28</sup> *Champlin Refining Co. v. Corporation Comm.* (286 U.S. 210). Compare *Bandini Petroleum Co. v. Superior Court* (284 U.S. 8, 21-22).

<sup>29</sup> Contracts of carriage, *Atlantic Coast Line v. Riverside Mills* (219 U.S. 186); agreements substituting relief or insurance payments for actions for negligence, *Chicago, B. & Q. R.R. Co. v. McGuire* (219 U.S. 549); affecting contracts of insurance, *Orient Insurance Co. v. Daggs* (172 U.S. 557); *Whitfield v. Aetna Life Insurance Co.* (205 U.S. 489); *National Insurance Co. v. Wanberg* (260 U.S. 71); *Hardware Dealers Mutual Fire Insurance Co. v. Glidden Co.* (284 U.S. 151); contracts for sale of real estate, *Selover, Bates & Co. v. Walsh* (226 U.S. 112); contracts for sale of

Legislation concerning sales of goods, and incidentally affecting prices, has repeatedly been held valid. In this class fall laws forbidding unfair competition by the charging of lower prices in one locality than those exacted in another,<sup>30</sup> by giving trade inducements to purchasers,<sup>31</sup> and by other forms of price discrimination.<sup>32</sup> The public policy with respect to free competition has engendered State and Federal statutes prohibiting monopolies,<sup>33</sup> which have been upheld. On the other hand, where the policy of the State dictated that a monopoly should be granted, statutes having that effect have been held inoffensive to the constitutional guaranties.<sup>34</sup> Moreover, the State or a municipality may itself enter into business in competition with private proprietors, and thus effectively although indirectly control the prices charged by them.<sup>35</sup>

The milk industry in New York has been the subject of longstanding and drastic regulation in the public interest. The legislative investigation of 1932 was persuasive of the fact that for this and other reasons unrestricted competition aggravated existing evils and the normal law of supply and demand was insufficient to correct maladjustments detrimental to the community. The inquiry disclosed destructive and demoralizing competitive conditions and unfair trade practices which resulted in retail price cutting and reduced the income of the farmer below the cost of production. We do not understand the appellant to deny that in these circumstances the legislature might reasonably consider further regulation and control desirable for protection of the industry and the consuming public. That body believed conditions could be improved by preventing destructive price cutting by stores which, due to the flood of surplus milk, were able to buy at much lower prices than the larger distributors and without incurring the delivery costs of the latter. In the order of which complaint is made the Milk Control Board fixed a price of 10 cents per quart for sales by a distributor to a consumer, and 9 cents by a store to a consumer, thus recognizing the lower costs of the store, and endeavoring to establish a differential which would be just to both. In the light of the facts the order appears not to be unreasonable or arbitrary, or without relation to the purpose to prevent ruthless competition from destroying the wholesale price structure on which the farmer depends for his livelihood, and the community for an assured supply of milk.

But we are told that because the law essays to control prices it denies due process. Notwithstanding the admitted power to correct existing economic ills by appropriate regulation of business, even though an indirect result may be a restriction of the freedom of contract or a modification of charges for services or the price of commodities, the appellant urges that direct fixation of prices is a type of regulation absolutely forbidden. His position is that the fourteenth amendment requires us to hold the challenged statute void for this reason alone. The argument runs that the public control of rates or prices is per se unreasonable and unconstitutional, save as applied to businesses affected with a public interest; that a business so affected is one in which property is devoted to an enterprise of a sort which the public itself might appropriately undertake, or one whose owner relies on a public grant or franchise for the right to conduct the business, or in which he is bound to serve all who apply; in short, such as is commonly called a "public utility"; or a business in its nature a monopoly. The milk industry, it is said, possesses none of these characteristics, and, therefore, not being affected with a public interest, its charges may not be controlled by the State. Upon the soundness of this contention the appellant's case against the statute depends.

We may as well say at once that the dairy industry is not, in the accepted sense of the phrase, a public utility. We think the appellant is also right in asserting that there is in this case no suggestion of any monopoly or monopolistic practice. It goes without saying that those engaged in the business are in no way dependent upon public grants or franchises for the privilege of conducting their activities. But if, as must be conceded, the industry is subject to regulation in the public interest, what constitutional principle bars the State from correcting existing maladjustments by legislation touching prices? We think there is no such principle. The due-process clause makes no mention of sales or of prices any more than it speaks of business or contracts or buildings or other incidents of property. The thought seems nevertheless to have persisted that there is something

farm machinery, *Advance-Rumely Co. v. Jackson* (287 U.S. 263); bonds for performance of building contracts, *Hartford Accident & Indemnity Co. v. Nelson Manufacturing Co.* (no. 239, October term, 1933), decided Feb. 5, 1934.

<sup>30</sup> *Central Lumber Co. v. South Dakota* (226 U.S. 157).

<sup>31</sup> *Rast v. Van Daman & Lewis* (240 U.S. 342).

<sup>32</sup> *Van Camp & Sons v. American Can Co.* (278 U.S. 245).

<sup>33</sup> State statutes: *Smiley v. Kansas* (196 U.S. 447); *National Cotton Oil Co. v. Texas* (197 U.S. 115); *Waters-Pierce Oil Co. v. Texas* (175 U.S. 211, 228-9); *Hammond Packing Co. v. Arkansas* (212 U.S. 322); *Grenada Lumber Co. v. Mississippi* (217 U.S. 433); *International Harvester Co. v. Missouri* (234 U.S. 199).

Federal statutes: *United States v. Joint Traffic Association* (171 U.S. 505, 559, 571-573); *Addyston Pipe & Steel Co. v. United States* (175 U.S. 211, 228-9); *Northern Securities Co. v. United States* (193 U.S. 197, 332); *United Shoe Mach. Corp. v. United States* (258 U.S. 451, 462-464).

<sup>34</sup> *Slaughter House Cases* (16 Wall. 36); *Conway v. Taylor's Executor* (1 Black 603); *Crowley v. Christensen* (137 U.S. 86).

<sup>35</sup> *Madera Water Works Co. v. Madera* (228 U.S. 454); *Jones v. City of Portland* (245 U.S. 217); *Green v. Frasier* (253 U.S. 233); *Standard Oil Co. v. City of Lincoln* (275 U.S. 504).



peculiarly sacrosanct about the price one may charge for what he makes or sells, and that, however able to regulate other elements of manufacture or trade, with incidental effect upon price, the State is incapable of directly controlling the price itself. This view was negatived many years ago (*Munn v. Illinois*, 94 U.S. 113). The appellant's claim is, however, that this Court, in there sustaining a statutory prescription of charges for storage by the proprietors of a grain elevator, limited permissible legislation of that type to businesses affected with a public interest, and he says no business is so affected except it have one or more of the characteristics he enumerates. But this is a misconception. *Munn* and *Scott* held no franchise from the State. They owned the property upon which their elevator was situated and conducted their business as private citizens. No doubt they felt at liberty to deal with whom they pleased and on such terms as they might deem just to themselves. Their enterprise could not fairly be called a "monopoly", although it was referred to in the decision as a "virtual monopoly." This meant only that their elevator was strategically situated and that a large portion of the public found it highly inconvenient to deal with others. This Court concluded the circumstances justified the legislation as an exercise of the governmental right to control the business in the public interest; that is, as an exercise of the police power. It is true that the Court cited a statement from Lord Hale's *De Portibus Maris*, to the effect that when private property is "affected with a public interest, it ceases to be *juris privati* only"; but the Court proceeded at once to define what it understood by the expression, saying: "Property does become clothed with a public interest when used in a manner to make it of public consequence and affect the community at large" (p. 126). Thus understood, "affected with a public interest" is the equivalent of "subject to the exercise of the police power"; and it is plain that nothing more was intended by the expression. The Court had been at pains to define that power (pp. 124, 125), ending its discussion in these words:

"From this it is apparent that, down to the time of the adoption of the fourteenth amendment, it was not supposed that statutes regulating the use, or even the price of the use, of private property necessarily deprived an owner of his property without due process of law. Under some circumstances they may, but not under all. The amendment does not change the law in this particular; it simply prevents the States from doing that which will operate as such a deprivation."<sup>38</sup>

In the further discussion of the principle it is said that when one devotes his property to a use, "in which the public has an interest", he in effect "grants to the public an interest in that use" and must submit to be controlled for the common good. The conclusion is that if *Munn* and *Scott* wished to avoid having their business regulated they should not have embarked their property in an industry which is subject to regulation in the public interest.

The true interpretation of the Court's language is claimed to be that only property voluntarily devoted to a known public use is subject to regulation as to rates. But obviously *Munn* and *Scott* had not voluntarily dedicated their business to a public use. They intended only to conduct it as private citizens, and they insisted that they had done nothing which gave the public an interest in their transactions or conferred any right of regulation. The statement that one has dedicated his property to a public use is, therefore, merely another way of saying that if one embarks in a business which public interest demands shall be regulated, he must know regulation will ensue.

In the same volume the Court sustained regulation of railroad rates.<sup>39</sup> After referring to the fact that railroads are carriers for hire, are incorporated as such, and given extraordinary powers in order that they may better serve the public, it was said that they are engaged in employment "affecting the public interest", and therefore, under the doctrine of the *Munn* case, subject to legislative control as to rates. And in another of the group of railroad cases then heard<sup>40</sup> it was said that the property of railroads is "clothed with a public interest" which permits legislative limitation of the charges for its use. Plainly the activities of railroads, their charges and practices, so nearly touch the vital economic interests of society that the police power may be invoked to regulate their charges, and no additional formula of affectation or clothing with a public interest is needed to justify the regulation. And this is evidently true of all business units supplying transportation, light, heat, power, and water to communities, irrespective of how they obtain their powers.

The touchstone of public interest in any business, its practices and charges, clearly is not the enjoyment of any franchise from the State (*Munn v. Illinois*, supra). Nor is it the enjoyment of a monopoly; for in *Brass v. North Dakota* (153 U.S. 391), a similar control of prices of grain elevators was upheld in spite of overwhelming and uncontradicted proof that about 600 grain elevators existed along the line of the Great Northern Railroad, in North Dakota; that at the very station where the defendant's

elevator was located two others operated; and that the business was keenly competitive throughout the State.

In *German Alliance Insurance Co. v. Lewis* (233 U.S. 389), a statute fixing the amount of premiums for fire insurance was held not to deny due process. Though the business of the insurers depended on no franchise or grant from the State, and there was no threat of monopoly, two factors rendered the regulation reasonable. These were the almost universal need of insurance protection and the fact that while the insurers competed for the business, they all fixed their premiums for similar risks according to an agreed schedule of rates. The Court was at pains to point out that it was impossible to lay down any sweeping and general classification of businesses as to which price regulation could be adjudged arbitrary or the reverse.

Many other decisions show that the private character of a business does not necessarily remove it from the realm of regulation of charges or prices. The usury laws fix the price which may be exacted for the use of money, although no business more essentially private in character can be imagined than that of loaning one's personal funds (*Griffith v. Connecticut*, 218 U.S. 563). Insurance agents' compensation may be regulated, though their contracts are private, because the business of insurance is considered one properly subject to public control (*O'Gorman & Young v. Hartford Ins. Co.*, 282 U.S. 251). Statutes prescribing in the public interest the amounts to be charged by attorneys for prosecuting certain claims, a matter ordinarily one of personal and private nature, are not a deprivation of due process (*Frisbie v. United States*, 157 U.S. 160; *Capital Trust Co. v. Calhoun*, 250 U.S. 208; *Calhoun v. Massie*, 253 U.S. 170; *Newman v. Moyers*, 253 U.S. 182; *Yeiser v. Dysart*, 267 U.S. 540; *Margolin v. United States*, 269 U.S. 93). A stockyards corporation, "while not a common carrier, nor engaged in any distinctively public employment, is doing a work in which the public has an interest", and its charges may be controlled (*Cotting v. Kansas City Stockyards Co.*, 183 U.S. 79, 85). Private contract carriers, who do not operate under a franchise, and have no monopoly of the carriage of goods or passengers, may, since they use the highways to compete with railroads, be compelled to charge rates not lower than those of public carriers for corresponding services, if the State, in pursuance of a public policy to protect the latter, so determines (*Stephenson v. Binford*, 287 U.S. 251, 274).

It is clear that there is no closed class or category of businesses affected with a public interest, and the functions of courts in the application of the fifth and fourteenth amendments is to determine in each case whether circumstances vindicate the challenged regulation as a reasonable exertion of governmental authority or condemn it as arbitrary or discriminatory (*Wolff Packing Co. v. Court of Industrial Relations*, 262 U.S. 522, 535). The phrase "affected with a public interest" can, in the nature of things, mean no more than that an industry, for adequate reason, is subject to control for the public good. In several of the decisions of this Court wherein the expressions "affected with a public interest" and "clothed with a public use" have been brought forward as the criteria of the validity of price control, it has been admitted that they are not susceptible of definition and form an unsatisfactory test of the constitutionality of legislation directed at business practices or prices. These decisions must rest, finally, upon the basis that the requirements of due process were not met because the laws were found arbitrary in their operation and effect.<sup>41</sup> But there can be no doubt that upon proper occasion and by appropriate measures the State may regulate a business in any of its aspects, including the prices to be charged for the products or commodities it sells.

So far as the requirement of due process is concerned, and in the absence of other constitutional restriction, a State is free to adopt whatever economic policy may reasonably be deemed to promote public welfare and to enforce that policy by legislation adapted to its purpose. The courts are without authority either to declare such policy, or, when it is declared by the legislative arm, to override it. If the laws passed are seen to have a reasonable relation to a proper legislative purpose and are neither arbitrary nor discriminatory, the requirements of due process are satisfied, and judicial determination to that effect renders a court functus officio. "Whether the free operation of the normal laws of competition is a wise and wholesome rule for trade and commerce is an economic question which this court need not consider or determine" (*Northern Securities Co. v. United States*, 193 U.S. 197, 337, 338). And it is equally clear that if the legislative policy be to curb unrestrained and harmful competition by measures which are not arbitrary or discriminatory, it does not lie with the courts to determine that the rule is unwise. With the wisdom of the policy adopted, with the adequacy or practicability of the law enacted to forward it, the courts are both incompetent and unauthorized to deal. The course of decision in this court exhibits a firm adherence to these principles. Times without number we have said that the legislature is primarily the judge of the necessity of such an enactment, that every possible presumption is in favor of its validity, and that, though the court may hold views inconsistent with the wisdom of the law, it may not be annulled unless palpably in excess of legislative power.<sup>42</sup>

<sup>38</sup> As instances of acts of Congress regulating private businesses consistently with the due-process guaranty of the fifth amendment the Court cites those fixing rates to be charged at private wharves, by chimney sweeps and hackneys, cartmen, wagoners, and draymen in the District of Columbia (p. 125).

<sup>39</sup> *Chicago, B. & Q. R.R. Co. v. Iowa* (94 U.S. 155). It will be noted that the emphasis is here reversed, and the carrier is said to be in a business affecting the public not that the business is somehow affected by an interest of the public.

<sup>40</sup> *Peik v. C. & N. W. Ry. Co.* (94 U.S. 164).

<sup>41</sup> See *Wolff Packing Co. v. Court of Industrial Relations*, supra; *Tyson & Bro. v. Banton* (273 U.S. 418); *Ribnik v. McBride* (277 U.S. 350); *Williams v. Standard Oil Co.* (278 U.S. 235).

<sup>42</sup> See *McLean v. Arkansas* (211 U.S. 539, 547); *Tanner v. Little* (240 U.S. 369, 385); *Green v. Frazier* (253 U.S. 233, 240); *O'Gorman & Young v. Hartford Ins. Co.* (282 U.S. 251, 257, 258); *Gant v. Oklahoma City* (289 U.S. 98, 102).



The lawmaking bodies have in the past endeavored to promote free competition by laws aimed at trusts and monopolies. The consequent interference with private property and freedom of contract has not availed with the courts to set these enactments aside as denying due process.<sup>41</sup> Where the public interest was deemed to require the fixing of minimum prices, that expedient has been sustained.<sup>42</sup> If the lawmaking body within its sphere of government concludes that the conditions or practices in an industry make unrestricted competition an inadequate safeguard of the consumer's interests,<sup>43</sup> produce waste harmful to the public, threaten ultimately to cut off the supply of a commodity needed by the public, or portend the destruction of the industry itself, appropriate statutes passed in an honest effort to correct the threatened consequences may not be set aside because the regulation adopted fixes prices reasonably deemed by the legislature to be fair to those engaged in the industry and to the consuming public. And this is especially so where, as here, the economic maladjustment is one of price, which threatens harm to the producer at one end of the series and the consumer at the other. The Constitution does not secure to anyone liberty to conduct his business in such fashion as to inflict injury upon the public at large or upon any substantial group of the people. Price control, like any other form of regulation, is unconstitutional only if arbitrary, discriminatory, or demonstrably irrelevant to the policy the legislature is free to adopt, and hence an unnecessary and unwarranted interference with individual liberty.

Tested by these considerations we find no basis in the due-process clause of the fourteenth amendment for condemning the provisions of the agriculture and markets law here drawn into question.

The judgment is affirmed.

SUPREME COURT OF THE UNITED STATES  
(No. 531—October Term, 1933)

LEO NEBBIA, APPELLANT, v. THE PEOPLE OF THE STATE OF NEW YORK,  
APPEAL FROM THE COUNTY COURT OF MONROE COUNTY, STATE OF  
NEW YORK

[Mar. 5, 1934]

Separate opinion of Mr. Justice McReynolds.

By an act effective April 10, 1933 (Laws 1933, ch. 158), when production of milk greatly exceeded the demand, the legislature created a control board with power to "regulate the entire milk industry of New York State, including the production, transportation, manufacture, storage, distribution, delivery, and sale . . . ." The "board may adopt and enforce all rules and all orders necessary to carry out the provisions of this article. . . . A rule of the board, when duly posted and filed as provided in this section, shall have the force and effect of law. . . . A violation of any provision of this article or of any rule or order of the board lawfully made, except as otherwise expressly provided by this article, shall be a misdemeanor. . . . After considering "all conditions affecting the milk industry, including the amount necessary to yield a reasonable return to the producer and to the milk dealer . . . ." the board "shall fix by official order the minimum wholesale and retail prices, and may fix by official order the maximum wholesale and retail prices to be charged for milk handled within the State."

April 17, this board prescribed 9 cents per quart as the minimum at which "a store" might sell.<sup>44</sup> April 19, appellant Nebbia, a small-store keeper in Rochester, sold two bottles at a less price. An information charged that by so doing he committed a mis-

<sup>41</sup> See note 32, supra.

<sup>42</sup> *Public Service Commission v. Great Northern Utilities Co.* (289 U.S. 130); *Stephenson v. Binford*, supra. See the Transportation Act, 1920 (41 Stat. 456, secs. 418, 422), amending sec. 15 of the Interstate Commerce Act, and compare *Anchor Coal Co. v. United States* (25 F. (2d) 462); *New England Divisions Case* (261 U.S. 184, 190, 196).

<sup>43</sup> See *Public Service Commission v. Great Northern Utilities Co.*, supra.

<sup>44</sup> Official Order No. 5, effective Apr. 17, 1933. Ordered that until further notice and subject to the exceptions hereinafter made, the following shall be the minimum prices to be charged for all milk and cream in any and all cities and villages of the State of New York of more than 1,000 population, exclusive of New York City and the counties of Westchester, Nassau, and Suffolk:

Milk: Quarts in bottles—By milk dealers to consumers, 10 cents; by milk dealers to stores, 8 cents; by stores to consumers, 9 cents. Pints in bottles—By milk dealers to consumers, 6 cents; by milk dealers to stores, 5 cents; by stores to consumers, 6 cents. . . .

The control act declares:

"Milk dealer" means any person who purchases or handles milk within the State, for sale in this State, or sells milk within the State except when consumed on the premises where sold. Each corporation which, if a natural person, would be a milk dealer within the meaning of this article, and any subsidiary of such corporation shall be deemed a milk dealer within the meaning of this definition. A producer who delivers milk only to a milk dealer shall not be deemed a milk dealer.

"Producer" means a person producing milk within the State of New York.

"Store" means a grocery store, hotel, restaurant, soda fountain, dairy products store, and similar mercantile establishment.

"Consumer" means any person other than a milk dealer who purchases milk for fluid consumption.

demeanor. A motion to dismiss, which challenged the validity of both statute and order, being overruled, the trial proceeded under a plea of not guilty. The board's order and statements by two witnesses tending to show the alleged sale constituted the entire evidence. Notwithstanding the claim that under the XIV amendment the State lacked power to prescribe prices at which he might sell pure milk, lawfully held, he was adjudged guilty and ordered to pay a fine.

The court of appeals affirmed the conviction. Among other things, it said—

"The sale by Nebbia was a violation of the statute 'inasmuch as the milk control board had fixed a minimum price for milk at 9 cents per quart.'

"The appellant not unfairly summarizes this law by saying that it first declares that milk has been selling too cheaply in the State of New York, and has thus created a temporary emergency; this emergency is remedied by making the sale of milk at a low price a crime; the question of what is a low price is determined by the majority vote of three officials. As an aid in enforcing the rate regulation, the milk industry in the State of New York is made a business affecting the public health and interest until March 31, 1934, and the board can exclude from the milk business any violator of the statute or the board's orders."

"In fixing [sale] prices the board 'must take into consideration the amount necessary to yield a 'reasonable return' to the producer and the milk dealer. . . . The fixing of minimum prices is one of the main features of the act. The question is whether the act, so far as it provides for fixing minimum prices for milk, is unconstitutional . . . in that it interferes with the right of the milk dealer to carry on his business in such manner as suits his convenience without State interference as to the price at which he shall sell his milk. The power thus to regulate private business can be invoked only under special circumstances. It may be so invoked when the legislature is dealing with a paramount industry upon which the prosperity of the entire State in large measure depends. It may not be invoked when we are dealing with an ordinary business, essentially private in its nature. This is the vital distinction pointed out in *New State Ice Co. v. Liebmann* (285 U.S. 262, 277). . . ."

"The question is as to whether the business justifies the particular restriction, or whether the nature of the business is such that any competent person may, conformably to reasonable regulation, engage therein. The production of milk is, on account of its great importance as human food, a chief industry of the State of New York. . . . It is of such paramount importance as to justify the assertion that the general welfare and prosperity of the State in a very large and real sense depend upon it. . . . The State seeks to protect the producer by fixing a minimum price for his milk to keep open the stream of milk flowing from the farm to the city and to guard the farmer from substantial loss. . . . Price is regulated to protect the farmer from the exactions of purchasers against which he cannot protect himself. . . ."

"Concededly the legislature cannot decide the question of emergency and regulation, free from judicial review, but this court should consider only the legitimacy of the conclusions drawn from the facts found.

"We are accustomed to rate regulation in cases of public utilities and other analogous cases and to the extension of such regulative power into similar fields. . . . This case, for example, may be distinguished from the Oklahoma ice case (*New State Ice Co. v. Liebmann*, 285 U.S. 262, 277) holding that the business of manufacturing and selling ice cannot be made a public business to which it bears a general resemblance. The New York law creates no monopoly; does not restrict production; was adopted to meet an emergency; milk is a greater family necessity than ice. . . . Mechanical concepts of jurisprudence make easy a decision on the strength of seeming authority. . . ."

"Doubtless the statute before us would be condemned by an earlier generation as a temerarious interference with the rights of property and contract . . . ; with the natural law of supply and demand. But we must not fail to consider that the police power is the least limitable of the powers of government and that it extends to all the great public needs; . . . that statutes aiming to stimulate the production of a vital food product by fixing living standards of prices for the producer, are to be interpreted with that degree of liberality which is essential to the attainment of the end in view; . . ."

"With full respect for the Constitution as an efficient frame of government in peace and war, under normal conditions or in emergencies; with cheerful submission to the rule of the Supreme Court that legislative authority to abridge property rights and freedom of contract can be justified only by exceptional circumstances and, even then, by reasonable regulation only, and that legislative conclusions based on findings of fact are subject to judicial review, we do not feel compelled to hold that the "due-process" clause of the Constitution has left milk producers unprotected from oppression and to place the stamp of invalidity on the measure before us.

"With the wisdom of the legislation we have naught to do. It may be vain to hope by laws to oppose the general course of trade. . . ."

"We are unable to say that the legislature is lacking in power, not only to regulate and encourage the production of milk but also, when conditions require, to regulate the prices to be paid for it, so that a fair return may be obtained by the producer and a vital industry preserved from destruction. . . . The policy



of noninterference with individual freedom must at times give way to the policy of compulsion for the general welfare."

Our question is whether the Control Act, as applied to appellant through the order of the board, no. 5, deprives him of rights guaranteed by the fourteenth amendment. He was convicted of a crime for selling his own property—wholesome milk—in the ordinary course of business at a price satisfactory to himself and the customer. We are not immediately concerned with any other provision of the act or later orders. Prices at which the producer may sell were not prescribed—he may accept any price—nor was production in any way limited. "To stimulate the production of a vital food product" was not the purpose of the statute. There was an oversupply of an excellent article. The affirmation is "that milk has been selling too cheaply \* \* \* and has thus created a temporary emergency; this emergency is remedied by making the sale of milk at a low price a crime."

The opinion below points out that the statute expires March 31, 1934, "and is avowedly a mere temporary measure to meet an existing emergency"; but the basis of the decision is not explicit. There was no definite finding of an emergency by the court upon consideration of established facts and no pronouncement that conditions were accurately reported by a legislative committee. Was the legislation upheld because only temporary and for an emergency; or was it sustained upon the view that the milk business bears a peculiar relation to the public, is affected with a public interest, and, therefore, sales prices may be prescribed irrespective of exceptional circumstances? We are left in uncertainty. The two notions are distinct if not conflicting. Widely different results may follow adherence to one or the other.

The theory that legislative action which ordinarily would be ineffective because of conflict with the Constitution may become potent if intended to meet peculiar conditions and properly limited, was lucidly discussed and its weakness disclosed by the dissenting opinion in *Home Building & Loan Assn. v. Blaisdell* (Jan. 8, 1934). Sixty years ago, in *Milligan's* case, this court declared it inimicable to constitutional government and did "write the vision and make it plain upon tables that he may run that readeth it."

Milligan, charged with offenses against the United States committed during 1863 and 1864 was tried, convicted, and sentenced to be hanged by a military commission proceeding under an act of Congress passed in 1862. The crisis then existing was urged in justification of its action. But this Court held the right of trial by jury did not yield to emergency; and directed his release. "Those great and good men (who drafted the Constitution) foresaw that troublous times would arise, when rulers and people would become restive under restraint, and seek by sharp and decisive measures to accomplish ends deemed just and proper; and that the principles of constitutional liberty would be in peril, unless established by irrepealable law. \* \* \* The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men, at all times, and under all circumstances. No doctrine, involving more pernicious consequences, was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government. Such a doctrine leads directly to anarchy or despotism." (Ex parte Milligan (1866), 4 Wall. 2, 120.)

The fourteenth amendment wholly disempowered the several States to "deprive any person of life, liberty, or property, without due process of law." The assurance of each of these things is the same. If now liberty or property may be struck down because of difficult circumstances, we must expect that hereafter every right must yield to the voice of an impatient majority when stirred by distressful exigency. Amid the turmoil of civil war Milligan was sentenced; happily, this Court intervened. Constitutional guaranties are not to be "thrust to and fro and carried about with every wind of doctrine." They were intended to be immutable so long as within our charter. Rights shielded yesterday should remain indefeasible today and tomorrow. Certain fundamentals have been set beyond experimentation; the Constitution has released them from control by the State. Again and again this Court has so declared.

*Adams v. Tanner* (244 U.S. 590), condemned a Washington initiative measure which undertook to destroy the business of private employment agencies because it unduly restricted individual liberty. We there said—"The fundamental guaranties of the Constitution cannot be freely submerged if and whenever some ostensible justification is advanced and the police power invoked."

*Buchanan v. Warley* (245 U.S. 60) held ineffective an ordinance which forbade Negroes to reside in a city block where most of the houses were occupied by whites. "It is equally well established that the police power, broad as it is, cannot justify the passage of a law or ordinance which runs counter to the limitations of the Federal Constitution; that principle has been so frequently affirmed in this Court that we need not stop to cite the cases." *Southern Ry. Co. v. Virginia* (Dec. 4, 1933)—"The claim that the questioned statute was enacted under the police power of the State and, therefore, is not subject to the standards applicable to legislation under other powers conflicts with the firmly established rule that every State power is limited by the inhibitions of the fourteenth amendment."

*Adkins v. Children's Hospital* (261 U.S. 525, 545): "That the right to contract about one's affairs is a part of the liberty of the individual protected by this clause [fifth amendment] is settled by the decisions of this Court and is no longer open to question."

*Meyer v. Nebraska* (262 U.S. 390, 399) held invalid a State enactment (1919) which forbade the teaching in schools of any language other than English. "While this Court has not attempted to define with exactness the liberty thus guaranteed, the term has received much consideration and some of the included things have been definitely stated. Without doubt it denotes not merely freedom from bodily restraint but also the right of the individual to contract, to engage in any of the common occupations of life, to acquire useful knowledge, to marry, establish a home and bring up children, to worship God according to the dictates of his own conscience, and generally to enjoy those privileges long recognized at common law as essential to the orderly pursuit of happiness by free men."

*Schlessinger v. Wisconsin* (270 U.S. 230, 240): "The State is forbidden to deny due process of law or the equal protection of the laws for any purpose whatsoever."

*Near v. Minnesota* (283 U.S. 697) overthrew a Minnesota statute designed to protect the public against obvious evils incident to the business of regularly publishing malicious, scandalous, and defamatory matters because of conflict with the fourteenth amendment.

In the following, among many other cases, much consideration has been given to this subject: *United States v. Cohen Grocery Co.* (255 U.S. 81, 88), *Wolff Co. v. Industrial Court* (262 U.S. 522 and 267 U.S. 552), *Pierce v. Society of Sisters* (268 U.S. 510), *Tyson & Bro. v. Banton* (273 U.S. 418), *Fairmont Creamery Co. v. Minnesota* (274 U.S. 1), *Ribnik v. McBride* (277 U.S. 350), *Williams v. Standard Oil Co.* (278 U.S. 235), *Sterling v. Constantin* (287 U.S. 378). All stand in opposition to the views apparently approved below.

If validity of the enactment depends upon emergency, then to sustain this conviction we must be able to affirm that an adequate one has been shown by competent evidence of essential facts. The asserted right is Federal. Such rights may demand and often have received affirmation and protection here. They do not vanish simply because the power of the State is arrayed against them. Nor are they enjoyed in subjection to mere legislative findings.

If she relied upon the existence of emergency, the burden was upon the State to establish it by competent evidence. None was presented at the trial. If necessary for appellant to show absence of the asserted conditions, the little grocer was helpless from the beginning—the practical difficulties were too great for the average man.

What circumstances give force to an "emergency" statute? In how much of the State must they obtain? Everywhere, or will a single county suffice? How many farmers must have been impoverished or threatened violence to create a crisis of sufficient gravity? If 3 days after this act became effective another "very grievous murrain" had descended and half of the cattle had died, would the emergency then have ended, also the prescribed rates? If prices for agricultural products become high, can consumers claim a crisis exists and demand that the legislature fix less ones? Or are producers alone to be considered, consumers neglected? To these questions we have no answers. When emergency gives potency, its subsidence must disempower; but no test for its presence or absence has been offered. How is an accused to know when some new rule of conduct arrived, when it will disappear?

It is argued that the report of the legislative committee, dated April 10, 1933, disclosed the essential facts. May one be convicted of crime upon such findings? Are Federal rights subject to extinction by reports of committees? Heretofore, they have not been.

Apparently, the legislature acted upon this report. Some excerpts from it follow. We have no basis for determining whether the findings of the committee or legislature are correct or otherwise. The court below refrained from expressing any opinion in that regard, notwithstanding its declaration "that legislative authority to abridge property rights and freedom of contract can be justified only by exceptional circumstances and even then by reasonable regulation only and that legislative conclusions based on findings of fact are subject to judicial review." On the other hand, it asserted, "This court should consider only the legitimacy of the conclusions drawn from the facts found."

In New York there are 12,000,000 possible consumers of milk; 130,000 farms produce it. The average daily output approximates 9,500,000 quarts. For 10 or 15 years prior to 1929 or 1930 the per capita consumption steadily increased; so did the supply. "Realizing the marked improvement in milk quality, the public has tended to increase its consumption of this commodity." "In the past 2 years the per capita consumption has fallen off [possibly] 10 percent." "These marked changes in the trend of consumption of fluid milk and cream have occurred in spite of drastic reductions in retail prices. The obvious cause is the reduced buying power of consumers." "These cycles of overproduction and underproduction which average about 15 years in length, are explained by the human tendency to raise too many heifers when prices of cows are high and too few when prices of cows are low. A period of favorable prices for milk leads to the raising of more than the usual number of heifers, but it is not until 7 or 8 years later that the trend is reversed as a result of the falling prices of milk and cows." "Farmers all over the world raise too many heifers whenever cows pay and raise too few heifers when cows do not pay."

"During the years 1925 to 1930, inclusive, the prices which the farmers of the State received for milk were favorable as compared with the wholesale prices of all commodities. They were even more favorable as compared with the prices received for other farm products, for not only in New York but throughout the United States the general level of prices of farm products has been below that of other prices since the World War."



"The comparatively favorable situation enjoyed by the milk producers had an abrupt ending in 1932. Even before that, in 1930 and 1931, milk prices dropped very rapidly." "The prices which farmers received for milk during 1932 were much below the costs of production. After other costs were paid the producers had practically nothing left for their labor. The price received for milk in January 1933 was little more than half the cost of production."

"Since 1927 the number of dairy cows in the State has increased about 10 percent. The effect of this has been to increase the surplus of milk." "Similar increases in the number of cows have occurred generally in the United States and are due to the periodic changes in number of heifer calves raised on the farms. Previous experience indicates that unless some form of arbitrary regulation is applied the production of milk will not be satisfactorily adjusted to the demand for a period of several years." "Close adjustment of the supply of fluid milk to the demand is further hindered by the periodic changes in the number of heifers raised for dairy cows."

"The purpose of this emergency measure is to bring partial relief to dairymen from the disastrously low prices for milk which have prevailed in recent months. It is recognized that the dairy industry of the State cannot be placed upon a profitable basis without a decided rise in the general level of commodity prices."

Thus we are told the number of dairy cows had been increasing and that favorable prices for milk bring more cows. For 2 years, notwithstanding low prices, the per capita consumption had been falling. "The obvious cause is the reduced buying power of consumers." Notwithstanding the low prices, farmers continued to produce a large surplus of wholesome milk for which there was no market. They had yielded to "the human tendency to raise too many heifers" when prices were high and "not until 7 or 8 years" after 1930 could one reasonably expect a reverse trend. This failure of demand had nothing to do with the quality of the milk—that was excellent. Consumers lacked funds with which to buy. In consequence the farmers became impoverished and their lands depreciated in value. Naturally they became discontented.

The exigency is of the kind which inevitably arises when one set of men continue to produce more than all others can buy. The distressing result to the producer followed his ill-advised but voluntary efforts. Similar situations occur in almost every business. If here we have an emergency sufficient to empower the legislature to fix sales prices, then whenever there is too much or too little of an essential thing—whether of milk or grain or pork or coal or shoes or clothes—constitutional provisions may be declared inoperative and the "anarchy and despotism" prefigured in Milligan's case are at the door. The futility of such legislation in the circumstances is pointed out below.

*Block v. Hirsh* (256 U.S. 135) and *Marcus Brown Holding Co. v. Feldman* (256 U.S. 170) are much relied on to support emergency legislation. They were civil proceedings; the first to recover a leased building in the District of Columbia; the second to gain possession of an apartment house in New York. The unusual conditions grew out of the World War. The questioned statutes made careful provision for protection of owners. These cases were analyzed and their inapplicability to circumstances like the ones before us was pointed out in *Tyson v. Banton* (273 U.S. 418). They involved peculiar facts and must be strictly limited. *Pennsylvania Coal Co. v. Mahon* (260 U.S. 393, 416), said of them: "The late decisions upon laws dealing with the congestion of Washington and New York, caused by the war, dealt with laws intended to meet a temporary emergency and providing for compensation determined to be reasonable by an impartial board. They went to the verge of the law but fell far short of the present act."

Is the milk business so affected with public interest that the legislature may prescribe prices for sales by stores? This Court has approved the contrary view; has emphatically declared that a State lacks power to fix prices in similar private businesses (*United States v. Cohen Grocery Co.*, 255 U.S. 81; *Adkins v. Children's Hospital*, 261 U.S. 525; *Wolf Packing Co. v. Industrial Court*, 262 U.S. 522; *Tyson & Brother v. Banton*, 273 U.S. 418; *Fairmont Creamery Co. v. Minnesota*, 274 U.S. 1; *Ribnik v. McBride*, 277 U.S. 350; *Williams v. Standard Oil Co.*, 278 U.S. 235; *New State Ice Co. v. Liebmann*, 285 U.S. 262; *Sterling v. Constantin*, 287 U.S. 378, 396).

*Wolf Packing Co. v. Industrial Court* (262 U.S. 522, 537): Here the State statute undertook to destroy the freedom of contract by parties engaged in so-called "essential" industries. This Court held that she had no such power. "It has never been supposed since the adoption of the Constitution that the business of the butcher, or the baker, the tailor, the woodchopper, the mining operator or the miner was clothed with such a public interest that the price of his product or his wages could be fixed by State regulation. . . . An ordinary producer, manufacturer, or shopkeeper may sell or not sell as he likes." On a second appeal (267 U.S. 552, 569), the same doctrine was restated: "The system of compulsory arbitration which the act establishes is intended to compel and, if sustained, will compel the owner and employees to continue the business on terms which are not of their making. It will constrain them not merely to respect the terms if they continue the business, but will constrain them to continue the business on those terms. True, the terms have some qualifications, but, as shown in the prior decision, the qualifications are rather illusory and do not subtract much from the duty imposed. Such a system infringes the liberty of contract and rights of property guaranteed by the due process of law clause of the fourteenth amendment. 'The established doctrine is that this liberty may

not be interfered with under the guise of protecting the public interest by legislative action which is arbitrary or without reasonable relation to some purpose within the competency of the State to effect.'"

*Fairmont Creamery Co. v. Minnesota* (274 U.S. 1, 9): A statute commanded buyers of cream to adhere to uniform prices fixed by a single transaction. "May the State, in order to prevent some strong buyers of cream from doing things which may tend to monopoly, inhibit plaintiff in error from carrying on its business in the usual way heretofore regarded as both moral and beneficial to the public and not shown now to be accompanied by evil results as ordinary incidents? Former decisions here require a negative answer. We think the inhibition of the statute has no reasonable relation to the anticipated evil—high bidding by some with purpose to monopolize or destroy competition. Looking through form to substance, it clearly and unmistakably infringes private rights whose exercise does not ordinarily produce evil consequences, but the reverse."

*Williams v. Standard Oil Co.* (278 U.S. 235, 239): The State of Tennessee was declared without power to prescribe prices at which gasoline might be sold. "It is settled by recent decisions of this Court that a State legislature is without constitutional power to fix prices at which commodities may be sold, services rendered, or property used, unless the business or property involved is 'affected with a public interest.' Considered affirmatively, 'it means that a business or property, in order to be affected with a public interest, must be such or be so employed as to justify the conclusion that it has been devoted to a public use and its use thereby in effect granted to the public.' . . . Negatively, it does not mean that a business is affected with a public interest merely because it is large or because the public are warranted in having a feeling of concern in respect of its maintenance."

*New State Ice Co. v. Liebmann* (285 U.S. 262, 277): Here Oklahoma undertook the control of the business of manufacturing and selling ice. We denied the power so to do. "It is a business as essentially private in its nature as the business of the grocer, the dairyman, the butcher, the baker, the shoemaker, or the tailor. . . . And this Court has definitely said that the production or sale of food or clothing cannot be subjected to legislative regulation on the basis of a public use."

Regulation to prevent recognized evils in business has long been upheld as permissible legislative action. But fixation of the price at which "A", engaged in an ordinary business, may sell, in order to enable "B", a producer, to improve his condition, has not been regarded as within legislative power. This is not regulation, but management, control, dictation—it amounts to the deprivation of the fundamental right which one has to conduct his own affairs honestly and along customary lines. The argument advanced here would support general prescription of prices for farm products, groceries, shoes, clothing, all the necessities of modern civilization, as well as labor, when some legislature finds and declares such action advisable and for the public good. This Court has declared that a State may not by legislative fiat convert a private business into a public utility (*Michigan Comn. v. Duke*, 266 U.S. 570, 577; *Frost Trucking Co. v. R.R. Comn.*, 271 U.S. 583, 592; *Smith v. Cahoon*, 283 U.S. 553, 563). And if it be now ruled that one dedicates his property to public use whenever he embarks on an enterprise which the legislature may think it desirable to bring under control, this is but to declare that rights guaranteed by the Constitution exist only so long as supposed public interest does not require their extinction. To adopt such a view, of course, would put an end to liberty under the Constitution.

*Munn v. Illinois* (1877) (94 U.S. 113) has been much discussed in the opinions referred to above. And always the conclusion was that nothing there sustains the notion that the ordinary business of dealing in commodities is charged with a public interest and subject to legislative control. The contrary has been distinctly announced. To undertake now to attribute a repudiated implication to that opinion is to affirm that it means what this Court has declared again and again was not intended. The painstaking effort there to point out that certain businesses like ferries, mills, etc., were subject to legislative control at common law and then to show that warehousing at Chicago occupied like relation to the public would have been pointless if "affected with a public interest" only means that the public has serious concern about the perpetuity and success of the undertaking. That is true of almost all ordinary business affairs. Nothing in the opinion lends support, directly or otherwise, to the notion that in times of peace a legislature may fix the price of ordinary commodities—grain, meat, milk, cotton, etc.

Of the assailed statute the court of appeals says: "It first declares that milk has been selling too cheaply in the State of New York, and has thus created a temporary emergency; this emergency is remedied by making the sale of milk at a low price a crime; the question of what is a low price is determined by the majority vote of three officials." Also, "With the wisdom of the legislation we have naught to do. It may be vain to hope by laws to oppose the general course of trade." Maybe, because of this conclusion, it said nothing concerning the possibility of obtaining increase of prices to producers—the thing definitely aimed at—through the means adopted.

But plainly, I think, this Court must have regard to the wisdom of the enactment. At least we must inquire concerning its purpose and decide whether the means proposed have reasonable relation to something within legislative power—whether the end is legitimate, and the means appropriate. If a statute to prevent



conflagrations, should require householders to pour oil on their roofs as a means of curbing the spread of fire when discovered in the neighborhood, we could hardly uphold it. Here, we find direct interference with guaranteed rights defended upon the ground that the purpose was to promote the public welfare by increasing milk prices at the farm. Unless we can affirm that the end proposed is proper and the means adopted have reasonable relation to it, this action is unjustifiable.

The court below has not definitely affirmed this necessary relation; it has not attempted to indicate how higher charges at stores to impoverished customers when the output is excessive and sale prices by producers are unrestrained, can possibly increase receipts at the farm. The legislative committee pointed out as the obvious cause of decreased consumption, notwithstanding low prices, the consumers' reduced buying power. Higher store prices will not enlarge this power; nor will they decrease production. Low prices will bring less cows only after several years. The prime causes of the difficulties will remain. Nothing indicates early decreased output. Demand at low prices being wholly insufficient, the proposed plan is to raise and fix higher minimum prices at stores and thereby aid the producer whose output and prices remain unrestrained! It is not true, as stated, that "the States seek to protect the producer by fixing a minimum price for his milk." She carefully refrained from doing this; but did undertake to fix the price after the milk had passed to other owners. Assuming that the views and facts reported by the legislative committee are correct, it appears to me wholly unreasonable to expect this legislation to accomplish the proposed end—increase of prices at the farm. We deal only with order no. 5, as did the court below. It is not merely unwise; it is arbitrary and unduly oppressive. Better prices may follow but it is beyond reason to expect them as the consequent of that order. The legislative committee reported: "It is recognized that the dairy industry of the State cannot be placed upon a profitable basis without a decided rise in the general level of commodity prices."

Not only does the statute interfere arbitrarily with the rights of the little grocer to conduct his business according to standards long accepted—complete destruction may follow; but it takes away the liberty of 12,000,000 consumers to buy a necessity of life in an open market. It imposes direct and arbitrary burdens upon those already seriously impoverished with the alleged immediate design of affording special benefits to others. To him with less than 9 cents it says, You cannot procure a quart of milk from the grocer although he is anxious to accept what you can pay and the demands of your household are urgent! A superabundance; but no child can purchase from a willing storekeeper below the figure appointed by three men at headquarters! And this is true although the storekeeper himself may have bought from a willing producer at half that rate and must sell quickly or lose his stock through deterioration. The fanciful scheme is to protect the farmer against undue exactions by prescribing the price at which milk disposed of by him at will may be resold!

The statement by the court below that: "Doubtless the statute before us would be condemned by an earlier generation as a temerarious interference with the rights of property and contract \* \* \* with the natural law of supply and demand", is obviously correct. But another, that "statutes aiming to stimulate the production of a vital food product by fixing living standards of prices for the producer, are to be interpreted with that degree of liberality which is essential to the attainment of the end in view", conflicts with views of constitutional rights accepted since the beginning. An end, although apparently desirable, cannot justify inhibited means. Moreover, the challenged act was not designed to stimulate production—there was too much milk for the demand and no prospect of less for several years; also "standards of prices" at which the producer might sell were not prescribed. The legislature cannot lawfully destroy guaranteed rights of one man with the prime purpose of enriching another, even if for the moment this may seem advantageous to the public. And the adoption of any "concept of jurisprudence" which permits facile disregard of the Constitution as long interpreted and respected will inevitably lead to its destruction. Then all rights will be subject to the caprice of the hour; government by stable laws will pass.

The somewhat misty suggestion below that condemnation of the challenged legislation would amount to holding "that the due-process clause has left milk production unprotected from oppression", I assume, was not intended as a material contribution to the discussion upon the merits of the cause. Grave concern for embarrassed farmers is everywhere; but this should neither obscure the rights of others nor obstruct judicial appraisal of measures proposed for relief. The ultimate welfare of the producer, like that of every other class, requires dominance of the Constitution. And zealously to uphold this in all its parts is the highest duty intrusted to the courts.

The judgment of the court below should be reversed.

Mr. Justice Van Devanter, Mr. Justice Sutherland, and Mr. Justice Butler authorize me to say that they concur in this opinion.

#### THE NATIONAL RECOVERY PROGRAM—ARTICLE BY MAXINE DAVIS

Mr. ROBINSON of Arkansas. Mr. President, yesterday there was discussion in the Senate on the subject of national recovery that aroused very great interest. Miss Maxine Davis has made a tour of many portions of the United States looking into the operations of some of the statutes associated with the national-recovery program and

particularly that pertaining to national industrial recovery. In the current issue of McCall's Magazine the results of her investigation are made public. I ask that her article, entitled, "We Are On Our Way", be incorporated in the RECORD.

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

[From McCall's Magazine for March 1934]

(This portrait of the people celebrates the first anniversary of the new deal. Almost 1 year from the day that Franklin D. Roosevelt captured the imagination of the world Maxine Davis began a transcontinental journey which resulted in this stirring article that reveals what's going on in the hearts and minds of our countrymen today.)

On the 4th of March 1 year ago chaos hung, like the sword of Damocles, above the American people. A third of them were dependent on a dole for mere existence, a dole whose cancerous growth had already sapped private, municipal, and even State funds. Revolting farmers with noose and gun, frontier fashion, were guarding their homes from foreclosure. Factory furnaces were cold. The cracking credit structure had given way with the Michigan moratorium and bank doors were closing with the thud of earth on coffins. On that day Franklin Roosevelt stood on the steps of the Capitol and promised action—"Action now!"

Today, 1 year later, that sword is replaced by the rainbow. The President has kept his word. He is doing something. Everywhere conditions are better. True, the Pittsburgh skyline is still ominously clear. Though sirloin steaks are a ruinous 4 cents a pound to the Wyoming cattleman, they are broiled in but few ovens. True, the tongues of Babel were a melody on a single string compared to the apparent confusion of the new deal; wide-eyed economists in Washington's Roman temples, each saving the Nation in his own little cubicle. Chicago meat packers operating under 16 different codes. Kansas wheat farmers feeling they are sinning against the Lord, the Bible, and the church taking checks for not growing grain, but taking them just the same. The President "off gold" and buying more of it every day. The Government spending \$13,000,000 to irrigate 80,000 Arizona acres and ordering other arable lands plowed under not 20 miles away.

However, two and three-quarter million men have gone back to work in private industry. Four million have C.W.A. jobs and P.W.A. has employed a quarter of a million more. What else? Thousands of homes saved. Women taken from sweatshops, children from mills. Charity rolls cut in half. Schools open. Banks saved. Farmers relieved. Transients at rest. Artists at work for all the people. Shops have customers. Trains have passengers. Restaurants serve crowds.

Action! America, lusty and still young, is once more going somewhere. It has stopped beating in a feather bed. It is baffled, bewildered, moving.

"There's no knowing where we're going, but, thank God, we're on our way." This was the marching song I heard on a 5,000-mile journey across the United States to see the workings of the new deal. I heard it on Boston Common and San Francisco's Telegraph Hill; on Fifth Avenue and "Main Street"; from a furniture dealer in Lincoln, Nebr.; a street-car motorman in Atlanta; a banker in San Diego; from a South Dakota farm woman a hundred miles from anywhere.

Before the President came into office desperate men were saying, "What we need is a dictator." When he secured from Congress discretionary power so vast that it left our legislators gasping, the Nation shivered, "This is revolution. Toward communism or fascism; which?"

Neither. Actually, one subconscious reason for the average man's trust in the President is his adherence to the principles laid down by the founding fathers. As evidence, read this:

SEPTEMBER 1932—FRANKLIN ROOSEVELT IN HIS SAN FRANCISCO COMMONWEALTH CLUB SPEECH

Every man has a right to life; and this means that he also has a right to a comfortable living. . . . We have no actual famine or dearth. . . . Our Government . . . owes to everyone an avenue to possess himself of a portion of that plenty sufficient for his own needs, through his own work. Every man has a right to his own property, which means a right to be assured . . . in the safety of his savings. . . . If . . . we must restrict the operations of the speculator, the manipulator, even the financier, I believe we must accept the restriction as needful, not to hamper individualism, but to protect it.

Here is the philosophy of Thomas Jefferson, of Theodore Roosevelt's "square deal", of Woodrow Wilson's "new freedom"; nothing more . . . nor less. Franklin Roosevelt saw that since it had come to pass that some 600 autocratic corporations controlled the destinies of two thirds of industry, without regard to labor

All men . . . are endowed by their Creator with certain inalienable rights . . . among these are life, liberty, and the pursuit of happiness. . . . To secure these rights governments are instituted deriving their just powers from the consent of the governed. . . . Whenever any form of government becomes destructive of these ends, it is the right of the people to alter . . . it.



or consumer, we had swerved a long, long way from our inherited democracy.

When the people voted overwhelmingly for the new deal, they were not asking for a change in the spirit of our Government. Theirs was no mandate to change the framework, to make our parliament a picnic, as in Russia, or, as in Germany, a gesture. We have, to be sure, damned Congress so roundly that at present it is as tame as a gigo. Under the new deal it tends to retain its ultimate power. Its geographical representation is supplemented by self-governing economic units, guilds, to substitute cooperation, regulation, and control for the anarchy of the old system we knew as "laissez faire." This organization is the N.R.A.

Does labor like it? Does a duck like water? Labor is clumsy, over-reaching, inchoate. Its leaders for the most part are untrained, inadequate, prejudiced, ill-informed. Give them a chance; they've rarely had one.

Do owners of capital like it? Maybe. They don't know. If their books show profits, perhaps. A number are beginning dimly to see that employees are customers. Of course, the big pigs think they see a chance for monopoly, and elimination of the little man, who has noticed that possibility himself. Still, I was nowhere able to discover that the N.R.A. had forced anyone out of business, and Dun & Bradstreet's report about half as many business failures in 1933 as in 1932.

Does the consumer like it? When prices have not gone too high he does not even notice it. He rarely thinks of himself in his consuming capacity.

Do any of these groups understand the implications of N.R.A.? Emphatically no.

The best evidence of its practicability, however, lies in the fact that two great basic industries that have renewed their codes are the rebellious steel and coal groups. With the introduction of the recovery program their parent State, Pennsylvania, greatest sweatshop State in the Union, where children worked for 25 cents a week, where whole towns were on relief rolls, where deputy sheriffs in private employ could use tear gas to quell labor disputes, is changing. In Pittsburgh's Shantytown hundreds still live in boxes, like dogs in kennels. Most social legislation is still being defeated. A Democratic mayor-elect was arrested for speaking from a soap-box without a permit.

Yet an early robin of liberalism perches there. This winter's legislature did pass a child labor law, by 1 vote. Although the Weirton Steel Mill dispute has been on every front page the American Federation of Labor's Amalgamated Union has had sweeping victories, welcomed by many plants as the alternative to extreme radicalism. More than 415,000 men are at work in the steel mills, nearly 1929's roll, although production is far below that year. Steel production reached twenty-two and one half million tons in 1933; the previous year it was thirteen and one half million!

United Mine Workers have increased their membership by battalions. Coal executives grouch, say they're fearful that their profits won't cover their increased overhead; that 1,000 new mines have opened since they signed their code; that they're afraid of everything, but they won't scuttle the ship. Not openly.

Decidedly, business in this stricken region is improved. In the course of one truck and deliveryman's strike, a Pittsburgh department store put 90,000 parcels through the mails.

Chiseling? Surely. Hairdressers, for instance, raised the price of permanent waves from \$3 to \$5 as "the N.R.A. rate" until General Johnson bellowed there was no such thing!

Detroit bubbles. The low- and medium-priced automobile business is the best since 1929. Unless the beaming dealers are false prophets, you may have to wait 30 to 60 days for your new car. That has not happened in a long time.

This is news. Automobiles are not bought with C.W.A. money. When a thousand men start digging a ditch in Missouri, a shoe factory in Massachusetts may—and has—called men back to work. When people begin to buy automobiles, it means either their own business is improving or prospects are so bright they feel justified in trading in the old 1928 rattler for a new car with all the delightful 1934 gadgets.

This industry, which began by saying cynically, "Well, boys, we'll have to give this thing a whirl," announces itself 100 percent behind the N.R.A. Although it was already well organized, it is beginning to see cooperation in terms of control of plant expansion and production. It also finds it a possible means of eliminating its worst evil, seasonal unemployment. In the past, most of its men have only worked 4 months a year. Their high wages, when averaged the year round, have been a snare and a delusion.

The automotive industry is for the N.R.A. but not for General Johnson. "We don't," a motor magnate stated, "like his top-sergeant manners."

Chicago is where the N.R.A. spirit reads like the wind down Michigan Avenue. When Roosevelt swooped out of the sky to meet the convention that nominated him there, the city was another ruined Pompeii, buried in the ashes of Insull's crash. Thousands of derelict men and women slept on the ground in Grant Park before the marble splendor that lines the lake front. Beyond, city streets echoed. Great stores were empty. Factory machines stood silent. Today it is once more zestful and active, if still patched in the breeches and shoes.

Over in the colossal merchandise mart, Marshall Field & Co., greatest dry-goods wholesalers in the country, found its third-quarter business increased 70 percent. Where it had practically no future business a year ago, its books are nicely inscribed today.

Last fall some 25,000 buyers marched on Chicago and purchased nearly \$30,000,000 worth of goods. Usually about 10,000 come and leave fifteen million behind. Merchants are ordering higher colors. Stylists say this shows better times surely as dawn the day.

The mail-order business is enjoying a boom all its own. One concern has orders from the South that approach 1929 proportions. Their increases look like predepression stock-market quotations: Alabama, 259 percent; Georgia, 215 percent; Arkansas, 220 percent. Prices are increased, too. Printed dress goods that cost 9½ cents a yard last fall are now 14 cents. Overalls have gone up. Oh, those overalls! I heard about them right across the farm belt \* \* \* a symbol of the way the city treats the country. Men wear them 6 days a week now. Suits are for Sunday. People are buying just the same; furniture and rugs and new coffee percolators, where they were purchasing bare necessities a year ago. They're getting married, too, and having babies. The catalogue business shows that! I hate to think how many "Niras" are going to have a hard time hiding their right age thirty-odd years hence.

Even so, they don't trust the "brain trust" out in the Windy City. A man who sold me galoshes summed it up. "These college professors, they have good ideas", he remarked, but setting them to run things is like putting a scientist from General Electric's research laboratories in charge of production.

Trade warfare, famous in Chicago, is subsiding. A laundry price war of 25 years' growth, which had come to such a pass that some firms were giving away 3 shirts with every 10 pounds of washing, was ended in 48 hours. The Chicago Federation of Labor has had an increase of 50,000 members. It doesn't like compliance because, according to E. M. Nockles, its secretary, an able, salty old character, "Employers have been cheating like horse thieves, hoping the N.R.A. will break down." The Chicago compliance board has settled 3,486 complaints (as this is written), all but 41 of them without formal proceedings.

Real estate has no more value today, most places, than it had a year ago. Nevertheless, one owner of a building of very small apartments reported, "For the first time in 4 years every flat is rented, chiefly by people who had been doubling up with their families, and now can afford homes by themselves."

Swing down to Texas, to the iron forests where the chug-chug in the tall tapering derricks is ceaseless as the croak of frogs on a summer night. Say "oil code" to a grimy-faced driller or a white-sombreroed owner. Either will offer you a cigar, probably a Corona Corona. For this industry, runaway as it is romantic, was effectively cutting its own throat when the N.R.A. cut its hideous waste to consumption demands, and raised the price of crude oil from 10 cents a barrel to somewhere between 75 cents and a dollar. It also cut hours from 11 or 12 a day to 36 hours a week. Now an oilman can use up some of the gasoline in his own automobile.

The code has not cut the allure, however. I met a woman drilling a well in California. "It looked so pretty", she said, "I had to buy it."

Lumbermen in the Northwest see order but not orders coming out of their code. They tell us we may not be able to order houses by mail any more, because they are prohibited from selling wood cheaply.

The copper mines of Montana and Arizona won't open for a long time. When copper was something to brag about, magnates got together and fixed prices so high, and mined so much, that a 2,000,000,000-pound surplus now hangs over the market. Bridget, in Butte, who used to cook Mike's stew while he dug copper 4,000 feet below the kitchen, is now thankful that he can dig a ditch for a C.W.A. pay envelop, deeply thankful. The silver mines are bright as their own metal, and gold prospecting is itself again. Deadwood, S.D., reminds the oldtimers of the days of Poker Alice and Calamity Jane!

Out in San Francisco, where industries are diversified and not too large, the N.R.A. is a grand adventure to its citizens. Here Franklin Roosevelt is Allah and fiery George Creel is his prophet. Creel, the only disciple of Woodrow Wilson I found active in the new deal, has told them it is the open sesame to a finer, more gracious life. Firmly they believe it.

Not, of course, that San Francisco is a city of commercial saints. "It's a great change surely", a bland bank president remarked. "Here's the Market Street Railway, that used to be a pretty tough customer, talking about giving its employees half its profits." This did seem millennial \* \* \* until I found there are no profits. The idea might be a way to evade the N.R.A.

Down in Hollywood the only actors who know about the N.R.A. at all are the "bit" players who may become "extras", for less pay, and the "extras" who may be converted, economically, into "atmosphere." One carpenter was thankful for it. "Before the code, they made us work 8 weeks on half pay", he explained. "The nerve! Just when me, with a wife and four kids, was workin' 'tyin' ermine tails on electric-light pulls in a new star's \$7,500 dressin' room!" The rest, for the most part, are as oblivious as Oscar, the penguin.

Perhaps you, reader, will say this is too kindly a picture. That I have scarcely hinted at the thousands of injustices in the name of N.R.A. The packed compliance boards; perversions of code provisions; labor racketeers; frank or subtle violations of every sort. The strain on the small business man. The inexcusable price-raising. Human greed, you may well object, may stand arraigned before public opinion, but it has not been excised from the



nature of man. Nevertheless, our twentieth century guild system, bearing the seeds of our traditional democracy, looks like quite a sturdy cactus.

The agricultural program is an effort to fit farm production to this pattern of planned economy, so the farmer, too, may have his share of our plenteous goods. It is unnecessary here to repeat his story; we all know it well.

Does he like it? He likes the checks. Still, hasn't he been taught all his life by his father, the State, and the United States Department of Agriculture that long hours, honest sweat, and more and more acres of good grain are the way and the objectives of life? Now along comes the Government and says:

"Look here, you've been a fool. You've slaved away your best days; had your kids running cultivators when their legs weren't long enough to reach the levers. You're wearing out your family, sapping the fertility of the soil, raising so many hogs you can't get a dime for them."

The farmer thinks somebody lies. He isn't sure who.

He knows his savings—the value of his land—are almost gone. He can't forget the prices he was receiving last year, nor the fact that he never had his share of the Harding-Coolidge prosperity. Clinging to his right to do the wrong things no matter what disaster might befall, he persisted in being the liver and lungs of the Republican Party, although its tariff policy contributed largely to his ruin.

Now, although the pleasant rain of Government checks has inspired a feeling of tolerance toward Messrs. Wallace, Tugwell, and others, he still thinks curtailment of products is silly; that there can only be a surplus when everyone has his belly full; and that everything would be fine and dandy if we just had a good hearty inflation. In this he is didactic as the Boston banker who believes a 23.22-grain gold dollar was ordained on high. Neither, apparently, is quite in line with the President's ambitious efforts to evolve a currency which will insure the real value of savings by little fluctuation in its buying power from one generation to another. Nowhere, in fact, did I find much enthusiasm for this particular variety of fiscal manipulation. Outside the farm area, most men wanted stabilization, anywhere, but soon.

The Kansas wheat farmer accepts his check thankfully, although he regards it as only fair return for the years when he produced bread for the cities at less than the cost of production. He does not, however, view the plan as any other than an emergency expedient.

He also regards it with deep suspicion, as a possible entering wedge to putting him on a license. Those who fear fascism for this country would feel better if they could stand on a street corner of a Saturday morning in, say, Dodge City, Kans., and broach the subject of licensing to the farmers who come in. To say that the idea is abhorrent is soda-pop phraseology. However, farm leaders are suggesting that it might be a good idea to license the mavericks who will not cooperate in the crop-reduction program.

The average wheat checks are \$179.38, although they range from \$100 to \$1,400. The average check in the corn and hog plan is \$296, because most corn and hogs are raised in Iowa, while the wheat money is spread out over 16 States. What do the farmers do with this money? Pay personal taxes, make an advance on the new crop, pay a few store bills, buy some necessities and save a little to finish out the winter.

One woman in Gray County who had just gotten the family check took a deep breath and announced, "We're practically out of sheets and pillow slips! And Bobby and Alice are each going to have a good warm coat. I'm going to town!"

That first shopping Saturday in Dodge City, after the wheat checks began to come in, saw the biggest crowds that had ever filled the streets of that town. One grocery store had the biggest day in its history.

One big grower was a center of interest. He paid his taxes, back bills, bought clothes for his family and a radio. His check was \$1,300.

During the first 4 days the checks were out the county treasurer took in \$24,000 in back taxes. That meant keeping the schools open.

One curious result of the depression in the farm region is liberalism in Iowa. The librarian at the Des Moines Public Library invited the Communists and the Socialists to hold meetings there alternate Sundays. Imagine that a few years ago! Men and women from all over the countryside flock into Des Moines to attend open forums on public problems, a project financed by the Carnegie Foundation. They listen attentively to an astounding range of discussions, but will not countenance any criticism of the President. It never occurs to them that any of the radical changes going on might deprive them of their individual liberty. When Harold Hinton said one night, "If I were Hitler", and paused; then, "No, if I were Hitler I would shoot myself", he was interrupted by a long storm of applause.

Iowa is happy. Des Moines sold more Christmas trees this year than ever before. Minneapolis, on the other hand, is a doleful city. Its great flour-milling industry is slumping, due, in part, the millers report, to the fact that the farmer won't pay any processing tax. Little crossroads grist mills are springing up; the farmer has his grain ground here. Wheat millers are highly skeptical of the crop-reduction program, contending that the farmer is a natural bootlegger, that he puts in wheat when he takes out corn. Minnesota, together with other dairy districts, is in the doldrums. Dairy farmers want checks, too!

The cotton-producing South, however, is booming. It has won the Civil War, and is getting reparations! It is wholeheartedly behind the A.A.A. King Cotton led the big parade in code making. The cotton textile code has so improved conditions in the South that Saturday night in a factory town is once more an event!

If the South is a bustling tribute to the recovery program, the realm of finance also feels the new policy—feels it like a toothache.

President Roosevelt has put the Indian sign on the bankers. And nobody but the bankers cares. You feel this, dramatically, in Wall Street. There a cathedral calm prevades the once hectic canyons.

"This bank-deposit guaranty! Horrible!" shuddered an official of a bank that had shocked the Nation with its practices. "An invitation to loose banking." He saw no humor in his statement.

Few executives of large banks like it. Nor do they like the Securities Act any better. Unanimously they claim it is a dyke against the flow of long-term finance.

The banker fears the worst from every aspect of the Roosevelt policies. Well he might. I lunched with a Chicago financier. He led me into a restaurant, a vast chamber somehow familiar to me. Finally I identified it; the Dawes' old bank. In the main body of the room were cages which once were labeled, "Receiving A-L" and "Paying M-R." Now they offer the information, "Oyster stew 35 cents" and "All salads 15 cents."

"Eh bien", murmured my host, savoring his sole Marguery and some excellent Chablis. "After all, the proletariat does us very well."

The President's moves to secure the safety of savings, whatever the gold content of the dollar, meets with thanksgiving in the average depositor. Said one newspaper editor to me, "Since the Government has guaranteed deposits and bought stock in so many banks, the people feel their money is safe as in the Postal Savings. In the past no paper dared to question the policy of any bank in town for fear of causing a run on every bank. Now our queries need not be merely futile post mortems."

The third major part of the recovery program is the Public Works Administration, designed to pump money into the country when times are hard, and to develop needed projects. Those under way include roads and buildings, bridges and canals, vast irrigation projects, the Tennessee Valley development, and subsistence farms, for which there is a special appropriation.

Building of waterways seems extravagantly inconsistent with the administration efforts to get the railroads to wake up, and to make passenger travel something else than a bad dream; to learn how to compete with trucks for hauling, with airplanes for speed, and to strive for coordination for profits.

The C.W.A. and the relief administration as a whole is, of course, purely an emergency measure, but an inspiring one. Work relief, some of it foolish and wasteful, will leave a goodly residue of value received. Edward N. Bruce's inspired plan to set penniless artists to work on public edifices, elimination of malaria and typhoid menaces, nursery schools, adult education, are only a few of the projects under way.

The President has staked our all on this program. "Will we go broke, ma'am?" a chambermaid voiced a general question as she brought me the paper that carried the news that Mr. Roosevelt had asked 10 billion dollars of Congress.

How can we go broke? There are grave doubts about the monetary manipulations. We might fall into a catastrophic financial morass. But the real wealth—the man power, the foodstuffs, the natural resources, the machinery for the business of living—we cannot lose. They are here.

Nor are we going into an Old World dictatorship of any sort. We are revising our economic and social structure to meet the demands of a liberty-loving people.

The President's program opens two roads, one toward the "functional" state, wherein agriculture and industry exercise planned self-control; the other toward some form of state socialism. The Federal Government has put millions to work; one man in every twenty is on the Federal pay roll today. It cannot abruptly withdraw its sustenance to them, nor can it suddenly, if ever, move out of the many enterprises in which it is engaged. If prosperity returns rapidly enough, for whatever cause, if an adequate number of men and women can be reabsorbed by private enterprise, and if we are sufficiently malleable to develop a technique for planned guild government, we will proceed along the line of enlightened capitalism.

Otherwise, we inevitably turn to an Americanized version of socialism. This need not be horrific as it sounds to many. Consider the number of enterprises in which the Federal Government is already engaged.

However this may be, we are thinking. We are acting. Men and women have hope in their hearts. Franklin Roosevelt's experiments are courageous and thrilling. Most of us echo the little boy who said:

"Gee! I wouldn't be dead for a million dollars!"

Guide to symbols:

A.A.A., Agricultural Adjustment Administration.  
F.A.C.A., Federal Alcohol Control Administration.  
N.R.A., National Recovery Administration.  
F.C.A., Farm Credit Administration.  
T.V.A., Tennessee Valley Authority.  
R.F.C., Reconstruction Finance Corporation.  
C.C.C., Civilian Conservation Corps.  
N.L.B., National Labor Board.  
Hammer and Sickle, Russian Recognition.



PROFITEERING IN PREPAREDNESS—ADDRESS BY GEN. WILLIAM MITCHELL

Mr. ROBINSON of Arkansas. Mr. President, I should like to bring to the attention of the Senate an address delivered before the Foreign Policy Association in New York on March 3, 1934, by Gen. William Mitchell. General Mitchell ranks as one of the greatest authorities, if not the foremost, on the subject of aviation. His address contains much information which I believe to be of great value. I ask that it be incorporated in the RECORD in connection with my remarks.

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

The Foreign Policy Association has asked me to appear before you today for the purpose of discussing some phases of profiteering in preparedness. The subject of preparedness is a very broad one. Primarily it involves the determination of what our national defenses should be and then fitting the various parts into one another so that the greatest efficiency with the least expenditure may be obtained. There are two main elements in national defense, one the personnel and the other the matériel.

There may be profiteering in personnel. By this I mean those seeking financial profit may create a condition whereby the personnel of a great Government department is prevented from asserting itself or is rendered impotent in the determination of what equipment shall be furnished, who shall get the contracts and what shall be paid for them.

It is generally accepted in the world at large that military aeronautics will be the determining factor in future armed contests between nations. As a basis for this conviction, I shall quote the views of men distinguished outside the aeronautical vocation:

At the close of the war, Marshal Foch, commander in chief of the Allied armies, stated: "The potentialities of aircraft attack on a large scale are almost incalculable, but it is clear that such attack, owing to its crushing moral effect on a nation, may impress public opinion to the point of disarming the government and thus become decisive." This in plain words means that air attack on vital centers will be the decisive element in future wars.

In 1921, the Joint Board of the Army and Navy, under the presidency of Gen. John J. Pershing, witnessed the bombardment tests against naval vessels conducted by the Army Air Service. The report stated:

"Aircraft carrying high-capacity high-explosive bombs of sufficient size have adequate offensive power to sink or seriously damage any naval vessel at present constructed, provided such projectile can be placed in the water close alongside the vessel. Furthermore, it will be difficult, if not impossible, to build any type of vessel of sufficient strength to withstand the destructive force that can be obtained with the largest bombs that airplanes may be able to carry from shore bases or sheltered harbors."

In plain words, this means that aircraft may sink or destroy any vessel that floats on top of the sea, and, as aircraft are able to fly anywhere over land or water, it means that aircraft dominates seacraft.

The finding of this Board did not take into consideration the use of gas, water torpedoes, air torpedoes, gliding bombs, mines, or gun and cannon fire against ships. It must be remembered that naval vessels spend most of their time in harbor and that their attack at such places is an easy matter, as is the destruction of their shore establishments, drydocks, and supply points.

The Honorable Stanley Baldwin, former Premier of Great Britain, during a hearing of the air estimates in the British House of Commons, November 10, 1932, stated as follows:

"If a man has a potential weapon and has his back to the wall and is going to be killed, he will use that weapon, whatever it is. . . . experience has shown us that the stern test of war will break down all convention."

This, in plain words, means that vital centers will be attacked by chemical weapons as well as others and that any attempt to limit or curtail the action of aircraft will not be countenanced, as they are more economical weapons than any heretofore devised or used.

The older services have in their past always tried to limit new inventions, opposing such innovations as the bow and arrow, the musket, the iron-clad ship, and now air power. Armies and navies have always been the implacable foes of the development of air power, wishing to restrain it and keep it under their control; the navies, because they see that eventually aircraft will supplant them in most of their duties and that in war no vessels will be able to exist on top of the water; the armies, because they derive a certain prestige from control of it. The American Army has been particularly narrow in this regard. It talks about teamwork, but the teamwork of an army compared to air power has about the same ratio as a team of bow and arrow men compared to a 16-inch cannon, or a team of a goat and a race horse hitched together. The horse's legs would have to be cut off to make him conform to the goat's speed. Air power under some conditions is able to obtain victory in war by its action alone, unaided by an army or navy. Naturally it has its limitations, as have armies and navies.

Armies will always be needed, and efficient ones, in our country particularly. The Army in the United States, with respect to the Air Service, is very much like the farmer who had the bull by the tail. He tries to hold on but is pulled along by it and is

afraid that if he lets go the bull will turn around and gore him. At it has worked out here, he has yelled for assistance to the Navy and profiteers who have gallantly come to his rescue have lassoed the bull, cut off his horns, hog-tied him, and left him impotent on the ground. Now they eat the steaks.

Each committee appointed by the President or Congress, with the notable exception of one which will be mentioned later, has recommended the consolidation of our aeronautical activities under one head. On page 5 of the Report of the Select Committee of Inquiry of the House of Representatives into Operations of the United States Air Services, the committee found as follows:

"That there is no uniformity of Army and Navy policy as to organization, equipment, control of personnel, procurement, design, or use of aircraft; \* \* \* that there is duplication in the expenditure of both money and effort by the Army and Navy."

Conditions have not changed since this report was made. The United States has taken no action whatever to meet modern conditions.

Now, let's see what the Europeans have done. In every case they have formed a department of aeronautics coequal with the Army and Navy. They have formed a professional aeronautical personnel, similar in status to that in the Army or Navy. This is trained essentially for aeronautics, is given a life position with appropriate rank and position, so that they cannot be influenced by politicians, profiteers, or corruption, nor domineered over by the other services. It is their duty to carry out the aeronautical policy which has been determined by the state.

In doing this they have created an aeronautical striking weapon, the air force, entirely independent from any other organization. It is designed to hit the vital centers of the enemy at once in case of war and destroy the will of the whole hostile people to resist. In this force there is no time for mobilization, it is constantly ready. It is backed up by a civil and commercial aviation, under the direct control of the Government, which bears much the same relation to the air force as the merchant marine does to the Navy. The Navy and Army are given detachments from this force for their own domestic service, the Navy whatever air units they need on their carriers and other ships, the Army whatever observation it requires. Another very important element placed under the jurisdiction of the air force is the Nation's defense against aircraft. This consists of all the elements including pursuit aviation, units for defense against local air attacks, methods of protecting the population against aerial attacks, and defense against seacraft.

In the United States we have no system of this kind. In Europe it is a result of hard experience. In 1915 the Germans had no difficulty in raiding the British Isles, even with the crude airplanes they had at that time. The British Army Air Service had control of air over the land, the Navy had control of the air over the sea. When the Germans came over the land it was too late for the Army air service to get in the air to attack because they had no previous notice; and when the raiders returned over the sea, as there was no coordination, the naval air service was not there. This is our condition at present. In 1917 the British formed an air ministry consisting of all the air services. The Germans had already done that in 1916. They were followed by Italy, France, Russia, Spain, and others.

In the United States we have had four periods of development of our air power. First, from the time the Wrights began flying, until the World War. During this period about all that could be done was to prove that an airplane could get off the ground and land again. The feeling of the older services toward the new creation was that it was a joke, from a military standpoint.

In the second period, during the World War, we developed a marvelous personnel and system in our military units, but in the production and purchase of our aircraft in the United States, which were turned over to civilians with military titles, one of the worst orgies of graft and corruption occurred in our history. As a result, only 100 airplanes, more dangerous to our men than to the enemy, reached the front in Europe by November 11, 1918, after an expenditure of \$1,051,511,988 by the United States. This has been attested to by various committees and boards, one of which was presided over by Mr. Charles E. Hughes, now Chief Justice of the United States. Mr. Hughes recommended trial by courtmartial of those responsible. The planes we fought in were of foreign manufacture. This period ended in 1919.

From 1919 to 1926, the aeronautical racketeers were practically eliminated. The Government ran the Air Services. The Army Air Service, on its return from Europe, had an opportunity to go ahead and adopt an experimental and operational program which put it far ahead of the world in aviation and which would have continued had it not been stopped from outside. It acted at this time practically as an independent force, as it was not throttled then by the General Staff of the Army. Carrying the mail was developed during this same period under Government control.

The fourth period came after the findings of the Morrow Board in 1926, and the enactment of their recommendations into law. The effect of this substantially was to turn over our aeronautical development to what might be termed the aeronautical racketeers. Not a single change for the better was made in our aeronautical policy, system, or organization. The old methods were perpetuated in a stronger form and in addition subsidies for carrying the mail were provided for. The result was as follows:

The Navy kept its air organization; the Army kept its air organization. The Coast Guard had one; the Marines had one. The National Advisory Committee and the Bureau of Standards had a finger in it; a new unit was created in the Department of Commerce to handle civil aviation. But, due to the granting of postal



subsidies, still another unit was set up in the Post Office Department, which has proven to be the most pernicious element that ever entered into our aeronautical situation. A small group of people similar to those who gained control of our aeronautical production during the World War formed themselves into holding companies into which were taken the factories building aircraft, the factories building motors, and the companies organized to operate the air mail and passenger service. These civilian operating companies created an entirely new air personnel, that of commercial pilots, over which the Government had no jurisdiction. The airplanes used for carrying passengers and mail were not under the jurisdiction of the Government except as to inspection and airworthiness. The Government, however, paid out the money for the operation and maintenance of this whole system, \$46,800,000 being paid out as mail subsidies alone. (CONGRESSIONAL RECORD, Feb. 14, 1934, p. 2471-2.) Sufficient experimental money, which the Government had been able to use before, was taken away from it on the ground that if it was turned over to the aeronautical industry it could do more than the Government.

The result has been that the merchants in control of our aeronautics have attempted to sell what they had to the Government with as little improvement as possible, because if improvements were made, money on experimentation would be required and a change in types of motors and planes would also require different tools, jigs, and other things for the making of new equipment.

As all of this is paid for by the United States Government, it is evident that the Government should have not only the dominating voice in what is done but should see that the funds are honestly and efficiently spent. As has been brought out in evidence, these profiteers have taken their stock and run it up from \$1 to \$10,000. They have paid enormous salaries, in one case about \$400,000 a year, and others in proportion. These men know little about aeronautics and think first of making money, next of furnishing service. This is why our aircraft of all descriptions have fallen way behind what they should be and why our commercial aircraft are deficient in safety devices, navigational instruments, and speed.

These manipulators of our aeronautics have been all-powerful politically. They have put their representatives in Washington to influence not only the giving out of contracts but policies also. They wish to keep our aeronautics separated, for in that way the functions are overlapping and more money is spent by the Government.

Recent investigations have shown, first, that in many cases there have been too great profits in the manufacture of airplanes; second, that profiteering has taken place by manipulation of stock of aircraft companies; third, that there has been collusion between air-mail contractors, operators, and others with respect to Government contracts, as brought out by the United States Senate committee investigating air-mail contracts; fourth, that the method of development and procurement should be improved; fifth, to protect the Government in the construction and operation of aircraft, certain prototype airplanes, and any equipment found necessary should be built by the Government to determine costs and efficiency, and in this connection the Government should operate certain aircraft along all airways to all our possessions, in all kinds of weather throughout the year.

There is nothing new about any of these matters. They have come up before the Congress each year. There have been practically the same discussions among aeronautical men the world over. The conditions are well understood. Every nation has looked them squarely in the face and solved them except the United States. These conditions can be corrected by adopting a definite policy for aeronautics for the United States, causing an experimental program of airplanes, aircraft engines, instruments, and armament to be developed under a permanent and capable personnel of a single service, requiring procurement be made according to law by a single service, by competition, and putting the accounting under the General Accounting Office of the Treasury, presided over by Mr. McCarl. Aeronautical publicity and education should be carried out under the aeronautical branch instead of the Army, Navy, or other agency, as is the case at present.

In the field of operations, these same self-seeking interests have conducted the air mail and passenger services, all the pioneer work on which had been done by the United States Government. Upon these Government airways they superimposed their private radio system. They had their own corps of pilots, about 500, who drew salaries as high as from \$750 to \$1,000 a month.

When the administration in its wise discretion threw out the air-mail contracts as having been obtained by collusion and fraud, the Army was ordered to carry the air mail. The flying personnel of these civil companies and the airplanes, as they are maintained by Government subsidy, should have been subject to the Government's call at any time the Executive Department decided that an emergency existed. But look what happened to these noble patriots. They are not subject to the Government's call; it is not contained in the law.

The United States could not use their radio system nor their radio equipment, nor their planes. This is why they announced so emphatically that the Army could not carry the mail. Thereupon the Army Air Corps, which was not properly equipped for any kind of duty, due to the machinations of these aviation profiteers and to service politicians, undertook to carry the mail under conditions which these very people who are putting up such a great hue and cry through their controlled press could not have done. They have used inferior radio and inferior air-

planes without a whimper to carry out the President's wishes and have rendered a wonderful account of themselves. Only one man has been lost while actually carrying the mail. The operation of these lines will give the Government an opportunity to figure up what the costs should be in a service of this kind, how it should be handled, and what our future course should be.

The civilian companies not only attempted to arrogate to themselves all the functions of air power in this country but to defy the Executive. Their propaganda through their inspired press, has filled the country with their great deeds. But the passenger planes they have provided do not have necessary modern safeguards; they are not provided with automatic pilots, except in a few cases; they do not have cabin parachutes, nor defrosting equipment, nor resonance altimeters, nor landing sticks and other devices for the care and safety of passengers. Such a condition would not have been tolerated for a moment under any sensible aeronautical administration.

The control of civil and commercial aviation presents quite a complex problem and has been handled in different ways in various parts of the world. The object of subsidies is to develop aeronautics as a general asset to the country to be used in case of emergency and to extend the national culture and interests. The great nations of the world subsidize their regular airways. As a general proposition their equipment is prescribed, their personnel, both in the air and on the ground, has to answer certain requirements, and they are all subject to call in emergency by the Government.

The present world position of the United States Air Services (they cannot be called air forces) is well illustrated in a study made by an expert, from which I quote:

"The United States is third of the nations in merely the number of warplanes (three close behind).

"It is sixth of the nations in the number of factories manufacturing warplane or high-powered airplane engines.

"It is definitely the most backward of all the nations manufacturing warplane engines and warplanes, in the design of them in service and projected.

"Its leading warplanes are most deficient in elasticity of performance.

"Its leading warplanes cannot even reach similar foreign planes to do battle with them.

"Comparatively, it does not actually make or possess any warplanes.

"The whole of its air forces could probably be grounded and rendered useless or destroyed by the tiny Belgian air forces, given the same type of warplane pilots as the principal combatant nations had in the World War.

"The whole of its air forces could be grounded and rendered useless or destroyed by 30 percent of the British Royal Air Force, or 40 percent of the French Air Force, or 50 percent each of the Italian, Japanese, or Soviet Russian Air Forces.

"It will take at least 2 years to catch up with the outside world in design, production, and availability of warplane engines and warplanes if it begins to produce the leading types of these devices under license from the original foreign manufacturers; and at least 3 to 4 years if it proceeds without such foreign licenses, and if the foreign nations concerned stop progress meanwhile.

"The United States Air Forces cannot fight when they like, where they like, or how they like."

"The structures of that portion of the aviation industry of the United States which is producing warplane engines and warplanes is assembled as follows:

"(a) The United Aircraft and Transport Corporation, New York, N.Y., which controls the following:

"1. Boeing Airplane Co., Seattle, Wash., airplanes and warplanes.

"2. Stearman Aircraft Co., Wichita, Kans., airplanes.

"3. Sikorsky Aircraft Corporation, Bridgeport, Conn., airplanes and warplanes.

"4. Chance-Vought Corporation, East Hartford, Conn., warplanes.

"5. Pratt & Whitney Aircraft Co., East Hartford, Conn., P. & W. 'Wasp' and 'Hornet' air-cooled radial airplane and warplane engines.

"6. Hamilton Propeller Co., East Hartford, Conn., airplane and warplane propellers.

"7. Boeing School of Aeronautics, Oakland, Calif., flying service.

"8. United Aircraft Exports, Inc., New York, N.Y.

"9. Boeing Aircraft of Canada, Ltd., Vancouver, B.C.

"This group of firms, probably the largest aircraft trust in the United States, is not free to make its own decisions on aviation matters. Possibly, its technical and other material becomes speedily known to foreign countries. It is controlled by the National City Co. and the National City Bank of New York and by the Morgan International financial interests.

"(b) The Curtiss-Wright Corporation, New York, N.Y., which comprises the following:

"1. Curtiss Aeroplane & Motor Co., Buffalo, N.Y., airplanes and warplanes.

"2. Keystone Aircraft Corporation, Bristol, Pa., airplanes and warplanes.

"3. Curtiss-Wright Airplane Co., St. Louis, Mo., airplanes.



"4. Wright Aeronautical Corporation, Patterson, N.J., Curtis D. 12 (450-500 rated hp. water-cooled) and 'Conqueror', Prestone-cooled airplane and warplane engines, and Wright 'Cyclone' and 'Whirlwind' air-cooled radial airplane and warplane engines.

"5. Curtiss-Wright Flying Service, flying service.

"6. Curtiss-Wright Export Corporation, New York, N.Y.

"7. Canadian Wright, Ltd., Montreal, Canada.

"This group of firms constitutes another aircraft trust in the United States, and it is about the size of the United Aircraft & Transport Corporation already referred to. The Curtiss-Wright Corporation is likewise not free to make its own decisions on aviation matters. Possibly, all its technical and other material also becomes quickly known to foreign countries. In the background the Chase National Bank and the Rockefeller financial interests are concerned with the Curtiss-Wright Corporation. The Bank of Manhattan Co., the City Bank Farmers Trust Co., the Central Hanover Bank & Trust Co., and the Marine Bank of Buffalo, N.Y., appear more prominently as this corporation's bankers.

"The Curtiss-Wright Corporation and the United Aircraft & Transport Corporation between them control the aviation industry of the United States. Their pattern is the same and they present a united front to any third party, including the Government of the United States. They monopolize the manufacture of airplane and warplane engines in this country. It is the case with both of them, that the last word, on whether or not they shall adopt any aviation improvement or invention, lies not with their technical executives, but with their outside, unqualified financier masters. These groups maintain a pool of patents that discourages the offer and adoption of any aviation improvement or invention from without, and deprives their own personnel of real incentive to make any such improvement or invention. Neither of the groups has been responsible for the introduction or adoption of any actual improvement in aircraft or aircraft engines.

"They have been and are being caused by the purely financial powers behind them to adhere to the false manufacturing policy in a competitive market of maximum reproduction with minimum improvement. Although the trust builders and stock manipulators of these combines have prevented competition in the design and production of aircraft and aircraft engines in the United States, they have been, naturally, unable to slow down that of foreign countries and so their progress has made United States air defense a negligible factor in the world today.

"(c) North American Aviation, Inc., New York, N.Y., which comprises the following:

"1. Berliner-Joyce Aircraft Corporation, Baltimore, Md., warplanes.

"2. Douglas Aircraft Co., Inc., Santa Monica, Calif., airplanes and warplanes.

"3. Sperry Gyroscope Co., Inc., Brooklyn, N.Y.

"4. Ford Instrument Co., Long Island City, N.Y.

"5. Transcontinental & Western Air, Inc., New York, N.Y.

"6. Eastern Air Transport, Inc., Brooklyn, N.Y.

"This smaller aircraft combine is, perforce, subject to the United Aircraft & Transport Corporation, and the Curtiss-Wright Corporation, because of its dependence upon them for airplane and warplane engines, their ascendancy in the aviation industry of the United States, the market they provide, the great financial powers behind them, and interlocking interests in general.

"(d) The leading allegedly individual firms engaged in warplane production in the United States are the following:

"1. Bellanca Aircraft Corporation, New Castle, Del.

"2. Consolidated Aircraft Corporation, Buffalo, N.Y.

"3. General Aviation Manufacturing Corporation, New York, N.Y., affiliate of General Motors Corporation, took over the Fokker Aircraft Corporation in 1931.

"4. Glenn L. Martin Co., Baltimore, Md.

"5. Great Lakes Aircraft Corporation, Cleveland, Ohio.

"6. Gruman Aircraft Engineering Corporation, Valley Stream, Long Island, N.Y.

"7. Hall-Aluminum Aircraft Co., Buffalo, N.Y., affiliate of the said Aluminum Co. of America, New York, N.Y., the Mellon-controlled Aluminum Trust.

"These seven concerns together merely approximate the size of only the Curtiss-Wright Corporation. They are more or less independent, as regards each other and North American Aviation, Inc., but they are, perforce, subject to the United Aircraft & Transport Corporation and the Curtiss-Wright Corporation for the same reasons that North American Aviation, Inc., is subject to these two ascendant combines.

"Thus, at least all the worthwhile limbs of the aviation industry of the United States, engaged in producing warplane engines and warplanes, are shackled as heavily as possible by the limitations of the private and wholly financial interests of the Wall and Pine Streets area of New York. No foreign country, manufacturing warplane engines and warplanes, permits any similar restriction of its aviation industry."

In addition to regular passenger lines, the European governments usually encourage by subsidy civilian flying clubs, light airplanes and flying equipment which citizens of the country may own themselves and use either in sport or in commerce. This should have been done long ago in the United States but it has been opposed by the aircraft profiteers as they would not make as great a margin of profit from small planes, or if other factories were developed; also they felt this might develop a mass inclination leading to a department of aeronautics.

To sum up what should be done in this country: I believe we should have a department of aeronautics, under which should be:

(1) An air force. This is an independent striking force to be used against the enemy's vital centers. Detachments from it would be made to the Army and Navy for their own domestic uses. (This is the European system.)

(2) Civil and commercial aviation. This section should supervise all civil and commercial aviation, airways, weather services, radio stations, and inspection of civil air personnel.

(3) Engineering and procurement. This would prepare the engineering data for all aircraft, motors, armament, and equipment and attend to the procurement of all aircraft for the Government.

I would advise the operation of the air mail by the Government, a direct subsidy for passenger air lines, the Government prescribing the class of equipment and the qualifications of the pilots, all of whom should be subject to the call of the Government in case of emergency. I would prohibit all holding companies and combinations, which are made, among other reasons, for the purpose of avoiding income taxes. I would insure competition in design for aircraft and accessories and then allot production orders to the factories who are the lowest responsible bidders. This would insure a regular personnel dedicated to aeronautics, an honest administration of our civil aviation, and an engineering control which would bring out the best talent in the country. At present the best engineering talent has been crowded out by the profiteers.

The Air Service is 50 times more dangerous in time of peace than the Army Service, and 5 times more dangerous in war. Its duties are distinct and separate from those of an army or navy. It cannot be run by either. This has been the experience of every country in the world, including ourselves.

During the former administration, it was impossible to cope with class and privilege, so strongly were they entrenched, but the mandate of the people in the last election was that the Government must clean house and return to the people 100 percent on the dollar for the taxes they contribute to the National Government. We have a man in the White House now who is unafraid, and we hope that he will make a decided change in our desperate aeronautical situation.

#### ON CRITICISM—EDITORIAL FROM WASHINGTON POST

Mr. FESS. Mr. President, in this morning's Washington Post there is a very thoughtful editorial on the subject of criticism. I ask unanimous consent to have it inserted in the RECORD.

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

#### ON CRITICISM

It would be interesting to know how many of those who heard the President yesterday were struck by the paradox in political thinking then revealed. On the one hand, Mr. Roosevelt gave to industry a definite challenge—his own word—to give more employment at higher wages and shorter hours. How industry is to do this and remain self-supporting he did not indicate. It was, we repeat the President's word, "a challenge."

On the other hand, Mr. Roosevelt, attacking those "who do not think things through", explained in some detail the type of opposition which he resents. That is, criticism which fails to suggest alternative methods and does not contain helpful proposals. "This critic," said the President, "contributes nothing—he is not constructive; he is unpatriotic because he attempts to destroy without even suggesting a way to build up."

In other words, it seems, it is entirely appropriate and proper for the administration to "challenge" industry, which certainly has on the whole given most loyal cooperation to the recovery program, while at the same time it becomes unpatriotic for industry or any other element of the body politic to challenge the administration. One partner in the national team may order and instruct. The other partner may suggest—so long as his suggestions do not overstep the bounds of prim obedience. And right there is the distinction, not so subtle that it is hard to understand, between what this administration means when it talks of "the American method" and what many Americans, as sincere and patriotic and self-sacrificing as any party leader, understand by that fine phrase.

There is, moreover, something more than a passing word to be said on the nature and function of criticism. To state that civilization has advanced whenever and wherever the critical faculty is active has bogged down as that faculty has been absent or suppressed, is merely to state the most obvious moral of recorded history. Nor does this apply merely in the field of politics. It is equally true in every form of intellectual and artistic endeavor.

Imagine, for instance, the role of a literary critic who should be told that he must praise the latest novel as a whole, although, to be constructive, he might suggest some alteration, for a future edition, in the delineation of the heroine. Imagine, again, the position of the dramatic critic instructed to praise the play, though generously encouraged to suggest to the leading players some change in the enunciation of their lines. It is just because that form of dramatic criticism is too much the custom that the whole art has declined, and the level of the stage in rapid consequence.

Honesty, conviction, intelligence, and specialized knowledge—those are the hallmarks and the only hallmarks of true criti-



cism, in which neither sycophancy nor the demands of the box office play any part. And if the founders of this country, to whom Constitution Hall is dedicated, had felt that unconstructive criticism was by that token undesirable—we would have no President to tell us otherwise today.

These are the thoughts, induced by apprehension, not by hostility, which raise grave doubts in the minds of countless sober citizens today. Those doubts will not be exorcized by calling them un-American. They cannot be assuaged by assurances—which beg the issue—that the country will not turn back to abuses which only a trivial portion of the population would seek to have restored.

#### THE ADMINISTRATION'S PROGRAM—ARTICLE BY FRANK KENT

Mr. FESS. Mr. President, there appears in the Baltimore Sun of today an article from the pen of Frank Kent relative to the administration's program. I ask unanimous consent to have it inserted in the RECORD.

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

#### ALL STILL IN THE AIR

By Frank R. Kent

WASHINGTON, March 5.—So effective is the propaganda back of the Roosevelt program that it is difficult to see the actual facts. It has what many regard as almost a monopoly of the radio and great support from the press.

The latter comes not so much from belief in Roosevelt policies as from a desire not to retard a recovery which started all over the world a year ago and with which legislation has little to do. That desire is deep, too, in the public heart and accounts in large measure for the absence of opposition. There is real reluctance to do anything that might change the mood of the people or create difficulties.

Also, any such effort would be very unpopular. Evidence of this was given in what happened when Alfred E. Smith voiced his belief that the new deal experiments had flopped. He was literally ganged by the administration and in a week's time pulled off his pedestal as a popular idol. It is this sort of thing that renders inarticulate those who distrust the Roosevelt plans, creates a disposition to go along regardless of distaste and disbelief.

Undoubtedly things are better here, just as in England and Canada. In face of that, there is no nourishment trying to stop experiments that can't be stopped, or, while Federal cash pours into millions of pockets, pointing out dangers to a people bulging with enthusiasm.

At the start of the second Roosevelt year, however, one fact stands out. Not one of the new deal experiments has passed beyond the experimental stage. Not one has succeeded. It can be claimed they have bettered conditions and are on the eve of success. It also can be claimed we would have made as much progress without them, that they are bound to fail, that their pursuance makes the future insecure. Whichever view one takes, it is clear the experiments remain experiments.

Take the most vital—A.A.A., N.R.A., and the new monetary policy. By the men directly responsible the admission is made. The agricultural policy, which started as an effort to get farmers voluntarily to reduce production, has been switched to a compulsory policy, which opens so wide a door that Secretary Wallace, himself, recently pointed out the dangers, voiced his doubts and alarm.

Within the week, failure of the N.R.A. to reach its objectives has been generally admitted. Regardless of the Presidential eulogy, the whole business has got to be revamped, the policies changed. A great administration effort is being made to put this sagging experiment again on its feet and regain for it a popular sentiment that has gone sour.

The financial policy remains the most experimental of all. No one knows how it will turn out nor what the next step will be. This includes Secretary Morgenthau. Last week, before a House committee, he frankly said he could not tell from day to day what the course would be. All he wanted was to be let alone while he worked on the experiment. One administration policy—the C.W.A.—was dropped because it was saturated with graft, waste, politics. Also it threatened to become an unbearable drain on the Treasury. A week ago the President announced a substitute, which differs only in name. It is a continuation for at least 6 months of a project indicted by its own Director.

The truth is Mr. Roosevelt's experiments are all still in the air, with neither him nor anyone else able to say where they will land. There is a better feeling in the country, due partly to world recovery, partly to increased buying power, flowing from the Government billions. But, that we are out of the woods, no calm person contends.

It is true many people who had no work are better off than last year. Industry has taken care of some; C.W.A. and other Government pay rolls of many more. But it is also true a great many who had jobs before Roosevelt came in—and still have them—are not nearly so well off. They have had cuts in pay, increase in living costs, and heavier taxes. The latter outnumber the former, but they all feel better. How they will feel in another year no man can tell.

#### THE ELECTORAL COLLEGE—ADDRESS BY SENATOR POPE

Mr. NORRIS. Mr. President, on the 15th day of February of this year the junior Senator from Idaho [Mr. POPE]

delivered an address in Philadelphia at a fraternity banquet. One of the questions discussed was the electoral college and its proposed abolition. I ask unanimous consent that the address be printed in the RECORD.

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

Mr. Chairman and fellow members of Delta Chi, Rousseau once said:

"In a well-conducted city or state, everyone hastens to the assemblies; while under a bad government no one cares to move a step to attend them. \* \* \* As soon as anyone says of the affairs of the state, 'Of what importance are they to me?' we must consider that the state is lost."

Judged by this standard, it is certain we have a well-conducted Government. At any rate, it is true that never before in the peace-time history of our country has there been such governmental activity, and perhaps never before so much active interest in their Government by the people. The citizens are applauding, criticizing, discussing, and thinking of their Government. They are suggesting and proposing remedies. My daily mail is filled with plans advocating every sort of remedy from the complete change in our form of government to the simple device of requiring all drunken drivers to place a red flag on their automobile windshields to announce their jovial but dangerous condition to all sober people. Judging from the number of letters received, this simple plan seems to have rather wide support in a certain section in my State.

The idea of a new deal is a stirring force in our national life. It fills the newspapers and magazines; we hear it over the radio and on the street corner. It is the subject, in one form or another, of almost every public address.

The new deal is usually thought of in terms of economic and emergency measures enacted by the special session of Congress last year and the present session and the administrative activities in carrying out these measures. In the public mind it is associated with such measures as the National Recovery Act, the Agricultural Adjustment Act, the Public Works Administration, the Civil Works Administration, the Civilian Conservation Corps, the gold bill, and the like.

It is not these matters, however interesting as they are, that I shall discuss this evening. I would draw your attention to some other proposals, political in nature, that should be a part of the new-deal program of this administration. These proposals have to do with some very vital and fundamental functions of our Government—one with the method of electing the President and the other with the method of ratifying amendments to the Federal Constitution. In other words, one proposal deals with the abolishment of the archaic electoral college, and the other with an amendment to article V of the Constitution providing for direct ratification of amendments by vote of the people.

On June 18, 1787, Alexander Hamilton arose from his seat in the Constitutional Convention and offered a plan for the election of the President of the United States. He said:

"It is admitted that you cannot have a good Executive upon a democratic plan. See the excellency of the British executive. He is placed above temptation. He can have no distinct interests from the public welfare. \* \* \* Nothing short of such an executive can be efficient."

Some days later, discussing this subject, he added:

"That the immediate election should be made by men most capable of analyzing the qualities adapted to the station (of President) and a small number of persons, selected by their fellow citizens from the general mass, will be most likely to possess the information and discernment requisite to so complicated an investigation."

Based upon this idea, the electoral college was provided in the Constitution as the method of appointing the President. It was provided that each State shall appoint, in such manner as its legislature may direct, electors equal to the number of Senators and Representatives to which the State is entitled in Congress.

Hamilton was so well pleased with this plan that during the campaign for the ratification of the Constitution by the States he said:

"The mode of appointment of the Chief Magistrate of the United States is almost the only part of the system, of any consequence, which has escaped without any censure."

It is apparent, then, that the so-called "electoral college" was established for the very definite purpose of enabling a small number of persons to select the President. Its purpose was not to enable the voters of the country to elect a President. Hamilton further said:

"I confess that the plan is very remote from the idea of the people."

Such was the purpose, and such was the plan adopted by the framers of the Constitution about a century and a half ago.

The plan still exists, but its purpose has never been realized. Almost from the time of its creation it has resembled a machine designed for one purpose and used for another. The people declined, in fact, to delegate their prerogative of electing a President. Electors have been chosen to reflect the opinions of the voters and not the opinion of the electors. In this respect the electoral college became obsolete in the eighteenth century and has neither effectuated the aims of its inventors nor fully the democratic views of the voters. It has been a misfit in our governmental structure. Its only effect has been to defeat the popu-



lar will in a number of instances. Three times the voters have chosen a President, but their choice has been defeated by the electoral college.

It is directly responsible for such political atrocities as occurred in 1824, when Jackson was elected by the people and Adams was made President; in 1876, when Tilden was elected and Hayes became President; and in 1888, when Cleveland received the popular mandate and Harrison was declared to be President. This speaks eloquently of the patience and forbearance of the American people.

It is not generally realized that under the Constitution, as framed, it would be perfectly regular to select a President without an election at all. A State legislature has power to appoint electors itself or authorize the Governor of the State, the Republican State chairman, or the Democratic State chairman to do so, or such legislature might authorize the President of the United States to appoint electors to select himself or another as President.

This shows what a queer anachronism the electoral college really is.

As the practice of holding elections has developed, however, no legislature would dare resort to such extreme measures in selecting electors, but it is interesting and important to realize the legal situation under the electoral college system.

As Presidential elections are now conducted, there are two serious objections to the method of electing the President.

In the first place, as experience has demonstrated, a candidate receiving a minority vote may be elected as against one receiving the mandate of the voters of the country—a result in contravention of the fundamental principle of our Government. It is easily conceivable that one candidate may be the overwhelming choice of the voters and another who receives a bare majority of the votes of a comparatively few of the larger States may be declared elected. This system has repeatedly been condemned by publicists, students of our Government, and statesmen since the beginning of the nineteenth century. That such a method has survived is one of the remarkable things in the history of our Government.

In the second place, in most States the names of candidates for President and Vice President do not appear on the ballot and the voters are not permitted to vote directly for such candidates. The names of the electors are mere figureheads in whom the voters are not interested and for whom they have not the slightest concern. The effect is to cause confusion and disgust in the minds of the voters who should have the right to vote for President and Vice President freely and directly. It is a rare occasion when one is heard to defend the existence of the electoral college. It should be abolished.

There is now pending in the United States Senate a joint resolution offered by the veteran progressive, Senator GEORGE W. NORRIS, of Nebraska, to abolish the electoral college. His proposal deserves the support of every Member of Congress and of the people of the United States.

The other proposal I shall discuss is one to provide for popular ratification of amendments to the Federal Constitution.

On June 5, 1787, Mr. James Madison, one of the ablest and perhaps the most scholarly man in the Constitutional Convention, said he thought it indispensable that the new Constitution should be ratified by the supreme authority of the people themselves. And on June 23, on the motion made by Mr. Ellsworth that the Constitution be referred to the legislatures of the States for ratification, Colonel Mason considered a reference to the people as important and essential. These suggestions, however, did not prevail, and the Constitution was submitted to the legislatures of the States for ratification.

The Constitution which was finally adopted contained article V, which provides two ways of proposing amendments—(1) by joint resolution of the two Houses of Congress, and (2) by convention called by Congress upon the application of the legislatures of two thirds of the States. Such article also provided two ways of ratifying amendments—(1) by the legislatures of three fourths of the States, and (2) by conventions in three fourths of the States.

Strangely enough, although many States had provisions for popular ratification of amendments to their constitutions, and it had been suggested as to the ratification of the Federal Constitution, no suggestion was made at the time of the adoption of article V for popular ratification of amendments to the Federal Constitution.

Every reason that could be urged for popular ratification of amendments to State constitutions would seem to apply with equal force to popular ratification of amendments to our National Constitution. At any rate, article V was adopted providing for proposal and ratification of amendments without popular ratification, except that when ratification by conventions takes place in the States the delegates to such conventions are elected by the people on the issue involved. This convention method of ratification has never been used in the States except in the recent repeal of the eighteenth amendment.

During the present session of Congress I have introduced a joint resolution to amend article V providing that an amendment to the Constitution may be proposed by a joint resolution of Congress as now, or upon application of the legislatures of two thirds of the States, or by a majority of the electors of two thirds of the States voting at a regular election, and further providing for ratification by a majority of electors of three fourths of the States voting at any congressional election. It is my contention that this proposed amendment is sound and meritorious.

In the first place, since all powers not granted in the Constitution are reserved to the people, it seems entirely logical, and in harmony with the principle of popular sovereignty that the supreme authority—the people themselves—should express approval or disapproval of any proposed change in our fundamental law. Such authority and responsibility placed in the hands of the people will promote interest and discussion. It has educational value of much importance.

The discussion of prohibition by the people the country over, the throwing of it into the crucible of public opinion, and the determination of this question by the electors themselves, whatever one's view may be on that controversial question, has left a sense of satisfaction in all thoughtful minds. Dean McBain, of Columbia University, in a current magazine article, says that never again will the mode of ratification by the State legislatures be used. That provision, he says, will be another dead letter of the Constitution.

The question then arises: Why does not the present method of ratification by convention suffice? Why is not this method sufficient to give the people the opportunity to determine the issue? Why are not the advantages of discussion and education to be found in the Constitution as it now stands?

There are some very practical considerations to be thought of in using this method.

When special elections are held to select delegates for conventions, the expense of such elections and conventions is an important consideration. I have recently made investigations to determine the expense to the various States and counties incurred at the recent elections to repeal the eighteenth amendment. The secretaries of most of the States were unable to give me any estimates of such expense. A few did. Michigan spent about \$600,000; Kentucky, from \$185,000 to \$200,000; California, about \$150,000; Texas, about \$150,000; Wisconsin, over \$90,000; Oregon, over \$75,000; Florida, \$55,000; Delaware, about \$41,000. Here then are eight States that expended about \$1,500,000 on these elections. Assuming that the other 28 States spent proportionately the same amounts, the aggregate would be over \$5,000,000. This was expended at a time when almost every city and town in the United States is appealing to the Federal Government for relief funds—when business institutions, school districts, irrigation districts, drainage districts, and other taxing bodies are appealing for funds—when billions of dollars of Federal funds are being expended for relief work throughout the country.

Under the proposed amendment, popular expression on proposed constitutional amendments would be obtained at the regular elections for Members of Congress without additional expense, thus saving substantial sums as above mentioned incident to special elections.

Another important reason for such an amendment is that the popular expression will be obtained at a time convenient for the voters. The largest vote naturally is at a presidential election, the next is usually at a congressional, usually accompanied by a State election.

I have also made an investigation of the number of votes cast at the recent election to repeal the eighteenth amendment as compared to the last presidential election. The following is the interesting result of my inquiries:

State	Vote in 1932	Vote on repeal amendment
1. Alabama.....	245,354	170,900
2. Arizona.....	118,251	48,966
3. Arkansas.....	220,592	113,713
4. California.....	2,267,966	1,397,104
5. Colorado.....	457,696	196,185
6. Connecticut.....	594,183	271,558
7. Delaware.....	112,901	59,120
8. Florida.....	276,586	122,636
9. Georgia.....	255,590	.....
10. Idaho.....	186,520	106,619
11. Illinois.....	3,407,926	1,599,441
12. Indiana.....	1,576,927	839,182
13. Iowa.....	1,036,683	626,105
14. Kansas.....	791,978	.....
15. Kentucky.....	983,063	551,865
16. Louisiana.....	268,934	.....
17. Maine.....	298,444	167,795
18. Maryland.....	511,054	250,906
19. Massachusetts.....	1,580,114	534,058
20. Michigan.....	1,654,765	1,138,477
21. Minnesota.....	1,002,843	598,926
22. Mississippi.....	146,034	.....
23. Missouri.....	1,609,894	660,603
24. Montana.....	216,479	.....
25. Nebraska.....	576,946	.....
26. Nevada.....	41,430	( <sup>1</sup> )
27. New Hampshire.....	205,520	106,453
28. New Jersey.....	1,630,063	664,265
29. New Mexico.....	151,606	69,033
30. New York.....	4,688,930	2,193,982
31. North Carolina.....	711,590	373,144
32. North Dakota.....	256,290	.....
33. Ohio.....	2,610,088	1,013,104
34. Oklahoma.....	704,533	.....
35. Oregon.....	368,808	209,567
36. Pennsylvania.....	2,859,021	2,069,840
37. Rhode Island.....	269,170	171,118
38. South Carolina.....	104,411	71,436
39. South Dakota.....	288,438	.....

<sup>1</sup> Unknown.



State	Vote in 1932	Vote on repeal amendment
40. Tennessee.....	390, 637	247, 103
41. Texas.....	63, 394	506, 051
42. Utah.....	205, 579	168, 112
43. Vermont.....	136, 980	61, 896
44. Virginia.....	297, 943	157, 978
45. Washington.....	632, 032	337, 043
46. West Virginia.....	743, 774	355, 190
47. Wisconsin.....	1, 114, 815	789, 549
48. Wyoming.....	96, 962	( <sup>1</sup> )

<sup>1</sup> Unknown.

It will be noted from the above table that the Presidential vote is very much larger than the vote on the eighteenth amendment. In the State of Pennsylvania about 800,000 more voters expressed themselves at the Presidential election than at the special election. In Idaho the difference was about 80,000. In other States the disparity is proportionately very much greater.

In conclusion I submit that such a proposal to extend to the people—the supreme authority in our Government—a practical, inexpensive, and expeditious method of voting directly upon the question of amending our Federal Constitution deserves serious consideration. It is not a novel procedure, as in most of the States the people are permitted to vote directly upon proposed amendments to State constitutions. And they may now, when permitted by Congress, vote indirectly under the convention method.

Such a proposal is in harmony with the fundamental democratic principles of our Government.

The reasons for the proposed amendment to the Constitution sponsored by Senator NORRIS, to abolish the archaic electoral college, which would permit the people to vote directly for candidates for President and Vice President of the United States, apply with almost equal force to the amendment here proposed.

Both provide for a simple and practical method for obtaining a direct expression of the people upon the most vital matters in a government by the people.

#### NAVAL CONSTRUCTION

The Senate resumed consideration of the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

Mr. NYE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NYE. Under the unanimous-consent agreement under which we are now proceeding is it in order to submit a motion to lay the pending bill on the table?

The VICE PRESIDENT. It is not in order.

Mr. NYE. Mr. President, I address myself to the bill pending before the Senate, sometimes called the naval construction bill, sometimes called the national bluff, bluster, and bully bill, but which I should much prefer to call a bill for the relief of the munitions makers of the United States.

One perhaps could find some little humor in the situation were it not for the fact that we are dealing, in this particular question, with something like a billion dollars, at a time when the Congress itself and the Nation as a whole are finding it necessary to resort to all manner of economy. Since we are considering this particularly wasteful piece of legislation, I think it altogether fair to point out what may be irony or what may be brass in connection with it.

It was not many years ago, well within the memory of all of us at least, that we were engaged along with other civilizations in a terrible world war. We got some consolation during those years of warfare out of the thought that we were engaged in a conflict intended to make the world safe for democracy. Today, 15 years later, there are those who rise to ask, where is there any semblance of democracy left?

We got more consolation during those years of conflict when we told ourselves that we were engaged in a tremendous conflict the main purpose of which was that of ending war, ending war for all time, a war to end war. Now, 15 years later, we find every nation on earth practically, including ourselves, preparing as we never prepared in any single year before for, evidently, more war.

The pending naval construction bill, or the bill for the relief of the munition makers of the United States, is calling roughly for \$500,000,000 or \$600,000,000. Before there has been completed the program, which is generally in outline as the result of this bill, the expenditure is certain to be at least a billion dollars. I think it altogether fair to refer to the naval construction bill as being a billion-dollar construction bill. We are about to pass it. I think that there is little doubt. We are about to pass it at a time when, as others have pointed out, practically every community in these United States is confronted with an impossible problem as relates to the maintenance of their schools. Community after community not only has had to slash its educational expense to the bone, but many of them have found it absolutely impossible to maintain schools at all; and yet we do not find Congress particularly interested in legislation looking to the maintenance of our educational institutions. In fact, when we have to deal with the appropriation bills involving the National Office of Education, we see to it that some more of the expenditures which the Federal Government has authorized in other years are slashed off, and that cuts are made in the appropriation for education.

When the governmental employees appeal to the Congress for the repeal of the pay cuts which have been inflicted in their cases, we find quibblings on every hand in the name and interest of economy.

When we resort to programs looking to the relief of those who are in great distress, those who are without employment; we find ourselves at moments ready to abandon, in many instances, efforts which have been undertaken to provide for the immediate needs of men and women throughout the country.

In the matter of departmental expenditures, with which we have to deal in independent bills year after year, we find ourselves this year slashing to the right and slashing to the left to accomplish greater economies, greater savings to the Federal Government.

All of this, perhaps, is backed with some little understanding; but I see no understanding—I see nothing but insanity, in fact—when I observe our treatment of service men, men who gave their all, men who offered their all, men who went out in time of war in defense of their country, in defense of principle, and sacrificed their all, and who now come to Congress and ask for a restoration of that which would enable them to live according to some decent standard in these days of their inability to find employment, or to make those tired or injured bodies do the work of able-bodied men. They come to Congress, and Congress quibbles. Congress talks for days. Legislators do everything imaginable to prevent a return to these men, victims of war, that would enable them to live with decency.

Yet the same body, the same Congress that deals in that manner with these victims of past wars, when confronted with a program, a request to build a larger, stronger Navy, does not bat an eye. When the roll shall be called, if a roll call can be accomplished upon this bill, there will be very few, indeed, I fear, who will be ready to say "no" to this wasteful program that has in view only more war, to create more misery, to create more hardship, to destroy more bodies.

If I might be permitted to use that language, I should say that as a Congress and as a people we "sure can take it." When we look upon the inconsistencies of our public attitude, upon these measures as they come to us, surely we must be struck by the irony of it all. Certainly we must be struck by the thought that there is some degree of insanity among us; yet there have been years of this irony.

Fifteen years ago, engaged in a great world war, the Congress of the United States found it not at all difficult to raise all manner of means, whatever means were required to carry on that war, to do what? To destroy property; to destroy life. For 15 years following that war we have been dealing with more or less of a depression each and every year, and we find ourselves quite helpless to cope with a problem when the call is that of saving lives and



saving property. So I remind the Senate again of the irony of this whole situation, and I remind the Senate again of how easy it seems to be to prevail upon a body of intelligent men to build more and more of those machines of destruction which brought us the years of hardship and distress with which we are trying to cope here each and every day.

I do not desire my opposition to the pending naval construction bill to be misunderstood. I am not one of those who would do away altogether with preparation for war, because I am quite thoroughly convinced that civilization has not yet reached the stage where that drastic course could be permitted; and yet I hope the time is not far off. I favor preparedness in the fullest measure; but I insist that the preparedness programs which we have been pursuing of more recent years, and which seem to be capped now by this gigantic naval construction program, are occasioned not by a desire to defend ourselves against aggressors but by a will and a determination to believe that the time is coming when Uncle Sam is going to need large naval strength, not to conduct war at our own borders, not to defend our own shores, but to go to all quarters of the earth, there to make war as we have made war in times past, down in Nicaragua, for example. There we had to rally to the defense of dirty American dollars that could not find enough fertile soil at home in which to be planted, but had to be carried to those far-off lands, and, being carried there by our capitalists, seemed to carry with them an assurance and a guaranty that if ever those dollars needed defense the American Army, the American Marines, the American Navy, would be at their beck and call.

But there are those who say, "Look at it as you may; you must admit that the world is in a terrible state of mind; that more war seems to be in the making, and that it may be impossible for us to stay out of it." Men ask, "What are you going to do if another war breaks out over in Europe, and American shipping is destroyed by those who are engaged in that war? Are you just going to sit by and say it is none of our business, and not strike back?"

Mr. President, if ever Europe or if ever Asia or if ever any part of the world again goes to war, I say that America should make it none of its business; and we can avoid the embarrassment of having our shipping destroyed by simply writing the rule that from now on America goes on to a cash-and-carry basis; and if our munition makers or manufacturers in America must supply some of the sinews of war to countries engaged in war, let them come to our shores, pay their cash for the material, and carry it away in their own bottoms. With that sort of a determination I think America can quite readily find its way to stay out of further conflicts.

But someone says, "Look at Japan! See how Japan is preparing evidently to make trouble for the United States, and making great appropriations each year to maintain her military strength."

Last week's issue of *Time* carries this very enlightening story:

Almost to a man the docile little politicians of Japan's House of Representatives rose in their places last week to give Japan for 1934 and 1935 a general's dream of what a budget ought to be. Of its \$633,000,000, 44 percent went to the army and the navy, an all-time peace-time record. The army got \$135,000,000. The navy got \$140,000,000.

Of course we are expected here in America to gather that information, take fright, and conclude that we must prepare more thoroughly for defense against Japan. Here is Japan spending, in the new year just approaching, \$275,000,000 to maintain her army and navy, while we—poor we—are spending only about \$700,000,000 to maintain our Army and our Navy. We must take fright; we must provide a billion dollars for more naval construction to be prepared for what the \$275,000,000 being expended in Japan is apt to do to us.

Mr. President, our present action, our present consideration, is not at all surprising. Indeed, it is entirely in keeping with the program we have pursued in America for the past 10 years. For these years we have been assuming that

we were getting back to normalcy; that we were working back to those stages of preparedness that we occupied back in 1914 and 1915; and that sooner or later we would be free from the terrible burden to which our military preparation is subjecting us each year.

Let me call certain figures to the attention of the Senate. In 1870 the cost of the maintenance of our Army and our Navy was \$79,000,000; in 1880 it was \$51,000,000; in 1890 it was \$66,000,000; in 1900 it was \$190,000,000; in 1910 it was \$312,000,000; in 1914 it was \$343,000,000. Then came the World War. Perhaps it is quite unfair to deal with the figures which then prevailed relative to the cost of the maintenance of our military machine.

In 1920, right after the war, after we had started tapering off, the cost fell to \$1,730,000,000, and we were assured that as the years progressed we would be reducing that, getting back to normalcy; 1925 found us down to \$684,000,000, 1926 to \$669,000,000, 1927 to \$684,000,000, as compared with \$343,000,000 in 1915.

Then, after 1927, instead of continuing to reduce in that program of getting back to normal expenditures, we find that we started moving the other way. 1928 found us with an expenditure of \$737,000,000 for military maintenance; in 1929 it was \$792,000,000; and in 1930 it was \$840,000,000.

The emergency of this terrible depression has necessitated, during the last 3 years, some slicing, but we are only back in the neighborhood now of an annual cost of \$700,000,000, whereas in 1914 it was placed at \$343,000,000. Twice as much is being expended in these times as was being expended just before the start of the World War.

The argument is made that all the world has gone crazy, that all the world is preparing for war as never before. I have not seen the more recent figures, but those compiled in 1930 reveal a comparison in military expenditures as between 1913 and 1930 for the nations of Great Britain, France, Italy, Japan, Russia, and the United States. The percentage of increase in maintenance cost between 1913 and 1930 for Great Britain was 42 percent; for France, 30 percent; for Italy, 44 percent; for Japan, 142 percent; for Russia, 30 percent; and we, the United States, the great leaders in the cause of world peace, during that same stretch increased our military expenditures 197 percent. No nation on earth was spending as we were spending, getting ready for another war.

Mr. President, in all sincerity I ask now, What sense, what good ground, is there for the United States to stand off today and say—"We are leaders in the cause of world peace. If only the rest of the world would see this business of war as we look upon it here in the United States, we could quickly get away from this terrible burden of expense." What right have we to set ourselves up as an example to the rest of the world, when no other nation in the world begins to compare with the increases which have been ours from year to year in the cost of maintaining military machines? No nation on earth spends more to maintain military machines than does the United States of America today.

There are those, of course, who insist that the only way to maintain peace is to be prepared for war. I deny that that is true, and I would call the attention of the Senate to the fact that we have a boundary of thousands and thousands of miles from East to West upon which during the entire lifetime of this Nation and our northern neighbor there has never been a mounted gun, there has never been stationed a soldier. Yet who is there to say that the absence of that military evidence has occasioned war between Canada or Great Britain and the United States? There is not an evidence of military show anywhere upon that boundary.

So outstanding has been that record of peace between Canada and the United States, without a show of armed force there on the boundary, that some few years ago the International Association of Landscape Gardeners, gathered in one of their conventions, determined that somewhere upon that boundary there should be erected something of a monument commemorating those years of peace without armament show, and as a result of their deliberations there



has finally been established what is known as the "International Peace Garden." I am intensely interested in that, because, fortunately, the site for that garden has been picked at a spot that is common to my State and to Canada. There those gardeners plan to take the sections of land which the United States has set aside on one side of the boundary, and the sections which the Dominion of Canada has set aside for that purpose on the other, and they plan to landscape the site beautifully, and to make it a really peaceful spot, to make it really commemorative of that remarkable understanding which can be made to prevail without any show of arms, without any threat of war.

Each year in July the people of Canada and the people of the United States gather at this particular spot. It has been my privilege to attend when eighteen or twenty thousand gathered there, thousands from the Canadian side, thousands from the United States side, with speakers from both lands. When one looks into the faces of those people, he will not dare to undertake to assert from which side of the line they come. One can visit with them and not find where there is any thought of ever any difficulty between the peoples of these two great Nations. There have been over 100 years of peace and thorough understanding, without an armed force upon that boundary. Yet men say that peace depends upon our preparation for war. The situation existing as between Canada and the United States gives the lie to that assertion in every possible way.

I might say that in this undertaking to establish this splendid monument, this peace garden, there have not been any generals in evidence, there have not been any colonels in evidence, nor have there been any munition makers making speeches, or pointing with pride to those years of peace which has subsisted between these two countries.

Mr. President, if the people, and I mean the people—not those who have been chosen as their rulers or their leaders, not those who have set themselves up as leaders—but if the people of this world could have a chance to say yes or no to a continuation of this burdensome program of ever preparing for more and more war, there is no doubt in my mind what the verdict of those people would be. Overnight they would cast aside the terrible burden upon their backs which war and preparation for war place there.

Here we are in the United States making our emergency expenditures. Here we are burdened by taxation, a terrible burden, expending normally about \$4,000,000,000 a year; and of that \$4,000,000,000, 75 cents of each dollar is required to pay the bills growing out of past wars and the bills occasioned by our desire to prepare for more wars.

I have said that if the people of the world could pass judgment, they would quickly abandon these insane programs of preparing for more war. I think the same result would be accomplished if profits were to be taken out of the business of preparing for war. The profits in preparedness, it seems to me—particularly in the light of the very splendid address of the senior Senator from Idaho [Mr. BORAH] in this Chamber yesterday preparedness for war and the profits it carries are what cause us greater danger of more war than any other contributing factor today.

We wonder why disarmament conferences fail. We wonder why they fail if the people feel as I have undertaken to declare they do feel in all enlightened nations. I say that it is alone because these disarmament conferences are manipulated, are played with, are influenced, by lobbyists for the munition makers, who do not want, above all things else, anything resembling disarmament.

Mr. Shearer, and his example of a few years ago, is all too clearly in mind as evidence of the ends to which the munition makers, those who profit from war, will go to continue this burden of preparation upon the backs of the American people.

Today very dangerous men, so we are told, are in position of leadership over great peoples, over great nations. We are told that these dangerous men are offering threats to every other nation, which threats must be met by preparation for war. Mr. President, if dangerous men are in those positions, is it not well for us to go back to that splendid

address we heard yesterday and remind ourselves of the part that the munition makers of France and Germany played in elevating Mr. Hitler to his position in Germany? The Senator from Idaho [Mr. BORAH] spoke of and quoted from a very enlightening article appearing in the current number of *Fortune* entitled, "Arms and the Men." I find, Mr. President, the Senator did not request that the entire article be printed in the *RECORD*. I now ask that the entire article be printed in the *RECORD* following my remarks.

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

(See exhibit A.)

Mr. NYE. A review of that particular article, published in the *New York World-Telegram*, might well be read to the Senate at this time, and I ask the privilege of sending it to the desk in order that the clerk may read the article. It appear under the heading "French Munition Makers Helped Hitler to Power. Writer in *Fortune* Declares Family Owning Plants Changed Names as Control by Paris and Berlin Was Shifted."

The PRESIDING OFFICER. Without objection, the article will be read.

The legislative clerk read as follows:

[From *New York World-Telegram*, Feb. 26, 1934]

**FRENCH MUNITION MAKERS HELPED HITLER TO POWER, ARTICLE IN MAGAZINE SAYS—WRITER IN *FORTUNE* DECLARES FAMILY OWNING PLANTS CHANGED NAME AS CONTROL BY PARIS AND BERLIN WAS SHIFTED**

French munition makers united with those of Germany to elevate to power Adolph Hitler, "the one man most capable of stirring up a new outbreak of international anarchy in Europe", the magazine *Fortune* says in its March issue, published today.

As soon as this had been accomplished, French newspapers owned in part by French munition manufacturers "immediately broke out in a fever of denunciation against the Hitler regime and called for fresh guarantees of security against the menace of rearming Germany", it says.

In "Arms and the Men", the magazine presents a detailed account of the names, connections, international alliances, and methods of munition makers.

It rates as the richest and most influential those of France, topped by the Schneider-Creusot Co., controlling 182 French subsidiaries manufacturing heavy ordnance, machine guns, tanks, shells, ammunition, and warfare chemicals.

#### MANY ENTERPRISES

This company controls as well 230 armament and allied enterprises outside France, including Skoda, Czechoslovakia's biggest munition works.

With striking details the article relates the international operations of this and other munition concerns.

"In 1899 British soldiers were shot down by British guns that British armament firms had sold to the Boers", it says. "When, in 1914, the Kaiser's armies marched westward into Belgium, and eastward toward Russia, German soldiers were killed by German guns manned by the armies of King Albert and Czar Nicholas II."

"Great Britain had built and equipped the Turkish Navy before the war; in the Dardanelles British ships were blown up by British mines, shattered by British cannon. Bulgarian troops turned French 75's on French poilus."

#### MADE BY GERMANS

"In every naval engagement of the World War the German fleet encountered vessels protected by armor plate made by Germans or with German patents."

In some ways the most amazing part of the recital has to do with the De Wendel-Von Wendel family, aristocrats of Europe's armorers, who have altered the prefix to the family name as political control over coal and iron fields they own in the Lorraine has shifted between Berlin and Paris.

François de Wendel is president of the Comité des Forges de France, "the most powerful iron and steel organization in France", of which the activities lie "in the strategy and tactics of the iron and steel industries." The powerful Schneider-Creusot munition company belongs to the comité, along with all other French munition makers.

#### HISTORY DESCRIBED

Describing the family and industrial history of François de Wendel, *Fortune* says:

"When their vast Lorraine estates lay upon soil politically German, they attached to their name the prefix 'von' and turned their eyes toward Berlin; when the political frontier shifted under their rich deposits of coal and iron, they altered the prefix to 'de' and looked to Paris."

"Either capital was glad to claim them; the family was equally happy to serve either—or, better, both. Today, for example, when political boundary lines throw most of their estates into France, but leave a few in Germany, the family consists preponderantly of the De Wendels, but with a sufficient number of Von Wendels in reserve to manage its German affairs."



## MEMBER OF REICHSTAG

"In 1914 the ranking member of the family was Humbert von Wendel, a member of the German Reichstag. He still lives at Hayange, but he is no longer a member of the Reichstag. A younger brother, Guy, is a French senator—and of his other brother, the François of the comité, more later."

François de Wendel's connections would fill this page", says the article. He is regent of the Banque de France, member of the Chamber of Deputies, owner of a majority interest in *Le Journal des Debats*, head of the group that purchased the semiofficial newspaper of the French Government, *Le Temps*, controls the *Journee Industrielle*, and is a power in the management of *Le Matin*, *L'Echo de Paris*, and the *Agence Havas*.

"The war in no way interrupted the cordiality of the armament makers", says the article, and cites the care with which German and French Armies both refrained from firing on mines and smelters in the Briey Basin.

Before the war France got 70 percent of her ore here. The Germans captured the district, being careful not to fire at the mines and smelters, and thereafter got three fourths of the ore she used during the war from it.

Two years later the French were within a short distance of Briey, but army officers testified they were forbidden to fire into that region.

## LOANS ARE MADE

Another chapter of the story tells the manner in which munition makers, through their control of banks, finance foreign countries in order that they may buy arms, even when treaties prevent export and import of arms, and the manner in which, when these loans fall due and are in danger of default, new loans for just the amounts necessary have again and again been made by governments in order that their munition makers may be paid.

"'Conspirators' is not an unfair word to apply to the armament makers of France", says the article.

"They are conspirators because they have no loyalties, because theirs is the sword that knows no brother."

## THE SUMMATION

After telling the story of Hitler's rise to power and charging that munition makers "not only in Germany but in France united in their support", the article sums up:

"In that one example the whole philosophy of the armament makers reveals itself. Keep Europe in a constant state of nerves. Publish periodical war scares. Impress governmental officials with the vital necessity of maintaining armaments against the 'aggressions' of neighbor states.

"Bribe as necessary. In every practical way create suspicion that security is threatened. And if you do your job thoroughly enough, you will be able to sink into your armchair and re-echo the contented words of Eugene Schneider announcing a dividend to his shareholders: 'The defense of our country has brought us satisfactions which cannot be ignored.'"

Mr. NYE. Mr. President, I think there has not been published in ages anything quite so enlightening as is this article appearing in *Fortune*. The encouraging thing is that more such articles are to appear, revealing the part that the munition makers are playing in bringing about more war and preparation for more war.

The article published in the *New York World-Telegram*, which has just been read at the desk, declares:

"Conspirators" is not an unfair word to apply to the armament makers of France. They are conspirators because they have no loyalties; because theirs is the sword that knows no brother.

In other words, the munition makers of the world are united as no other people are united in the cause of preparation. To them preparation in every quarter of the globe means more money; means more profit.

As relates to our own munition makers in America, we find the Government year in and year out giving aid, comfort, and encouragement to the conspirators, as, for example, when we turn loose an appropriation for more naval construction such as we are about to do here and now. We did it through the Public Works program. Let us take a look at the situation. We engaged in the Public Works program to win relief from that terrible thing that had followed upon the heels of the war. We engaged in a great program of public works to put men back to work, men who had found the war so upsetting the economic structure that it destroyed their places in society, and then out of that Public Works appropriation we appropriated millions upon millions of dollars to build more battleships, more cruisers, more machines of war, thereby inviting more such hardships as were invited by the last war. So we find ourselves aiding these conspirators, these "conspirators who know no loyalties, because theirs is the sword that knows no brother."

Yesterday the Senator from Idaho [Mr. BORAH] said that he did not believe we would ever have war with Japan; but

he said if we do have it, we can well anticipate sending our soldiers up against those frightful instruments of war which the Japanese Government has brought from American munition makers, guns manufactured in America to be turned upon American soldiers if and when we engage in warfare with Japan. Certainly the munition makers are not going to complain about who uses the guns so long as they can continue to manufacture and sell them.

Mr. President, was the Senator from Idaho unfair in his conclusions, in his expectations that, in the event of war with Japan, American soldiers would find themselves being mowed down by American implements of war in the hands of the Japanese?

In 1899 the British soldiers were sent off into foreign lands to give battle to the Boers, and the Boers turned upon them guns made by munition manufacturers in Great Britain. When the German Army went both east and west in the opening days of the World War over there on the Russian side their men were mowed down by German-manufactured guns in the hands of the Russians, while the Belgian soldiers were using German-made guns to mow the Germans down on the west side. In 1933 the Japanese found their own munitions, instruments of their own manufacture, turned upon them by Chinese soldiers in China. In 1933 when delegates from all over North and South America were sent to Montevideo to see if there could not be better understanding accomplished, behind the scenes worked the munition manufacturers—American munition manufacturers—to sell one South American country an order and then go to the neighboring country and show what their neighbor had just bought, and sell them a like order, and then go back and sell orders for other munitions which were intended to offset the munitions which they sold a week or a month earlier.

Shot full, Mr. President, is this world with the activities, the selfish, greedy activities, of munition makers who do not want peace, who cannot thrive if we have a peaceful world—men who want war and ever more preparation for war.

Coming back to the point made by the Senator from Idaho relative to what we might expect in the event of another war as to American-made implements of war being turned upon our soldiers, was he unfair? Mounted as a monument in a little British village is a great gun captured from the Germans by the soldiers of that community in a conflict during the World War. That particular gun which they finally captured had been used most successfully by the Germans and had mowed down and destroyed the lives and the usefulness of many of the young men of that community; but the British persevered and captured that gun, and it was ultimately brought back to Great Britain, to this community, and there mounted as a monument. On one side of the barrel of that gun are engraved the names of the British soldiers who lost their lives facing that gun on the battlefield and on the other side of the barrel is the name of the British munition maker who manufactured that gun and sold it to Germany. Is the Senator from Idaho unfair when he says that in the event of another war with Japan we shall find our soldiers being mowed down by guns whose manufacturers were the American munition makers? Not at all.

Because of these considerations, Mr. President, and because of the very evident conclusion that there is not going to be peace and understanding accomplished in the world until we can cope with and curb the munition manufacturers, I appeal most earnestly to the Senate to abandon this piece of folly, to abandon this naval-construction program; for the moment to lay it aside, be done with it for now, be done with it, until we can know more definitely just what part the munition manufacturers the world over are playing in accomplishing these continued insane programs of expensive preparations for more war.

On the 6th day of February last I submitted a resolution (S.Res. 179) reading as follows:

*Resolved*, That the Foreign Relations Committee of the Senate be, and is hereby, authorized and directed to investigate the activities of individuals and of corporations in the United States



engaged in the manufacture, sale, distribution, import, or export of arms, munitions, or other implements of war, and particularly to investigate and ascertain—

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

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

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

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

As will be noted, this resolution was referred to the Committee on Foreign Relations. For some strange reason a few days ago, in my absence from the floor of the Senate, the resolution was referred to the Military Affairs Committee. I do not know why it should have gone to the Military Affairs Committee. It might as readily have gone to the Naval Affairs Committee or to the Commerce Committee or to the Interstate Commerce Committee, but I felt it properly belonged in the Foreign Relations Committee. However, its reference to the Military Affairs Committee is not going to cause me to protest until there shall be demonstration on the part of that committee that there is no will to give it serious consideration. I am sure, from my conversation with the Chairman of the Military Affairs Committee, that the resolution is going to have early consideration; and, I think, if we can impress upon the Senate the terrible nature of the games that are being played by munition makers, that there is not in the end going to be hesitancy in acting upon this particular resolution; and, because I feel that such an investigation is ultimately going to be undertaken, I appeal to the Senate, since we cannot vote to lay it on the table, to vote down the pending naval construction bill. Let it bide its time until we can know more of the facts concerning the activities of the makers of munitions.

Mr. BONE. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Washington?

Mr. NYE. I yield to the Senator from Washington.

Mr. BONE. Mr. President, I am very much interested in the resolution of the Senator from North Dakota calling for an investigation of the profits and the activities of private munition makers. I am also very much interested in the concurrent resolution of the Senator from Michigan [Mr. VANDENBERG], which touches in some aspects the same subject. I am wondering if the Senator from North Dakota is not interested in examining the activities of those who merely sell ammunition in the ordinary course from stores and the like in this country. He is interested, I take it, in the activities of those who supply munitions of war for war-like activities.

Mr. NYE. Precisely so.

Mr. BONE. I wondered if the resolution might be so broad as to cover the activities of the small fry, who are not interested in war.

Mr. NYE. I think we have had such studies made of the domestic phases of the question as would warrant any committee in assuming that the aspect referred to by the Senator from Washington was not a part of the studies contemplated or involved in this resolution.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Michigan?

Mr. NYE. I am glad to yield to the Senator from Michigan.

Mr. VANDENBERG. The Senator referred to the fact that his resolution now rests in the Military Affairs Committee. My own concurrent resolution, to which the Senator from Washington [Mr. BONE] referred, also rests in the Military Affairs Committee. I have the keenest interest in the pending proposition as submitted by my friend from North Dakota. I suggest to him that it does not go far enough in its scope, inasmuch as the final conclusion of this proposal, if it is to have a practical effect, probably must

create a Government monopoly in the United States for the production of munitions and armaments. It is to the further investigation of that proposition that my resolution is addressed, and I am hopeful that both resolutions may be considered together in the Military Affairs Committee.

Mr. NYE. Mr. President, since the purposes of the Senator from Michigan and my own have so much in common, I am certain there is going to be no difficulty in accomplishing that cooperation which will bring consideration to both resolutions at one and the same time, if that is possible, and I see no reason why it cannot be done.

The reasons why the investigation should be made should be apparent to every mind in active public life today. There is not, it seems to me, any doubt as to the field existing and the call for such an investigation. The House Military Affairs Committee and the House Naval Affairs Committee have been revealing very compelling reasons why there should be a sweeping investigation undertaken, for they are showing collusion prevalent in the awarding of governmental contracts with munition makers. Then, there are charges, which have been concurred in by the able chairman of the Naval Affairs Committee who is seeing the pending bill through the Senate, of collusion in some recent awards that have been made. Then, I find, too, evidence of the makers of munitions dickering with and trying to sell bills of armament to foreign powers that have defaulted on every bond they have outstanding at this time; and yet there goes to these foreign powers in each such case the assurance, "even though you are in default, we think we can manipulate a line of credit for you in New York that will enable you to possess these munitions that you want and need."

Then, we had a few years ago the Shearer demonstration, which certainly ought to be foremost in our minds when we consider the need for further investigation of munition makers' activities.

Here in Washington a grand jury is engaged in ferreting out the frauds and such collusion as they may be able to discover respecting contracts being entered into by the War Department with private manufacturers.

Mr. President, until that kind of an investigation is made, until there is a full and complete knowledge of the tremendous profits which the munition makers enjoy as a result of our preparedness program, we are going on, not only here in our own beloved land but all over the world, with expenditures that constitute more and more and ever more an unbearable burden upon the backs of an already overburdened people. We should know these facts.

The Chairman of the Naval Affairs Committee of the Senate not so long ago wrote a letter to the President of the United States pointing out how very unscrupulous evidently the munition makers are when it comes to grabbing contracts which the Government has to award. In this letter, dated August 1, 1933, the chairman of the committee, the junior Senator from Florida [Mr. TRAMMELL], said:

I have been quite interested in analyzing the bids opened by the Navy Department on July 26, 1933, which were submitted by the shipbuilders on naval construction. I believe a thorough study of the matter should be made.

It is my information that on September 16, 1931, the Bethlehem Shipbuilding Corporation bid for one 15,000-ton destroyer \$2,728,500.

On July 26, 1933, Bethlehem Shipbuilding Corporation bid for an identical destroyer \$2,670,000, or a decrease in price of \$58,500.

On December 14, 1932, Bethlehem Shipbuilding Corporation bid for one 8-inch gun (heavy) 10,000-ton cruiser \$3,196,000.

On July 26, 1933, Bethlehem Shipbuilding Corporation bid for the same cruiser \$11,720,000, or an increase in price of \$3,524,000.

There appear to have been but 4 bidders on cruisers and 8 on destroyers. Gulf Industries, Inc., of Pensacola, Fla., appears to have submitted bids on the destroyers.

It is my information that, in addition to the facts outlined above, it was known in advance which of the four concerns bidding on the cruisers would be low on each of the several items, and it appears to have been known in advance that the position of each of the said shipbuilders would be protected by bids submitted by the remaining shipbuilders, for instance:

Bethlehem Shipbuilding Corporation, \$11,720,000.

New York Shipbuilding Co., \$12,100,000.

Newport News Shipbuilding & Dry Dock Co., \$13,800,000.

United Dry Docks, Inc., \$14,800,000.



The bid of the New York Shipbuilding Corporation on the two light cruisers was protected by the other three bidders, as follows:

New York Shipbuilding, \$11,657,000.

Bethlehem Shipbuilding Corporation, \$12,780,000.

Newport News Shipbuilding & Dry Dock Co., \$13,900,000.

United Dry Docks, Inc., no bid.

I am unable to justify in my own mind the increase in cruiser cost as indicated by the 1932 and 1933 bids, particularly when those bids are compared with the destroyer bids of 1931 and 1933. I am convinced that the cruiser bids should be rejected.

Your attention is invited to the fact that Gulf Industries, Inc., of Pensacola, Fla., in its letter to the Secretary of the Navy, dated July 29, 1933, stated that it is prepared to submit bids on the cruisers which will save the Government millions of dollars. And this is so whether the bidding is reopened by private negotiations or by a call for new bids.

I bespeak your careful and thoughtful consideration of this request that the cruiser bids be rejected.

Mr. President, I congratulate the junior Senator from Florida upon having presented the situation as concisely as he did. It only emphasizes the point I am trying to make, namely, that we go on with these insane construction programs primarily for the purpose of giving some graft and giving some easy profits to the munition makers who get their heads together when a contract is involved and trade themselves into huge profits on each and every hand.

It cost, so it is estimated, \$25,000 to kill each man who was killed in the World War—\$25,000 a head, if I may put it that way. If we are going to insist upon the continuation in emergency of warfare of that kind, and if we are going to persist in our expressions of economy here in Congress, let us do away with these burdensome programs, such as we have before us now, and let us go out and engage the kind of men who can be hired for \$50 a head to go out and kill. We have had many examples of that kind among our gangster and racketeering classes in the United States. Is it unreasonable, from the standpoint of economy, in the event of war to turn that kind of men loose and pay them, not \$25,000 a head, as was the cost during the World War, but \$50 or \$25 or even \$100 per head?

In support of a program such as we have on our hands now men stand and plead with the Congress to see what a terrible advantage is being taken of us by other world powers. Our Navy is nothing more than a washtub today afloat on the sea without a rudder; we have abandoned all our worth-while forces; we have not anything that resembles a navy any more. That is the conclusion one would draw from listening to such men, and yet the same speeches that men are making here in this Chamber regarding the finer advantage which Great Britain has over us or which Japan has over us, those same speeches with a change in the names of countries are being made in the deliberative legislative halls in Japan, in Great Britain, and in France, where the showing is being made that they are the ones who have not any navy, that the United States has gone ahead and taken such tremendous advantage of them that they have to have another naval-construction authorization to keep pace with the United States.

Cornelius Vanderbilt, Jr., did a very interesting bit of reporting over in Europe recently. He told of being in Berlin and sitting on the window sill in his hotel room listening to Hitler out in the great open space below him, and listening on the radio to the militaristic leaders of other countries on that Sabbath day which now it is found Europe turns over to a discussion of matters of this kind. Let me quote briefly from Mr. Vanderbilt. He is quoting what he heard from the German speaker that day:

Fear not, comrades. \* \* \* We have our army of tried and true men, the finest body of soldiers in the world. We do not want war, but if the hour of battle strikes, Germany will be ready.

Then his ear caught the message on the radio coming from over the French line:

We are not afraid, citizens. Not only are we strong because of our righteousness but likewise because of our glorious army. France is not looking for trouble, but should trouble be forced on France she will be able to defend herself and punish the villains.

Then he turned and listened again to the voice just outside his window:

German mothers must be urged to bear more and better children so that this nation may regain its place in the sun and defeat its enemies.

Then back to the radio:

French mothers might well be proud of their sons. If necessary, they will again defend their country and the whole of humanity in the same self-sacrificing manner as in 1914-18.

So we have that sort of conflict with us always. We ought to be taking an advanced enlightened position which dictates, after all is said and done, that we ought to start reducing these terrible burdens. We ought to be setting the example for others to follow. But instead of doing that we advance programs like this naval construction program or this bill for the relief of munitions makers that we have on our hands and upon which we are about to vote today. Let us admit the terrible burden which these munitions programs are entailing. Let us admit them. Let us admit that we cannot afford to compete longer in that sort of a program—a program engineered 100 percent by the munitions makers—and, admitting that, cease this insane program which we find ourselves in, year after year, of seeing which country can do the best job of bullying another country through making preparations for more war.

If we were to take a position of that sort; if we were to lay aside the pending bill and say that we are not going to act upon it until we can have the results of a thorough, sweeping investigation into the means, into the practices resorted to by the munitions makers, a marvelous service would be performed for mankind. Nothing would give greater cheer to a burdened people throughout the world. Nothing would do more to restore order, to restore the faith of the peoples of the world. If, however, we insist upon going forward and continuing programs such as this, we shall be inviting just as surely as we stand here today, by reason of our course of preparation, not peace but more and more and more war—a war so terrible next time that all who must participate in it will have just cause for turning to their lawmakers and to their rulers and saying, "Shame upon you for bringing such a disaster as this upon the world."

#### EXHIBIT A

##### ARMS AND THE MEN

(A primer on Europe's armament makers; their mines, their smelters, their banks, their holding companies, their ability to supply everything you need for a war from cannons to the casus belli; their axioms, which are (a) prolong war, (b) disturb peace.)

According to the best accountancy figures, it cost about \$25,000 to kill a soldier during the World War. There is one class of big business men in Europe that never rose up to denounce the extravagance of its governments in this regard—to point out that when death is left uphammered as an enterprise for the individual initiative of gangsters the cost of a single killing seldom exceeds \$100. The reason for the silence of these big business men is quite simple: The killing is their business; armaments are their stock in trade; governments are their customers; the ultimate consumers of their products are, historically, almost as often their compatriots as their enemies. That does not matter. The important point is that every time a burst shell fragment finds its way into the brain, the heart, or the intestines of a man in the front line, a great part of the \$25,000, much of it profit, finds its way into the pocket of the armament maker.

The problem of European armaments is complex: If we are to get anywhere with it we must first park our emotions outside. Pacifists and militarists alike have indulged in a good deal of loose talk on the subject. Most pacifists are not sufficiently informed; their arguments and accusations frequently boil down to nothing more substantial than Sir Arthur Eddington's definition of the Quantum theory, that is, "Something unknown is doing we don't know what." Most militarists are insincere.

Furthermore, American business at its biggest and most secretive is today an open book compared with any European big business. Therefore what Fortune does not know about this subject would fill many a volume. But what Fortune does know is worth knowing; it is set down herein, not as argument or invective but as elementary data. Some time, not too far distant, Fortune hopes to inaugurate a greater campaign on this subject; let this article, then, be considered as no more than an opening gun.

Anyone who talks about European armaments and their makers must inevitably oversimplify. But to oversimplify is not to overgeneralize—and we should start by ridding ourselves of one generality that will give us trouble as long as it stays in our heads.

There is nothing that could, in any strict accuracy, be called an "armament ring" in Europe today. There is no perfectly homologous group of single-purposed individuals that sits down



before a polished table in a soundproof room and plots new holocausts in Europe. Search through the armament makers as you will, you will find neither a Machiavelli nor a Dr. Fu Manchu. But that's all you won't find.

For without a shadow of a doubt there is at the moment in Europe a huge and subversive force that lies behind the arming and counterarming of nations: there are mines, smelters, armament works, holding companies, and banks, entangled in an international embrace, yet working inevitably for the destruction of such little internationalism as the world has achieved so far. The control of these myriad companies vests, finally, in not more than a handful of men whose power, in some ways, reaches above the power of the State itself. Thus, French interests not only sold arms to Hungary in flat violation of the Treaty of Trianon, but when Hungary defaulted on the bill the armorers got the French Government to lend Hungary the money to pay the French armorers. Thus, too, the great Czechoslovakian armament company, controlled by Frenchmen, promoted the rise of Hitler in Germany and contributed millions of marks to Hitler's campaign. These same Frenchmen own newspapers that did more than any others to enrage France against Hitler. It is time we had a dramatic personæ of arms, and the men.

#### KRUPP

Best known armament name in all the world is perhaps the name of Krupp. The Krupp who, despite early discouragements at the hands of his own government, built up the gigantic works at Essen and made his name a synonym for cannon was Alfred—a strange figure who wore wooden sabots when he visited his factory, opened the windows of his house only once a month, had a bathtub in his parlor, assembled his intimates in his home every few weeks to be weighed, for no discoverable reason, on scales of his own devising, and carried a steel walking stick. Alfred Krupp began as a humble petitioner of governments, coming hat in hand to ministers, kings, and emperors of assorted nationalities to beg orders for his guns. By the time of his death he was an intimate of Wilhelm I, the 1870 conqueror of France. He was also an officer of the French Legion of Honor (one of Napoleon III's earlier generousities) and a Knight of the Russian Order of Peter the Great. Under his son, Friedrich Alfred Krupp, the house rose to higher and higher glories. Yet Friedrich Alfred failed in one important respect: he left no male heir to carry on. It took Kaiser Wilhelm II to solve this difficulty. When big buxom Bertha, Friedrich Alfred's daughter, came of marriageable age Wilhelm II betrothed her to the protégé of his own selection and training, Gustav von Bohnen und Halbach—and it was the groom, not his bride, whose name was changed by the betrothal. He became then Krupp von Bohnen und Halbach. Under this new head of the house, who took command in 1909, Krupp went further still, supplied 52 countries with arms before the war, and stood all but single-handed against the world during it.

What of Krupp now? In theory, Krupp smelts only peaceful ore, and forges its steels only into such benign shapes as locomotives, rails, bridge girders, and others purely industrial. Actually, Krupp is rearming Germany—the discoverable portion of whose annual armament bill is now about \$80,000,000. Germany, forbidden by the Treaty of Versailles to import armaments, receives generous supplies from Sweden (where Krupp controls the armament firm of Bofors) and Holland; forbidden to export armaments, she ships to South America, the Far East, or to any European nation that will violate its own treaty by ordering from her. Yet for all the might of the Krupp works we must look elsewhere today to find the real heart of the armament business.

#### BETHLEHEM STEEL ET AL.

To the United States, perhaps? After all, we have our Du Ponts, who at least own the State of Delaware. We have an Army and Navy whose officers, according to the statement of a former Cabinet officer, are far and away more active than the officers of any other armed forces in the world against any sort of international understanding. We have an armament bill of over \$200,000,000 a year. (When we say armaments we mean here, and hereafter, only the actual implements and materials of war—cannon, guns, ammunition, tanks, military aircraft, and naval vessels.) We once had our big bass drum, Mr. William B. Shearer, whose boast was that he wrecked the Naval Conference at Geneva in 1927. We have our Midvale Co. (controlled by the Baldwin Locomotive Works) which prospered mightily during the war and has continued the manufacture of guns and gun forgings, armor plate, and projectiles; our Colt's Patent Firearms Manufacturing Co., which supplies machine guns as well as squirrel rifles, which declared an extra dividend in 1933; our Remington Arms Co. (controlled by Du Pont) whose output of firearms and ammunition together is one third of United States production. And we have our Bethlehem Steel Co.

Bethlehem's Mr. Charles M. Schwab dismayed the cadets of West Point in 1927 by saying: "Today the Bethlehem Steel Co. has definitely abandoned any thought of ever again engaging in the manufacture of ordnance except in times of great national emergency." Such times are apparently with us now—have, in fact, been continually with us since Mr. Schwab unloosed this shaft of oratory. In the official listing of Bethlehem's products (you need only turn to Standard Statistics or Bethlehem's own most recent annual report) you will find armor plate, projectiles, gun and shell forgings, battleships, battle cruisers, scout cruisers, destroyers, submarines, and airplane carriers all listed as products of Bethlehem's plants. The site at Bethlehem where cannon and armor plate are made is separate from the rest of the plant. No outsiders are allowed, and it may be that Mr. Schwab has never

been able to evade the vigilance of his watchmen. But if he could once get inside he would see a triumph of inventiveness—for Bethlehem not only makes armor-piercing projectiles, but nonpierceable armor plate—which must sometimes cause slight confusion on the proving ground when anyone attempts to demonstrate the virtues of both at the same time.

Our own country is not, then, quite so virginally innocent in this business as we might like to suppose. But despite the size of our armament bill and our armament and munitions exports to South and Central America and the Far East, we are essentially small fry in this game.

#### ENGLAND'S VICKERS-ARMSTRONGS

Much larger fry is England, where the firm of Vickers-Armstrongs is the brightest star in the armament firmament. The annual bills of Vickers-Armstrongs to nations for armaments purchased quite possibly amount to \$100,000,000. For England's powerful position as one of the greatest exporters of the materials of war in the world, the bulk of the credit goes to Vickers-Armstrongs. It makes other things than armaments, true enough; such unwarlike products as sewing machines and golf clubs come from some of its factories. But its chairman, General the Honorable Sir Herbert Lawrence, G.C.B., one-time Chief of Staff of the B.E.F., has put himself on record as saying, "Vickers-Armstrongs, Ltd., relies very largely on armament orders for its existence." The Vickers research staffs work constantly to bring into mass production such bolsters to international comfort as the Vickers-Carden-Lloyd light amphibious tank, or the Vickers Vildebeest bombing machine.

The sun never sets upon Vickers. It has its factories in Rumania where, for greater convenience, Sir Herbert Lawrence is a director of the Bank of Rumania (and Vickers to some degree allies itself with the Czechoslovakian armament firm of Skoda). In Italy it latinizes its name to Società Vickers-Terni; in Japan it has as a subsidiary the Japan Steel Works, and thus allies itself with the Japanese armament and industrial firm of Mitsui. There are Vickers factories or subsidiary companies in Spain, Canada, Ireland, Holland (The Hague affords an appropriate site for some of the Vickers operations), and New Zealand.

Vickers directors are men of wide affairs. Sir Herbert Lawrence, besides being a director of the Bank of Rumania, is also a director of the Sun Insurance Office, Ltd., with which Vickers-Armstrongs had a curious agreement that "if the profits [of Vickers] in any year during the 5 years ending December 31, 1932, do not amount to £900,000, then a contribution not exceeding £200,000 will be made in each year." Sir Otto Niemeyer, the infant phenomenon of British finance, who first entered His Majesty's Treasury at the age of 23, is another Vickers director; he is, in addition, an officer of the Bank of England, a director of the Anglo-International Bank and the Bank of International Settlements.

Through these industrial and financial interlockings Vickers-Armstrongs conducts its affairs. They are profitable affairs—for, as the agreement with Sun Insurance indicates, a profit of some \$4,500,000 a year is considered so unsatisfactory that insurance must be carried against it. And England's aristocracy takes pleasure in clipping its coupons. Among the more prominent shareholders of Vickers or allied concerns in 1932 were: Rt. Hon. Neville Chamberlain, chancellor of the exchequer; Sir Austen Chamberlain, M.P., winner of the Nobel peace prize in 1925; and Sir John Simon, secretary of state for foreign affairs (but who sold out his shares last year). In 1914 the list was even more imposing. It included that lofty philosopher, Lord Balfour; that glittering snob, Lord Curzon; and also Lord Kinnaird, president of the Y.M.C.A.; three bishops; and Dean Inge, of St. Paul's. It was in that same year that Socialist Philip Snowden spoke in Parliament: "It would be impossible to throw a stone on the benches opposite without hitting a member who is a shareholder in one or other of these firms."

You will gather that England, peace-loving England, has been quite some time at the task of building up this organization. She has. The firm began in 1829. Slowly throughout the nineteenth century the firm grew, changed its name, cast its outworn skins, grew fat, prosperous, and highly multicellular through the acquisition of this torpedo works, of that heavy ordnance factory. And then there came along Mr. Basileios Zacharias.

He is known today as Sir Basil Zaharoff. He was an intimate of Lloyd George during the war; a few relatively mild revelations of the degree to which he influenced Great Britain's armament, military, and foreign policies during and after the war were enough, in 1922, to send Lloyd George, who did more than any other man to win the war, out of office forever. This strange character, the greatest armament salesman the world has ever known, struck a major spark in the world when he collided with an American of somewhat similar interests. Zaharoff at that time was a salesman for the Nordenfeldt Guns & Ammunition Co., Ltd., of England, and had done very well in profits out of the perpetual dog fights in the Balkans and the Near East, to which he was usually purveyor, and of which he was frequently (it was an easy trick once he learned it) instigator. The American that gladdened his heart was Hiram Maxim, whose new machine gun was incomparably the best killing machine Zaharoff had ever seen. Zaharoff took Maxim to his bosom, with reservations. First he used his wily, polyglot salesmanship to block the gun's sale in Austria as an impractical toy; then, when he had offered Maxim a partnership and got the sale of the gun firmly in his own hands, he swept over Europe and Asia selling such quantities that soon the new firm of the Maxim-Nordenfeldt Guns & Ammunition Co. was purchased for some \$6,000,000 (the year was 1897) by Vickers interests and became Vickers Sons & Maxim. Sir Basil was established now as a power



in armament affairs, hence in Great Britain's affairs, hence in world affairs. He already enjoyed the distinction of having sold the first practical submarine ever used in naval operations to his native Greece, and the further distinction of having used this sale to frighten Turkey into buying two submarines. The Boer War added to his laurels; Boers shot Englishmen with Vickers guns and ammunition. The Russo-Japanese War provided him with an even wider field for his gifts; Vickers sold as much war material (and possibly more) to Russia as it did to Japan, England's supposed ally.

But naturally it was the World War that gratified Sir Basil most. The profits of war-time armament manufacture were practically incalculable; by the end of the war Sir Basil had a personal fortune that was estimated as low as \$100,000,000 or \$200,000,000 and as high as a billion; and in 1917, when there seemed a possibility of peace through the intervention of the United States, Lord Bertie, British Ambassador to France, naively recorded in his diary: "Zaharoff is all for continuing the war jusqu'au bout."

So much for Germany and her Krupp, the United States and Bethlehem Steel, England and Vickers-Armstrongs, and the now withered and senile Sir Basil. Do these armament businesses seem big business? Then you must alter your sense of proportion before you go further. All the foregoing is a mere curtain raiser to the big show. The big show is France.

#### SCHNEIDER-CREUSOT

France stands at the very top. She stands at the top in the amount her government spends on armaments; at the top in the amount of arms she exports to other nations; at the top also by virtue of the billion francs she has spent to build a military Chinese wall of forts, many of them underground, along her eastern boundaries. But these mere quantitative details do not reveal the true significance of her position.

She stands today as a queer paradox: France, the democracy, a quiet pasture land for the world's most famous peasantry, coexisting with France, the greatest military power of modern times, with an army which all but equals in number and far surpasses in equipment Germany's vast militaristic machine of 1914.

At the head of this latter France stands the figure of Gen. Maxime Weygand (vice president of the higher war council, inspector general of the army, possessor of the grand cross of the legion of honor, member of the French Academy), ruling an army (including colonials) of 650,000 men. But, despite his decorations, his medals, his orders, and the power he has, once a new war begins, to order several million men to death, General Weygand, a devout Catholic, represents not the urge for war but, on the contrary, France's desire for peace—by means of security. The French threat to the peace of the world lies elsewhere—in France. For in France, and only in France, a new situation exists: The armament makers are no longer, like Alfred Krupp or Sir Basil Zaharoff, in his younger days, humble petitioners of government, hat-in-hand solicitors of orders—their influence is so infiltrated into the industrial, social, and political affairs of the nation that they have power in some ways beyond the state; a power so mighty that they are all but able, for their own individualistic reasons, to sweep the state along in a course of action against its own will. They are all but anonymous, these men. They are displeased by publicity and are well able to enforce their displeasure. But we must now displease one of them and present the figure of M. Charles Prosper Eugène Schneider.

Charles Prosper Eugène Schneider is a man of many offices—the executive head of hundreds of armament firms throughout Europe.<sup>1</sup> He is the president of the Schneider-Creusot Co., armament manufacturers, with mines, smelters, and foundries scattered throughout France. He is director of the Banque de l'Union Parisienne, one of whose most profitable sources of business is the financing of loans for armaments. In 1920 he founded and became the president of the Union Européenne Industrielle et Financière, a holding company capitalized at 140,000,000 francs. Through it Schneider-Creusot controls 182 French companies that manufacture heavy ordnance, machine guns, tanks, shells, ammunition, and warfare chemicals. Out of the \$300,000,000, which at the most conservative guess represents the annual billing of France's armament concerns, Schneider-Creusot or subsidiaries takes the lion's share.

#### CZECH'S SKODA

But the Union Européenne has an even more important function. Through it Schneider-Creusot reaches out to control 230 armament and allied enterprises outside France. The greatest of these concerns is that glittering jewel in the crown of the principal ideal state that came into being in 1919 as the result of the self-determination of oppressed peoples. The State is Czechoslovakia and its jewel is Skoda.

Skoda, although its main works are in Brno (which was once on Austrian territory), has factories scattered not only over Czechoslovakia but over Poland and Rumania as well. Upon the board

<sup>1</sup> One independent armament firm is the Anciens Etablissements Hotchkiss & Cie, founded by Benjamin Berkeley Hotchkiss, American engineer, and inventor of the Hotchkiss machine gun, born in Watertown, Conn., in 1826. British, French, and American capital are intermingled in the company now, but the managing director is a self-expatriated ex-ensign of the United States Navy, Laurence Vincent Benét, uncle of Stephen Vincent Benét, the poet. His American citizenship did not stop him from selling tons of guns and other war materials to Japan at the same time that Secretary of State Stimson was vainly trying to keep the Japanese out of Manchuria.

of Skoda, which the Union Européenne controls through 56 percent of its stock, M. Schneider sits with his friend André Vicaire, director general of Schneider-Creusot; his brother-in-law, Arnaud de Saint-Sauveur; Eduard Benes, who, as Czechoslovakia's foreign minister, takes second place to no one in the vocal support he lends to the League of Nations; and two Czech-Germans, Von Dutschnitz and Von Arthaber, who were, it is interesting to note in view of later facts, very heavy financial contributors to Hitler's political success. Political France and political Germany may be at constant swords' points, the Polish Corridor may inflame the Nazis, France may quiver at her lack of security from another northern invasion, but the lion and the lamb never lie down together with more good fellowship than these French, German, Czech, and Polish gentlemen when they come together to discuss, as fellow directors, the problems of increasing Europe's consumption of armaments. Thanks to the activities of Skoda and its allies, arms form a full 10 percent of all Czech exports—and 40 percent of all Skoda's products are exported—to the extent of \$30,000,000 worth a year.

#### BACK TO SCHNEIDER

M. Schneider's nationality is capable of any supple manipulation that a political emergency may call for. The founder of his dynasty was his grandfather, also named Eugène, who, with a brother Adolph, left Biedestoff in the then German territory of the Saar and came to France in 1836. More particularly brothers Eugène and Adolph came to Le Creusot (literally "The Hollow" or "The Crucible") where, to the south of the Burgundy-wine district a small foundry had been making cannon from the days of Louis XVI. With perfect impartiality it had supplied first the monarchy, then the republic, and then Napoleon's Empire with its products. With the aid of the French banking house of Seillière these German brothers bought the foundry (La Société Générale des Hauts Fourneaux) for 2,500,000 francs—and were then forced to wait for almost 20 years for their first major war. War-promotion methods in those days were not what they were to become later in the century, but that gap was neatly bridged by the demands that the new steamboats and the even newer railroads were making on the producers of iron and steel. Then, in 1854, the Crimean War broke out and Eugène (alone now, following Adolph's death) converted Le Creusot almost exclusively to the manufacture of arms. The family fortune was founded; the family tradition was established.

In the few years that followed the Crimean War, Eugène Schneider had time to look about him for parliamentary posts. First he became a member of the Chamber of Deputies; later he rose to be minister of agriculture, then of commerce. By 1865 he had become president of the Chamber of Deputies (analogous to the Speaker of the United States House of Representatives).

It was from this vantage point that he was able to watch the sweep of events that led to the Franco-Prussian War. Alfred Krupp saw it coming, too. He, like Schneider, was capable of an internationalism far above the confines of narrow patriotism and was anxious to equip Napoleon III's armies with his own cannon—a suggestion not entirely without its logic or, even, its sportsmanship, for Krupp had borrowed in Paris (from the same banking house of Seillière as had set Eugène Schneider up in business) the money with which he made the guns that later humbled France at Metz and Sedan.

But in those days Schneider was jealous of Krupp's mounting power and persuaded Napoleon III that his patronage of Le Creusot would be more enlightened. The inferiority of the French cannon in 1870 was one factor that brought about the catastrophic ruin of the Second Empire.

Nothing in the career of the Schneider dynasty is more remarkable than the fact that it was able to overcome this shocking disgrace and actually to get the job of re-equipping the new armies of the Republic. This time Eugène Schneider supplied France with cannon modeled upon the designs of the victorious Krupps. It was not until some 20 years later that he died, full of years and his own sort of wisdom, to be succeeded by his son Henri.

It was under Henri's son—the present Eugene Schneider, now 66 years old, that the Schneider-Creusot Co. began to work upon a gigantic, world-wide scale. Its real expansion began with the turn of the century. Eugene Schneider acquired iron mines in Lorraine and began a program of mill, foundry, and shipyard building at Bordeaux and Toulon. And then, opportunely, the Russo-Japanese War arrived.

Not until after the close of this war did the real genius of the living Eugene Schneider begin to manifest itself. Russia needed re-arming. The Krupps rushed in. The English firm of Vickers rushed in. Eugene Schneider rushed in. There ensued a brief jockeying for position among the three firms—and it was Schneider, perhaps, who captured the best. "Buy from us," he whispered gently into the proper ears, "and pay with French money." It was not hard to arrange. The French Ambassador to Imperial Russia was then Maurice Paléologue, who was likewise a director in the Schneider Banque de l'Union Parisienne. The Russians made a brief call on Paris and came back to St. Petersburg with money with which to pay for Schneider armaments. From that time until, in 1918, the Soviet Government of Russia expressed its official uninterest in paying the debts of the Czarist regime 16,000,000,000 gold francs drained slowly from the savings of the French people, were loaned to Russia, secured by bonds that have long since been tossed on the rubbish heap. Most of the profit in the 16,000,000,000 found its way back to Schneider-Creusot and is today in their foundries and their bank accounts.

Yet the Czar's Government was not wholly credulous. It seemed to have some qualms that so much Russian armament



should be manufactured on foreign soil. This offered no problem to the armament makers. Schneider installed engineers and managers at the Putilov works in St. Petersburg. The Krupps did likewise. French newspapers screamed that the Krupps were spying. German newspapers screamed that the French were spying. But 1914 found Schneider and Krupp engineers side by side on terms of cordial friendship, overseeing ordnance manufacture on behalf of Nicholas II, Czar of all the Russias.

#### EYE OPENER—BRIEY

If you have a naïveté about the war, shed it now; the war in no way interrupted the cordiality of the armament makers. Throughout the years from 1914 to 1918 they stayed on jolly terms, they even emerged from the war better friends than they were when they went into it. One major war-time episode in particular revealed their unshakable solidarity.

Before 1914 the great iron mines and smelters in the Briey Basin provided 70 percent of the ore used by France. The German advance wrested them from the political control of France—and quite naturally the German artillery chiefs saw to it that the mines were so protected from shellfire that they could be taken over intact. Thenceforth the mines of the Briey Basin were operated for the benefit of Germany—in association with other mines in Lorraine which had been in German hands since 1871 they supplied Germany with some three quarters of the ore she consumed during the war.

In 1916, some 2 years later, the Briey Basin came once again within the potential grasp of the French. Throughout the second battle of Verdun, Briey was within range of the operations of the French Second Army. The Briey mines and smelters were turning out tons of raw materials per day which were being continuously turned into weapons of death against French troops, and the naïve civilian would therefore suppose that the French Second Army would now turn loose its bombing planes and blast out of existence a principal source of enemy supply.

The naïve civilian would be quite wrong. Bombs did not burst at Briey; nowhere near Briey did more than a few shells from either side fall during the entire course of the war. There were even line officers who shared civilian naïveté enough to question French general headquarters on the immunity of Briey. A reasonable explanation could have been that the French were withholding fire from Briey because they, in turn, hoped to recapture the basin and turn its products back to France. But this was not the explanation that emerged from headquarters; instead it was stated that if Briey were bombarded, the Germans, in reprisal, would turn their guns on Dombasle in Meurthe-et-Moselle, between the Argonne and Verdun, where equally large-scale mining operations were supplying the French with much of their own raw material for ordnance and ammunition. So long as the French left Briey alone the Germans would let Dombasle alone; what hothead was there who would want to upset the apple cart under these circumstances? Of course, if the French and Germans had each leveled the other's smelters the war would have ended sooner. And so would war-time profits. That was that. Briey and Dombasle came unscathed through the war.

Here the proof of the international operations of the armament makers is open to no question at all. In corroboration there is spread upon the records the testimony of Deputy Pierre Étienne Flandin (scarcely a flaming Bolshevik, for he was later finance minister under Tardieu) to the effect that he, an artillery officer during the war, knew of his own knowledge that the artillery of the French Second Army had been expressly forbidden to bombard Briey when the chance existed and when a 10-mile penetration of the sector would have come close to spelling German ruin. And the statement of his colleague, Deputy Barthe, in the chamber on January 24, 1919, lost little of its significance in the long, loud, vicious debates and investigations which followed it: "I affirm that either by the fact of the international solidarity of the great metallurgy companies, or in order to safeguard private business interests, our military chiefs were ordered not to bombard the establishments of the Briey Basin, which were being exploited by the enemy during the war. I affirm that our aviation service received instructions to respect the blast furnaces in which the enemy steel was being made, and that a general who wished to bombard them was reprimanded."

There is a quality of delirium about facts like these. Anyone who comes upon them for the first time is likely to feel a sense of incredulity that these can be facts at all; to feel that they must be, instead, some insane fiction of a super-Voltaire.

The sense of incredulity is quite excusable. Yet the facts are facts—and into the bargain they are quite easily explicable. In this present imperfect world nations have yet found no agreement upon practical methods of disarming. So long as they refuse to, the easiest way for them to stay armed is to permit a full exploitation of the private profit system in the manufacture of armaments. By this device nations avoid the expense and annoyance of maintaining plants and inventories of armaments throughout a period of 20 years, when perhaps they may never be needed at all; the private armorer meanwhile is able to keep his plants oiled and humming by sales not only to his own government but to foreign markets in which he is able to foment enough suspicion to sell large bills of goods. Here is the rock upon which every private conference that precedes official disarmament conferences has split. Here the circle closes. So long as we must have armaments we must lend rein and scope to the business methods of the armorers. What happened at

Briey, considered in this light, was very simple: the mere working out of the profit system in armaments to its perfect, logical, and ultimate conclusion.

#### CLIMAX—THE DE WENDELS

The episode of Briey brings us now to the pinnacle of the armament structure. Who held the impulsive line officers in check? Through whose influence was the general reprimanded?

We must look higher than to Schneider-Creusot for the final answer. For far overtopping Schneider-Creusot and its subsidiaries stands that great organization of iron and steel manufacturers, the Comité des Forges de France.

The Comité des Forges is not, as it has frequently been called, the "French Steel Trust." It is not a cartel. Individual French iron and steel companies are bound together by rigid agreements covering quotas and prices into great groups like the Comptoir Siderurgique de France or into lesser ones like the Comptoir des Rails or the Comptoir des Demi-Produits. The Comité cannot be said to combine these organizations; in actuality, however, it remains the most powerful iron and steel organization in France. It does not sell; it does not produce. Its activities are more subtle, more delicate than that. Essentially, its field is in the strategy and tactics of the iron and steel industries; accordingly, politics and propaganda are its principal concerns. It does not have subsidiaries; it has members that pay dues into its central treasury either upon a basis of their tonnage production or the number of their employees. Two hundred and fifty companies—mines, smelters, metallurgical establishments, foundries—make up its membership, and of these 250 companies, over 150 are armament concerns. The nominal capital stock of the member companies of the Comité totals some 7,500,000,000 francs, yet some accountants have placed the figure for a true valuation as high as 40,000,000,000 francs. The chief officer of the Comité, the president, is a man of whom we are to hear much more in just a moment. He derives his power not only from being president of the Comité but as one of the principal owners of his own iron and steel concerns. Beneath him and his administrative board on the Comité there spread out six regional committees: The Loire, Nord, l'Est, Minière d'Alsace-Lorraine, Forges de Lorraine, and Champagne. The total tonnage that the members of the Comité produce in France in a typical year are, for pig iron, some 10,000,000 tons, and for steel some 9,500,000 tons.

Membership begins with firms that may actually be as small and unimpressive as the capitalization would make them seem; it ends in the grand climax of member no. 1, Schneider-Creusot—whose capitalization of 100,000,000 francs reflects only a fraction of its true importance. The great and the little, thus bound together, make up the power and the glory of the Comité. It controls the press; it has the ear of the foreign office. Former President Millerand has been its legal defender; former President Doumer was a director of one subsidiary; present President Albert Lebrun is a former director of another. So—most significantly of all—is former Premier André Tardieu, great leader of the Right. There was no stronger influence upon former Premier Poincaré in his occupation of the Ruhr than the Comité; the present agitation over the Saar Basin springs from its headquarters. It is governed by a commission of directors, and upon this commission as president (we must now displease another lover of anonymity) there sits the misty and cloud-wreathed figure of François de Wendel.

François de Wendel comes legitimately by his present power and position; his family have been Europe's armorers since before the French Revolution—although the De Wendels have not always been French, nor, even, always the De Wendels. There was once a Johann Georg von Wendel, who in the seventeenth century was a colonel in the armies of Ferdinand III of Germany. Since his time, however, the family generally has preferred to remain out of uniform, on the theory that in uniform there is no higher title or power than that of general, whereas by the process of foregoing the title the power may be vastly increased. The members of this family have always been uniquely international. When their vast Lorraine estates lay upon soil politically German they attached to their name the prefix "von" and turned their eyes toward Berlin; when the political frontier shifted under their rich deposits of coal and iron they altered the prefix to "de" and looked to Paris.

Either capital was glad to claim them; the family was equally happy to serve either, or better, both. Today, for example, when political boundary lines throw most of their estates into France, but leave a few in Germany, the family consists preponderantly of De Wendels, but with a sufficient number of Von Wendels in reserve to manage its German affairs. (Being a De Wendel, however, is no necessary barrier to the perquisites and profits still obtainable from the German armament business, as will later appear.) In 1914 the ranking member of the family was Humbert von Wendel, a member of the German Reichstag, living at Hayange in Moselle, near the Saar Basin. After the Treaty of Versailles he became Humbert de Wendel. He still lives at Hayange, but he is no longer a member of the Reichstag. A younger brother, Guy, is a French Senator, however, and of his other brother, the François of the comité, more later.

This international hermaphroditism is not a new family trait. The son of Johann Georg von Wendel, who fought for the German Ferdinand III, blossomed into Christian de Wendel, who was a follower of Charles IV of Lorraine. For a good period of years the family retained the prefix "de"; Christian's grandson, Ignace, was the true founder of the family's fortune—and this, curiously enough, began when he established at Creusot the works that the



Schneiders were later to buy. When the Bastille fell Ignace's close relations with the monarchy drove him from the country. His properties were sequestered, but they were managed by his mother and were bought back through dummies for the account of his two sons. During this turbulent period the sequestered properties were arming the revolutionists, to the De Wendel profit, while the properties beyond the wabbling frontiers of the Republic were arming the monarchists, trying to regain power, and their allies—also to the De Wendel profit.

Then, with the Napoleonic Empire rearing its magnificence upon the ruins of the monarchy, an earlier François de Wendel (Ignace's son) returned to Paris to provide the armaments of the grande armée. The tragedy of Waterloo was no tragedy to the De Wendels; a cartoon of them going home after the battle to count their profit from it would not have been far-fetched.

Today's members of the family were, therefore, well equipped by wealth and heredity for the task of riding the political horses of France and Germany in the later years when Lorraine was to become one of the major circus rings for their virtuosity. Their long experience made Briey almost a minor episode to them. When a military advance turned a French possession into a German one, the De Wendels need have felt no great concern. Regardless of the national tag attached to these mines and smelters, they remained in the placid control of one or the other branches of the family.

The François de Wendel of the present day is a pooh-bah; his connections and directorships would fill this page. He is among other things a director not only of the French but of the German De Wendel companies. But that coincidence does not set forth his true qualities of being a pooh-bah. Is François de Wendel, president of the Comité des Forges, faced with a financial problem? Then let him consult François de Wendel, regent of the Banque de France. Is he in need of political support? François de Wendel, Member of the Chamber of Deputies for Meurthe-et-Moselle, intimate and supporter of André Tardieu, one time controller of some 60 deputies, is the man for him to see. Does this or the other piece of news need to be interpreted? He cannot do better than to consult that powerful journalist, François de Wendel, who owns a majority interest in *Le Journal des Débats*, is the head of the group that in October 1931 (jointly with the Comité des Houillères, the coal cartel) purchased the semi-official newspaper of the French Government, *Le Temps*, controls the *Journée Industrielle*, and is a power in the management of *Le Matin*, *L'Echo de Paris*, and the *Agence Havas*, the newsgathering organization upon which the provincial press of France very largely depends. Yet for all the illustriousness of this multitudes man the newspapers of France almost never mention his name. He does not like publicity.

#### DOUBLE-EDGED SWORD

Conspirators is not an unfair word to apply to the armament makers of France—yet it must not be used with any melodramatic connotations. Probably the conspirators are not bad men at all in their personal lives and their individual contacts with society. Sir Basil Zaharoff, the passion of whose declining years is orchid culture, would probably not be aghast at the suggestion that he was the greatest murderer the world has ever known. He has heard it too often. And he may even enjoy the irony of his gifts (they took a few millions out of the hundreds of millions he made from the World War) for hospitalization of the war wounded. But probably Eugène Schneider and François de Wendel are lovable old gentlemen who weep at a Chopin ballade. If an advance angel of judgment should undertake today to quiz the de Wendels or Eugène Schneider on the ethics of their business, they would unquestionably answer: (a) They didn't invent the passions and cupidities that lead to war; (b) If they didn't supply the demand for armaments someone else would; and (c) They inherited the business, anyway.

All of which is perfectly true. Then why are these men conspirators? They are conspirators because they have no loyalties; because theirs is the sword that knows no brother. The rise of Hitler to power in Nazi Germany provides a neat example of this—and into the bargain shows what a double-edged sword it is that the armament makers wield.

In Germany the greatest steel company is the Vereinigte Stahlwerke A. G. and for its head it has Fritz Thyssen, king of the Ruhr. It was Thyssen who was Hitler's angel; who, as one move in a battle to retain control of his industrial affairs (dealt a desperate blow by Germany's banking crisis of 1931) began pouring money into the treasury of the Nazis to assure to himself the help of a friendly government. So far nothing improper; if Thyssen believed in the Nazi philosophy or the good it might do him, there was no real reason why he should not lend Hitler all the financial support he wanted to. In 1932 old Fritz Thyssen capped many previous generosityes with a single contribution of 3,000,000 marks for the German presidential campaign. But old Fritz, despite his personally violent nationalism, was not at all hostile to the de Wendel-Schneider interests in France. He favored, in fact, a working compact with them so long as he could retain unhampered control of his own properties. We see, then, the spectacle of a Nazi supporter on the one hand breathing fire against France, and on the other sitting down on terms of thorough understanding with the principal armament firm that represented the implacable political enemy of his country.

But that does not complete the picture. The Comité des Forges and Schneider-Creusot were not at all unwilling to see Hitler gain ascendancy in Germany. Here the documentary proof is lacking, but the inferential proof is close to inescapable. In

1933 Hitler sued a German journalist for having made the statement that Skoda (and, through Skoda, Schneider-Creusot) had contributed to his campaign expenses. When, however, he was challenged to make a direct denial that this was so, he stormed from the witness stand, cursed the opposing lawyer for a Jew, never specifically answered the question, and was subsequently fined 1,000 marks for contempt of court as a result. De Wendel and Schneider, according to their immemorial custom, said nothing, and nowhere has a denial of the accusation ever been made.

In other words, as the record stands, the leading munition makers not only in Germany but in France united in their support behind the one man most capable of stirring up a new outbreak of international anarchy in Europe. And by a curious coincidence (here is where the sword presents its other gleaming edge) the de Wendel-controlled newspapers in Paris immediately broke out in a fever of denunciation against the Hitler regime and called for fresh guaranties of security against the menace of rearming Germany. Awake, La Patrie!

#### ARMORERS' PHILOSOPHY

In that one example the whole philosophy of most armament makers reveals itself. Keep Europe in a constant state of nerves. Publish periodical war scares. Impress governmental officials with the vital necessity of maintaining armaments against the aggressions of neighbor states. Bribe as necessary.<sup>2</sup> In every practical way create suspicion that security is threatened. And if you do your job thoroughly enough you will be able to sink into your armchair and reecho the contented words of Eugène Schneider, announcing a dividend to his shareholders: "The defense of our country has brought us satisfactions which cannot be ignored."

For the armament industry operates with one curious advantage over any other business in the world; the greater the competition the greater the amount of business for all competitors. Perhaps it was Sir Basil Zaharoff who first discovered this economic fact when he played his one-submarine-two-submarine game with Greece and Turkey. At any rate, salesmen for the armament industry know the fact well and build on it today. If a Schneider-Creusot salesman sells 100,000 rifles to Yugoslavia he has already eased the path of the Vickers-Armstrongs salesman in selling 200,000 rifles to Italy. "Under this strange system", the French economist, Delaisi, wrote not long ago, "the war potential of a great country, or of a group of countries, is strengthened by the development of the adverse military power. The trade in arms is the only one in which an order obtained by a competitor increases that of his rivals. The great armament firms of hostile powers oppose one another like pillars supporting the same arch. And the opposition of their governments makes their common prosperity."

#### WHO HOLDS THE BAG?

A very handsome prosperity it has been; one that has endured as few others during the stormy days since 1929. As a result of the operations of these highly international concerns the world's yearly armament bill stands now in the vicinity of a billion and a half dollars. During the last few years the Far East in particular has contributed much to satisfy the MM. de Wendel and Schneider—to say nothing of Vickers-Armstrongs' Sir Herbert Lawrence. Japan has been a highly profitable customer; the firm of Mitsui, allied to both Schneider-Creusot and Vickers-Armstrongs, served its country splendidly when Manchuria was flaming brightest. It also served China excellently. In 1930 China, the world's largest importer of arms, bought almost 40 percent of its war materials from Japan. The European armament makers who were supplying this trade found the free port of Hamburg convenient: during one famous week in 1932 there cleared from Hamburg two ships loaded with dynamite, grenades, and airplane parts; another with 1,000 cases of explosives, another with 1,700 cases of ammunition, and still another, bringing up a triumphal rear, with 100,000,000 francs' worth of French machine guns.

The world traffic in arms has continued unceasingly since the war; the armament leopards have never changed their spots. Detail upon detail, incident upon incident, illustrate how well the armament makers apply the two axioms of their business: when there are wars, prolong them; when there is peace, disturb it. Let one incident suffice here.

Inevitably, after the war, Hungary caught the itch to rearm. The Treaty of Trianon, by which she made peace with the Allies and associated powers, forbade it. Schneider-Creusot, however, was above treaties. Hungary got the money with which to place a large order with Skoda, the Schneider-Creusot subsidiary in Czechoslovakia—got it through the Banque Générale de Crédit Hongrois, which in turn is financed by the Banque de L'Union

<sup>2</sup> Scarcely a year old is the arms scandal in Rumania. In March 1933 the Rumanian Government discovered that the Skoda Works had evaded taxes to the extent of 65,000,000 lei (something over \$800,000). It looked into the safe of Bruno Seletski, Skoda's agent in Rumania, and discovered that he had distributed more than 1,000,000,000 lei (close to \$10,000,000) among the "right" officials of both the Government and the army, and their wives and mistresses, and that hundreds of thousands had gone to charity and entertainment because the beneficiaries will be used by us some day.

There was an intense amount of internal and international noise over the scandal, but it subsided in the general political turnover in Rumania last fall. And everything, including the bribes, is just about where it was except General Popescu who, in a fit of conscience, shot himself fatally through the head.



Parisienne, of which Eugene Schneider is a director. Thus it was that Schneider contrived once again to circumvent his government and rearman a nation that France had spent blood and treasure in the attempt to disarm.

But the story does not end here. When the Hungarian loan fell due it seemed inevitable that Hungary would default. Thereupon it was conveniently arranged that Hungary negotiate a loan from the French Government. The plan went through like clockwork. The French Government lent the Hungarian Government just enough money to repay the Schneider firm. The money was transmitted through M. Schneider's Banque de L'Union Parisienne, instead of, as one might have expected, through the Banque de France.

One voice crying in the wilderness was the voice of the French deputy from the Creusot district, Paul Faure. Several times in 1931 and 1932 M. Faure made speeches to the chamber. He raised the question of the Hungarian loan and asked, in essence, Who holds the bag? Obviously not Skoda; it had paid a dividend of 5 percent in 1920 and a dividend of 28½ percent in 1930, with never a recession in its steady year-by-year increases. He went further; he traced from the early days of the century the curious fashion in which French governmental loans insisted on relating themselves to Schneider-Creusot orders. Throughout these years France had made loans to Mexico, Greece, Japan, Russia, Spain, Italy, Rumania, Serbia, Bulgaria, and Turkey, and every one of these countries had thereupon placed armament orders with Schneider-Creusot. The last two countries had, in fact, pushed the return compliment as far as turning French guns, so bought, upon French troops at the outbreak of the war. Almost inevitably, M. Faure pointed out, there sat on the directorate of the financing bank of the country that bought the armaments a representative of Schneider-Creusot or some other member of the comité. This precaution did not, however, prevent most of these loans from being in default. Coming to the present, said M. Faure, "we find M. Schneider arming Bulgaria, M. Schneider arming Turkey, Skoda supporting Hitler, Franco-Japanese, Franco-Argentine, and Franco-Mexican banks. This is all"—he ended with a masterpiece of moderation—"extremely suspicious." Then, having made these revelations, M. Faure shortly after found himself defeated for reelection to the chamber; he was, after all, a deputy from the Creusot district, and M. Schneider found it more convenient to bring about his defeat than to listen to more of his speeches.

#### RAY OF HOPE

Have governments ever taken any steps to confiscate the business of the armament makers? Very few. In the early days after the war Europe's governments had small heart for proceeding against their betrayers, even though the waxen seals on the Treaty of Versailles were scarcely hard before they were once again busy disturbing the peace.

And although the conviction began later to grow among Europe's more enlightened statesmen that something had to be done about the De Wendels, the Schneiders, and their breed, governments were puzzled to know what it could be. A nation that suppresses or confiscates its private armament industry is faced with these alternatives: (a) It must disarm; (b) it must become exclusively an importer of arms; (c) it must make arms manufacturing a function of the state, which means, in effect, that the state must become (or inevitably thinks it must) a vast arsenal, since, having no opportunity to keep plants large and active by supplying an export trade, it must manufacture in quantities sufficiently large so that it could step overnight from a peace-time to a war-time production schedule.

Therein lay one difficulty. But why could concerted action toward disarmament make so little progress? One important reason was first laid bare by Lord Robert Cecil. "There is a very sinister feature", he said, "to all the disarmament discussions. I refer to the tremendous power wielded against all the proposals by armament firms. . . . We must aim at getting rid of this immense instrument in the maintenance of suspicion." Yet in 1932 the Disarmament Conference was enriched by the presence of M. Charles Dumont, of Schneider-Creusot, president of the Schneider-controlled Banque Franco-Japonaise, on the French delegation. The British delegation was similarly benefited by the advice of Col. A. G. C. Dawnay, the brother of a director of Vickers-Armstrongs, and now the political supervisor of the British Broadcasting Corporation.

If the armament business were conducted by an outlawed band of international gangsters, the problem would be simple to define. The difficulty is that precisely the opposite is the case. The armament business is a part of the most essential industries of industrialized nations—steel and chemicals. But even so, the problem does not become acute until you have a nation in which the biggest part or a very, very large part of these essential industries is the manufacture of the actual munitions of war. Such is the case in France and also in Czechoslovakia and potentially in Germany.

No American would be shocked to hear that the steel business and the coal business of Pennsylvania, owners and workers together, exercised big political influence in Pennsylvania and, through Pennsylvania, upon the Nation. Now, put Detroit also in Pennsylvania. And then suppose that by far the most profitable part of the combined steel-coal-motor car industry were the manufacture of munitions. And then try to imagine a Senator from Pennsylvania convincing himself that there is no possible chance of war with Japan and that therefore both the American Navy and the American Army are much too big.

While this may make it easy to understand why Messrs. de Wendel and Schneider should be so influential in France, it brings us no nearer a solution. To deal with the general problem of disarmament in all its phases would be impossible within the limits of this article. Suffice it to say, the simplest solution is to have the State take over all the manufacturing of munitions. But to do that, the State would have to take over most of the essential industries of modern life. And for anyone but a 100-percent Socialist, that is not simple at all. Russia is today the only country in which there is no private manufacture and sale of armaments.<sup>3</sup>

Then is there no hope? Is Europe caught so tight in the steely grip of the armament makers that it can only do their bidding? Well, the grip is pretty tight, yet there is some hope. Perhaps there is a war coming but first there is a fight coming.

And in recent months that fight has loomed most noticeably in France. The Comité des Forges has decidedly not been a popular name in France these last few months. To be exact, it never was a popular name. Just as a politician in the United States was always against Wall Street during his campaign, so in France many a political victory has been won by accusing the opposition of being in the pay of the Comité des Forges. Of late, as political tension in France has grown hotter, so resentment against the de Wendels and the Schneiders has grown more bitter.

No country has more to gain from peace and the sanctity of treaties than France. So it is not surprising to find that many Frenchmen are now saying that France made a tragic mistake in supporting Japan (in a backhand manner) in the Manchurian affair. And they note, with bitterness, that it was the de Wendel press that wanted to let Japan have her imperial way.

To France's great credit it must also be said that, except in the Manchurian affair, France has been, for her own best interest, the staunchest supporter of the League. More than that, her Briand was unquestionably the greatest peace man of the post-war decade. Today, many a Frenchman is resentful of the fact that Briand's policies did not succeed in conciliating Germany, and while blaming Germany most, he wonders whether the failure was not helped along by the patriotic M. de Wendel.

By the time this is published France may have chosen her next major political direction. If Herriot should come to power again, it may well be that he will feel a mandate even more powerful than ever before to fight against the warriors of Europe—and to include among his enemies the armorers, greatest of whom are the greatest industrialists of his own land. For they are sometimes not too clever, these Schneiders and de Wendels. And they seem to miss one point: the fire trenches and shell holes that scar the countryside in war time are only the primary lesions of an international social disease. When the disease at last inevitably attacks the blood and bones of nations that have gone to war even De Wendels and Schneiders can suffer—suffer with their tottering banks, their dropical holding companies, their shocked and collapsing industrial empires.

Within their long lives, however, neither François de Wendel nor Charles Prosper Eugene Schneider has ever let drop a word to indicate that he sees any connection between his business and an eventual ruin of his capitalistic industry. Only Sir Basil Zaharoff, doddering brokenly in his wheel chair, seems to give any outward evidence of disillusionment. That may be only because he gambled \$20,000,000 of his personal fortune on the only war in which he ever took emotional sides—the Greco-Turkish War in 1921—and lost it.

Or it might be because he was always the cleverest, anyway.

#### APPENDIX: ARMS AND THE MEN

##### *Love thine enemy*

The armorers, after all, are the true internationalists. Regardless of their nationalities, they work in concert at the two axioms of their trade—prolong wars, disturb peace. Between 1914 and 1918 they practiced constantly a neat practical way of prolonging war.

It was this: If your enemy is in danger of running short of a basic raw material that he needs in the business of destroying your troops, sell him some out of your own surplus stocks.

Such interchanges went on constantly during the war—always, of course, through a neutral intermediary. (The amenities of warfare must be observed, even at some inconvenience.) Throughout the war English and French industries maintained to Germany a steady stream of glycerin (for explosives), nickel, copper, oil, and rubber. Germany even returned the compliment; she sent France iron and steel and magnetos for gasoline engines. This constant traffic went on during the war via Sweden, Norway, Denmark, Switzerland, Spain, or Holland, by the simple process of transshipment—enemy to neutral to enemy.

It is no bristling Communist who supplies corroboration, but as conservative and well-considered a gentleman as Rear Admiral Montagu William Warcop Peter Consett, who was British naval attaché in Denmark between 1912 and 1917 and in Norway and Sweden between 1912 and 1919. He stated, in so many words, that if the blockade of Germany had been really effective during 1915 and 1916 Germany would have been forced to her knees long before the collapse of Russia permitted her to prolong the struggle by throwing more troops into the trenches of the western front. And it is he who is responsible for the following statement: "In

<sup>3</sup> Parenthetically it will be recalled by those who have followed the dreary course of disarmament conferences that Russia, in the mouth of Comrade Maxim Litvinoff, has been the most consistent and the loudest advocate of disarmament.



1915 England exported twice as much nickel to Sweden as in the 2 previous years put together. Of the total imports of 504 tons, 70 were reshipped to Germany. But it can be said that the total importation served the needs of Germany, for the remaining 434 tons were used in Sweden for the manufacture of munitions."

And so it went. Germany throughout the war had urgent need of nickel, aluminum, and chemicals like glycerin for explosives. France, because the rich Briey Basin and other sources were out of her control, had to scratch hard for iron and steel. Continuously, therefore, what one nation lacked, the armament manufacturers of an enemy nation did their urgent best to provide. Month after month, during the war, German heavy industries exported an average of 150,000 tons of scrap iron, steel, or barbed wire to Switzerland, where having been smelted to a more convenient form it was then transhipped to France. France, in her turn, shipped chemicals to the Lonza Co. (a Swiss industrial concern, German controlled, but with directors who were French, Italian, and Austrian as well) from which they reached munitions works in Germany. It was all very profitable—and the splendid war went on and on.

Mr. VANDENBERG. Mr. President, in the course of the very able address of the Senator from North Dakota [Mr. Nye] reference was made to the two resolutions which have been sent to the Military Affairs Committee respecting an inquiry into the various phases of the munitions problem. The Senator from North Dakota secured permission to insert in the RECORD the full text of his resolution. I ask unanimous consent that the full text of my resolution may also be printed in the RECORD at this point.

There being no objection, the resolution (S.Con.Res. 9) was ordered to be printed in the RECORD, as follows:

Whereas the influence of the commercial motive is an inevitable factor in considerations involving the maintenance of the national defense; and

Whereas the influence of the commercial motive is one of the inevitable factors often believed to stimulate and sustain wars; and

Whereas the Seventy-first Congress, by Public Resolution No. 98, approved June 27, 1930, responding to the long-standing demands of the American war veterans, speaking through the American Legion, for legislation to "take the profit out of war", created a War Policies Commission which reported recommendations on December 7, 1931, and on March 7, 1932, to demonetize war and to equalize the burdens thereof; and

Whereas these recommendations never have been translated into the statutes: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That a new commission, to be known as the "Defense Commission", is hereby created to consist of 12 members, as follows: The Secretary of War, the Secretary of the Navy, the Attorney General, the Secretary of the Interior; four Senators to be designated by the Vice President; four Representatives to be designated by the Speaker of the House; and that this Commission is instructed to investigate and report within 12 months upon—

(a) A review of the findings of the War Policies Commission, and such specific legislation as it recommends to accomplish the purposes set forth in such findings and in the preamble to this resolution; and

(b) An inquiry into the desirability of creating a Government monopoly in respect to the manufacture of armaments and munitions.

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

#### OUTRAGEOUS GOVERNMENT FRAUDS

Mr. LONG. Mr. President, I am not going to detain the Senate more than a very few minutes.

I had expected to vote for this bill; but there has been exposed on the floor of the Senate, together with information I have received this morning, evidence showing such an orgy of corruption and rottenness surrounding this shipbuilding and these shipping contracts that I am not going to vote for anything of the kind, including this naval bill, under the circumstances that exist.

Particularly was I impressed by what the Senator from Idaho [Mr. BORAH] exposed here yesterday in connection with the munitions propaganda not only in America but in

foreign countries, through which these American financiers are exciting one nation into building armaments, selling them to that country, and then coming back and exciting America into matching those armaments, and then at the same time carrying on their propaganda to encourage their trade in the Orient to sell more armaments after that is done.

I have here, however, something which I desire to have preserved in the records of the Senate that shows the kind, the character, and the depths of the rottenness and the corruption and the thievery that this shipbuilding business has finally fallen into.

A shipping line, known as the "United States Lines", was organized by the United States Government at a cost of around \$50,000,000. The big ship of this fleet was known as the *Leviathan*. The United States operated that shipping line as its own business at a loss of around \$1,000,000 a year. Finally, it decided that it had better let these ships out to private interests; and so a sale was arranged to a concern known as the "United States Lines of Delaware" for \$16,000,000, for the institution and ships that the United States has spent \$50,000,000 to build.

The United States Lines of Delaware paid \$3,000,000 of that money in cash. They returned two ships for \$2,800,000, and made the first deferred payment, I think, of \$807,000, leaving a balance of about \$9,000,000 of the original \$16,000,000. After this concern, the United States Lines of Delaware, had operated for a while and had made one payment, they ceased to make any further payments.

This concern had also entered into a contract with the Government, through the Shipping Board, for a subsidiary concern to build two other ships at a cost of \$20,000,000, of which the Government was to put up \$15,000,000. They had been unable to put up the money for the second one of those ships—that is, their one fourth—though they had put up the money for the first ship. So there was a general break-down of the United States Lines of Delaware in its obligation to the Government. So there was sent on a kind of a cruising expedition, armed with the authority to negotiate by the Shipping Board, a gentleman by the name of T. V. O'Connor, the chairman of that Board, and Admiral H. I. Cone, retired. They went up to New York like roving ambassadors, and they had a number of conferences, and finally they went into and stayed in the hands of several gentlemen, most prominent among whom were Mr. P. A. S. Franklin, Mr. Kermit Roosevelt, and Mr. Basil Harris, connected with the International Mercantile Marine in many concerns.

They finally devised a scheme like this: The Delaware concern owed the Government \$9,000,000. The United States Lines of Delaware sold all the ships that that corporation owned and all the stock that that corporation owned in subsidiary corporations to the United States Lines of Nevada. They just took the corporation and gave the same name to another corporation to be organized under the laws of another State, but they did not transfer the capital stock nor the debts of that corporation, mind you. What they had the new corporation buy was the physical ships and the stock which the old corporation held in its subsidiary corporations. Then the Shipping Board, through Mr. Cone and Mr. O'Connor, entered into a deal with the United States Lines of Nevada, and, without their paying a single copper cent in cash—not a quarter; they have not paid a quarter to this day—the United States Shipping Board sold to the United States Lines, Inc., of Nevada, the \$9,000,000 worth of notes that it held against the ships and against the United States Lines of Delaware, for the consideration of a \$3,000,000 note payable beginning 3 years from 1931.

There was a little hearing over in the House in which they subpoenaed the memoranda of Admiral H. I. Cone, and they brought into the record evidence that Mr. Cone's memoranda were supposed to show that the consideration for giving away \$6,000,000 of the Government's obligations and, we might say, deferring \$3,000,000 more, was that it would cost a million dollars a year to operate the *Leviathan* between New York City and Southampton. Then it developed



that the United States Lines of Nevada was a concern owned by the interests connected in the International Mercantile Marine.

What is the International Mercantile Marine? True, it is confounded with certain shipping interests; but the main interest of this concern that is confounded with the International Mercantile Marine is a British interest. That concern owns a \$9,000,000 mortgage on the White Star Line.

It owns the Leyland Line, and now the same interest, the majority of whose ownership is in the shipping company which sailed under the flag of Great Britain, has come to the United States, under the theory that they are running an American mercantile marine, and has canceled \$6,000,000 of its debt to our Government, has gotten \$3,000,000 of notes extended, and has in the meantime gotten a mail-subsidy contract in the amount of \$4,000,000 per annum while paying nothing whatever on either the principal or interest.

Mr. President, that is just starting the story. It has not even started yet. What else have they done? These other British concerns, which were connected with this International Mercantile Marine crowd, which is supposed to be taking our ships and our \$6,000,000 for the love and affection of establishing and of maintaining an American marine, were running a foreign competing line. The *Leviathan* was the biggest ship in the world, with which their British concern ships were competing between New York City and the United Kingdom and Great Britain. They have the *Majestic*, which is being run by the White Star Line between New York City and the United Kingdom, and other ships, and what have they done to the *Leviathan*, the operation of which was supposed to be the consideration for this gift? They have laid up the *Leviathan*. They have let it rust, they have let it go to waste. It has now become practically unseaworthy so far as sailing between the United States and any country on the other side of the Atlantic is concerned. Now the *Leviathan* is no longer being maintained, but they are operating the *Majestic*, a steamship owned by the White Star Line, over which concern the International Mercantile Marine holds a mortgage of \$9,000,000, in close affiliation with the Leyland Line, also a British interest, which is today in complete control of the route over which an American line was supposed to be maintained in return for all the American millions given to this interest.

Mr. President, they have actually been given the money of the United States, and have used it as a means of driving out the American Line altogether, and they have been given \$4,000,000 of American mail subsidy money for the purpose of putting out of business the American Mercantile Marine, and the United States Government is standing for that today.

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

Mr. LONG. I yield.

Mr. LEWIS. I merely ask the Senator from Louisiana whether he will not please inform his hearers under what administration and at what time the particular things to which he has alluded were done.

Mr. LONG. Both this administration and the last one. It is being done under this one, and was being done under the last one. There is no difference between them, not a bit on God's living earth. It is just the same thing.

Mr. LEWIS. Mr. President, if the Senator knows, will he be good enough to inform us under what administration and at what time these particular contracts, subsidies, and other arrangements, which he says merged the American marine out of existence, were conducted, and under what administration they were transacted?

Mr. LONG. They were originally made under the Hoover administration, but the late developments have taken place under the present administration, and the chief negotiator is Mr. Kermit Roosevelt. I am going to disclose further facts, and bring the recital up to date. This was part of the old Hoover contracts of 1929, and I want to say this, that before they made the contract to which I am referring, in the year 1923 or 1924, the United States Government spent \$9,000,000 to put the *Leviathan* in absolutely tip-top condi-

tion, or three times the amount they sold the whole fleet of ships for.

Mr. LEWIS. The Senator says some other transactions transpired under the present administration. Will he not tell us what officers of the present administration participated, and what thing was particularly done by this administration which, he says, leaves no difference between this administration and the other?

Mr. LONG. I mean to say to the Senator that the *Leviathan* is laid up. I mean, further, that they took off two ships which they turned back, and they are not being operated. One was the *George Washington*, and the other was the *America*. One of them carried President Wilson to Europe when he went there.

I mean this, that this subsidy is today going to this concern. They are paying out \$4,000,000 of our money now, and while the contract was originally made under the Hoover regime, I am calling it to the attention of the Senate so that this administration will take knowledge of what is being done now, because they are actually paying the money out to this crowd, which has used the purchase not only for taking the American money but in order to drive off the very American mercantile marine which they were supposed to maintain in return for these subsidies, and this \$6,000,000 sliced off the purchase price.

Mr. LEWIS. Then the Senator did not mean to state that the present administration had participated in making the arrangement and carrying on the contract to which he has alluded, indicating such conduct as he has said was transpiring.

Mr. LONG. I mean it is going on right now, and I say it is as fraudulent and rotten a thing as was ever done. It is going on now and has been going on. I do not want to make this a partisan matter. I do not want to charge the responsibility either to the Republican Party or to the Democratic Party. It is going on today, under the old set-up, we are continuing it, and it is just as fraudulent for us to continue it as it was for them to have made it. That is why I am bringing it to the attention of the Senate today.

Mr. LEWIS. But I must call to the attention of the Senator the fact that he has stated, and it will be published over the country, that the conduct he has been indicting as treacherous and illegal, certainly as unlawful, was participated in by the present administration equally with the other, and that they were both equally to blame. I am calling to his attention the fact that he states that because we have not had time to investigate and undo the wrongs, for that reason he holds the present administration responsible until they shall undo them.

Mr. LONG. I do not know what the Senator would call the present administration, but the present Shipping Board administration has full knowledge of these facts. I do not mean to say that the present Senators and Representatives and the present President may know all about it, but the present administration of the Shipping Board is aiding and abetting, and I understand that they have about gotten things fixed up so that this man Cone is going to be appointed President of the Shipping Board, that is why I have risen here today, so that this disclosure will be made in time to prevent that happening.

Mr. LEWIS. I understand the Senator's position now.

Mr. LONG. I thank the Senator.

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

Mr. LONG. I yield.

Mr. KING. The Senator from Louisiana will recall that soon after the present administration came into authority, a resolution was adopted by the Senate under the terms of which a committee of which the Senator from Alabama [Mr. BLACK] is the chairman, and I am an humble member, has been investigating the contracts to which the Senator refers, as well as contracts made with many of the aircraft companies. There has been some criticism because one of the officials of the administration canceled some of the contracts which were entered into.



Perhaps it would be wise to await the report of the committee; and if there shall have been improper methods employed in obtaining these contracts, if they are tainted in any way with fraud, doubtless the committee will make such recommendations as will warrant proceedings in the courts, if necessary, or an abrupt cancellation of the contracts.

Mr. LONG. I thank the Senator; but I want these facts to go into the Record. I believe that perhaps the committee will get around to the matter, though I am sure the Senator will agree with me that it has a lot to do. But I want to give some facts which are matters of record, and I want to see that the thing is gone into a little more thoroughly, because it needs to be gone into.

The *Leviathan* is hung up, and it has been taken off its route—the *Leviathan*, the greatest ship in the world, on which they spent \$9,000,000 in order to put it into better shape. Then they canceled \$6,000,000 of this bunch of notes, and laid the *Leviathan* up, when it was supposed to be the consideration, and now they have \$4,000,000 worth of contracts per year.

The air-mail subsidy was not a drop in the bucket compared to this kind of thing. All the air-mail contracts put together would not amount to a few things like this matter to which I am referring. But here is another thing to which I shall call the Senate's attention. They have these interests so confounded that it is now fixed so that they can keep all this subsidy money, they can put out of business the United States lines, and can drive what little independent American mercantile marine there is on the ocean back into the harbor, yet they do not have to pay a dime of this \$3,000,000 when the 3 years expires. There is no responsibility whatever to make any one of them give back a dime, or to make any one of them give back any of the subsidy money, or to pay the \$3,000,000, except this subsidiary corporation which they have incorporated under the laws of Nevada, and by the time the 3-year note comes due they can have made away with the ships, probably, about as they have with the *Leviathan*, and that will end the matter; they will have their subsidy money and the rest may all be killed, excepting such profits as they made in the meantime.

They have the Roosevelt Steamship Corporation, of which Mr. Kermit Roosevelt is president, supposed to be the steamship management company. It is in the form of an Insull set-up. Insull must have copied this set-up, because it was a great deal more successful than Insull was able to be in this country. They have the thing set up so that they have that little, old, two-bit corporation they are supposed to have organized under the laws of Nevada as the only debtor. They have countless other steamship companies operating in connection with the crowd of the International Mercantile Marine, which is drawing a million dollars subsidy over here and a million dollars subsidy over there, and making such use of the *Leviathan* as they want to, laying up that ship so that they can leave the way open for the British-subsidy ship to sail as the only ship on the line where the American ship was supposed to sail, and we cannot even touch the Roosevelt Steamship Corporation, or any of these other corporations which might have anything, because they are just operating management steamship companies.

That is the kind of rigging the United States Government finds itself in today. While I condemn the parties who, under the Hoover administration, made it, I condemn myself and everyone who is cognizant of it for not washing this thing out and bringing this kind of fraudulent and rotten scheme to the attention of the public, and further, Mr. President, it makes me shudder in my boots when I see the manipulators of such propositions called in for advice and counsel, and being prominent in social affairs and government affairs in this day and time.

It is enough to make a man who has been dead a thousand years turn over in his grave to see such people come here and engage in such kinds of fictions and frauds and rotten schemes, and then to hear talk about indicting some little old two-by-four man out in the country for some little two-bit crime, or talk about keeping Capone in jail for having

done something that perhaps is very bad, and yet to allow these "decent" and "respectable", white-winged and long-tailed-coat gentlemen, philosophers of government, to reach their hands right down into the United States Government Treasury and take out \$4,000,000 in one lick for 1 year, and \$6,000,000 on something else, and then make a contract and state that the reason they are getting all this money is that they are to keep up an American steamship line, which is then turned over to a British steamship line, and then the American ships are taken off, leaving nothing on that route but the British subsidy ships. That, Mr. President, is the rottenest kind of a fraud ever perpetrated in a civilized country.

I think the whole thing, Mr. President, is full of such slime of racketeering from top to bottom that we had better pause, look about us, and see what we are about to go into before we talk about voting another billion dollars to be spent for shipbuilding, whether it is for the Navy or whether it is for the merchant marine. I will vote "no" this time for that reason.

I would prefer to vote this billion dollars to feed the starving rather than for more battleships to help to kill somebody under such conditions as prevail.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida [Mr. TRAMMELL].

The amendment was agreed to, as follows:

On page 4, line 11, strike out all after the word "act" down to and including the word "contract", in line 15, and insert:

*Provided*, That any profit resulting from any contract, or sub-contract, of \$10,000 or more, payable from such funds as may hereafter be appropriated for the vessel or vessels and aircraft authorized herein, or vessels heretofore authorized but not yet contracted for, or payable by the contractor to any subcontractor, shall not exceed 10 percent of the cost of performing such contract or the subcontract, respectively. All contractors and subcontractors shall report the net profits from such contracts, under oath, to the Secretary of the Treasury of the United States, upon the completion of the work under such contract or subcontract. Such report shall provide such information and be on such forms as shall be prescribed by the Secretary of the Treasury. All profits of either the contractor or subcontractor in excess of said 10 percent shall be and become the property of the United States of America and shall be collected by the Secretary of the Treasury by suit or otherwise and be paid into the Treasury of the United States under such rules and regulations as the Secretary of the Treasury may prescribe.

The PRESIDING OFFICER. The question now recurs on agreeing to the amendment heretofore proposed by the Senator from Washington [Mr. BONE], which has been temporarily laid aside.

Mr. BONE. Mr. President, at this time I propose to discuss two or three amendments to the naval bill which are now pending. One is my amendment to provide that naval aircraft under the proposed program of expansion shall be built in Government plants. I shall read the amendments after I have referred to them.

The second is an amendment which is in itself not legislation but a declaration of public policy.

The third is an amendment proposed by my colleague [Mr. DILL], which is in a way a restatement of the law as enacted, as I recall it, in the statute of 1916. I desire to read the amendments for the benefit of the Members of the Senate so they will understand their purport and meaning.

The first one relative to the building of naval aircraft in Government factories reads as follows:

*Provided further*, That not less than one half of each succeeding lot of aircraft, including the engines for such aircraft, the procurement of which is authorized by this act and hereafter undertaken, shall be constructed and/or manufactured in Government aircraft factories and/or other plants or factories owned and operated by the United States Government.

That was the original amendment suggested to the Senate committee. An official of the Navy Department talked to me and said this provision would impose a too severe restriction on building operations and asked if there might not be a further proviso attached to that suggested amendment which would authorize the President to suspend, in



part, at least, the necessity for building this proportion of planes in Government plants, a proposal to which I have no objection, provided there shall be coupled with it the further provision that in the event such an order is made, the Government itself shall so expand its present facilities as to be able to actively engage in the building of aircraft later. So the following provision was added by myself:

The foregoing proviso is subject to the further condition that if it shall be determined by the President that present plants, factories, and equipment owned by the Government are not such as to permit the construction and/or manufacture of the said aircraft and/or engines in such Government plants and factories, in the proportions herein specified and required, then and in that event such requirement may be suspended in whole or in part by his order.

Let me digress for an instant to say that under that provision the President could arbitrarily suspend the building or the attempt to build these naval aircraft in Government factories. I proceed to read further:

However, in the event of such order of suspension being made by the President, the existing plants, factories, and facilities now owned and/or operated by the Government shall forthwith be expanded and equipped to enable the Government to construct, manufacture, and repair its own naval aircraft therein, and, in addition, such other and further plants and facilities shall, as speedily as possible, be constructed and/or acquired by purchase or condemnation for the purpose of enabling the Government to take over and perform the work of constructing, manufacturing, and repairing all of its naval aircraft therein. The funds necessary for the enlargement and expansion of such existing plants and facilities owned by the Government and for the construction and acquisition of new plants, factories, facilities, and equipment for the construction and manufacture of naval aircraft are hereby authorized to be appropriated.

Mr. President, there has been some question as to whether or not we should require the building of all naval aircraft in Government factories under the proposed program of expansion. If it shall be determined, in the wisdom of the Senate, that it is not proper to build all naval aircraft in Government factories to be created as the result of my amendment, then the word "all" at the end of line 21, on page 2, might be stricken and a substitution made of the figure 50 percent, or 33 percent, or whatever percentage it shall be determined is the proper percentage of planes to be built by the Government.

The PRESIDING OFFICER. Does the Senator propose this minor amendment now?

Mr. BONE. I am not proposing it, Mr. President. I am merely suggesting that it has been brought to my attention. I am not going to insist on the word "all" remaining in if it defeats my amendment.

The PRESIDING OFFICER. The Senator has the right to modify his own amendment.

Mr. BONE. I understand that, Mr. President.

Mr. TRAMMELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Florida?

Mr. BONE. I yield.

Mr. TRAMMELL. In view of the lack of equipment and the necessity for the President to enlarge the present facilities, I suggest to the Senator from Washington that the chairman of the committee and, I am sure most of the members of the committee, would be willing to accept his amendment if he changes the word "all" on line 21, page 2, to "not less than 25 percent." That would provide for at least 25 percent of the aircraft to be constructed in Government plants. It seems to me that in view of our lack of equipment at the present time such a provision would give us a wonderful start on what I consider a very commendable purpose as proposed in the Senator's amendment. We might do a considerable amount of aircraft building in Government plants. I think we could agree on making that "at least 25 percent" instead of "all", or even 50 percent. That would give us a wonderful start in the direction which the Senator suggests, which suggestion I think is really very commendable.

Mr. BONE. Mr. President, I, of course, have no means of knowing what disposition the Senate will make of my proposal; and if the matter is to be opposed or if there is to

be an adverse vote on the 25-percent proposal, as suggested, I should not want to consent to strike out the word "all", for I would rather the whole amendment go down to defeat on the direct issue of the proposal for public plants to build all planes. I know the attitude of the Senator from Florida, and I understand why he makes the suggestion, and I am not hostile to it. I merely want to be very certain that we begin on "public preparedness."

Before leaving that subject, let me suggest to the Senator from Florida that I have had supplied to me, by the American Federation of Labor, some information about our existing Government facilities for the building of aircraft. I know the Senator will agree with me that the provision does not compel the Government to immediately build 25, 50, or 100 percent of the aircraft. It merely provides that the Government shall, as rapidly as possible, expand its facilities for the building of naval aircraft in the event the President makes certain suspension orders, so there would, of course, be time given to the Government to either build or acquire by purchase or condemnation such facilities, factories, and equipment as the Government might require for carrying forward the public-building program.

There is an aircraft factory at Philadelphia owned by this Government and built during the war which was capable of manufacturing approximately 200 airplanes every year. During the World War this factory turned out an average of one airplane a day. In the light of the experience of the Government in dealing with private airplane companies, and the unholy and unconscionable profits revealed in the contract relations of the Government with some of these companies, I am at a loss to understand why this factory has not been expanded, as a matter of self-protection. I think the time has arrived to announce definite policy, and, in the vulgar vernacular of the street, come to a show-down on the question whether the Government is to continue to remain helpless and at the absolute mercy of private manufacturers of airplanes and war munitions, or whether it is to set up some definite yardstick by which it can protect itself from ruthless exploitation. It is a cold-blooded, business proposition. No one can justly complain of the Government defending itself against the encroachments of those who will take advantage of it and whose attitude of mind is simply to strike from the hands of the Government its last protective weapon, the only device by which it can protect itself from the greed of individuals.

I want to later discuss what some private agencies did to this Government in time of war when the Government was unable to operate its own factories in the supplying of munitions and war equipment.

At the Pensacola aeronautical station down in the State of the Senator from Florida airplanes are extensively overhauled. There is considerable amount of equipment for making airplane parts at that plant. I am advised that, with some additional facilities, airplanes could be manufactured at the Pensacola station.

The War Department, according to this statement from the American Federation of Labor, has no aircraft factory as well equipped as the Navy Department has in the aircraft factory at Philadelphia, but the Army has two stations at Dayton, Ohio, one called the Materiel Air Corps Station, and the other the Fairfield Air Depot, which are equipped extensively to repair and assemble aircraft. It is believed that this station could readily be equipped to manufacture aircraft. The War Department also possesses a repair depot at Middletown, Pa., which could be readily extended to manufacture aircraft.

But, aside from the matter of present facilities, it seems rather stupid to assume that this Government, with its great Departments and with its ability to hire men who know their business, cannot build efficient airplane factories within a reasonable length of time. Certainly, we can hire technicians and mechanics. I say that it would be the height of stupidity even to assume here—and I certainly am not going to do it in this argument—that the United States Government cannot hire men fully as capable as those any private company can hire. The experience of public bodies



in the development of public enterprises has demonstrated the folly of that sort of argument.

As to whether or not there is justification for the building of aircraft in Government factories, we only have to look at some of the profits shown by the recent investigations to have been derived by private companies from Government contracts. There is not a more somber chapter of American history than that revealed by the investigation of ship subsidies. I think I am justified in referring to some of these subsidies as sheer looting of the Treasury of the United States, which, in the name of patriotism, in the name of good business practice, has been accomplished and carried on under forms of law.

It is rather interesting to pick up the headlines of the newspapers and read them nowadays. For instance, in January 1934, I observe the percentage of increase in the price of airplane, shipbuilding, and related stocks due to the pendency of naval legislation, under which it is proposed to spend a half billion dollars. Now let us see what happened to the stock market and what the private-profit happiness boys were thinking about when they saw all this easy Government money in the offing.

The percentage of increase of an average of some 50 stocks amounted to about 8.5. But observe what happened to the airplane and shipbuilding stocks, the stocks of those companies that are vitally affected by the prospective expenditure of the vast sum of money under this bill and which they hope will be reflected in profits running all the way from 20 to 90 percent.

The stock of the Aviation Corporation of Delaware showed an increase of 28.1 percent.

The Bendix Aviation Co., 31.8 percent.

Bethlehem Steel Co., 26.2 percent.

Bethlehem Steel, preferred, 17.5 percent.

Curtiss-Wright, 95.2 percent. Curtiss-Wright, with \$10,000,000 to be ladled out in the building of aircraft, reflects the coming Roman holiday by an increase of 95.2 percent in the market value of its stock in that month.

Curtiss-Wright A, 86.3 percent.

Douglas Aircraft, 82.5 percent.

Electric Boat, 80.6 percent.

New York Shipbuilding Co., 75.5 percent.

New York Shipbuilding Co., preferred, 16.3 percent.

United Aircraft & Transport, 13.6 percent.

United States Steel, 15.4 percent.

Wright Aeronautical, 232.2 percent.

Perhaps it is not fair to utilize this abrupt and abnormal rise in Wright Aeronautical as having any relationship with the pending bill. Probably that is not the case because I am informed there were short sales in that stock, which made it necessary for gentlemen to get the certificates at any price and almost under any consideration. Now let us take up some of the newspapers and see what the press has been telling the American people as to what has been revealed by these investigations, and let us see what connection there is between the facts that are being developed in the investigations and the plums that are going to fall into the laps of the private airplane companies in the event of the passage of this bill, unless restrictive provisions are placed in the bill which will prevent the exploitation of the Government.

The New York Times of February 6 carries the announcement that—

William E. Boeing, chairman of the United Aircraft & Transportation Co., made paper profits of more than \$51,000,000 and actual profits of about \$12,000,000 from an original investment of \$487,119 in the Boeing Aircraft & Transport Co., he admitted today at a hearing held by the Senate committee investigating ocean- and air-mail contracts.

Further, says the New York Times article:

Mr. Boeing admitted that the Pratt & Whitney Aircraft Co., owned by Mr. Boeing's corporation, made a 5-year net profit of \$12,045,549 and paid bonuses of \$1,247,100 and executives' salaries of \$629,766, largely through the sale of airplane motors to the Army, the Navy, and Government mail contractors.

It is easy to see what this private mortgage on our Government, or what virtually amounts to that under the condi-

tions which have been discussed so vividly and forcefully on the floor of the Senate, is leading us to.

Here is another story published the other day about "poker parties in which lobbyists lost large sums of money to Government officials from whom they were seeking contracts", a condition now being investigated by a grand jury.

The Washington Post of February 26, 1934, carried an Associated Press story, from which I quote the following:

Representative McFARLANE (Democrat), Texas, one of the congressional investigators of American aviation, asserted yesterday that "the United States has virtually squandered over \$200,000,000 since 1921 and ended up with an inefficient air force.

Another article is headed—

Aircraft sold Army 7 years without bids.

This story, which appeared in the Washington Post of February 27, says, among other things—

Over the protests of Comptroller General McCarl, with Congress ignorant of what was going on, the War Department for 7 years has been procuring aircraft for the Army Air Corps in contravention of the intent of the sponsors of the act of July 2, 1926, according to official information, which, it is understood, is to be placed before the House.

And, in that connection, it is disclosed that goggles were bought by the Army for \$100 a pair.

Large profits—

Says the Washington Herald of February 27—

made by the Pratt & Whitney Aircraft Co. on aero engines furnished to the Navy were chiefly the result of the extraordinary aviation boom in 1927 to 1930, Edward P. Warner, former Assistant Navy Secretary, told the House Naval Subcommittee yesterday.

The committee questioned Warner about contracts for flying materials during the time he was in charge of naval aeronautics, from July 1926 to March 1929, when profits as high as 90 percent were gained by private contractors.

Again, in an article appearing in the Hearst Service, it is stated that—

The Navy Department figures the profit to the Boeing Airplane Co. on Navy business at 68 percent.

These are some of the things that are typical of what has been going on and what has been done to this Government.

Going back to February 7 of this year, the Associated Press carries a story that—

W. E. Boeing, of Seattle, chairman of the board of the concern, said that George S. Wheat, a vice president, drew \$25,000 a year salary and his duties were chiefly in soliciting Federal business.

#### ADAMS INVITED

The concern holds a transcontinental air-mail contract and makes planes and engines for the Army and the Navy.

Boeing, asked if he did not know his concern was paying more than \$60,000 to Washington representatives, replied, "That's possible."

Here is another headline in an Associated Press story:

Boeing profit of 90 percent on Army contracts bared.

Another story is headed:

Plan for \$2,000,000 "cut" on Army truck deal bared in probe.

Mr. President, I sometimes wonder if the gentlemen who enjoy this Roman holiday, who have had this little fling at the expense of the American taxpayer—and what a pleasant Roman holiday they have had—have not after all created a sort of little C.W.A. all of their own and exclusively for themselves. I think most of us will recall the story of Aladdin's lamp. The small Arabian boy found his magic brass lamp and he rubbed it and a genii appeared. The small boy, badly frightened, did not know what it was all about, but the genii said, "I am the servant of the lamp and you can have anything you want." How thrilled the average small boy is when he reads the story, and further on learns that the genii brought a basket of diamonds or a great basket of beautiful fruit or whatever the small boy wanted.

But there is nothing more remarkable in that Arabian Nights story of Aladdin's lamp than there is in the fantastic story of our present-day mail subsidies and the looting of the Government Treasury by private corporations over a



long period of years. These subsidy and 90-percent-profit gentlemen did not have to rub a magic lamp. Apparently all they had to do was come down to Washington and gently rub Congress, just gently, not vigorously, and walk away with hundreds of millions of dollars of the taxpayers' money.

You will all recall what occurred during the war in the matter of war profits. I know it was not considered respectable to discuss them at that time, and certainly it was not a safe procedure. Men could make inordinate profits, thousands of percent, as I shall demonstrate from the records of the Government itself, and yet decent Americans dared not open their mouths to criticize or protest except on penalty of going to a Federal penitentiary.

Let us quote some figures that may be of interest in connection with the pending bill, showing profits to some of the shipbuilding companies of the country. In the Forum of November 1933, we find this assertion:

\* \* \* Shareholders in Bethlehem Steel received in 1917, a dividend of 200 percent on class B common stock, while the total income of the corporation rose from \$9,000,000 in 1914 to \$57,000,000 4 years later. The Hercules Powder Co., of Delaware, increased its dividends from 8 percent in 1914 to 95 percent in 1916; in 1922, this company declared a stock dividend of 100. The Anaconda Copper Co., from a deficit in 1914, came out in 1916 with a surplus of \$33,000,000. In the 3 years before the World War the United States Steel Corporation earned \$180,000,000, but from 1916 through 1918 this organization made \$633,000,000—a profit, as was disclosed by governmental investigation of alleged excess war-time gains, of more than 50 percent \* \* \*

The Foreign Policy Association has made some study of what has been happening to the profits made by these corporations, as follows:

#### BETHLEHEM STEEL CORPORATION

\* \* \* For the single item of armor plate between 1887 and 1915 the Bethlehem companies secured contracts from the United States Government amounting to \$42,000,000. The Bethlehem Shipbuilding Corporation, under the 1916 naval program, received \$134,000,000 for construction of 85 destroyers. At the time that this company was building ships for the American Navy, it was also filling orders for foreign governments. In 1908 Bethlehem built 5 submarines for Japan, during the war it built 20 submarines for Great Britain, and in 1913 it constructed a battleship for Argentina \* \* \*

One of the oldest and largest subsidiaries of the Bethlehem Steel Corporation is the Bethlehem Shipbuilding Corporation, which specializes in the construction of naval vessels and large merchant ships. It was this company which, with two other shipbuilding firms, paid William B. Shearer \$25,000 to attend the Geneva Naval Conference in 1927. After the failure of the Conference the Bethlehem Shipbuilding Corporation received contracts for three 10,000-ton cruisers for the Navy at a total cost to the Government of approximately \$33,000,000. Since 1916 this company has built more than 100 vessels for the Government at a cost of more than \$250,000,000. \* \* \*

Profits of the parent company and its subsidiaries were enormous during the World War. In 1915 its net income was \$24,821,000, in 1916 it jumped to \$61,717,000, and in 1917 and 1918 was above \$50,000,000. Gross earnings in 1918 reached the high mark of \$488,000,000. In 1929 the net income of the Bethlehem Steel Corporation was \$42,242,000, and it dropped to \$23,843,000 in 1930.

I am not going to put more of these figures in the RECORD at this time. Those I have given are an indication of the type of profits being made by the companies which are very active in supplying materials of war to the United States Government.

It must not be assumed, Mr. President, that the mass of American people and many of the most active and wholesome agencies are not thoroughly committed to the principle of eliminating private profits from war and of preparation for war. I cherish the conviction that I am speaking what is in the hearts and minds of millions of American citizens in saying that private profits in the preparation for war must of necessity stand about on the same moral plane as profits in war themselves. If there is a distinction, it is one without a difference. I can see no fundamental moral distinction between private profits in preparation for war and private profits in war itself.

The American Federation of Labor in its 1933 convention, in its 1932 convention, and in its 1930 convention protested against private profit in war and war preparation. If my memory serves me right the senior Senator from North Dakota [Mr. FRAZIER] either read the resolutions into the

RECORD or referred to them, but I am going to ask that these resolutions of the American Federation of Labor dealing with private profits in war and preparation for war be made a part of my remarks.

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

The resolutions are as follows:

#### RESOLUTIONS OF AMERICAN FEDERATION OF LABOR CALLING FOR BUILDING OF SHIPS IN NAVY YARDS AND ELIMINATION OF PRIVATE PROFIT

##### 1933 CONVENTION

Whereas the Boston convention of the American Federation of Labor and succeeding conventions resolved "that we favor the manufacture of war munitions in our arsenals and navy yards, so that the elimination of private profit will place this department of national defense beyond the baleful influence of those who seek to create sentiment for the production of war munitions so that they make greater profits"; and

Whereas during the political campaign of 1932 the Honorable Franklin D. Roosevelt, candidate for President, repeatedly asserted that "taking the profits out of war" should be made a national policy, and to that end the construction of naval vessels and the production of munitions of war should be confined to navy yards and arsenals; and

Whereas notwithstanding the assurances which the representatives of organized labor have received from the administration that 50 percent of the naval vessels constructed under the Public Works section of the National Industrial Recovery Act would be constructed at navy yards, the Navy Department has not only awarded the larger vessels to private shipyards and the smaller ones to navy yards but has awarded 17 of such vessels to private shipyards while only 15 were assigned to navy yards; and

Whereas the Navy Department is pursuing the policy of letting to private contractors the construction and manufacture of some of the main engines and auxiliary machinery for vessels to be built in navy yards where formerly this class of work was performed at the navy yards: Therefore be it

*Resolved*, That the officers of the American Federation of Labor are hereby directed to immediately urge upon the President of the United States the desirability of giving practical effect to the national policy of "taking the profits out of war" by having the construction of naval vessels, machinery, and other equipment for such vessels and the manufacturing of war munitions confined to navy yards and arsenals, and to correct existing deviations from this policy insofar as the law permits.

##### 1932 CONVENTION

Whereas private shipbuilders and manufacturers of munitions have appeared before the Shannon committee (held hearings on Government in business) and demanded that the building of vessels for the United States Navy and the manufacture of munitions shall be taken out of the Nation's navy yards and arsenals and turned over to private industry; and

Whereas there can be no sane program for national defense until private profit has been eliminated from warfare and from the munitions and ships required for national defense: Therefore be it

*Resolved*, That this convention endorse the principle which holds that a sane, constructive policy of national defense is only possible when private profit for the construction and fabrication of necessary ships and munitions is eliminated; and further be it

*Resolved*, That the executive council of the American Federation of Labor be, and is hereby, requested to give its active support to prevent any action by Congress as the result of the submission of the Shannon committee's report, which would permit private industry to construct or fabricate vessels and materials for national defense which can be produced in the Nation's navy yards and arsenals; and be it further

*Resolved*, That this convention endorse the principle that private profit must be eliminated from the production of material for national defense before the sinister activities of the war mongers and patriots for profit can be abated and eliminated.

##### 1930 CONVENTION

This Fiftieth Annual Convention of the American Federation of Labor places itself on record as favoring the development and upkeep of all navy yards and arsenals, and their use for the build-ings of ships for any department of the Government, as well as for the Navy and Army, and, also the manufacture to whatever extent may be practicable, of material, equipment, and supplies for all departments of the Government, the adequate remuneration of all civilian employees, and the adequate remuneration of all enlisted men and officers in the Army and Navy. We also favor the manufacture of war munitions and naval vessels in our arsenals and navy yards, so that the elimination of private profit will place this department of national defense beyond the baleful influence of those who seek to create sentiment for the production of war munitions, so that they may make greater profits.

Mr. BONE. Mr. President, it is certainly a matter of vital concern to the taxpayers of the country to get rid of the additional expense incident to private preparations for war, which is and should be a Government function. It were the part of wisdom and the part of common decency



for us not to discuss thrift and economy any further on the floor of the Senate unless we recognize this fact. We must either bear allegiance to the proposition of practicing economy so we can meet the necessary expenditures of the Government, take care of the victims of war, meet those burdens which are not only incidental but absolutely necessary to the preservation of government, or else quit discussing economy.

Right at the very moment when we propose to spend the vast sum of money that will follow enactment of this bill, here is what is happening to the educational system of the country: Seven hundred and seventy schools are now closed, with no provision for 175,000 children; 1,540 schools will have terms of 3 months or less; 10,982 schools will have terms of 3 to 6 months. City schools are employing 18,000 fewer teachers now than in 1930; 200,000 certificated teachers are unemployed.

City school budgets average 20-percent reduction since 1930. Schools now operate on \$368,000,000 less than in 1930. Expenditures for new buildings have dropped 79 percent since 1930. Forty-five thousand two hundred and twenty-eight teachers will receive less than \$300 this school year; 210,120 teachers will receive from \$300 to \$750 this school year. One in four receives less than the minimum code wage.

Sixteen institutions of higher education have been discontinued since last year, mostly by merging with some other school. Colleges have reduced their teaching force by about 5,680 teachers in the last 2 years. In the past 2 years there has been a decrease of about \$56,860,000 in college budgets for educational and general expenditures, and expenditures for capital outlays have practically ceased. It has been reported by 46 State superintendents that the figures which I have just given are accurate, these having been compiled by the United States Department of the Interior.

If we should not make adequate preparation for the Government to manufacture its own airplanes, its own ships, then it becomes manifest that if the Government goes into another war, as many assume we will, the Government is going to find itself in exactly the same position in which it found itself in 1917.

Let us see how patriotic a lot of these private outfits were that furnished munitions of war to the United States Government in the last war. They had an opportunity in 1917 to show how patriotic they were. They had an opportunity to show whether they were 100-percent Americans or just sordid money grabbers. Let us see what happened when these gentlemen had a chance to show their loyalty to the Government that protects them and their property.

If this Government should become embroiled in war, it is safe to assume that these fellows who are so vigorously fighting the establishment of Government yardsticks and who will put pressure on us not to permit Uncle Sam to build his own vessels and prepare his own munitions of war will do exactly what they did in 1917.

Now let us examine a small part of the record and see just what happened.

Today's difficulty in balancing our National Budget is due principally to what happened during the last war. I think that has been made plain on the floor of the Senate many times. Out of those World War profits, piled up by private concerns furnishing war munitions, we created 23,000 new millionaires. Of course, they were created unwillingly, by a system of outrageous looting of public funds by contractors for war material; but the physical fact remains that they were created. It is obvious that 23,000 millionaires must have grabbed at least \$23,000,000,000. That is what this Nation handed to them in war profits.

During the war contractors made an agreement with the Government that required the Government to take all that was contracted for, regardless of the cessation of hostilities; also to ship the stuff to France and keep it there.

The same type of men would today oppose Uncle Sam protecting himself by setting up yardsticks in public plants and in expanded navy yards.

As a result of these contracts, made with alleged patriotic American business men, we were shipping goods to France for a year after the armistice. When the end came we had over \$2,000,000,000 worth of materials in France, and the French Government took this stuff over at 20 cents on the dollar; but, unhappily, we never got even the 20 cents. The French repudiated that debt, and never paid it.

Right after the war we were paying 20 cents a pound for sugar, and it was being rationed to us in this country. While this was going on, the War Department, as I recall, sold 22,000,000 pounds of American sugar it had on hand in France for 2 cents a pound. It never would have done to ship that sugar back to this country and give it to Americans, who were patriotically paying high prices for it here.

During the war, and because Uncle Sam was not fortified and prepared to take care of his own needs in the matter of war materials, we let contracts for every conceivable sort of thing in that great splurge. We even shipped to France corn planters, cultivators, grain drills, drag harrows, disk harrows, thousands of manure spreaders. Possibly they were used to lick the Kaiser.

During the war the Government had 391,000 horses. Let us see what some of these patriotic business men did to us through their lobbyists. For these, the Government ordered 945,000 saddles, over a million sets of double harness, 1,637,197 horse brushes, 2,029,418 horse covers, 2,850,853 halters; and on top of these frightful expenditures it piled a cost of 195,000 branding irons. They made those out of copper, so that they would cost a little more.

The bright boy who had the branding-iron contract did not get these branding irons ready in time to ship before the show was over, and he made Uncle Sam give him \$40,000 for the loss of profits that he would have made had he been able to ship these cute little ornaments over to France.

We were not satisfied with that sort of deal with this copper branding-iron boy. He had 20,000 pounds of copper left that he could not use, and the Government took it off his hands at 39½ cents a pound, and immediately sold it back to him for 11 cents a pound.

It is such things as that that reflect themselves in our present bonded debt. They are the result of this Government's being taken advantage of, being looted, in other words—let us use plain, unvarnished, "sawmill" English in discussing this matter—by private business concerns who enjoyed a special privilege. That privilege reflected itself in a contract which permitted unfair and extortionate profits.

A concern had a contract to build howitzer carriages. Uncle Sam ought to have had a factory to build that stuff. He ought to have been capable of building his own guns. None of these howitzer carriages were delivered when the armistice came. The Government had built the buildings where they were to be made. Now let us see what Uncle Sam did. He had built the buildings where these howitzer carriages were to be made, supplied the machinery, and supplied all the material.

The taxpayers paid for that, and the company was to have a commission on the delivery price. The buildings cost the Government \$2,987,200. After the armistice, the Government sold these buildings to the company for \$600,000. The materials on hand at that time were worth \$5,558,000; and all this valuable war material was sold to this outfit under the classification of junk for \$300,000, despite the fact that the arsenals around the country should have taken it over.

In spite of all that, we allowed these fellows to finish 200 of these carriages, although they were not needed—the war was over—for which the Government paid them \$18,582,428. I have often wondered what emotions would move in the breast of a human being who had made 290,999 percent. I want to repeat that figure, Mr. President, 290,999 percent. "Impossible", you might say. Well, you do not know the possibilities of a good war, Mr. President.

There was one company handling contracts with this Government that made that incredible profit during the war. Imagine a farmer using his farm to raise food for the Government, and getting 2,900 farms just like his own, for his profit. I had believed it impossible that such a thing



could happen under the American flag. I did not think it possible that any outfit could make such war-time profits and get away with it; but if any Member of this body is at all curious he can examine Senate Document 259—prepared, I think, by the Senator from California [Mr. McAdoo], who was then Secretary of the Treasury—and he will find a recitation of some of these profits. Just hastily, I am going to refer to a few of them. Incidentally, I may say that this volume is now out of print. I think I have one of the few copies in existence.

Coal operators reported profits as high as 7,856 percent. Nearly half the coal mines reported earnings equal to their entire capital stock that year.

Meat packers made as high as 4,244 percent.

Canners of food and vegetables made as high as 2,032 percent.

And so on down the line. Profits of eight and nine thousand percent were quite common; excessive and extortionate profits; frightful profits that simply transcend the bounds of reason, almost of imagination, were made by men in their dealings with their own Government.

The Senator from Louisiana [Mr. Long] a moment ago referred to an incident in connection with our so-called "merchant marine" involving the *Leviathan*; but it might be interesting to the people of this country to know a little of what has happened in connection with our so-called "merchant marine", because all that goes back to the World War. It is a material part of this sordid story of preparedness. In a fair and decent consideration of this problem it all simmers right down to the question of whether the Government is going to do its own work and escape being the victim of extortion—of an extortion that almost amounts to legalized blackmail in some cases. Certainly a profit of 290,000 percent cannot be stamped as anything but legalized blackmail, no matter from whom taken. When we undertake to characterize a thing like that we discover the shameful paucity of the English language, its hopeless inadequacy as an intellectual exchange medium. One cannot find words, either singly or in combination, that by the grace of inflection or poetic license can be made to serve one's purpose in attempting to indict such social perversions.

We built a lot of ships during the war, and we would have had a real merchant marine, owned by the people, as it should have been, had we held on to those ships; but, instead of that, certain highly interested gentlemen, whose patriotism reflects itself in a desire to get something for nothing, or to make 1,000, 5,000, or 10,000 percent out of their Government, put over a legislative program under which the United States divested itself of ownership of these ships, for a song in most cases. Some very somber pictures are revealed by the investigations of the so-called "Black committee" in turning up the pages of this ghastly record.

During the period of the World War the United States Government expended approximately three and a half billion dollars in building ships and providing necessary terminals for the American merchant marine.

Since the war closed this Government has loaned for 20 years, at rates of interest ranging from one eighth of 1 percent to 3½ percent, the sum of \$144,907,886 to shipping companies to build new ships and to reconstruct and remodel old ships; 80 percent of these loans have been used for the latter purpose.

Since 1928 the Government has paid, or contracted to pay, under 10-year contracts, through the Post Office Department, in subsidies under the guise of ocean-mail pay, the sum of \$336,237,232, of which \$140,086,201 has already been paid. These sums do not include any expenses of administration by Government or losses incurred through managing operators, operating for the Government. Neither does it include vast sums paid annually by the Government to steamship companies for transportation of mails upon a poundage basis.

Where have the vast sums totaling approximately \$3,981,145,118 of public funds, appropriated for the building and maintenance of an American merchant marine, gone, and what has the Government today to exhibit to the taxpayers for this vast expenditure of public funds?

This is all part of a cold, ruthless program of private ownership of government. I do not mind private ownership of business, but here is a clear-cut example of private ownership of government itself. That is exactly what this sort of thing means.

Four hundred and thirty-eight ships, which cost the Government \$559,287,426 to construct, have been sold to shipping companies for \$40,106,614. Just what does that mean reduced to ordinary curbstone English? It means that these outfits bought these beautiful ships from the United States Government for approximately one fourteenth of their cost, or about 7 cents on the dollar. As a matter of fact, a lot of them were bought for much less than that, but that is the average. Some of them were bought for less than 2 cents on a dollar by outfits owned by some of the richest men in the world.

Through the Post Office Department, under the mail-pay plan of the Jones-White Act, the Government has already paid to steamship companies, since 1928, the sum of \$140,086,201.

The manner in which part of this mail-pay subsidy has been used by steamship companies and their owners has been revealed by the special Senate committee headed by the Senator from Alabama [Mr. Black], now investigating air-mail and ocean-mail contracts.

The Export Steamship Co. purchased from the Government ships which cost \$42,000,000 for \$1,071,431 and secured a 10-year mail contract providing \$18,566,431, on which it has received in 3 years the sum of \$4,288,847. The president and sole owner of the company has drawn from the company and its subsidiaries in 3 years more than \$1,000,000 in salaries and expense allowances; \$375,000 was for his personal salary, and the remainder was spent by the president in making loans to the father-in-law of an official of the Government who supervised repairs to his ships, which loans have not and will not be repaid. Large sums were spent for so-called "travel and entertainment", which, the evidence tended to show, was used in efforts to corrupt public officials and to spread propaganda favorable to ship subsidies. The expenditures are listed as \$75 per day for meals; \$100 for waiters; \$75 for taxicabs; \$80 for telegrams, and so forth. Huge amounts were paid for attorneys' fees and commissions. The company is now in financial difficulties and cannot meet its obligations to the Government.

The Black Diamond Steamship Co. paid to one attorney a fee of \$100,000 to aid it in securing favorable contracts with the Government. In his letter files was found a letter by the president of this company stating that in order to put over his deal he "was forced to play politics which took me as high as the President of the United States." He boasted of the fact that for \$1,342,607 he had purchased ships which cost the Government \$18,049,451.

Certainly! Could there be anything easier than this Government in deals of that kind. How generous we have been with the people's money. I sometime wonder if our Government is regarded by these subsidy gentlemen as their exclusive patrimony, as an agency that exists merely for the purpose of enriching them at public expense. They calmly assume that to be the fact, in any event. What a peculiar picture, that a subsidy grabber can boast of having grabbed your property, for a fraction of its cost, and apparently feel proud of his achievement. I wonder what the millions of unemployed think of that kind of patriotism.

The president of the Black Diamond Steamship Co., and sole owner of the company, drew annual salaries of from \$27,000 to \$50,000 and spent \$30,000 to \$50,000 per year in travel and entertainment. After securing highly remunerative contracts from the Government, this company employed as its vice president and Washington lobbyist, at a salary of \$12,000 a year, one of the officials of the United States Shipping Board who while in office had aided in securing the contracts.

The American South African Line, owned principally by two brothers, has made huge fortunes in a few years as a result of Government bounties in the form of mail subsidies.



The president of this company has realized in salaries, dividends, and capital-stock gains the sum of \$736,578.85 in 4 years, while his brother, the vice president, has profited to the extent of \$1,827,212.40. These fortunes were made from an original investment of \$75,000.

The chairman of the board of the Columbian Steamship Co. has realized in salaries, dividends, and capital-stock gains in 10 years the sum of \$2,929,299.32. Other officers have profited in proportion to their stock ownership in this company.

The Dallas Steamship Lines paid its president and principal owner \$635,493 in commissions for negotiating ship-sale contracts with the Government, although at the time he was receiving a large salary and expenses from his companies.

Through the purchase of ships at a fraction of their value and bounteous mail contracts, these companies made enormous profits, of course, out of the United States Government. One of the companies, with a capital investment of only \$500, paid cash dividends of \$999,500 in a few years.

Mr. President, if there is anyone who can find anything in the pages of mythology, Alice in Wonderland, or in any other book of phantasy ever published that is any more fantastic than this kind of funny business, I am not aware of it. I do not think there is an institution on earth that is as easy and generous as the United States Government. It is the most astounding spectacle ever presented to the people of this country.

The Dollar companies, which operate on the Pacific coast, received in mail subsidies in the past 4 years \$14,300,000; and if the contract continues for the remaining 6 years, will draw \$17,000,000 additional. The net profits of these companies for the past 10 years aggregate \$13,365,507.39 and have accrued to four men and their families, who own practically all the stock.

I do not know why we should lift our eyebrows and hold up our hands in pious horror when reading of the abuses of the aristocracy under the old regime in France. We are developing a pretty good plutocracy in this country, when men can get away with that sort of business.

The facts I have stated constitute only a few of the matters which have been revealed by the Senate special committee.

In this connection it is interesting to note that, with all the expenditure of public funds to build an American merchant marine, only 57 new ships have been constructed, and, as will be observed from the following statistics, the United States is now at the foot of the list in ship construction and a poor second in tonnage of ocean-going ships.

The standing in gross tons in merchant ships, of the six principal maritime countries in ships of sea-going class 100 tons and over as of June 1933, was:

	Tons
British.....	21,036,000
United States.....	9,900,000
Japanese.....	4,172,000
German.....	3,883,000
French.....	3,460,000
Italian.....	3,080,000

A recent report of Lloyds Register of Shipping contains startling data showing the relative position of the United States in ships now under construction, as summarized in the following table:

Country	Gross tonnage	Percent of total
Great Britain and Ireland.....	303,762	40.2
France.....	95,838	12.7
Japan.....	85,570	11.3
Sweden.....	71,440	9.4
Holland.....	40,862	5.4
Denmark.....	31,970	4.2
Spain.....	31,924	4.2
Germany.....	30,300	4.0
Italy.....	27,076	3.6
United States.....	14,654	1.9
Other countries.....	23,356	3.1
Total.....	756,752	100.0

One would think that the so-called "leading business men", who were able to induce Congress to pass the Jones-White Act, under which \$3,000,000,000 worth of valuable property has virtually been given to them for a song, would possess a high degree of sportsmanship. But sportsmanship is subordinated to greed. They want the dollars. One outfit over in Baltimore, called the "Baltimore Steamship Co.", bought beautiful steamers, costing this Government two and a quarter million dollars, for \$30,000 apiece, and for hauling even one letter across the ocean that company will get a mail subsidy of approximately \$24,000 for one trip. In other words, for hauling even one letter across the ocean they will get nearly as much as it cost them to buy a beautiful steamer from your Government.

One would think that gentlemen who were able to come here and put across such legislation would have enough sportsmanship to suggest at least that the law should provide that in the event our Government ever gets into war they would come to the rescue of the Government by furnishing the boats for a small sum. Not these men. Examine the Jones-White Act; what do you find written in that law? I confess I was dumfounded when I read the act and found what a queer recapture provision these pluperfect, super-heterodyne profiteers had managed to slip into that law.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Louisiana?

Mr. BONE. I yield.

Mr. LONG. I hope the Senator means to exclude the Democrats. That was suggested a moment ago.

Mr. BONE. Let us see what the United States Government can do with these beautiful vessels it sold to the Morgan steamship interests, the Baltimore Steamship Co., for one seventh of their cost, in the event we must have them for war use. Bear in mind these are the same vessels we sold at such low prices as to be an outrage on the taxpayers who are sweating under the bonded debt which represents their cost to this Government.

I want you to appreciate fully the brazen gall involved in this program of grabbing ships for one seventh of their cost and then demanding their fair actual value from the poor, old Government if it needs them back for war purposes.

The following vessels—

That is, these vessels which we sold to the bright subsidy grabbers for a song—

may be taken and purchased or used by the United States Government for national defense or during any national emergency declared by proclamation of the President.

Let us see under what condition we can take the vessels that the United States Government has virtually given to these people.

In such event the owner—

That is the fellow we sold it to—

shall be paid the fair actual value of the vessel at the time of the taking, or paid the fair compensation for her use based upon such fair actual value.

There you have it. Patriotism, naked and unadorned.

They get the vessels from the Government for 1½ or 2 cents on the dollar, but the Government, when it gets into trouble, and after having given these people the enormous subsidies they are now enjoying, and which has made huge private fortunes spring up like mushrooms overnight, must pay them the fair actual value of the vessels. And that is the sort of lop-sided, grossly unfair contract we made with the subsidy grabbers—all in the sacred name of patriotism and preparedness.

Mr. President, if there is a Member of the Senate who can justify such an outrage on the American people, who can find a parallel for such practice in private standards of business; if anyone can point out where any greater advantage has been sought and obtained over anyone, except morons, I wish he would point it out to me now. We have courts to protect mental incompetents—the poor old Government can shift for itself.



I have adverted to the matter of ship subsidies, Mr. President, because it is all tied in with the question of war preparedness. We were solemnly assured that creating an American merchant marine was part of the theory of national defense, and pursuing that policy and that theory and for a tiny fraction of their cost, we gave \$3,000,000,000 worth of property that belonged to the American taxpayers to private shipping concerns owned by some of the wealthiest men in this world. We gave it to them for 2 or 3 cents on the dollar, on the theory that we were promoting national defense. Not satisfied with virtually getting the capital of their companies for nothing, these same interests came trooping down to Washington or sent high-priced lobbyists, as indicated in the record of subsidies now being written, and walked away with other millions for hauling a small amount of mail. They were not satisfied with having almost the entire capital of their companies supplied by the taxpayers; they had Congress arrange the matter so that the operating costs and nice fat dividends would be provided at public expense. Truly, it is a great arrangement.

On top of that, and as a sort of legislative capsheaf, our own law tells us that if we have the nerve to ask for the use of one of these Santa Claus boats in case the Government is attacked by a foreign power, we will have to give the company 100 cents on the dollar of what that boat is worth at the time we take it over.

Mr. President, I do not think that greed could go further. Greater gall was never exhibited by men under the blue canopy of heaven than is exhibited by the beneficiaries of this law. Poor old Al Capone! Imagine his mortification as he ponders over the fool impulse that drove him into liquor instead of subsidies. He could just as well have been rich and respectable—if he had trotted with the right crowd.

Mr. President, if this Government of ours does not fortify itself against this sort of patriotism, this 290,000-percent Americanism, then God help this Government when another war comes along. When this crowd of patrioteers get through, there will be nothing left.

We have no right to assume that the debaucheries, the saturnalian financial revelries of the last war, are not going to be repeated if we have another one. A \$1,600,000 bonus was paid to the head of the Bethlehem Steel Co. at a time when the stockholders had not been getting dividends. Where did that come from? Partly out of Government contracts.

I have a quaint, old-fashioned idea that this Government should not be maintained to enrich a few men, but rather to promote the welfare of all the people, and when I realize that the sort of thing I have been discussing is reflected in outstanding bond issues and in the dreadful burden of taxation we now carry, it becomes vitally important to know whether we are to continue the program as in the past.

The Senator from Maryland [Mr. TYDINGS] said the other day that our Government would soon have to raise \$1,600,000,000 a year to pay the interest on the national debt and provide a sinking fund. That is nearly \$13 per capita burden on the people of this country. It is due in no small part to this orgy of greed and grab I have referred to.

Mr. President, I very fully share the views of the Senator from North Dakota [Mr. NYE] that the business of private ownership of munition factories presents a serious problem. The Senator from Idaho [Mr. BORAH] was absolutely right about the huge munition rings. As a matter of fact, a French deputy rose in the French Chamber of Deputies and denounced a concern by name over there which had shipped nickel into Germany during the war; shipped it through Sweden, in a circuitous round-about way, and that same nickel was used in making bullets which were shot into the bodies of French soldiers. That is how much patriotism those fellows have. Their patriotism is wholly conspicuous by its absence. It is plastered all over with dollar signs.

I have suggested the necessity for the Government's protecting itself in the building of its own airplanes. That is just merely a part and parcel of what I believe to be a proper and legitimate function of preparedness.

I doubt if anyone can find any legitimate argument against the theory that defense is a national or governmental function. Can there be a twilight zone? Who in this body can say that defense is a private function? If the preservation of the Government by its military and naval arms in time of trouble is a national function, then certainly the major portion of the work of war preparation should be done by the Government. The major phases of preparation for defense should be exclusively a Government function. That theory does not do violence to any reasonable American doctrine. This theory is something that any patriotic American can accept as a decent standard by which patriotism itself may be gaged. For that reason I have suggested not only the amendment with respect to the building of airplanes, but I have one more that I desire to read, and then I am through.

In this connection, Mr. President, I want to say that I hope that the amendment of the Senator from Washington [Mr. DILL], which is as follows—

*Provided further*, That in making awards under contracts for the construction of vessels in private shipyards, bids may be accepted from shipyards located on the Pacific coast: *And provided further*, That the cost of construction on the Pacific coast does not exceed the cost of construction on the Atlantic coast plus the cost of transportation of necessary materials from the Atlantic to the Pacific—

Will be agreed to.

That simply provides for putting the Pacific coast on a parity with eastern yards in bids on ships, and is in my judgment a very proper amendment, and was in the law, as I recall, in 1916, in somewhat the same form.

I have one other amendment which is, as I indicated in the beginning, not legislation but a mere declaration of public policy. I am well aware that many will not agree with my views about this thing. I am willing to concede that such gentlemen are perfectly honest in their viewpoint. I never challenge any other man's intelligence or honesty in differing with my viewpoint about these things. While so conceding, I think that the experience of this country in time past fully demonstrates the legitimacy of my attack on private profits in war preparations.

The only way that we can put an end to them is to provide yardsticks which make it impossible for greedy men to take advantage of the Government. They will take advantage of the Government if we allow them to do so. If they were satisfied with a legitimate profit, no one would quarrel with them. The trouble is that they are not satisfied with a legitimate profit. They have proven a thousand times that they want the earth.

The amendment I refer to is a declaration of policy. After the provision that at least 50 percent of the ships shall be built in Government yards it is provided—

That the Government shall, insofar as practicable, develop its navy yards, arsenals, and other plants and facilities to the end that it may—

(a) at all times hereafter be able to construct, maintain, and repair its authorized vessels and naval equipment;

(b) as speedily as possible become self-sufficient in time of war; and

(c) insofar as may be possible, eliminate private profit in war and in the preparation therefor.

I submit that this is good, wholesome American doctrine, and it would take from this bill much of the odium that attaches to it in the eyes of a lot of mighty clean, fine people in this country if we adopt this declaration of our intentions.

There is a great deal of opposition to the bill. I sincerely believe, Mr. President, that much of the opposition that rises in the hearts of the people to this sort of thing could and would be eliminated if the element of private profit were taken out of war and preparation for war, so far as we can do it. To that end, when the time comes for a vote on my amendments, I am going to ask for a favorable vote on the amendment which I have just read.

THE PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. BONE].

Mr. TRAMMELL. Mr. President, in regard to that amendment, I suggested to the Senator from Washington



that I should be glad to accept it if he would change the word "all" in line 21, page 2, to the words "not less than 25 percent." That is the feature that deals with the building up of our present inadequate facilities for aircraft construction to a point where we may utilize those facilities. It occurred to me that we should have, at least, that much latitude by not requiring at the present time an excess of over 25 percent of the aircraft to be built by the Government. You see, at present the Navy has practically no facilities with which to build airplanes. It will probably take the Navy Department, under the orders of the President, 2 or 3 years even to reach 25 percent unless there are many millions expended within the next few moments for aircraft plants. I am in sympathy with the policy of the amendment.

The PRESIDING OFFICER. Does the Senator from Washington accept the amendment to his amendment?

Mr. NORRIS. Mr. President, I should like to ask a question so as to understand the proper parliamentary situation. I listened to the reading of the amendment of the Senator from Washington. I was struck with the idea that it was the same amendment as that offered by the committee. Is there a difference between the two amendments?

Mr. TRAMMELL. The committee proposed an amendment requiring the construction of as much as 50 percent of the vessels authorized by the pending bill in navy yards and plants which the Government now owns. The amendment of the Senator from Washington deals more particularly with aircraft construction.

Mr. NORRIS. I understand the difference.

Mr. TRAMMELL. The amendment of the Senator from Washington has to do with aircraft construction; and the idea is to have the Government enter into competition in the building of its own aircraft, which I think is a very commendable purpose.

Mr. BONE. Mr. President, may I intrude at this moment to say that, as I understand, the amendment suggested by the Senator from Florida [Mr. TRAMMELL] limiting profits on construction of vessels authorized under this bill to 10 percent, has been adopted?

Mr. TRAMMELL. That amendment has been adopted.

Mr. BONE. So there remains only the amendment I am suggesting in regard to the building of naval aircraft and providing a declaration of public policy?

Mr. TRAMMELL. They are two separate amendments.

Mr. BONE. Yes; they are two separate amendments.

Mr. TRAMMELL. We have before us now, as I understand, the amendment in regard to the building of aircraft in Government plants.

Mr. BONE. That is correct.

Mr. TRAMMELL. Mr. President, as chairman of the committee I feel authorized to accept the amendment of the Senator from Washington with the change I have suggested, so that the amendment will provide that not less than 25 percent of the aircraft shall be constructed in Government factories. The reason for that suggested change is that we have now no facilities, and that the President, under the provisions of the proposed act, will have to acquire and build up the facilities for the construction of aircraft. The administration thinks they will have to have a little time in order to do that, and, of course, that is true. This amendment contemplates that ultimately all aircraft shall be constructed in such Government plants, but we have not now the facilities, and it is impracticable to do that at this time.

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

Mr. TRAMMELL. I yield.

Mr. BONE. May I call attention to the amendment itself?

The PRESIDING OFFICER. Does the Senator from Washington accept the amendment to his amendment proposed by the Senator from Florida?

Mr. BONE. Mr. President, the amendment is in line 21, on page 2, where it is suggested that the word "all", the last word in the line, shall be stricken out and there shall be substituted the words "not less than 25 percent."

The PRESIDING OFFICER. Does the Senator from Washington accept that amendment?

Mr. BONE. I will accept it.

The PRESIDING OFFICER. The Senator from Washington modifies his amendment. The question now is on the amendment of the Senator from Washington, as modified.

Mr. KING. Mr. President, I inquire of the Senator from Florida whether the amendment is compulsory, or does it merely give discretion to the President?

Mr. TRAMMELL. The amendment begins by providing that not less than 50 percent of each succeeding lot of aircraft, and so forth, shall be constructed in Government plants.

Mr. KING. That would be compulsory.

Mr. TRAMMELL. And the question having been raised that that is impossible and impracticable, because the Government does not have facilities, and on account of the enormous cost of providing factories, and so on, the requirement has been changed so that, if the President shall find that he cannot comply with the 50 percent requirement, he then has the discretion to so state, but then he shall proceed immediately and expeditiously to build up our present plants—we now have only one and it is rather antiquated—and to acquire other plants and facilities for constructing at least 25 percent of the necessary aircraft. That provision is really mandatory. The original provision, however, for 50 percent Government construction, which was also mandatory, is transformed into a discretionary provision to provide for acquiring facilities for at least 25 percent of the construction. That is the way I understand it.

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

Mr. TRAMMELL. I yield.

Mr. BONE. In the interest, perhaps, of better grammar in the amendment, and also because it might look a great deal better, I suggest, on page 1, line 4, that the provision should read:

That not less than one quarter or one fourth of each succeeding lot—

And so forth.

In other words, if we are going to confine it to 25 percent in the end—if that is all we are going to have—there is no use in insisting on more in the beginning. Of course, personally I should like to see all aircraft for the Navy built in Government plants, but if we are going to provide in the end that not less than 25 percent shall be so constructed, we might as well start out with the provision of not less than 25 percent.

Mr. FRAZIER. Why not strike them all out?

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Utah?

Mr. KING. I will not interrupt the Senator, if he desires the floor.

Mr. TRAMMELL. Mr. President, I suggest further that, in order to conform to the amendment which we have already agreed to in line 4, page 1, the words "one half" should be stricken out and the words "25 percent" inserted in place thereof.

The PRESIDING OFFICER. As the Chair understands, the Senator from Washington agreed to the Senator's amendment striking out, in line 4, the words "one half" and inserting "25 percent."

Mr. TRAMMELL. As I understand, the Senator from Washington agreed, with the understanding, of course, that I, representing the committee, am free to accept it, because I am certainly in favor of the policy of the amendment. I merely made those suggestions to try to make the amendment workable.

The PRESIDING OFFICER. Does the Senator from Washington accept the last amendment suggested by the Senator from Florida?

Mr. BONE. I accept the modification, Mr. President.

Mr. KING. Mr. President—

Mr. TRAMMELL. Mr. President, if the question is not going to be put now, I desire to say a few more words. I thought we were about to vote on the amendment.

Mr. KING. Then, I shall not seek the floor at this time.



Mr. TRAMMELL. Mr. President, I have had very little to say during the discussion since the bill has been pending and I may also add that others have had very little to say in regard to the bill or its real merits. The discussion has gone afield on practically every subject known under the canopy of the sky and the bill itself has not been very much discussed. Of course, I mean that as no reflection upon the Senators because, under our rules, they have a right, under the provision for unlimited debate, to talk about anything they wish.

Much has been said in regard to corrupt practices and excessive profits which have prevailed in connection with purchases by practically every governmental activity, and that situation has been used as a reflection upon the question of—what? The question of building up the Navy to treaty strength. It is no more reprehensible to anyone in the Senate than it is to myself that there have been those who have filched from the Government, who have preyed upon it in time of war and in time of peace.

Feeling that way, I was ready to join with other members of the Senate committee in the preparation and presentation of the amendment which has been sent to the desk, and which has already been adopted, seeking to limit the profits on the construction authorized under this bill. That has been the very object and purpose of the principal amendment which the Senate committee has proposed. We worked it out as best we could, and no Senator has suggested any change in the amendment which seeks to limit profits to not exceeding 10 percent. From the figures and the statistics which have been given, that seems to be quite a reduction over the profit which heretofore may have been derived in certain instances at least. We have offered that amendment, which has been adopted, as an earnest effort to try to get rid of corrupt practices and excess profits about which a number of speakers have complained. To that extent we have remedied, as far as we can through legislation, the matter of excess profits, the matter of excessive returns which have been made by shipbuilding plants in the past.

Personally I do not have to come down to quite as recent time as the present to define my position on the question of excess profits, and my opposition to and condemnation of those who would prey upon the Government in time of peace or in time of war. It so happens that during the period of the war I submitted an amendment to curtail profits, to drive from membership upon the Council of National Defense and other governmental agencies those who had interests which they might have sought to promote by virtue of their quasi-official positions.

I am heartily in sympathy with the idea of the Senator from Washington [Mr. Bone]. I am in sympathy with the condemnation which has been heaped upon those engaged in the aircraft industry and every other line of industry where they have taken advantage of the Government.

Mr. LONG. Mr. President—

Mr. TRAMMELL. We have sought in this particular bill to try to correct that condition so far as the Navy is concerned in relation to the work to be undertaken under the provisions of the pending bill.

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. TRAMMELL. I do not know what the Senator is going to say, but I have only 10 minutes, and the Senator has already made several speeches on subjects foreign to the pending bill.

Mr. LONG. I want to ask one question on this subject. Will the Senator allow me to ask him a question?

Mr. TRAMMELL. I yield for a question only, but not for a speech.

Mr. LONG. When the Senator was speaking about aircraft fraud I was wondering if the Senator had secured any information on just how the loss involved in the fraudulent contracts that were canceled is to be or has been saddled on the backs of the innocent public by secret knowledge or convenient information being given to fraudulent operators in

advance, as was done the other day? I thought we were taking money from people who were manipulating the fraud, but it seems they received the information in time to save themselves from losses—

Mr. TRAMMELL. Mr. President, I decline to yield further. I am not familiar with the details of the matter to which the Senator is referring. The Senator has probably made the discovery himself, with all his alertness in keeping up with matters of that kind. I cannot be expected to be as well informed as he is on that subject.

I revert to the fact that the situation in regard to unreasonable profits and fraud in connection with aircraft, ship subsidies, and other Government affairs, is scarcely a matter to be submitted as a legitimate argument against the bill now before us in its present form. The committee is doing and has done the best it could to try to prevent such practices in the future in connection with the contracts that are to be made for naval construction. The bill provides for building the Navy up to treaty strength only.

When we met in conference and our representatives and the representatives of other nations agreed upon what should be the strength of the navy of each nation, respectively, I take it that they thought at that time, and the nations afterward indicated that they thought so when they approved the treaty through their proper legislative tribunals, that that limitation was the strength to which they should be allowed to build. In this country we intended to build up to treaty strength. It is useless to discuss the question of how we were outwitted, as I believe, in the Washington Conference when we destroyed so many of our splendid vessels and the other nations did not make anything like the sacrifice that was made on the part of the United States.

It is thought by some that preparation is almost a declaration of war. I do not so construe it. It has been said that the people in their aggregate as nations represent only the sentiments and the views of the individuals. I have never been favorable to the idea of arming one's self personally, yet there are times when that would seem rather essential. My belief is that while this country wants to maintain peace, our purpose and our idea to maintain peace should not involve laying down helplessly, should not involve going without some provision for taking care of ourselves if it should become necessary as a matter of defense. Some may believe to the contrary. In communities where there are disturbing elements, as a rule, I have never seen a person so peaceful that he protected himself by that very attitude of peace on his part. In rough communities, communities of outlaws, those who seem to be of the aggressive fighting type, the peaceful man of lamblike tendencies usually before very long is run over roughshod.

I would not say that would be true if our Nation were not equipped at all for war-defense purposes, but it does occur to me that the sensible logical thing for the American Nation to do is to equip and maintain a reasonably efficient and capable navy instead of saying that we will fold our hands and do nothing and let all the other nations build all the ships they wish and make all the preparations they wish for war, but that we feel confident, because of our peaceful policy, that everything will be lovely and go well with us. That is what will result if we keep on letting the Navy deteriorate instead of building it up to treaty strength.

The PRESIDING OFFICER. The time of the Senator from Florida on the bill has expired.

Mr. TRAMMELL. Then I will continue for 10 minutes on the amendment.

Mr. President, we have under construction at the present time 32 of the ships already authorized, and the pending bill authorizes about 20 more.

Mr. FRAZIER. Mr. President, a parliamentary inquiry. The PRESIDING OFFICER. The Senator will state it.

Mr. FRAZIER. Has not the Senator from Florida spoken for 20 minutes?

The PRESIDING OFFICER. The Senator from Florida spoke 10 minutes on the bill and has 10 minutes additional on the amendment.

Mr. TRAMMELL. I have 10 minutes more on the bill?



The PRESIDING OFFICER. Ten minutes more on the amendment. The Senator from Florida has utilized all of his time on the bill.

Mr. TRAMMELL. Very well. It has been advocated by the Navy Department and by the administration that we should have a regular systematic program of building up to treaty strength instead of a spasmodic building. That has been the case heretofore. Sometimes we would build no vessels for 2 or 3 years, and then we would have a spurt of building and a very large sum of money would be expended within probably 2 years for naval construction. For a 10-year period the expenditures have averaged about \$38,000,000 annually. Under the provisions of the bill now before us we would go along systematically over a period of about 7 years. The cost has been variously estimated to cover a period of 7 years, and not merely a period of 1 year. It is estimated that from \$590,000,000 up to something less than \$1,000,000,000 is involved which is thought excessive. Of course, the latter estimate has been placed upon it by some of those who are opposing the measure.

The best information that has been obtainable, however, is that the construction will cover a period of about 7 years, and that the cost probably will run something like \$750,000,000, at the rate of ninety-odd million dollars a year. That is including the aircraft program, the ships, and all the other elements involved in the plan of construction.

I look upon this as a measure of peace, not one to encourage war. The foreign nations that were in the conference with America recognize the fact that we have a right to have this number of vessels; that it is only proper that America should have this strength in its Navy; and yet a few Americans think that we should have an inferior strength, inferiority to the nations who made these agreements with us.

On the question of peace or this being a step looking toward war, did not America show its disposition to bring about peace when we went before the conference and made the sacrifices that we did at that time in scrapping modern, first-class American ships? Has not this Nation all along, and especially at the present time, under our very capable and peace-loving President, shown that it is the desire of America to do all possible to reduce armaments, and to take every possible step to maintain peace in our country and among the nations of the world?

We are not responsible for the warlike spirit that animates other nations; but, as a great world power, we have to consider it in formulating our American policies. I think, and the administration thinks, as I understand, that building up to treaty strength will help in the future to bring about a greater reduction of armaments, to bring about measures that will be more conducive to peace and to the discontinuance of war in the future.

It is upon that basis and that belief that this bill is before the Senate, and not with any idea of doing anything that will disturb the peace of the world, or bring about any enmities on the part of other nations. I am sure America is friendly, and wants to be friendly, with all other nations. The pending measure indicates no other sentiment. Nor is it contrary to a policy of peace, but to the contrary I believe its influence will make for peace.

Other than the desirable policy embraced in the bill, it may well be remembered that it is a measure that helps to take care of the unemployed. Figures show that about 85 percent of all of the money expended through the Navy Department for construction purposes goes for the pay of labor, directly and indirectly. Probably 50 percent of the funds required under the pending bill would have to go to take care of the unemployed in other directions if not used in this way. Thus it may be reasonably said not more than \$400,000,000 additional funds spread out over 7 years is required on account of this Navy construction program.

Mr. LEWIS. Mr. President, I desire at this moment to enter some observations touching the pending Navy bill. I dare say that I am quite at variance with Senators on both sides of this Chamber, and possibly I shall find myself at

variance with those in authority within what might be called my own administration.

I am not without some small experience touching the status of the Navy in its relation to this, our America. I served on the Naval Committee as a Member of the House of Representatives. I served on the Senate Naval Committee as a Member of the Senate in the Wilson administration prior to our entering the World War. I have had occasion to discuss the Navy, and to observe the Navy from the point of view of one interested in it as a matter of national procedure and international relations.

I have observed these Senate bills coming forward each year for passage, meeting with similar opposition as we have today on the part of well-meaning, beloved citizenship who have felt that by reducing the Navy we should reduce the prospects of conflict with nations and avoid war. I wish such were true; but history records that in each instance where the necessary strength of defense has been reduced, assaults from opponents have consistently followed.

Mr. President, I wish to have it understood that I am at variance with others in that I am opposed to any kind of an arrangement on the part of this country that brings America into an alliance by which other nations shall have a right to dictate to this, my country, what form and manner of defense she shall have against the assaults of her foes. I cannot accept as a principle the idea that we shall assemble with other nations who, in the very nature of things, at any time may be called on to be our antagonists, and perchance our enemies, and that they shall have the privilege of writing us down as to the limitations, as to the number of ships, the quality of ships, the quantity of defense, and the method and manner in which the United States of America shall defend herself in the event of a conflict calling for that necessity.

We never have entered into one of these arrangements that has been kept in entire good faith. There is not now one existing that is being complied with or lived up to by any of the nations involved. I regret to say I must include my own Nation in this impeachment. The nations may not intend, sir, to violate the treaties, and it may be that they have good faith in entering into them; but it is the subsequent events which intrude themselves in the affairs of the world that compel the changes. Since these events will transpire, we are compelled to adopt the philosophy that Shakespeare puts into the mouth of Cassius in Julius Caesar:

But since the affairs of men rest still incertain,  
Let's reason with the worst that may befall.

We trust there will be no war, Mr. President, but every conflict that has ever existed while I have lived has always followed the assurance to the public that there never would be another war, and ever followed with a dire conflict.

The world at present, sir, is in great turmoil, not one nation trusting another; and this, my country, truth must compel me to say, has not one real friend among all the nations of the world. We need not pause to consider whether that is born of the international debts or of the rivalry in commerce. It is sufficient for us to recognize the plain truth.

I take it, sir, and I urge upon my brethren in the Senate to contemplate this view, that we seek economy in the defense of our country. We wish to reduce the Army to the very lowest grade that the necessary defense of our country will justify. Sir, the manner in which to reduce an army in a country such as is ours is to prepare an efficient navy. Any assault that may come upon America as to which we need have fear or deep concern as to its result will be that which will come upon the coasts, for there only can these countries of Europe or Asia assail us. If there shall arise within our land some conflict among our own people, we have a way of meeting that. It does not terrorize us, and we do not fear the results to be disastrous to the Nation; but if we are able to meet attack upon the coasts, and if our Navy be sufficient to prevent any nation from assailing us, we thus protect ourselves from war, and we make un-



necessary a very large standing army; for they that would assail us, where a standing army might be required in very large numbers to oppose them, never can land. The Navy protects us against the invasion, and guards us against the assault.

Therefore, as a measure of peace, but more important, sir, as a measure of economy, for the reduction of the Army, an efficient Navy is essentially the agent.

Mr. President, we speak of peace. I behold around me my brethren Virginians who recall the line of Patrick Henry, when, quoting the source, he used the famous expression:

Gentlemen may cry peace, peace, but there is no peace.

Shall America close her eyes to the fact that all around her is conflict? That in truth here and there there is a little less open antagonism and explosions of assault. Do we not see that in no country of the world is there complete peace in the hour wherein we are speaking?

What assurance has America from any source of power that she is to be exempted from that which has befallen every other nation, particularly as she rises to power in finance and commerce as this, our land, has done? When has a conflict between nations not arisen as the result of the power of finance, trade, and commerce?

I regret to confess to this honorable body that it is my knowledge and my belief, of course, sustained by that knowledge, that the last Great War was a war of commercial rivalries. It was a war from trade jealousy. With whatever beliefs the propaganda succeeded in investing the public mind about a war for democracy, or a war for justice, or a war for liberty, truth eventually, sirs, must record that the war was brought on by the rivalry of nations for the maintenance of supremacy in trade and in the dominance of commercial wealth.

Do you fancy that the spirit of that nature has come suddenly to termination? Has there been any religious revival anywhere in the world that has converted our fellow mankind by which we can feel that we are to be an exception in the future from that which we have endured in the past? Shall we behold the Orient in its situation threatening conflict with the world at any hour, or assuming to have to oppose it? Shall we behold this and not realize that the very first land that will be the victim of these conflicts, if they cannot be warded off, will be this, our America?

The PRESIDING OFFICER (Mr. BACHMAN in the chair). The Senator's time on the amendment has expired.

Mr. LEWIS. Mr. President, I was out of the Chamber and did not know that a limitation had been fixed.

The PRESIDING OFFICER. The Senator still has 10 minutes on the bill.

Mr. LEWIS. I will not desire that much time. I then hasten to conclude. Here I assert that I cannot for myself concur in the thought that this Government shall ever again assemble with any people, any nation, anywhere, vesting the privilege on the part of other nations to write down the limitations of the defense of this country of itself as against a foe or assault.

As we do not seek war against any country, and as our object is only to defend ourselves against any country, to America alone must be left the sense as to what measures and methods should be just to herself and of protection to her people.

Mr. President, I have occupied this floor from time to time in calling attention to how this country has been mulcted, literally trapped and tricked in the different international negotiations between ourselves and the other nations of the world, sometimes in these events, called commercial alliances, economic conferences, disarmament meetings, financial interventions. What has been the result? There has not been one out of which America has come forth where she can claim victory, or even equality of result, or even-handed judgment.

Do we learn nothing? Are we going to continue the course by ourselves which defeats ourselves? Are we not conscious that other countries are not in duty bound to us to preserve us? They owe us no obligation to watch our welfare. Their lights are not burning to guide along the

thoroughfares of civilization this, our Nation, in peace or prosperity.

Shall we not, then, pause at a time like this, surrounding the world, to realize that the hour has come upon America when she must be wholly American; and if a Navy such as is presented here by the bill is one regarded by those in authority, after investigation, as essential to the defense of America, there ends the inquiry. We may proceed to supervise the investigation, but here we point and here we state that the hour has come when, in the language of Mr. Webster, our people should be "for our country, for our whole country, and, first and last, for this, our country, our America." I support the bill for a navy for adequate defense and complete security.

Mr. LOGAN. Mr. President, if by my vote I could bring the nations of the world even 1 inch toward universal peace, then I would cast my vote so as to bring about that result. It seems to me that the course we have pursued during the last few years has brought us into a position among the nations of the earth which requires us to take careful note of our national defense.

If we have decided—and it seems to me we have—that America must be self-contained, that she must be self-sufficient, that she will depend upon economic self-sufficiency, then it follows, as a matter of course, it seems to me, that we must be prepared to protect America to the fullest extent against the other nations of the world.

This is not something that has come upon us all of a sudden. It is a course that has been followed for many years. I undertake to say, if I correctly read history—and I believe I am familiar with history—all through the ages it has been true that a nation for its protection must depend upon armament or allies. Armament, perhaps, is not so good protection as allies, but we have no allies. We have determined that we will have none, and if we will have no allies, I think we necessarily must have armaments.

It is true as an historical fact, I believe, that the nation with allies, when in combat with a nation having only armament, wins finally over the nation depending solely on armament. But, as I have said, we have determined that we will have no allies, and if we have no allies, there is nothing else for us to have save armament.

It further seems to me that we as a nation must either build a wall or else we must build bridges. We have decided that we will not build bridges. We had presented to us the question of the League of Nations, and we decided that we would build no bridge in that direction. Then the question of our entrance into the World Court has been pending a long time, and apparently we have decided we will not build a bridge in that direction. A nation, as I have said, must build bridges for friendly intercourse with other nations, or, if it does not do that, it must build a wall. We have decided that we will build no bridges. Then it follows that we must build a wall, and if we must build a wall, that means that we must have a navy that can protect our shores.

Mr. President, I am against war. If I could do anything to silence every gun on every battlefield throughout all the future ages, if I had the power to do it, it would be a proud moment when I could take the step that would bring about such a condition. If I could make it possible that battle-ships should never be called into use, that no nation should ever resort to them, if I could destroy every battleship in the world today, I would gladly do so, and I would prevent the building of another at any time if I had the power. But I do not have the power, and this Nation does not have the power, and we cannot disarm in the face of a hostile world. While the world goes on preparing for war, which we hope will never come, when it is at least ready for war, we cannot sit idly by and change the future. We must be prepared, and that necessity grows out of the road we have traveled. We have pursued a course which makes it necessary for us to be able to protect our rights in every eventuality.

It has been suggested by an able Senator today that munition manufacturers would richly profit by reason of the enactment of a bill such as the one before us. Perhaps that



is true; but if it be true, it is our fault. If the munition manufacturers are seeking to bring this Nation into war, then, as compared to them, Judas Iscariot would be a gentleman, and they ought to have decency enough to commit suicide, as he did. On the other hand, if they persist in a course of agitation that brings our Nation toward war, or that even has a tendency in that direction, Congress is very derelict in its duty if it does not take some step that will prevent their following such a course; and I sincerely trust, regardless of what other Senators may think about it, that the resolutions referred to by the Senator from North Dakota [Mr. Nye] and the Senator from Michigan [Mr. Vandenberg] may be adopted, and that at an early date.

We ought to have the power, we do have the power, if we have the courage to exert it, to prevent profits in the manufacture of munitions of war, and it is our duty as a part of the Congress of the United States so to do.

Mr. President, I know that there is a great propaganda being disseminated throughout this country against building a navy. Those who do not think advocate such a course. Those who are of the opinion that we are secure advocate such a course. But they do not know; they have not given consideration to the subject.

I have a passion for peace. I believe that we ought to be able to find some way to preserve the peace of the world. I have always held to the view that some instrumentality, some tribunal, should be set up somewhere that would prevent resort to arms between the nations of the earth when there was a disagreement. I have always believed that men should be wise enough to devise some way to settle their difficulties without resort to arms, and I believe the day will come when that will be brought about. I believe that at some time men will be wise enough to say that there shall be no more war. But the time is not here. The world is still seeking to preserve peace by equipping armies and building ships. It may be that that is the wrong way. It may be that we are to be censured because we cannot find a better way; but that is the only way we have; and much as I dislike war, much as my heart longs for peace, and much as I look for the day when peace may be provided intelligently, I believe it would be very unwise indeed that we should lie, supinely on our backs while the world becomes an armed camp against us.

Mr. HALE. Mr. President, House bill 6604 is to all intents and purposes substantially the same bill that the Senate enacted some 2 years ago. It authorizes the bringing up of the Navy to treaty strength, and it also authorizes, as the former bill did not, the building up of the airplane strength of the Navy to a figure which shall be commensurate with its ship strength. The bill of 2 years ago died at the close of the session as the House took no action upon it.

The pending bill authorizes the building of the ships and airplanes necessary to attain to treaty strength; in other words, that strength which our naval and other advisers have decided we need relatively to the other sea powers of the world. This relative strength our delegates to all disarmament conferences have at all times insisted upon. To secure an agreement as to relative strength, we, far more than any other naval power, have had to sacrifice existing ships and the building of types of ships especially adapted to our naval needs.

Since the Washington Treaty in 1922 we have sought, by not building up our Navy, to influence other countries not to build up theirs. Our example has not been followed.

While up to 2 years ago we had built but very few ships since 1922, all of the other great naval powers had materially improved their naval armament during the same time by adding new ships and by replacing worn-out ships with modern up-to-date vessels.

Battleships, under the Washington and London Treaties, we may not build or replace, so this bill makes no specific provision for them, although under its general terms, should a later treaty agreement be made affecting battleships and battle cruisers, the provisions of this bill would be extended to ships of this class.

Aircraft carriers and cruisers, both 8-inch gun and 6-inch gun, we have very well provided for through the annual appropriations and through the money obtained from the Public Works appropriation, but in destroyers and submarines we are far below our treaty allowance.

At the close of the war we found ourselves, due to the demands of our allies for destroyer protection against submarines, with a very great number of destroyers either built or contracted for before or during the war, and we still have some 280 of these old vessels in our possession. This year the newest of these destroyers becomes over-age under the terms of the London Treaty. There is still left considerable usefulness in these old destroyers, but with their smaller guns, lesser cruising radius, and inferior seagoing efficiency in rough weather, they are in no way to be compared with the destroyer of these later days.

As I have said, all of these old destroyers of ours are of pre-war design. Until 2 years ago no new destroyers had been laid down since the Washington Treaty in 1922. Within the past 2 years 32 modern destroyers have been contracted for and 8 have already been laid down. Our treaty quota is about 90 destroyers.

In submarines we have 80 vessels, but of these, counting those now in process of construction, only 24 will be under-age at the close of the year 1936, when by treaty agreement we must destroy any surplus tonnage that we have over and above the 50,700 tons allowed us under the London Treaty. This will mean that we must destroy before the close of the year 1936, 39 of our older submarines.

In the same way in the destroyer class, where our treaty quota is 150,000 tons, we shall, under the London Treaty agreement, have to destroy some 160 of the old destroyers.

Unless additional ships, therefore, are built, our Navy on December 31, 1936, will consist of the following ships, built and building:

Capital ships, 15, of 455,400 tons; 7 over-age.

Seven of these ships will be over-age, but as the same will apply to the capital-ship quota of the other powers, that is not a serious defect.

Aircraft carriers, 6, of 131,300 tons.

Cruisers "A", 18, of 172,650 tons (including 1 provided for in the appropriation bill which has recently passed the Senate).

Cruisers "B", 17, of 140,500 tons (including 3 provided for in the appropriation bill which has recently passed the Senate).

Destroyers, 123, of 150,000 tons; 32 new destroyers, of 50,800 tons; 91 old destroyers, of 99,200 tons.

Submarines, 24, of 32,270 tons, new and not over-age; 25, of 20,430 tons, over-age.

So, except for the ships now building, which will come into commission before the close of the year 1936, we shall at that time, under the treaty requirements, scrap all tonnage in all classes of ships over and above our treaty quotas, be in a far weaker condition in case of hostilities than we are at the present time.

We might take care of our lack of modern destroyers at the present time, should hostilities occur, with our overabundance of old destroyers which still have some fighting value, but we shall not have these vessels after 1936.

In the same way we might utilize our overabundance of old submarines but, as in the case of destroyers, not after the close of the year 1936.

Our Navy, while it will be well provided with battleships, airplane carriers, and cruisers, will be deplorably weak in destroyers and submarines, both integral and necessary parts of the fleet, and we shall be very much in the position of a man who has a new, expensive, high-power automobile with two weak tires on the front wheels.

We have got to have new ships if we are to keep up our Navy. No navy lasts forever. Under the terms agreed upon in the London Treaty, aircraft carriers and cruisers are allotted an under-age life of 20 years, destroyers of 16 years (except those laid down before 1920), submarines 13 years. During these terms, these ships unless destroyed may not be



replaced. Granting an average life of 20 years, and the average would be very considerably less than that, a fleet must in its entirety be replaced in 20 years if it is to be kept up to full treaty strength.

The cost of replacement of an entire treaty navy, based on the cost per ton of each class of ship, taking the figures that were in existence before we went off the gold standard, would be \$1,747,000,000 or an annual replacement cost of ninety-six-odd million dollars.

The PRESIDING OFFICER. The Senator's time has expired on the amendment.

Mr. HALE. I will now speak on the bill.

Leaving out the battleships, which under the terms of the Washington and London Treaties, we cannot replace, the annual cost of replacement of so much of our Navy as would constitute a treaty navy, would be sixty-eight-and-one-half-odd million dollars. Our annual expenditures for this purpose in the 10 years following the Washington Treaty has been less than \$40,000,000, or more than \$26,000,000 a year below what the cost of replacement of a treaty navy would be.

Mr. BONE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Washington?

Mr. HALE. I yield.

Mr. BONE. I know the Senator is reciting some of the figures that were discussed in the Naval Affairs Committee. I wonder if the Senator can tell us approximately how much it will cost, or give us at least some rough idea of what it will cost, to maintain the Navy if it is built to treaty strength. I think perhaps most of us would be very much interested in those figures.

Mr. HALE. I did not get the last part of the Senator's question.

Mr. BONE. My question was whether the Senator can tell us how much it will cost to maintain the Navy after the proposed building program shall have been completed, with the necessary replacements, and so forth.

Mr. HALE. Does the Senator mean the cost of building or actually maintaining the Navy Department, with its personnel and everything?

Mr. BONE. I mean the cost of the maintenance of the Navy.

Mr. WALSH. Mr. President, the Senator wants to know what would be the annual increase in appropriations in order to maintain the Navy.

Mr. BONE. I should like to know the annual increase in appropriations to maintain the Navy; yes.

Mr. HALE. I do not think I can give that information. No one knows what the personnel of the Navy will amount to after the ships shall have been built.

Mr. WALSH. There will be a substantial increase.

Mr. HALE. There will be a substantial increase over what it is at present. Up to this time, however, we have not spent what we should in replacing the ships of the Navy. That is the reason why we have to go to this large expense in the next few years.

Obviously, if the Navy is to be replaced within a given term and the average annual replacements for the first half of the program are under the requisite average for the total replacement, the deficit must be made up and much larger appropriations are required in the second half of the program.

Had the other powers kept on with their old ships and not replaced them when they became over age, we could well do the same thing and still maintain our relative strength; but as it happens Japan will wind up the year 1936 within some 3,000 tons—or less than one half the tonnage of one small cruiser—of her maximum allowance of modern, up-to-date ships; and Great Britain, though unless she speeds up her building program she will not be up fully to her treaty quota by 1936, will be far better off than we are and with more than twice as many modern destroyers as ours and with half again as many modern submarines; her shortage in under-age ships will not fall almost entirely on two classes of necessary ships, as does our own.

If we are to maintain our relative strength, we have got to spend money on our Navy; and this bill, while it does not appropriate, does give the necessary authorization to do so. I sincerely hope that the Senate will enact the bill.

Mr. WALSH. Mr. President, there are some features of this question I should like to have made clear for the Record. A short time ago a statement was made that the armies and navies of the great powers were greater today than ever before. The statement was challenged, and I took occasion to write to the Chief of Naval Operations to ask his judgment and opinion as to the accuracy of that statement.

His reply is as follows:

I would say that the statement is substantially correct excepting, of course, the World War period when all navies were augmented both by building and conversion of merchant ships. At the close of the war many of these ships were obsolete and would have been scrapped in a few years in the natural course of events even without the agreement to do so at the Washington conference.

It is well known, of course, that the then existing capital-ship tonnage was greatly reduced and is now limited, but what is not generally understood is that in all other categories the so-called "limitations" have not yet had any real effect. This is due to the provision of the treaties that new ships may be built as replacements but the old ones that they are to replace and the excess tonnage over the treaty allowance need not be scrapped until 1936. As a result all countries now have a considerable excess over the treaty allowances in cruisers, destroyers, and submarines, except the United States has none in cruisers.

That all countries have steadily increased their navies since the Washington conference is readily seen from the following figures which show the number and tonnage of ships laid down or appropriated for since January 1, 1922.

Now, mark you, the Washington Conference was called for the purpose of disarmament. It was the hope of the peoples of the world that the crushing burden of militarism, which they felt so keenly during the World War, could be and should be lifted from the backs of the taxpayers of the world, and the Washington Conference was the first opportunity of a world-wide character and nature to vocalize the aspirations of the people for disarmament of naval craft. All the world hoped and prayed that the result of that conference would be beneficial in lessening and reducing this burden.

Before reading the figures which the admiral gave me, let me read the figures between the Washington Conference and the Geneva Conference, because, as we all know, following the Geneva Conference, our country realized, under the able and astute leadership of Mr. Coolidge, who had been for disarmament, in fact, up to that period of time, the folly of our attitude, and he came before Congress with a proposal that shocked the country, in view of his preachments for disarmament, by asking for money to build, in one fell swoop, 16 cruisers.

But, let us see how the statesmen of the world proceeded to carry out the desires and wishes of the people for disarmament after the Washington Conference.

Following this conference in 1922, and up to January 1, 1929, the great powers of the world laid down and appropriated for a naval expansion of the categories outside the treaty as follows:

Japan, 125 naval vessels; Great Britain, 74 naval vessels; France, 119 naval vessels; Italy, 82 naval vessels; the United States, exclusive of small river gunboats, 11.

This furnishes conclusive proof that we were the only nation in the world to interpret the spirit of the peoples of the world for actual and substantial naval armament reduction. We actually stopped building naval craft. No other nation followed our example.

Mr. President, I wish at this point to insert in the Record the figures furnished me by Admiral Standley as to the number of and the tonnage of ships laid down and appropriated for since January 1, 1922, up to date (1934):

United States, 74 ships of 330,980 tons.  
British Empire, 170 ships of 453,415 tons.  
Japan, 188 ships of 482,962 tons.  
France, 200 ships of 508,328 tons.  
Italy, 147 ships of 298,971 tons.

He adds:

During this same period the scrapping of ships has been almost negligible except for those capital ships specified by treaty to be scrapped.



Another factor generally overlooked is the growth of naval aviation which was practically nonexistent during the war and has now added greatly to the strength as well as the size of the world's navies.

This letter, if it means anything, means that the navies of the world today are larger than ever if we eliminate the naval craft that were developed in the World War as a result of the conversion of merchant ships.

Mr. President, there can be no consideration of the question of national defense or of naval strength with the elimination of the question of whether or not a nation has a merchant marine. There can be no serious differences in the measure of navies of a country unless we consider at the same time naval aircraft. In both of these we are inferior.

Mr. President, we have had three disarmament conferences, namely, the one at Washington, the one at Geneva, and, lastly, the one at London. Different constructions may be put upon those conferences, but, as I interpret and read the results of the last conference, it is my judgment that one of the reasons why steps toward actual naval disarmaments were not taken was because we went to that conference with an inferior Navy; we were in no position to make sacrifices and surrender any of our existing Navy in comparison with the sacrifices that we would have had to ask and would have required of other nations that had very much larger navies.

I am one of those who are convinced that the real movement toward disarmament in the world will begin the day when we meet at conferences with the great powers with a navy equal to theirs, and theirs equal to ours, and we may then say, "Let us talk no more about new ships and new naval craft. How many of your ships are obsolete and how many of our ships are obsolete? Let us build no more; let us build no more." We have never been in a position in any of these conferences to make any such assertion or to take any such position. Our position has been, "We are inferior; you may scrap but we will not." The reply has been, "You, the richest nation in the world, asking us, Japan, and Great Britain to scrap, and you are unwilling to scrap because you are inferior." It seems to me as plain as could be; and I honestly believe that if the Senator from Arkansas [Mr. ROBINSON] and the Senator from Pennsylvania [Mr. REED], who so ably represented us at the last naval conference in London, would speak they would confirm the interpretation I have placed upon one of the causes for failure to bring about disarmament on that occasion.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. WALSH. I certainly will.

Mr. ROBINSON of Arkansas. I stated some days ago during the debate on this bill, and I now repeat the assertion, that always in international conferences designated to limit or reduce armaments the controlling factor is the status quo, the condition existing at the time of the conference. The nation that has built its navy to great strength is reluctant, and, in fact, usually refuses to reduce its existing ships, either as to number or as to armament, with the result that if the United States shall remain in its present position with respect to naval or sea power it will never be able to accomplish any effective arrangements for the reduction of naval armaments.

Mr. WALSH. I thank the Senator. He confirms the views that I have entertained, and he speaks as one who has been in contact with the statesmen of the world.

Mr. ROBINSON of Arkansas. May I add just one further thought?

Mr. WALSH. Certainly.

Mr. ROBINSON of Arkansas. There is rightfully a strong sentiment in opposition to the powerful military organizations that are maintained in various countries. That sentiment has reflected itself in the United States from time to time and is now very powerful; but reduction of armaments cannot be accomplished by merely expressing the desire for its accomplishment, because the forces which tend to build up military strength in the various nations, the forces which perpetuate rivalry in military and in naval power, are con-

tinuing. Hatred, national, commercial, and other forms of rivalry, still exist; they are not abolished by agreements not to resort to war. Experience, in my judgment, has shown that to be true.

Mr. WALSH. I thank the Senator.

Mr. President, we have disarmed. The United States has disarmed. I refer to the disarmament of the Army. We have only a police-force army in this country. That is all we have compared with the armies of other countries. We do not need any more than that, because there is no danger of any foreign foe reaching our shores and engaging in warfare on our soil so long as we have a navy that will keep a foreign foe from landing on our shores. That is why, until there is an agreement for disarmament, we are compelled to maintain a navy of adequate proportions.

What kind of a navy do we need to be protected adequately? Our statesmen met with the statesmen of Great Britain, France, Japan, and Italy and agreed upon what they considered was a necessary and an adequate navy. The United States said to Great Britain, "You need and we allow you to have a certain size navy." We said the same to Japan, to France, to Italy. Great Britain and Japan then said to the United States, "You need and we concede your right to maintain such and such a navy." What have we been doing? We have said, "We did not want it."

No one can accuse Mr. Coolidge of having been in favor of anything but disarmament. No one can accuse President Roosevelt of not being in favor of disarmament. No one can think of them in terms of militaristic desires or purposes; yet both of these men, when they have smelled the smoke of battle, when they have smelled the smoke of diplomatic battle in the chancelleries of the world, have taken a position favoring a strong navy. I have already referred to Mr. Coolidge and his action, and we now know the views of the present President of the United States.

I would like to have the Record show just what steps have been taken under President Roosevelt to build up our Navy to treaty strength. The figures also include some congressional action under the guidance and direction of Mr. Coolidge.

At present we are building 22 ships, all told, regularly appropriated for by Congress, and in addition building 30 ships pursuant to a provision of the National Industrial Recovery Act, with their cost of \$235,000,000 budgeted to the emergency Public Works \$3,000,000,000 fund. In other words, President Roosevelt of his own volition has undertaken the building of 30 ships costing \$235,000,000 which he has budgeted to the emergency Public Works \$3,000,000,000 fund.

The total naval building program now actually under way, 52 ships in all, comprises 3 aircraft carriers, 11 cruisers, 8 large destroyers, 24 smaller destroyers, and 6 submarines. Expressed in terms of tonnage the total is 222,000 tons.

The naval appropriation bill which was passed by Congress during the past week provided funds for one 8-inch-gun cruiser and three 6-inch-gun cruisers previously authorized.

Even with the completion of all these ships, nevertheless at the expiration of the present naval treaty December 31, 1936, if we eliminate those of our naval ships which by that date will be over age, the United States will still be 102 ships short of full treaty strength. On the basis of comparison, Great Britain will be 64 ships short and Japan's Navy will be up to full strength.

To squarely deal with this still remaining naval inequality and naval inferiority, so far as the United States is concerned, in the number and size and modernness of our combat ships, we have the naval bill already passed by the House and now before the Senate. The bill is brief and easily understandable. I quote from the opening paragraph:

That the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London, April 22, 1930, is hereby established at the limit prescribed by those treaties.

There is the issue. Are we for it or not? That is the essence of the bill. In the execution of this policy the bill



provides that, subject to the limitations imposed by those treaties, the President is authorized to undertake, prior to December 31, 1936, in addition to the ships previously authorized, the construction of one aircraft carrier to replace aircraft carrier *Langley*, the construction of 91,000 tons of destroyers to replace over-age destroyers, and to construct 35,000 tons of submarines to replace over-age submarines.

The bill further gives the President general authority to go ahead with any other naval replacements which circumstances may warrant and the treaties permit. The bill also provides for an expansion of naval aircraft, but so far as ships are concerned it is not authorizing an expansion program, merely a replacement program.

There is the whole story so far as the bill is concerned. Do we want to declare for that policy? Do we want to consent that the President in his judgment and discretion shall proceed, if he thinks conditions in the world necessitate it, to build up our Navy to treaty strength?

As one who believes in disarmament, as one who believes it is the only way we will ultimately obtain disarmament, I am going to vote for the bill.

Mr. DAVIS. Mr. President, everyone knows that the United States has made every possible effort to establish and maintain friendly relations with all other governments. It is generally and rightfully admitted that the idealism of our country as represented in our churches and schools and all of our traditions are opposed to military aggression. We have sincerely and steadfastly attempted to lead in the movement toward disarmament and world peace during the last 10 years. The Washington Arms Conference, the Kellogg Peace Pact, the moratorium on war debts, and the constant cooperation which we have given the nations of the world in every practical movement to advance social and economic well-being, stand as unimpeachable evidence of our desire for peace with all men.

The present bill calling for increased national defense cannot be construed by any well-informed person as a move on our part to begin a national competition in armaments because it is a well-known fact that ever since the Washington Arms Conference we have lagged behind in our naval-construction program, hoping, praying, and working to encourage disarmament. It is a source of keen regret to one of my temperament and attitudes to be compelled by world forces far beyond the control of any one of us to vote for this authorization when I know the countless ways in which the money is needed for education, decent housing, and general social improvement.

Mr. President, I am firmly convinced that this legislation has come before us not of our own choosing but has been made mandatory upon us by the world-wide trends in militarism which have taken no account of the appeals which we have made for friendly relations between nations and which have ignored our repeated proposals leading toward disarmament. We have not only preached disarmament but we have practiced what we have preached. However, the example which we have set in a thoroughly sincere attempt to promote world peace has been disregarded, and it is now apparent to everyone that the leading nations of the world have left us far behind in their military and naval programs. Under present world conditions our hope of neutrality in time of war and our hope of peace will depend largely upon the strength of our national defense. If authorization as provided in this bill will convince the militant nations of the world of the folly of competitive armaments it shall have served a useful purpose.

Mr. President, I shall vote for the bill with the hope that this action will tend to induce a practical program of disarmament which all of our other efforts have failed to attain. I hope that it will stimulate the countries which are now leading in a mad race toward armaments to change their course and agree with us on a general reduction of armaments program. We have given the program of nonresistance and disarmament as full a trial as is fair to the American people in view of the present world situation which we have been unable to control. Present conditions now make imperative my vote in favor of this legislation.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on the amendment of the Senator from Washington [Mr. BONE], as modified.

Mr. NYE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

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

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

Mr. LEWIS. I again announce the absence of my colleague [Mr. DIETERICH], occasioned by immediate demand at his home. He will return to the Senate in the morning.

I also announce that the Senator from New York [Mr. COPELAND] is necessarily detained, and that the Senator from South Carolina [Mr. SMITH] is necessarily absent on account of a death in his family.

The PRESIDING OFFICER. Eighty-seven Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Washington [Mr. BONE], as modified.

Mr. SHIPSTEAD. Mr. President, I do not intend to delay the vote upon the amendment or upon the pending bill. I intend to vote against the bill because I voted against the so-called "Disarmament Treaty of London."

This bill carries out the provisions of that treaty. So long as the ammunition makers are dominating our disarmament and peace conferences, I do not think we can get any other kind of disarmament than the kind that is manifested throughout the world today.

In view of the fact that I voted against that treaty, I am going to vote against this bill. If I had voted for that treaty, I should feel it my duty to vote for this bill, because it carries out the provisions of the treaty.

The amendment of the Senator from Washington [Mr. BONE] is the best part of this bill, and I shall vote for the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Washington [Mr. BONE], as modified.

Mr. LA FOLLETTE. I call for the yeas and nays.

Mr. KING. Mr. President, it had been my purpose to discuss the bill before us at some length, but under the rule adopted limiting my time, I cannot do so. I realize the futility of opposing measures carrying stupendous sums for naval purposes. For a number of years I was a member of the Committee on Naval Affairs, and I then discovered how unavailing were any efforts to prevent the adoption and execution of naval policies costing hundreds of millions of dollars and, in the aggregate, billions. Pressure was brought upon the committee by the Navy Department and the boards therein, and groups and organizations in various parts of the United States were unrelenting in their efforts to obtain large appropriations for the purpose of building a Navy that would far outstrip any naval power in the world. It seemed as though the World War had developed an obsession upon the part of many of our citizens, and certainly upon the part of some naval officers, that our Government should enter upon a naval expansion policy that would result in the United States not only having a powerful Navy but one which would give to the United States supremacy against the combined fleets of the world.



The 1916 naval program was the result of a propaganda particularly among the navalists and the militarists. They aroused the fears of not only the naval powers of the world but of the peoples of many nations who could not understand why this Republic, which had no foes and was menaced by no dangers, should, following a calamitous World War, push forward with frantic haste the construction of 16 battleships at a cost of nearly a billion dollars, together with auxiliary craft that would call for an aggregate appropriation of a billion and a half dollars. Many of the arguments then made are being made now as justification for the more than a billion dollars which this Congress will appropriate or authorize to increase our naval strength.

Admiral Sims and Admiral Fullem, among the ablest of our naval officers, were not in harmony with many naval officers and with the Naval Affairs Committee and with militaristic groups, whose voices were so strident and whose influence unfortunately was too pervasive. They opposed the enormous appropriations demanded for capital ships, and challenged attention to the fact that the naval lessons of the war demonstrated that a modern, up-to-date, and properly constructed navy should be a three-plane navy; that it should be recognized that new factors had been introduced into naval warfare, namely, the submarine and the airplane.

The views of Admiral Sims were accepted by some of the greatest naval experts and officers of Great Britain, and they contended that the importance of the capital ship had been materially reduced, and that perhaps the most important weapons in future sea contests would be submarines and aircraft. But our naval officers, now, as then, prepare plans for naval vessels without proper regard for the causes of war and the effect upon other nations by the adoption of policies which they recommended.

The addresses made by Senators during the past 2 days prove what every intelligent person knows, that the munition manufacturers in this and other lands for many years have exerted pressure upon governments, including our own, to build up powerful military and naval establishments. They have used their unjust profits for propaganda and have powerfully influenced peoples everywhere in favor of enormous appropriations for the building of warships and for so-called "military preparation."

Behind the word "preparedness" there have been at times hidden sinister and selfish purposes. It must be apparent to all rational beings that if one nation spends millions and hundreds of millions to strengthen its army and to build a powerful navy other nations, through fear or jealousy, will feel compelled to embark upon a like course. When one nation arms other nations arm; and no explanation that can be made will eradicate fears or suspicion or resentment from the hearts of the people in other countries.

When the United States increases its Navy, though it has no foes and is menaced by no danger either from land or sea, the effect upon other nations will be immediate. They will ask the reason for the enormous military and naval expenditures and at whom are the weapons of war to be pointed.

When Congress was asked in 1919 and 1920 to approve the military and naval budget—the largest which had ever been submitted in peace time in the history of the world—Great Britain, Japan, and other nations became alarmed and demanded of their governments to know the reason for the course of this Republic. Japan, that had not laid a keel following the war, immediately revised her budget and prepared plans for the construction of 6 powerful war vessels; and Great Britain, who had scrapped approximately 300,000 tons of her naval craft following the war, took cognizance of our program and began assembling materials in preparation for the construction of 4 of the largest war vessels ever planned. Fortunately, as I stated the other day, President Harding interposed to prevent this awful, if not wicked, naval competition, and the result was the limitation-of-arms conference which resulted in limiting the construction of capital ships.

Notwithstanding the frightful burdens of debt resting upon governments, we now propose to embark upon another

naval policy the cost of which no one knows and the effects of which cannot be otherwise than calamitous. We will arouse the fears of other nations. Within the past few days, both in Japan and in Great Britain, inquiries have been made as to the purpose of the United States in embarking upon a naval policy of such magnitude, and, as I am advised, these governments directly or indirectly have indicated that they would be compelled to enlarge their naval budgets for the purpose of constructing more war vessels. It seems that now, as in 1918 and 1920, our Government is to start a competitive naval armament race.

We know that the peoples of other lands are bound by the chains of debt, and we know that the American people are bowed beneath a debt so stupendous that it is beyond human comprehension. The value of all the property in the United States is but slightly in excess of the obligations resting upon the Government, the States, their political subdivisions, and the people.

Senators know that there is penury and want in the land; that many schools have closed, that children are denied educational opportunities. Senators know that we are spending billions of dollars every day in excess of the national income, and that the deficit for this fiscal year will be at least eight billions. No one can predict the deficit for the next fiscal year, and yet, demands are made here and elsewhere, that we appropriate for the ordinary expenses of the Army and the Navy, for the next fiscal year, between seven and eight hundred millions of dollars and for new naval construction, the cost of which few have had the temerity to even indicate.

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

Mr. KING. I yield.

Mr. COSTIGAN. There is no appropriation specified in the pending measure. Has the able Senator from Utah made a calculation of the amount ultimately to be taken from the Treasury under its provisions if this bill shall be enacted?

Mr. KING. Mr. President, the bill before us has been so fashioned as to prevent its understanding. Talleyrand said that language is made to conceal thought. I respectfully insist that this bill has been so drawn as to prevent its interpretation or to conceal its objectives and implications. I do not know what blind alley we are running into, what commitments are being made, and what dangerous consequences will result. I venture to state that the terminology of a measure of this character ought to have been free from ambiguity and subtle and hidden meanings that may not be discovered, even by experts, to say nothing of the ordinary legislator and the people in general.

I understood the Senator from Florida to state a moment ago that the direct commitment under the bill would be \$750,000,000. No one knows what the ultimate cost of this mysterious and uncertain measure will be. In my opinion, it is a blind commitment that will cost the Government considerably more than a billion, perhaps a billion and a half dollars; indeed, it may exceed that amount. May I add parenthetically that it is most unwise for our Government, by this proposed legislation, to chain itself to categories prescribed in the London and Washington Treaties. Who is wise enough to say that we are to construct battleships and battle cruisers of the tonnage or characteristics laid down in the Washington conference or the categories and ratios established in the London Treaty?

In 1936, and even before, we may perceive the unwisdom, the folly or tragedy, of the commitments which we are asked to solemnly make in this bill. Who can tell the number of ships that will be constructed under the terms of section 2 of the bill before us? Who can tell what the cost will be? What is meant by the provision in this section that authority is given to "replace by vessels of modern design and construction vessels in the categories referred to in the Washington and London Treaties"? Who can tell what "aircraft are deemed necessary for vessels and also naval purposes in numbers commensurate with a treaty navy"?

We read a few days ago that militarists were demanding 4,000 airplanes for the Army. How many valueless but



enormously costly dirigibles will be regarded "as commensurate with a treaty navy"?

I repeat, we are embarking by this bill upon a stormy sea without chart or compass, and driven by a navalistic or militaristic spirit not compatible with the high professions of this Nation for peace and world fellowship.

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

Mr. KING. I yield.

Mr. VANDENBERG. Is not the entire bill permissive, however, leaving the decision ultimately to the President with respect to our relationships with other powers?

Mr. KING. Mr. President, perhaps the language is permissive; but there is some authority in a democratic government that ought to be reserved to the people and to their legislative representatives.

Notwithstanding my high regard and, indeed, affection for the President of the United States, I am unwilling to commit to his hands or to the hands of any other person in peace time, the authority that is granted by this bill. President Roosevelt undoubtedly would use the power with wisdom and would endeavor to promote friendly relations with all nations but, as I have indicated, in the execution of this measure, no matter how high the purposes that may animate Congress or the President, it will arouse, as I have stated, fears, animosities, and resentments in other lands.

Without desiring to mention any government, I think Senators will agree that a measure that makes commitments, concededly of nearly a billion dollars for new naval craft and which authorizes the construction of capital ships either before the termination of the Washington Conference, or certainly the next day thereafter, will provoke comment and inquiry, fears, and apprehensions in some other part of the world.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. KING. As I understand, I have some time on the bill.

The PRESIDING OFFICER. The Senator has 10 minutes on the bill.

Mr. KING. Mr. President, a number of the Senators have said that this bill only authorizes our Government to build up to treaty strength. The Senator from Massachusetts and the Senator from Maine have emphasized the words, "treaty strength." One would think from the speeches to which we have just listened that there was some compelling force in the treaties referred to, so that the United States could not avoid expending one or two billion dollars for new naval craft.

Before the war we never heard of treaty strength and were not much concerned about the waste of money upon the part of other nations for naval and military purposes, but, as I have indicated, this bill seems to chain us to some policy from which we may not escape. If at the London Conference something was said about the United States and Great Britain having a certain tonnage of cruisers, then, as Senators have contended, there was an obligation upon the part of the United States and, for that matter, upon the part of Great Britain, to construct enough ships to reach the high mark prescribed.

To me, Mr. President, this position is not tenable or sound. The Senator from Illinois [Mr. LEWIS], I think, repudiated the view that our Government must build established categories of vessels prescribed by a treaty and must build up to the terms of the treaty regardless of the wishes or needs of the American people.

Our Government took the lead in negotiating a treaty calling for a renunciation of war as a national policy and solemnly agreed to settle all controversies by pacific means; and, yet, in the face of this declaration we announce policies which I regard as being in contravention of our solemn obligations and which are bound to produce repercussions harmful to world peace.

Statements have been made by Senators that would seem to indicate that we were the only country in the world that

desired peace, and that we were arming and spending hundreds of millions because we were the greatest exponent of international peace and good will. Mr. President, I challenge the view that the peoples of the world want war or that we are in danger from attack from any or all nations. One of the Senators who spoke a moment ago indicated that we must have a powerful Navy to repel the assaults that may be made upon our country. Admiral Sims and the greatest naval commanders of Great Britain have stated, over and over again, that no nation can send its fleet across the Pacific or the Atlantic and fight a successful war. Submarines, airplanes, and modern naval and military developments make it absolutely impossible for the invasion of the United States.

One would suppose from the addresses made today by the supporters of this bill, that our country is in danger. One Senator stated that we do not have a "single friend among all the nations of the world." Mr. President, I do not accept this view. What nations to the south of us are our enemies? Secretary Hull's recent visit to the Latin American governments demonstrated that there exists the strongest desire for collaboration with this Republic on all matters making for the welfare and happiness of their respective peoples, and for the promotion of world peace. Is Great Britain, that great democratic Nation, our enemy?

No one honestly can affirm it. We speak the same language, we have the same system of jurisprudence. The Bill of Rights which they have has been bequeathed to us. Hand in hand, Great Britain, Canada, Australia, New Zealand, and the other Commonwealths of the British Empire should and will walk together along the great highway of international fellowship. The French people love liberty. They are not our foes; nor can it be said that Italy, Poland, Czechoslovakia, Yugoslavia, Greece, Russia, the Scandinavian countries, Switzerland, Holland, Belgium, Spain, Portugal, or other countries that could be mentioned, are our enemies. We can make enemies of friendly peoples and friendly nations by denouncing them and calling them our enemies and affirming in an arrogant and supercilious way our own virtues and superiority.

The peoples of the world, Mr. President, have a passionate desire for peace. The World War left too many scars, too many bruised and broken hearts, too many sanguinary battlefields, too many empty homes, for the peoples of the world now to desire war.

But it is stated by a number of Senators that our Navy is inferior to Great Britain's and therefore we must build it up to what they denominated treaty levels or treaty strength. Mr. President, we have expended since the World War between two and three hundred million dollars annually—more than any other country in the world—for military and naval purposes. If colossal expenditures for arms and for navies are the test of peaceful purposes or military ambitions, then it might be said that we are the greatest offender; and we are now proposing to spend for the next year, perhaps, between four and five hundred million dollars more than any other nation on earth. In my opinion, our Navy is the most powerful navy in the world.

I know that this statement will be violently assailed by naval officers and by many other persons; but I insist that a fair and dispassionate examination of the navies of the world will demonstrate the correctness of my statement. We have spent approximately \$70,000,000 during the past few years in modernizing our capital ships. The total number of our naval craft is 372, with a tonnage of 1,038,660; the British Empire Navy consists of 293 vessels, with a tonnage of 1,174,339; Japan's Navy consists of 221 vessels, the tonnage of which is 758,261.

Hector C. Bywater, recognized as an authority upon naval construction and naval affairs, recently stated that the United States battle fleet of 18 capital ships is the only completely oil-burning fleet in the world, which gives it an immense advantage over all others in steaming radius and strategic homogeneity. \* \* \* It mounts 192 heavy turret guns as against 166 corresponding guns mounted in the British fleet.



Mr. President, time prevents further examination of the relative strength of the navies of the great powers. I can only repeat that offensively or defensively the United States Navy is the equal if not superior to that of any other nation.

One would assume from the discussions this afternoon that the United States was the only Nation that desired disarmament or the limitation of armaments, and that the other nations, or at least many of them, were the opponents of gradual or ultimate disarmament. As I have stated, we are expending more for military purposes than any nation in the world. Most of the nations of the world are spending but little. Undoubtedly Germany's course has aroused apprehensions and fears upon the part of France, Poland, Austria, and some other European countries; but in recent conferences, with which Senators must be familiar, representations were made by Russia, Poland, Italy, France, Great Britain, and even Japan, which indicated a desire for material reductions in military expenditures. Russia, upon a number of occasions, declared that she was willing to abolish all military and naval armament; and in a recent conference a representative of Italy, Signor Grandi, declared that his Government was willing to join in a simultaneous abolition of capital ships and submarines and also practically all forms of naval craft and likewise to reduce land armaments to the minimum.

France expressed her willingness to abolish battleships and submarines, and Great Britain declared, in substance, in favor of the abolition of battleships, submarines, and in making important reductions in all other forms of naval craft. Our Government was not hospitable to the suggestion with respect to the abolition of battleships, and in one of the conferences, as I recall, declined to enter into discussions respecting this subject or the question of reducing their size or prolonging their period of service.

Mr. President, this Republic, without foes, impregnable against any or all nations, should, in this period of world confusion, hold high the banner of peace and pursue those policies that will lead not only to the physical disarmament of the world but which will result in moral unity.

Mr. President, let us have peace; let us speak the language of peace, not war; let us organize for peace in a constructive way, and devote a modicum, at least, of the billions spent for human destruction for the material, moral, and spiritual advancement of the world.

Mr. President, I ask unanimous consent to insert in the RECORD as a part of my remarks a statement from the Foreign Policy Report under date of June 24, 1931; also a statement by Admiral Sims, to which I have referred; statement from a memorandum published as an official White Paper of the British Government; also a statement by M. Dino Grandi at a session of the assembly of the League of Nations September 8, 1931; and a statement by Mr. Litvinoff, Minister of Foreign Affairs of the Soviet Government.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

At the London Naval Conference every power but the United States favored a substantial reduction in the size of future battleships. Great Britain openly favored a reduction in the size of battleships from 35,000 tons to 25,000 tons, and of guns from 16 inches to 12 inches; this was supported in principle by France, Italy, and Japan.<sup>1</sup> Italy went even further and offered "to examine favorably the abolition of capital ships" should the other powers concur.<sup>2</sup> Japan deemed it "desirable that an agreement should be reached so as to reduce the size of capital ships to 25,000 tons, from 35,000 tons stipulated in the Washington Treaty", and suggested that "the maximum gun caliber should be reduced to 14 inches."<sup>3</sup>

Thus at the London Conference the four other naval powers placed themselves on record as favoring the abandonment of the big battleship and its eventual replacement by a smaller unit.

Some naval authorities share the view of Admiral Sir Herbert Richmond that there is no tactical reason for the huge capital ship. In answer to the question, "How large must be the fighting ship of the power threatened with invasion?" Admiral Richmond declares:<sup>4</sup>

"The answer is plain. Provided she is strong enough to be able with certainty to compel surrender upon a ship carrying troops or goods and is provided in numbers sufficient to deal with the situations that will arise (geographical, strategical, tactical), she will be large enough to make her country secure against the danger of invasion."

The matter of size, he points out, is purely relative. "Commodore Oliver Perry's brigs and schooners on Lake Erie, having won the Battle of Lake Erie, were capable of exercising command on that lake \* \* \* larger ships are not necessary for what is called 'battle.' Two or twoscore destroyers or corvettes, two or twoscore light cruisers or frigates, two or twoscore *Rodneys* or *Victories* can equally fight to a finish or decision, just as two lightweights can fight as good and decisive a fight as a Dempsey or a Carpentier; and they can take as much punishment from their antagonists as the heavier ship or man from theirs."

The contention that the United States requires a battleship of 35,000 tons in order to insure a wide cruising radius has been criticized on the ground that at the present time neither the United States nor any other power possesses a single 35,000-ton battleship.<sup>5</sup> The largest American vessel is the *California*, of 32,000 tons, and five ships of the present American fleet range from 26,000 tons to 28,000 tons each. Moreover, three of the American battleships which are now being modernized and which have a cruising radius of 25,000 miles are vessels of 30,000 tons displacement—5,000 tons less than the standard size regarded as essential for American needs.

In part because of its opposition to reduction in size of capital ships, the American Navy Department is opposed to reopening the naval question at the disarmament conference. The Navy Department takes the position that the question of battleships was definitely settled at the London Naval Conference and that the treaty resulting from that conference provides for further consideration in 1935.<sup>6</sup> The fact that Great Britain, France, and Italy share a common desire to reduce the size of capital ships, and that the latter countries are about to proceed with the construction of a new and smaller type of ship, would indicate that the issue will be raised at any rate in Geneva in 1932.

If the United States insists upon retaining the 35,000-ton battleship and succeeds in blocking a reduction in size at the disarmament conference next year, it will be placed in a difficult position in 1936, it is pointed out. \* \* \*

The cost of building our last battleships, between 1919 and 1923, was approximately \$35,000,000 each. The cost in 1936 will be well over \$50,000,000, and may even approach \$75,000,000.<sup>7</sup> A program of fifteen 35,000-ton capital ships, therefore, will cost between \$750,000,000 and \$1,000,000,000, which will have to be added to the already high bill for cruisers, destroyers, and submarines. In view of the difficulty of securing appropriations for smaller vessels permitted by the London Treaty, and the opposition to further expenditure on floating fortresses which many believe have outlived their usefulness, the adoption of a gigantic battleship program is likely to be fraught with difficulty.

Admiral Sims stated a number of years ago:

"It normally adds to the ability of a country to defend itself. No battleship afloat can operate against the coast of an enemy within the range of the enemy's airplanes for this reason. A fleet that goes over there, whether it has 6 or 8 or 10 airplane carriers, suppose it has 10—that would be nearly 1,000 planes. With 30 planes each, it would be 300 airplanes coming up against the coast where we are operating from the beach, and we have 2,000 airplanes. It simply means that you are controlling the air absolutely and you will wipe out all of the air force, and you will be perfectly free to attack that fleet."

"Great Britain with all her forces could not attack this coast without a base on this side to operate from. She has not a single ship that can come across the ocean and get back again, let alone stay here without assistance."

A press summary which was published as an official white paper by the British Government is as follows:

"The Government proposed that the number of capital ships for each signatory fixed by the Washington Treaty should be reached within 18 months of the ratification of the treaty resulting from this conference instead of by 1936. It proposes that no replacement of existing ships should take place before the next conference in 1935 and that in the meantime the whole question of capital ships should be the subject of negotiation between the powers concerned. The Government will press for reduction though, of course, without disturbing the Washington equilibrium. Its experts favor a reduction in size from 35,000 tons to 25,000

<sup>1</sup> Foreign Affairs (New York), April 1931.

<sup>2</sup> Great Britain possesses 1 battle cruiser, the *Hood*, built in 1920, with a displacement of 42,000 tons. The *Rodney* and the *Nelson* have a displacement of 33,500 tons.

<sup>3</sup> Cf. The London Naval Conference, cited.

<sup>4</sup> Application of new processes and equipment in naval construction has greatly increased the costs of all types of vessels. Thus the estimates for new 10,000-ton cruisers have increased from \$17,500,000 in 1930 to more than \$20,000,000 in 1931.

<sup>1</sup> Documents of the London Naval Conference, cited, pp. 524, 525, 532, and 533.

<sup>2</sup> Ibid., p. 528.

<sup>3</sup> Ibid., p. 533.



tons and of guns from 16 inches to 12 inches. They also favor a lengthening of the age from 20 to 26 years. The Government hopes that there will be an exchange of views on this subject during the conference. Indeed, it would wish to see an agreement by which battleships will in due time disappear altogether, as it considers them a very doubtful proposition in view of their size and cost and of the development of the efficacy of air and submarine attack."

M. Dino Grandi said:

"\* \* \* My country, for its part, is therefore ready to accept an organic plan of quantitative limitations comprising:

"In respect of naval armaments:

"1. The simultaneous abolition of capital ships and submarines.

"2. The abolition of aircraft carriers.

"In respect of land armaments:

"1. The abolition of heavy artillery of all kinds.

"2. The abolition of tanks of all kinds.

"In respect of air armaments:

"1. The abolition of bombing aircraft.

"In general:

"1. The abolition of all kinds of aggressive means of chemical and bacteriological warfare.

"2. The revision of the laws of war so as to ensure a more complete and effective protection of civilian populations.

"I do not think it necessary to draw your attention to the fact that when once we have come to an agreement for the abolition of certain weapons of war which are the most powerful and the most deadly we should not only have taken a great step forward in the direction of disarmament but we should also be in a position to come more easily and more rapidly to an agreement on the quantitative reduction and limitation of other forms of armaments \* \* \*."

Maxim Litvinoff said:

"\* \* \* The only infallible way to the solution of the problem of the organization of peace, the problem of the averting of war, the problem of assuring security to all nations, is general and total disarmament.

"The idea of total disarmament is distinguished from all other plans by its simplicity and by the ease with which it could be carried out and with which its realization could be controlled. Identical security and equality of conditions for all countries could only be arrived at by means of total disarmament. The Soviet delegation has by no means come here merely to put before you yet another time its proposal for total and general disarmament, or to declare that we are determined to have complete disarmament or none at all. We have no illusions whatsoever as to the fate in store for our proposition. Our delegation is ready to discuss with you any proposals tending to reduce armaments; and the further such reduction goes the more readily will the Soviet delegation take part in the work of the conference. Considering the draft convention drawn up by the preparatory commission, altogether inadequate, the Soviet delegation will advocate here its own draft for the reduction of armaments, which, however, it regards merely as the first step toward total disarmament.

"I would remind the conference that the Soviet delegation was the first to propose, in its second draft convention put before the preparatory commission, the complete destruction of the most aggressive types of armaments, including:

"1. Tanks and superheavy long-range artillery.

"2. Ships of upward of 10,000 tons displacement.

"3. Naval artillery of over 12-inch caliber.

"4. Aircraft carriers.

"5. Military dirigibles.

"6. Heavy bombing planes, all stock of air bombs, and any other means of destruction for use from airplanes.

"7. All means and apparatus for chemical, incendiary, and bacteriological warfare.

"The Soviet delegation proposed the complete prohibition of air bombing and not only beyond the limits of a definite area. It also proposed not merely to refrain from chemical warfare but actually from preparing for it in time of peace.

"All these proposals remain in full force for the present conference.

"I am empowered to declare here the readiness of the Soviet Union to disarm to the same extent and at the same rate to which the other powers may agree."

Mr. JOHNSON. Mr. President, in a moment of exasperation Edmund Burke once exclaimed:

What shadows we are, and what shadows we pursue!

As I have listened to what has been said upon the question pending before the Senate, as I have heard it repeatedly asserted that our Navy is equal to that of any other navy in the world, as I hear the repetition constantly that for us to do anything in behalf of our national defense carries offense and hostility to the rest of the world, I have thought, "What shadows we pursue" in a discussion of this sort.

I recall that at the time of the London Conference in 1930, with all of the vigor of which I am capable but with little support from others, I contested what was done in that conference. I believed then I was right, and I think subse-

quent events have demonstrated conclusively that I was right. I saw after that conference other nations building in accordance with what was agreed by that conference. I saw our Nation lag in its construction until we were far inferior to the nations that had been the leading consultants and conferees in the London gathering. I have seen the after effects day by day leave us in a worse position; and now a new administration, thank God, with a realization of what it means to us to have an inferior navy, asks us not to engage in a naval race, not to endeavor to have any nation in hostility to us in building with them, but simply to grant such power that we may, under the London Conference, if the administration sees fit, construct a navy in accordance with the agreement that was signed at that time.

Why is it that there is such a delicate sensibility on the part of other nations that when we do exactly what they do we cause offense to them, and we offer them in reality some undisclosed and mysterious insult by pursuing what we have agreed to pursue and what they have already consummated? Was anyone here or anyone in our Nation offended when Britain went on with the program of the London Conference? Has anyone here or anyone in our Nation taken an attitude of hostility to Japan because Japan has pursued and carried out the terms of the London Conference? Then, why in the name of common sense, in the name of logic of any kind or any character should it be asserted when we merely authorize our duly constituted agents to pursue the agreement which we signed at London that we offend and perform an act of hostility to Britain or Japan?

It is perfect nonsense to say that it is so. There are positions which I can understand and of which I am not critical. I can understand the man who says that he does not believe in any navy at all and would not build a single ship. I can understand his attitude, because it is caused by a mental strabismus for which he is not responsible and which he thinks means something to the peace of the world. I deny his thesis and I deny his premise in that regard, but I can understand his position and I am not critical of him. But if we carry to its logical conclusion the attitude that thus is enunciated, then we would not have a ship of the United States of America and no Navy at all. The man who comes from the section of the Union from which I come and will not in accordance with the agreement of his country build a Navy such as that agreement will permit, is not alive indeed to passing events and little understands what may occur in the great Pacific and in the Orient within a brief period in the future. We seek, our country seeks, war with none; we seek to offend none; but within our jurisdiction, under international agreement, we have the right to build exactly as we see fit, and no nation on the face of the earth has the right to take offense in any way or in any shape or in any manner at all.

I do not like, Mr. President, assaults upon the Navy. I do not like to listen to remarks such as sometimes I hear in the Senate concerning the Navy. I recognize that there are some few people in the Navy underbred and overfed with whom I would rather have nothing to do; but I recognize as well, sir, that the vast majority of those who serve this Nation in the United States Navy deserve of us and of all America nothing but the highest praise. I cannot forget the glorious past of the American Navy. I cannot forget the deeds of valor and of heroism that have been performed in the days gone by upon the ships that have floated our flag. I glory in the personnel of the Navy of the United States today. I glory in what has been done by the personnel of the Navy of the United States in the past.

I want a navy, I want a real navy. I want a navy that either upon the Atlantic or the Pacific will be able to do all that may be done in behalf of the commerce of this Nation, in its protection, and that may, if the worst comes to the worst, finally do what the Navy has ever done for the United States of America.

It will be in time to come our first line of defense. It will be in days to come our first line of offense. The gentlemen who decry the United States Navy remind me of those



who decried Tommy Atkins, and whom Kipling answered when he said:

For it's Tommy this an' Tommy that, an'  
"Chuck 'im out, the brute!"  
But it's "Savior of 'is country",  
When the guns begin to shoot.

And this Navy of ours, with its glorious past, with its personnel today that is doing its full duty, deserves at the hands of the Congress of the United States its full meed of praise. And this administration that has asked us to pass the naval construction bill, after we have been dillydallying for so many years in the past, refusing to do our plain duty to our people and for their defense—this administration deserves for this one act the very highest praise that can be accorded it.

The VICE PRESIDENT. The time within which the bill is to be debated has expired.

The question is on agreeing to the amendment of the Senator from Washington [Mr. BONE], as modified.

The amendment as modified was agreed to, as follows:

On page 4, line 5, after the committee amendment and after the word "direct", strike out the period and insert a colon and the following:

"Provided further, That not less than 25 percent of each succeeding lot of aircraft, including the engines for such aircraft, the procurement of which is authorized by this act and hereafter undertaken shall be constructed and/or manufactured in Government aircraft factories and/or other plants or factories owned and operated by the United States Government.

"The foregoing proviso is subject to the further condition that if it shall be determined by the President that present plants, factories, and equipment owned by the Government are not such as to permit the construction and/or manufacture of the said aircraft and/or engines in such Government plants and factories, in the proportions herein specified and required, then and in that event such requirement may be suspended in whole or in part by his order. However, in the event of such order of suspension being made by the President, the existing plants, factories, and facilities now owned and/or operated by the Government shall forthwith be expanded and equipped to enable the Government to construct, manufacture, and repair its own naval aircraft therein, and, in addition, such other and further plants and facilities shall, as speedily as possible, be constructed and/or acquired by purchase or condemnation for the purpose of enabling the Government to take over and perform the work of constructing, manufacturing, and repairing not less than 25 percent of its naval aircraft therein. The funds necessary for the enlargement and expansion of such existing plants and facilities owned by the Government, and for the construction and acquisition of new plants, factories, facilities, and equipment for the construction and manufacture of naval aircraft, are hereby authorized to be appropriated."

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

Mr. BONE. There is another amendment to which I call the attention of the Senate, and on which I ask for a vote.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 4, line 5, after the word "direct", it is proposed to strike out the period and to insert in lieu a semicolon and the following:

It being the intent and purpose of this proviso that the Government shall, insofar as practicable, develop its navy yards, arsenals, and other plants and facilities to the end that it may—

(a) At all times hereafter be able to construct, maintain, and repair its authorized vessels and naval equipment;

(b) As speedily as possible become self-sufficient in time of war; and

(c) Insofar as may be possible, eliminate private profit in war and in the preparation therefor.

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

Mr. TRAMMELL. Mr. President, that proposal was before the committee and the committee refused to agree to it. I suggest that the Senate reject the amendment.

The VICE PRESIDENT. All debate on the amendments and the bill under the agreement has ended. The question is on agreeing to the amendment of the Senator from Washington.

The amendment was rejected.

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

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

The bill was read the third time.

The VICE PRESIDENT. The bill having been read three times, the question is, Shall it pass?

Mr. NORRIS and Mr. ROBINSON of Arkansas asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. ERICKSON (when his name was called). I have a pair with the senior Senator from New York [Mr. COPELAND], who is necessarily detained from the Senate. I am informed that if present he would vote "yea." If permitted to vote, I should vote "nay."

Mr. THOMPSON. On this question I have a pair with the Senator from South Carolina [Mr. SMITH]. If he were present he would vote "yea", and if I were permitted to vote I should vote "nay."

Mr. TYDINGS. I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand if he were present he would vote as I intended to vote. I therefore feel at liberty to vote, and vote "yea."

The roll call was concluded.

Mr. LEWIS. I desire to announce, by direction of my colleague [Mr. DIETERICH], that he has been necessarily detained. If present, he would vote "yea."

I also announce the absence of the Senator from Montana [Mr. WHEELER], the Senator from Alabama [Mr. BLACK], the Senator from Oklahoma [Mr. GORE], and the Senator from Mississippi [Mr. STEPHENS], who are detained on official business.

I wish further to announce that the Senator from South Carolina [Mr. SMITH] is detained from the Senate on account of a death in his family.

Mr. HARRISON. I have a general pair with the senior Senator from Oregon [Mr. McNARY]. I transfer that pair to the junior Senator from Illinois [Mr. DIETERICH] and vote "yea."

Mr. ROBINSON of Indiana (after having voted in the affirmative). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is necessarily absent. I transfer that pair to the senior Senator from Rhode Island [Mr. METCALF] and allow my vote to stand.

Mr. HEBERT. I desire to announce that the Senator from Oregon [Mr. McNARY] is necessarily detained from the Senate on official business. I desire further to announce that my colleague the senior Senator from Rhode Island [Mr. METCALF] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent from the Senate. If present, the senior Senator from Rhode Island would vote "yea" on this question.

I am further requested to announce that on this question the Senator from Michigan [Mr. COUZENS] is paired with the Senator from Montana [Mr. WHEELER]. If present, the Senator from Michigan would vote "yea", and the Senator from Montana would vote "nay."

The result was announced—yeas 65, nays 18, as follows:

#### YEAS—65

Adams	Cutting	Kean	Robinson, Ind.
Ashurst	Davis	Keyes	Russell
Austin	Dill	Lewis	Schall
Bachman	Duffy	Logan	Sheppard
Bailey	Fess	Loneragan	Steinwer
Bankhead	Fletcher	McAdoo	Townsend
Barbour	George	McCarran	Trammell
Barkley	Gibson	McGill	Tydings
Bone	Goldsborough	McKellar	Vandenberg
Brown	Hale	Neely	Van Nuys
Bulkeley	Harrison	O'Mahoney	Wagner
Byrd	Hastings	Overton	Walcott
Byrnes	Hatch	Patterson	Walsh
Caraway	Hatfield	Pittman	White
Carey	Hayden	Reed	
Connally	Hebert	Reynolds	
Coolidge	Johnson	Robinson, Ark.	

#### NAYS—18

Borah	Dickinson	Long	Shipstead
Bulow	Frazier	Murphy	Thomas, Okla.
Capper	Glass	Norris	Thomas, Utah
Clark	King	Nye	
Costigan	La Follette	Pope	



## NOT VOTING—13

Black  
Copeland  
Couzens  
Dieterich

Erickson  
Gore  
McNary

Metcalf  
Norbeck  
Smith

Stephens  
Thompson  
Wheeler

So the bill was passed.

On motion of Mr. TRAMMELL, the bill (S. 2493) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, was ordered to be indefinitely postponed.

Mr. DILL. Mr. President, I desire to enter a motion to reconsider the vote by which the bill was passed. I desire to discuss it for a moment.

I relied upon the unanimous-consent agreement that all pending amendments would be voted upon at not later than 4 o'clock. I had been called from the Chamber for a moment and during my absence the bill was brought to a vote without any consideration of the amendment which I submitted on the 23d of January. I think that the Senator from Florida [Mr. TRAMMELL], in charge of the bill, did not intend to overlook consideration of the amendment. I do not want to delay the bill, but I think I am entitled to have the amendment considered. I offered it in good faith. I have not taken any time on the bill or delayed it in any way. I appeal to the Senator in charge of the bill if he will not by unanimous consent permit a reconsideration of the vote by which the bill was passed, and permit my amendment to be voted upon.

Mr. KING. Mr. President, will the Senator from Washington yield?

Mr. DILL. I yield.

Mr. KING. I had several amendments pending. I had a call from one of the departments and stepped from the Chamber for not more than a minute, and when I came back the vote was being taken on the bill. I intended to offer the amendments and desired to have a vote on them.

Mr. TRAMMELL. Mr. President, I always like to be accommodating, but the proposal of the Senators would upset the purpose of the unanimous-consent agreement. The Senator from Washington [Mr. DILL] did tell me he had the amendment, and I was perfectly willing, so far as I was personally concerned, that it might go to conference; but when the amendments were stated at the desk we voted on each amendment that had been sent to the desk and had been properly offered. The Senator from Washington had not offered his amendment in regular order.

Mr. DILL. I took my amendment to the desk, made a correction in it, left it with the clerk, and took all the steps I thought necessary to protect myself against the kind of action which has been taken. I have acted fairly in the matter, and I appeal to the Senator from Florida that I be permitted to have the amendment offered and voted on at this time.

Mr. ROBINSON of Arkansas. Mr. President, I am going to suggest to the Senator in charge of the bill that he permit reconsideration of the vote by which the bill was passed, on condition, of course, that there shall be no further debate. The Senator from Washington would not expect to reopen the debate but merely that the Senate vote on his amendment.

Mr. DILL. That is all I ask.

Mr. TRAMMELL. That is agreeable to me, if there is to be no debate permitted.

Mr. ROBINSON of Arkansas. Then I ask unanimous consent, with the approval of the Senator from Florida, that the votes by which the bill was read the third time and passed be reconsidered and that it be in order to consider the amendment of the Senator from Washington [Mr. DILL] without debate.

Mr. KING. Mr. President, I have two or three amendments which I desire to have considered.

Mr. TRAMMELL. Mr. President, if the Senator from Arkansas will permit, I think the amendments of the Senator from Utah [Mr. KING] occupy quite a different status from

the amendment of the Senator from Washington [Mr. DILL]. The Senator from Utah had not previously taken up any amendments. He made no reference to them whatever, so far as I am aware, but the Senator from Washington did discuss with me his amendment.

Mr. ROBINSON of Arkansas. I have made no request concerning any amendment save that of the Senator from Washington.

The VICE PRESIDENT. The Senator from Arkansas asks unanimous consent that the vote by which the bill was read the third time and passed be reconsidered for the purpose only of permitting the Senator from Washington to offer an amendment. Is there objection?

Mr. REED. Mr. President, reserving the right to object, as I heard the request, it calls for a vote upon the amendment of the Senator from Washington without further debate.

The VICE PRESIDENT. The Senator is correct. Is there objection?

Mr. FRAZIER. Mr. President, the Senator from Utah [Mr. KING] had an amendment printed which had been offered. If the amendment of the Senator from Washington is entitled to be voted upon, so is the amendment of the Senator from Utah. I object unless the amendment of the Senator from Utah is included.

The VICE PRESIDENT. Objection is heard.

Mr. DILL. Then I enter a motion to reconsider the votes by which the bill was read a third time and passed.

The VICE PRESIDENT. The motion will be entered.

Mr. BONE. Mr. President, I ask unanimous consent to have printed for the benefit of Members of the Senate the naval construction bill, with all amendments that were adopted in the Senate numbered, so we will have it before us tomorrow in its final form when we vote on the motion of the Senator from Washington [Mr. DILL] to reconsider the vote by which the bill was passed.

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

## CONSERVATION OF WILD-LIFE RESOURCES—DUCK STAMP BILL

Mr. WALCOTT, from the Special Committee on Conservation of Wild Life Resources, to which was referred the bill (H.R. 5632) to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes, reported it without amendment and submitted a report (No. 414) thereon.

## CROP PRODUCTION AND HARVESTING LOANS TO FARMERS

Mr. GLASS. Mr. President, from the Committee on Appropriations, I report back favorably without amendment the joint resolution (H.J.Res. 290) to provide an appropriation to carry into effect 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.

The resolution ought to be acted on at once in order to enable the farmers to get the money proposed to be loaned them. I ask unanimous consent for the present consideration of the joint resolution.

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed, as follows:

*Resolved, etc.,* That to enable the Governor of the Farm Credit Administration to carry 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 (Public Act No. 97, Seventy-third Congress), including personal services and rent in the District of Columbia and elsewhere; paper, printing, and binding; supplies and services, without regard to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5) when the aggregate amount involved does not exceed \$50, and such other expenses as may be necessary, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$40,000,000, to remain available until June 30, 1935.



## INCLUSION OF CATTLE AS A BASIC COMMODITY

Mr. CONNALLY. Mr. President, I ask that the unanimous-consent agreement be carried out which provided that the Senate should at this time proceed to the consideration of House bill 7478.

The VICE PRESIDENT. Under the unanimous-consent agreement the Chair lays before the Senate House bill 7478.

The Senate proceeded to consider the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, which had been reported from the Committee on Agriculture and Forestry with an amendment.

Mr. CONNALLY. Mr. President, the pending measure is not intricate or involved. It is known as the "Jones-Connally cattle relief bill." It provides that beef cattle and dairy cattle, under the comprehensive term of cattle, be placed under the Agricultural Adjustment Act as a basic commodity. It also authorizes an appropriation of \$200,000,000 to enable the Secretary of Agriculture to carry out the terms of the bill.

It will be remembered that when the original Agricultural Adjustment Act was before the Congress the cattle interests appeared and indicated at that time that they did not desire that cattle be brought under the terms of the bill. Since that time, however, in hearings before the Committee on Agriculture of the House as well as before the corresponding committee of the Senate, it has been made to appear that the cattle interests of the country have changed their views with regard to this matter, and are now extremely anxious that cattle be brought within the operations of the act.

On the 29th of January of this year the Secretary of Agriculture called a meeting at the Department of Agriculture of representatives of the beef-cattle industry as well as the dairy interests. I was present at that meeting; and the Secretary, in a very clear and comprehensive statement, outlined what his policies would be in the event this measure should be enacted.

Allow me to say that the Department of Agriculture and the Secretary are earnestly in favor of the enactment of this bill. The Secretary advises the Congress that if it is enacted, before putting into effect any plan under the bill he will call a conference of representatives of both the beef-cattle and the dairy-cattle industries here in Washington, and will make a survey of the whole problem, and will try to work out with the cattle interests a plan that will be satisfactory to them, and will meet the purposes which the Congress has in view in enacting the legislation.

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

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Iowa?

Mr. CONNALLY. I yield.

Mr. MURPHY. May I inquire of the Senator, if a condition should arise where cattlemen would not be in favor of the imposition of the processing tax, whether the Department of Agriculture would refrain from imposing the tax?

Mr. CONNALLY. I am forced to reply to the Senator that I cannot give him that assurance, because no one can know in advance, of course, what the conditions might be at that time. No one can give assurance as to what the Secretary might determine; but allow me to say to the Senator that in the meeting at the Department of Agriculture, as well as before the committee, the attitude of the Secretary has been one of entire sympathy with the beef-cattle interests and particularly with regard to the dairy interests as wanting to go along with them in working out some solution of their problem.

The Senator from Iowa, no doubt is aware that in the dairy industry particularly, the plan contemplates disposing of the old and diseased dairy cattle, and, in the case of the old cattle where they are not diseased, of working out a plan whereby they may be converted into canned beef and things of that kind, so as to aid the fresh beef cattle market in the United States.

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER (Mr. McKellar in the chair). Does the Senator from Texas yield to the Senator from Nevada?

Mr. CONNALLY. I do.

Mr. PITTMAN. In partial answer to the question of the Senator from Iowa [Mr. MURPHY], I desire to say that in the conferences with the Secretary of Agriculture and the department having particular jurisdiction over cattle it was determined to call into conference the representatives of the dairy interests and the cattle interests.

It is true that at the start some of the leading cattlemen, as we know, opposed having beef put down as a primary product. I desire to say that the secretary of the American Livestock Association—who, I believe, represented the sentiment of that association—was present at one of these conferences, in which he stated that at that time it was the overwhelming sentiment of the Livestock Association, as far as the association might be representative of the raisers of cattle, that there was but one remedy for the existing condition, and that was placing beef among other primary products so long as that policy was carried on by our Government.

The conferences made an effort to meet the distress in the cattle industry by direct cooperation between the livestock raisers and the packers of this country. They tried to draw a code, to draw an agreement whereby a part of the proceeds from the sale of cattle should be withheld in the nature of a tax to be used by the Secretary of Agriculture for the purpose of removing from the market surplus cattle which could not be carried over through a winter or fattened.

That utterly failed, and failed, in my opinion—for I was present at the conferences—because the packers of this country, in the opinion of those present, and I believe in the opinion of the Secretary of Agriculture also, would not act fairly in the agreement. So we were relegated to this process of protecting the cattle industry, if it is to be protected at all; and I do not think there is anyone here who does not know that the cattle industry has suffered more than any other industry in this country. Instead of being benefited at all, and instead of prices rising at all, the price of beef cattle today is lower than ever before in its history. While the price of retail beef has gone up, the price of cattle has gone down.

In those circumstances, in an industry that is absolutely universal throughout the United States—every community has a certain amount of cattle; every State has a certain amount of cattle—something must be done; and, judging from the conferences we had, apparently this is the only thing that can be done at the present time.

I desire to say that from the statements made by the representatives of the association I am satisfied that the association approves of this bill. I think that will answer the Senator from Iowa as far as any information we can get is concerned. There may be some who are opposed to the bill, but in this case I think there is only one thing to do, and that is the Secretary of Agriculture will do what the Senator says. He will call in those interested in the cattle business and those interested in the dairy business and thresh out the matter.

Mr. CAREY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Wyoming?

Mr. CONNALLY. In a moment. I desire to answer the suggestion made by the Senator from Nevada [Mr. PITTMAN].

The Senator from Nevada is correct in his assumption that the cattle interests of the country at large favor the enactment of this measure. When this matter was pending before the Committee on Agriculture and Forestry, there was a meeting here in Washington, not only of dairy representatives but of beef-cattle interests from all parts of the Nation; and that conference voted almost unanimously in favor of the enactment of this bill, largely for the reasons sug-



gested by the Senator from Nevada. The beef-cattle market is lower than it has been for years—perhaps not just at the moment, because in anticipation of the passage of this measure I understand that prices have increased slightly—but the cattle market has been lower than at any time within recent years.

In 1930, on my motion, the Senate adopted an amendment raising the tariff on beef cattle to the figure in existing law, and we have in a great measure limited imports of beef cattle; but there are considerable imports of canned-beef products, the figures as to which I have available and ask permission to insert in the Record at a later point in my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONNALLY. We have also maintained for a considerable period an embargo on the importation of live cattle from the Argentine Republic because of the existence in the Argentine of the foot-and-mouth disease. So there is very little prospect of helping the cattle market by raising the tariff on live cattle. It might be benefited somewhat as to canned beef; and so there seems to be no remedy at hand to aid the beef-cattle industry or the dairy-cattle industry except the enactment of this measure.

Mr. COSTIGAN and Mr. CAREY addressed the Chair.

Mr. CONNALLY. I will yield to the Senators in a moment.

Let me say further, with regard to the statements of the Senator from Nevada, that the Secretary of Agriculture is not hostile to these interests. He is not going to do a thing, either by a processing tax or by any other proceeding, which he thinks will be harmful or hurtful in a large fashion to these interests. His purpose is to help these industries; and he intends to call in the representatives of the industries before any plan is formulated and consult with them and obtain their views. Of course, no one can guarantee what will transpire after those conferences, but I know that I speak with assurance of the facts when I say that the Secretary of Agriculture is going to approach all angles of this problem in a spirit of fairness and consideration.

Mr. O'MAHONEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Wyoming?

Mr. CONNALLY. I shall have to yield first to the Senator's colleague [Mr. CAREY], who has been on the floor for some time. Then I shall yield to the Senator from Iowa [Mr. MURPHY], and then to the junior Senator from Wyoming.

Mr. CAREY. Mr. President, I should like to ask the Senator from Texas if it is not true that recently there were in this city representatives of some 53 livestock organizations, who submitted a plan to the Secretary, and the Secretary did not accept the plan submitted by them. I do not see how anything will be gained by calling another meeting, because he has had here as representative a meeting of livestock associations as he could get.

Mr. CONNALLY. May I ask the Senator if it is not true that that group appointed a committee to continue conferences with the Secretary looking to working out a plan after the bill shall be enacted?

Mr. CAREY. They submitted to the Secretary a written plan, which I will submit to the Senate later, of the things they felt should be done.

Mr. CONNALLY. Let me say to the Senator that, of course, the Secretary could not act finally upon the plan until he gets the authority of this bill to do so. No plan could be approved in advance.

Mr. CAREY. He could at least approve the plan, and say that if the bill shall be enacted he will carry out the plan.

Mr. CONNALLY. No; I think the Secretary would have been very unwise if he had done that before being given authority to do it.

Mr. CAREY. I should like to ask another question, and that is in regard to the processing tax. Is it not true that

nearly all the representatives here were opposed to the processing tax?

Mr. CONNALLY. My information is that, of course, most of them were against the processing tax; and that is only natural, because if they can get a \$200,000,000 appropriation out of the Treasury and get the benefit of enhancement of the price and not pay any processing tax, of course they would rather do it; but, at the same time, we must recognize that this is being done for the industry, and the industry is willing to do its part. The Government cannot continually subsidize industries out of the Treasury. Does that answer the Senator?

Mr. CAREY. Yes; but I want to ask the Senator one other question. The Agricultural Adjustment Act provides, in section 9 (a) that—

When the Secretary of Agriculture determines that rental or benefit payments are to be made with respect to any basic agricultural commodity, he shall proclaim such determination, and a processing tax shall be in effect with respect to such commodity from the beginning of the marketing year therefor next following the date of such proclamation.

I think that means that no one could receive any benefits under this act unless a processing tax were levied. There would have to be immediately a processing tax of some kind.

Mr. CONNALLY. Let me say to the Senator that section 12, subdivisions (a) and (b)—and I have an amendment on that particular point—will authorize the Secretary to use this fund to make rental or benefit payments, or to carry out any of the powers provided in subsections (a) and (b) of that section, which would not require, necessarily, the levying of a processing tax. I ask to have the amendment printed and lie on the table.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. CONNALLY. Does that answer the Senator on that point?

Mr. CAREY. Yes.

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

Mr. CONNALLY. I yield.

Mr. MURPHY. The Senator from Nevada pictured the condition of the cattle growers admirably, and I am in entire sympathy with the proposal to do something for their relief, and believe in the necessity of doing it. The Senator from Texas has admitted that the tax to be imposed will be paid by the industry.

Mr. CONNALLY. If it is levied.

Mr. MURPHY. If it is levied; and my understanding is, from the testimony of Mr. Davis before the Committee on Agriculture, that it is the purpose of the Department of Agriculture to impose this tax at once.

We adopted the processing tax in the case of hogs, and there was no admission that that tax would be paid by the producer. On the contrary, there was the assumption, if not the explicit understanding, that the tax would be paid by the consumer. The tax is not being paid by the consumer, because there is a surplus production of a perishable commodity which must move into commerce. So that if we do enact this bill, it will be with the frank understanding and the admission that the industry is going to pay the tax and not the consumer, and that there is no bounty to the agricultural industry carried in the bill.

A processing tax imposed ad libitum by the Department of Agriculture may bespeak the continuance of low prices. We, in Iowa, with the processing tax on hogs, have endured a continuation of low prices, of bankruptcy prices.

An elaborate compilation of figures has been made by the Department of Agriculture showing that from last September 1 to February 2 hogs, on the basis of a week-end average, have sold for something like 47 cents more per hundred. Naturally, they would sell for more, because in that period the Federal Government bought 400,000,000 pounds of pork, and there was an increased consumption beyond that of 100,000,000 pounds.

The processing tax on pork has been paid out of the producer almost in full. It ought to appear in the Record that the hog farmer has not benefited out of the Treasury of the United States, that he has paid out of one pocket in the



reduced price received for what he sells, what will be paid back to him in benefits for the reduction of his production.

Mr. President, this is a situation which I think we ought to take cognizance of at a time when we say that the Federal Government itself is doing so much for agriculture, and we ought to appropriate out of the Treasury something for the relief of the agricultural industry.

I think this bill should be amended to provide more money, and to take money out of the Federal Treasury for the relief of the cattle feeder and the dairy farmer, and in the full measure possible. If I knew at what point to fix the price, I would provide that the Department of Agriculture should be estopped from imposing a processing tax until that point should be reached. However, so many factors intervene that I have not proposed such an amendment, and I will ask the Senator to be tolerant of, and sympathetic to, an amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] for an appropriation for the relief of dairy farmers.

Mr. CONNALLY. Mr. President, let me say, in reply to the Senator from Iowa as to whether the processing tax will be paid by the consumer or the producer, of course, nobody can tell about matters of that kind. We always talk about the consumer having to bear all the costs. The producer thinks all the charges come out of him. There is no way of drawing a line of demarcation, because there are so many other factors entering into the problem. For instance, in the matter of hogs, the Senator says that all the processing tax on hogs comes out of the producer.

Mr. MURPHY. Practically all.

Mr. CONNALLY. Of course, if there is a scarcity of hogs and prices should go up, the consumer would be paying the increased cost. If there is a surplus and prices go down, of course, the producer feels that he is paying the tax. In the case of hogs, the pigs which were killed last summer under the program of handling hogs did not raise the price at that time because they were not then marketable. They would not have come upon the market until this past fall or the present winter, so we cannot judge the effect of killing those hogs on the prices of hogs at that particular time, except for the psychological urge it might have given to the hog market in general.

Mr. HATCH. Mr. President, is it not true that at the meeting referred to by the Senator from Iowa Mr. Davis did state that the effect of the processing tax on hogs had not yet had time to be shown and demonstrated, just along the line the Senator is speaking of now and that it would not be until later on that the effect would be demonstrated?

Mr. CONNALLY. I thank the Senator from New Mexico for drawing my attention to that particular aspect. Of course, as I undertook to suggest, there has not yet been time for the producer to get the benefit of the processing tax.

Let me say to the Senator from Iowa, further, that the bill contemplates something more for the producer of cattle than the mere processing tax and trying to get that money back into the Treasury. It contemplates marketing agreements by the producers of livestock under which they will be able to get more from the packers or the purchasers of cattle than they are getting now.

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

Mr. CONNALLY. I yield.

Mr. PITTMAN. One of the weapons the Government must have in hand on behalf of the cattle growers of this country is such a weapon as the control of the packers of this country.

Mr. CONNALLY. To be sure.

Mr. PITTMAN. The Livestock Association, representing probably 35 percent of the livestock of this country, did try to benefit the livestock industry by enabling it to get rid of the surplus, "shelly" cattle and the old dairy cattle, by virtue of a marketing agreement with the packers of this country. They preferred that to this method. But, as I have said, the packers were arbitrary in the matter, in my opinion; they did not have to act; there was no power of the Government to make them act. They are in a far more independent position than any raiser of cattle can possibly be.

They sell at a profit, no matter what the price of cattle is. This weapon provided here may never be used, but it is a weapon in the hands of the Government which may force what the cattlemen would rather have had than this; and if it does, then this need not be used. But I want to say that it is a lot easier to control the production of cattle where there is only an annual increase than it is to control the production of pigs, whose increase, I believe—and the Senator from Iowa will know much better than I about this—is very much more rapid.

Mr. CONNALLY. Mr. President, let me say to the Senator from Nevada that I was undertaking to point out to the Senator from Iowa that the marketing agreements which will be worked out, and which authority is given to the Secretary to work out under the bill, are the very heart of the measure. The cattlemen, on the one side, are confronted with a highly organized group of packers. The packers absolutely control the market. But if the Secretary of Agriculture, along with the producers, has an instrumentality by which he can work out marketing agreements, there can be some control over the markets, and they will in some degree be able to protect themselves from the packers.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. O'MAHONEY. The discussion has veered back and forth so rapidly between the processing tax and the packers that it has been rather difficult to follow. But, adverting to what the Senator from Nevada has said about the necessity for control of the packers, and what the Senator from Texas has said on the same subject, I wonder why it is, if the activities of the packers are responsible for present conditions, we do not have a bill reported by the committee undertaking to establish some form of control over them, instead of a bill providing for control over the cattlemen.

As I understand the statement of the Senator, the purpose of the Secretary, if this authority is granted to him, is to levy a processing tax only if the cattlemen agree. Is that correct?

Mr. CONNALLY. The Senator from Texas did not go that far.

Mr. O'MAHONEY. I want it clear in my own mind just how far the Senator did go.

Mr. CONNALLY. Let me say to the Senator from Wyoming that I stated in the early part of my remarks that I could not, of course, give any assurance to the Senate as to what the Secretary of Agriculture might or might not do with reference to the levying of a processing tax. I did say this: It is the attitude and the intention of the Secretary of Agriculture, before he formulates any plan of operation under the bill or determines upon the levy of a processing tax, to call in representatives of both the beef-cattle and the dairy-cattle industries and to work out with them, if possible, a plan of procedure under this bill.

I also have the boldness to assert that I regarded the Secretary as entertaining entire sympathy with the program and entire sympathy with trying to work out a plan that would be helpful and beneficial to these industries, and that he would approach the problem in that sort of spirit. That is as far as the Senator from Texas can go.

Mr. O'MAHONEY. Then may I ask, Mr. President, how the Secretary of Agriculture is to determine what the desires of the cattlemen are in this respect, and what cattlemen and what representative does he propose to call into conference?

Mr. CONNALLY. I shall say to the Senator from Wyoming that, of course, he cannot call a convention of all the cattlemen from over all the United States, but he will call a conference of representatives of the various associations. On the floor of the Senate I do not undertake to go over the head of the Senator from Wyoming and undertake to say what the people of Wyoming want. I look upon the Senator from Wyoming as the embodiment of the views and the sentiments and the impulses of the people of Wyoming, and therefore I accept his statement as to the attitude of his people. The Secretary of Agriculture no doubt would call in the presidents of the various State livestock associations, the various dairying associations, and he would assume that



they are speaking for their associations or for their members.

Mr. O'MAHONEY. The Senator presents a measure which clothes the Secretary with certain authority, and at the time that he presents it he tells us in effect, does he not, that the Secretary will be slow to use that authority?

Mr. CONNALLY. No.

Mr. O'MAHONEY. There is nothing in the bill, is there, to define how this authority will be used?

Mr. CONNALLY. Let me say to the Senator that I tried to point a while ago that there is something more to the bill than levying a processing tax. The Secretary is first given a fund of \$200,000,000 to work out his marketing agreements or to take such other measures as he may see fit. Later on the question of whether it will be necessary to levy a processing tax will come around.

Mr. CAREY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Wyoming?

Mr. CONNALLY. I shall yield in just a moment. I cannot give the Senator any further assurances than I have already given him. Let me say this, however, to the Senator from Wyoming. Every grant of power carries with it a responsibility. That responsibility must be lodged somewhere. We cannot look into the future when we pass measures conferring powers upon departments of government, and put down in black and white just what shall be done. If we were to do that there would be no occasion to put the authority in anybody but ourselves. The Senator is bound to know that this question is so intricate that it cannot be worked out in advance and put down in the form of a statute. We must give the Secretary of Agriculture discretion, just as we give the head of a great corporation who is managing a business, discretion; we must give him the power to render decisions and to exercise his judgment to meet contingencies that are not foreseen. We cannot foresee what is going to happen every day of the year and tie the hands of the Secretary and say, "You have got to dot the 'i' and cross the 't.'" We must give him some authority so that when he meets a problem in the middle of the road, a problem no one knew was going to arise, we can trust his intelligence and his judgment and his honesty and his patriotism to do what he thinks the circumstances require.

I now yield to the senior Senator from Wyoming.

Mr. CAREY. Mr. President, I wish I had the faith that the Senator from Texas has in what the Secretary of Agriculture might do.

Mr. CONNALLY. The Bible says that faith can move mountains. I hope the Senator from Wyoming will get a little such faith.

Mr. CAREY. I should like to read from the testimony of the Secretary before the House committee in reply to a question by Congressman HOPE. The Secretary said:

I can agree with you, Congressman HOPE, that through a great program, involving a vast expenditure of time and money that it will require the sympathetic cooperation of the great bulk of the cattlemen to make it really effective. And I am inclined to think that it might be just as well, in case of the cattlemen, to make cattle a basic commodity now, and after that let the thing lay there until next fall, do nothing; just let the cattlemen suffer from low prices, and go ahead and let the whole thing wait to see whether they want a processing tax; let them stew and see how the corn-hog thing comes out, and next fall formulate something, if they want to go without the processing tax, and next fall, when hog prices go up and there has been an increase in hog production and consumption of hog meat and perhaps a shift to the consumption of beef and a compensatory tax is put on cattle, then I think they would like to have the bill, making cattle a basic commodity, so they can avoid the compensatory tax going on cattle.

Mr. CONNALLY. Does the Senator approve that statement?

Mr. CAREY. Naturally, I do not approve the statement; but when the Senator speaks of what the Secretary will do, and that we must trust the Secretary, I will say that I do not like the idea of making cattle a basic commodity and letting the cattlemen stew, as the Secretary suggests,

until they get into a lot of trouble; and then the processing tax, he says, will do in that particular case.

Mr. CONNALLY. The Senator condemns the statement of the Secretary of Agriculture when he says, "Do nothing; just let the cattlemen suffer from low prices." He condemns that statement; yet that is the attitude of the Senator. If the bill does not pass, what is going to happen to the cattlemen? They will go on just as the Secretary of Agriculture indicated. Nothing can be done. They will have low prices, and by next fall, I have no doubt, they will be appealing for the Congress to do something for them. What does the Senator propose?

Mr. CAREY. No; let us go by what has happened before. In the case of hogs, with the expenditure of \$35,000,000, with the Government pegging the market every day, buying a large proportion of the hogs—the Government bought as many as 150,000 a week—the price of hogs was increased just 12 cents a hundred with all this enormous program and this vast expenditure. Considering the fact that the processing tax is paid by the producer, I think the cattleman would be better off, and I would rather see him paddle his own canoe than to be under an act of this kind.

Mr. CONNALLY. The Senator from Wyoming wants the cattleman to continue to paddle his own canoe. He has been paddling it. Let us see where he has arrived:

#### LIVESTOCK IN CHICAGO

CHICAGO, March 5.—While good yearling cattle sold generally at steady prices, rank-and-file steers were generally 15 to 25 cents lower, with the latter in slow demand. The top was \$7.50—

That is some very fancy stuff, I understand—with main sales at \$4.75 to \$6.50.

I ask to have the rest of the clipping inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[From the New York Times of Tuesday, Mar. 6, 1934]

While good yearling cattle sold generally at steady prices, rank-and-file steers were generally 15 to 25 cents lower, with the latter in slow demand. The top was \$7.50, with main sales at \$4.75 to \$6.50. Receipts were 15,000, with 7,000 estimated for tomorrow.

Heavier receipts of lambs caused a break in prices, late bids easing 40 to 50 cents. A few lots sold at \$9.50 early, but packers were offering only \$9.40 and under. Sheep were steady at \$3.75 to \$5.25. Receipts were 19,000, with 11,000 estimated for tomorrow.

Mr. CONNALLY. Mr. President, the cattleman has been paddling his own canoe, and he has paddled it to the point where cattle have been at the lowest price for years and years and years. If he continues to paddle it, the chances are the cattlemen will get no corresponding advance in their prices along with the prices of other commodities under the Agricultural Adjustment Act.

Senators speak about hogs. They say that the prices of hogs are raised only 12 cents a hundred pounds. Who can say how much the prices of hogs would have declined had they not done something about it?

It is easy for Senators to assume that because the price did not go up, therefore no good has been accomplished. Let me inquire, Where is the Senator so wise, where is the Senator with judgment so keen, where is the Senator with perspicacity so penetrating, as to be able to say what would have happened to hogs had there been no processing tax, or had they had no help under the agricultural program? The price might have been lower. It might have declined to still more ruinous levels. Who is it that knows? It is just like the question as to whether the consumer or the producer pays the processing tax. Nobody has yet been wise enough to say how that occurs or who pays the tax.

Mr. President, I know that the cattlemen of my State want the bill enacted. They did not want to come under the Agricultural Adjustment Act at the time that bill was passed. Subsequently, however, they saw other farm commodities rising in price. They saw the Department of Agriculture doing things for other industries, and they saw cattle remain at low figures. They saw the prices remain at



lower levels than at any time for years and years; and so they changed their minds, and they now want to come under the Agricultural Adjustment Act.

The cattlemen held a meeting in Albuquerque, in the State of the Senator from New Mexico. Forty-five leading cattlemen of my State were there. Out of the 45, 40 voted to come under the Agricultural Adjustment Act. I dare say the cattlemen from New Mexico who were at that meeting voted likewise.

Mr. CAREY. Mr. President—

Mr. CONNALLY. I must first yield to the Senator from New Mexico [Mr. CUTTING], because I involved him in the discussion.

Mr. CUTTING. I quite appreciate the difficulty in which the Senator from Texas and Senators from similar States find themselves. The trouble is, I believe, that a great many of the cattlemen have doubts in their own minds as to just how far they want to go in this matter.

However, what I rose to inquire is this. The Senator spoke a good deal about marketing agreements. The bill, as it has been printed, does not seem to have any reference to marketing agreements. It deals with questions of production only.

Mr. CONNALLY. I have sent to the desk an amendment, which provides that all other sections of the Agricultural Adjustment Act shall apply to cattle, which, of course, would include the making of marketing agreements.

Mr. CUTTING. I think that is a very important point.

Mr. CONNALLY. That is pending, and I expect to offer it formally when we reach that part of the bill.

Mr. CUTTING. I am very glad to have that assurance from the Senator, because I think that will perhaps help the stockmen as much as any other thing.

Mr. CONNALLY. I quite agree with the Senator. If he had been here during the earlier part of my remarks, he would have heard me say that I think the power of the Secretary and of the beef and dairy industries to make these marketing agreements is the very heart of the bill, because they can get more consideration from the packers.

I yield now to the Senator from Wyoming, who has been on his feet quite a little time.

Mr. CAREY. Mr. President, the Senator said several times that it is necessary to have the bill in order to enter into marketing agreements under the packers' code. I do not think that is true. I think it is possible under the present law to have a packers' code. In fact, the stockmen and the packers worked on such a code last August and September, and I believe the code has not been worked out largely because the Department of Agriculture was indifferent to such a code. The Secretary of Agriculture would not agree to it.

The Senator made a statement as to a meeting in Albuquerque. There was a meeting in Albuquerque of the American Livestock Association, an association composed of stockmen from the Western States. There was no vote taken in that meeting with reference to making cattle a basic commodity. The meeting to which the Senator referred was a group of Texas men, of whom the large majority were favorable to making cattle a basic commodity; but the question was not brought up at the meeting of the American Livestock Association, and they were very much divided as to whether they wanted it or not.

Mr. CONNALLY. If the Senator understood me to say they had a vote of the National Livestock Association, the fault was mine in not making myself clear. What I intended to say was that 40 of the 45 Texans who appeared at that meeting voted, but it was in their own group meeting. The national association did not vote on that matter at all. It took the position that it would take no action itself, but would refer the matter back to each State or regional association which was a member of the national.

Mr. CAREY. I believe that is correct.

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

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Alabama?

Mr. CONNALLY. I yield.

Mr. BANKHEAD. A question asked by the Senator from New Mexico [Mr. CUTTING], with reference to the application of the marketing agreement plan, prompted me to indicate to the Senator from Texas my construction and ask his opinion. I have not a copy of the Agricultural Adjustment Act before me, which section 1 of the pending bill purports to amend. As I recall, the inclusion of the word "cattle" in that section simply adds cattle to the other basic agricultural commodities.

Mr. CONNALLY. That is correct.

Mr. BANKHEAD. With that word added, all the provisions of the Agricultural Adjustment Act would apply to cattle just as they do to other basic agricultural commodities, including the provision applicable to marketing.

Mr. CONNALLY. I shall say in reply to the Senator from Alabama that his construction is identical with mine except that in the second section of the bill, which carries the appropriation, it is provided that the appropriation may be used for the purpose of carrying out any of the objects and purposes of the bill.

Mr. BANKHEAD. But all the other provisions of the original act will then apply to cattle?

Mr. CONNALLY. Yes; the general provisions will then apply.

Mr. President, I have just consulted with the Senator from Arkansas [Mr. ROBINSON] and it is agreeable to me to suspend at this time with the understanding that we shall proceed with the consideration of the bill tomorrow.

#### FREEDOM OF THE PRESS

Mr. SCHALL. Mr. President, no dictatorship can long endure in a country which has freedom of the press. Until the discovery of the art of printing in the fifteenth century, and the first printing press of Gutenberg in 1450, the dictators had a comparatively free hand in dominating the people. There was no public medium for crystallizing public opinion against imperial outrages.

The printing press is the foundation of modern democracy. Therefore, the first step of the new-deal dictatorship—that of Mussolini, Stalin, Hitler, and that now developing in our own land—is to set up a press censorship, radio control, and finally a Federal domination of all sources of public communication.

I fear that Senate bill 2910, to provide for the regulation of interstate and foreign communication by wire or radio, is in harmony with the purpose to centralize authority for control of all press dispatches, all press associations, all transmissions of news, and create another Federal bureau to place all interstate communication under the censorship and secrecy ban of a Federal autocracy.

That is precisely what Mussolini did under his drastic press censorship edict that went into effect January 1, 1925. He quickly realized that his grip on the people of the self-governing communes could not be maintained under freedom of the press, the radio, and other instruments of public communication. Stalin had already done the same thing; and today Hitler and our own emergency rule are doing likewise, despite the guaranty of our Constitution.

What was the result of the Mussolini new-deal censorship? Even under a king, Italy, pursuant to her constitution, had 7,312 self-governing communes. Mussolini, under the secrecy ban of press censorship and control of communications, abolished every one of these 7,000 self-governing communes. By October 1925, only 9 months after the press-censorship edict, even the municipality of Rome itself was deprived of self-government, and all Italy was directly subject to one man, Mussolini. The king and all his dukes had been placed on pensions provided by the loans of Wall Street. Every form of self-government had been abolished, because the people had no free press, no uncensored communication.

The capitalistic London Morning Press frankly expressed the condition under its editorial forecast of 2 years before, when it published the Mussolini eulogy that he had "cast all constitutional figments to the winds."

Doubtless that editorial eulogist of Mussolini may soon say the same thing for the present American regime and



tell the world that we have abolished the constitutional figment that reads:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech or of the press; or the right of the people peaceably to assemble and to petition the Government for a redress of grievances.

When the press of the country demanded that this guaranty should be included in the press code now pending, the White House refuses to allow article I and its freedom of the press to go into the code. The press receives a rebuff, accompanied by an insulting allusion, unworthy of a President, that press freedom—

is not freedom to work children or to do business in a fire trap or violate the laws against obscenity, libel, and lewdness.

No publisher had asked for exemption from these laws. Indeed, it was the American press that originally had secured the adoption of such laws for the security of clean journalism. All that American publishers asked of the President was that the constitutional guaranty of freedom of speech and of the press be preserved in the press code. The White House's answer to the American press is that the freedom-of-the-press clause has no more place here than the Ten Commandments. The President sets up his own imperial word as a higher authority than the Constitution.

In the radio censorship bill, even the utterances of a candidate for public office are subject to Federal license rules. Again the straw excuse is advanced that it is to protect the public from obscenity and lewdness in campaign speech. The reports of public investigations are subject to radio license. The contents of a referendum to voters are subject to license. All press despatches come under a Federal license law.

A licensed press is not a free press. A licensed radio broadcast is not the freedom of speech guaranteed by article I of the bill of rights, drafted by the first Democrat, Thomas Jefferson.

It is indeed a far cry from Thomas Jefferson to a Federal censorship; from Abraham Lincoln to a Federal Bureau of Communications; from Washington to "Crack-Down" Johnson.

At the editorial masthead of the Chicago Tribune appears the declaration of Richard Brinsley Sheridan against the British autocracy from which American patriots rebelled in '76. Said Sheridan to the British Premier:

Give me but the liberty of the press and I will give to the minister a venal House of Peers. I will give him a corrupt and servile House of Commons. I will give him the full swing of the patronage of office. I will give him the whole host of ministerial influence. I will give him all the power that place can confer upon him, to purchase up submission and overawe resistance; and yet, armed with the liberty of the press, I will go forth to meet him undismayed. I will attack the mighty fabric of that mightier engine. I will shake down from its height corruption, and bury it beneath the ruins of the abuses it was meant to shelter.

This utterance of Sheridan should be nailed to the walls of Senate and House to guard the portals of this Republic against the consummation of that dictatorship which first begins in a pretended emergency which already aspires to be permanent; and the name of a permanent emergency dictator, as disclosed by the precedents of 30 centuries, is emperor.

There is only one article of the Constitution that a would-be American emperor, even in control of all branches of the Government, today has to fear, and that is article I of the American bill of rights—that Congress shall make no law abridging the freedom of speech or of the press.

Besides the press code, the radio code, and this bill providing for a new bureau of communications—the latest of about 57 bureaus, corporations and administrations of the new bureaucracy—the administration has yet one other method for domination of the press.

The existence of a daily newspaper or magazine depends upon its business office. The business of a newspaper depends upon its bank credit. Control of the banks means control of all business enterprises, including the newspaper

business. This administration has already expended something like \$1,000,000,000 in the preferred stocks of over 5,000 banks. The other day the Chase National, formerly known as the "Wiggins bank", issued \$50,000,000 of new preferred stock to be sold to the Treasury through the R.F.C.

Thus the freedom of the American press under article I of the Bill of Rights is not only to be hog tied by a press censorship code and hamstrung by a licensed radio and licensed control of interstate dispatches, but its financial existence is threatened by Federal ownership of the bank that has power to close down the newspaper.

This is perhaps the only method by which the temporary or emergency dictatorship can succeed in its declared aim to be declared permanent.

These moves to control the press have a sinister significance at this time, just before the congressional primaries that are to usher in the fall congressional elections. If the press-control program is consummated, it is useless to hold any election. An election under a press-dominated regime here will be as meaningless as under Mussolini, Hitler, Stalin, or any other dictatorship.

Threatened press domination is the new deal that threatens the calamity named by Lincoln at Gettysburg—"that government of the people, by the people, and for the people may not perish from the earth."

Mr. President, I ask leave to insert in the RECORD following my remarks an item from the Chicago Daily News relative to the matter of the freedom of the press; and I ask that both my remarks and this news item be referred to the Committee on Interstate Commerce, to which Senate bill 2910 has been referred.

There being no objection, the foregoing remarks, together with the news item, were referred to the Committee on Interstate Commerce, and the item was ordered to be printed in the RECORD, as follows:

[From the Chicago Daily News of Feb. 28, 1934]

SCHALL FINDS NEW MENACE OF CENSORSHIP—WIRE-CONTROL BILL HITS AT FREE PRESS, SENATOR WARNS

WASHINGTON, D.C., February 28—Senator Schall (Republican, Minnesota) said in a statement today that newspapers are confronted with censorship by the demand of President Roosevelt for a Federal communications commission.

"The newspapers of the United States", he said, "are about to have themselves censored. After battling for months to force the Roosevelt administration to guarantee freedom of the press in the publishers' code, they now find themselves confronted with the very same censorship by the demand of the President for a Federal communications commission."

"Under such a commission every press dispatch and every cable message can be censored by the administration. What have the newspapers gained by their code fight if they permit their news dispatches to be censored?"

"With such a system as suggested by the President, not one word of the skullduggery committed in Washington could reach the people of the United States."

"Not a publisher up to date has sensed the danger in the demand sent to Congress."

"What the newspapers and the people of the United States need most at the present moment is a legislative bureau in Washington to follow all legislation introduced and see to it that the dictatorship now in the making is thwarted."

KNOX PRAISES SCHALL FOR REVEALING DANGER

The statement of Senator SCHALL that a Federal communications commission would inflict censorship on the press was "a real public service", Frank Knox, publisher of the Chicago Daily News, said in a statement today. He thanked the Senator for "directing public attention to the latest manifestation in Washington of a desire to control the sources of public information."

"The bureaucratic Federal control of all means of communications", said Knox, "can readily be converted into an efficient machine for censorship overnight. That the desire exists to exercise such a censorship can no longer be doubted. It has shown itself in a dozen different directions."

"It was only through the insistence of the newspapers that a complete freedom of the press was maintained in the formulation of a newspaper code. If this new danger is to be averted, it will only be because the newspapers militantly oppose these latest plans of the power-hungry bureaucrats in Washington for complete domination under a centralized Federal bureaucracy."

"I have no fear that the proposed censorship can be established, because I do not believe that an aroused public opinion will permit resort to precisely the methods employed by dictators in Europe to establish and maintain their supremacy. I utterly refuse to believe that Fascism of this type is possible in America."



## CLAIM OF POTOMAC ELECTRIC POWER CO.

The PRESIDING OFFICER (Mr. McKellar in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1083) authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C., which were, on page 1, line 10, after the sum "\$2,157.25", to insert "in full settlement of all claims against the Government of the United States"; on page 1, lines 10 and 11, to strike out "in full and final settlement of said claim"; and on page 1, line 14, after the word "claim", to insert:

*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

Mr. BAILEY. I move that the Senate concur in the House amendments.

The motion was agreed to.

## RECONNAISSANCE SURVEY FOR AN INTER-AMERICAN HIGHWAY

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Post Offices and Post Roads, as follows:

*To the Congress of the United States:*

I transmit herewith two copies of a report prepared by the Bureau of Public Roads, Department of Agriculture, a letter of transmittal addressed to the Secretary of State by the Secretary of Agriculture, and a letter from the Secretary of State concerning a reconnaissance survey for an inter-American highway.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 6, 1934.

[Enclosures: Two copies of report on inter-American highway; from Secretary of Agriculture, Jan. 25, 1934; from Secretary of State to the President.]

## EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

## EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. McKellar in the chair) laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

## EXECUTIVE REPORTS OF COMMITTEES

Mr. ROBINSON of Arkansas (for Mr. McKellar), from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. HARRISON, from the Committee on Finance, reported favorably the following nominations:

Thomas Temple Hoyne, of Chicago, Ill., to be comptroller of customs in customs collection district no. 39, with headquarters at Chicago, Ill., in place of Leslie L. Glenn; and

William J. O'Brien, of Buffalo, N.Y., to be collector of customs for customs collection district no. 9, with headquarters at Buffalo, N.Y., in place of Fred A. Bradley.

The PRESIDING OFFICER. The reports will be placed on the calendar.

## THE CALENDAR

The PRESIDING OFFICER. The calendar is in order.

## NOMINATIONS PASSED OVER

Mr. ROBINSON of Arkansas. Mr. President, I ask that the first two nominations on the calendar—Robert H. Jack-

son to be general counsel, Bureau of Internal Revenue, and Daniel D. Moore to be collector of internal revenue, district of Louisiana—be passed over for the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

## DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of J. Butler Wright, of Wyoming, to be Envoy Extraordinary and Minister Plenipotentiary to Czechoslovakia.

Mr. O'MAHONEY. Mr. President, I desire the RECORD to show that Mr. J. Butler Wright is a career man, that he entered the service of the State Department several years ago, and has been in that service continuously ever since.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of George S. Messersmith, of Delaware, to be Envoy Extraordinary and Minister Plenipotentiary to Uruguay.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John C. Wiley, of Indiana, to be consul general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of George C. Hanson, of Connecticut, to be secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Angus I. Ward, of Michigan, to be secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Charles E. Bohlen, of Massachusetts, to be secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

## THE JUDICIARY

The legislative clerk read the nomination of John B. Colpoys to be United States marshal, District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John B. Keefe to be United States marshal for the northern district of Iowa.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

## POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. ROBINSON of Arkansas. I ask that the several nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters will be confirmed en bloc.

## IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I make the same request as to the Army nominations.

The PRESIDING OFFICER. Without objection, the Army nominations will be confirmed en bloc.

That completes the calendar.

## INCLUSION OF CATTLE AS A BASIC COMMODITY

The Senate, in legislative session, resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

## RECESS

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

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.



The motion was agreed to; and (at 5 o'clock and 10 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, March 7, 1934, at 12 o'clock meridian.

#### NOMINATIONS

*Executive nominations received by the Senate March 6 (legislative day of Feb. 28), 1934*

##### ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Frank P. Corrigan, of Ohio, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to El Salvador.

##### UNITED STATES CIRCUIT JUDGE

Florence E. Allen, of Ohio, to be United States circuit judge, sixth circuit, to succeed Smith Hickenlooper, deceased.

##### COLLECTOR OF CUSTOMS

Bernice Pyke, of Cleveland, Ohio, to be collector of customs for customs collection district no. 41, with headquarters at Cleveland, Ohio, to fill an existing vacancy.

##### REGISTER OF THE LAND OFFICE

Paul Witmer, of California, to be register of the land office at Los Angeles, Calif., vice John Robert White.

##### PROMOTIONS IN THE NAVY

##### MARINE CORPS

The following-named meritorious noncommissioned officers to be second lieutenants in the Marine Corps, revocable for 2 years from the 2d day of March 1934:

Corp. William M. Hudson      Corp. Reynolds H. Hayden  
Corp. Frederic H. Ramsey      Corp. Charles A. Miller

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate March 6 (legislative day of Feb. 28), 1934*

##### ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARIES

J. Butler Wright to be Envoy Extraordinary and Minister Plenipotentiary to Czechoslovakia.

George S. Messersmith to be Envoy Extraordinary and Minister Plenipotentiary to Uruguay.

##### CONSUL GENERAL

John C. Wiley to be consul general.

##### SECRETARIES IN THE DIPLOMATIC SERVICE

George C. Hanson to be secretary in the Diplomatic Service.

Angus I. Ward to be secretary in the Diplomatic Service.

Charles E. Bohlen to be secretary in the Diplomatic Service.

##### UNITED STATES MARSHALS

John B. Colpoys to be United States marshal for the District of Columbia.

John B. Keefe to be United States marshal for the northern district of Iowa.

##### APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

Capt. Frank Huber Partridge to Adjutant General's Department.

Second Lt. Douglas Glen Ludlam to Ordnance Department.

Second Lt. Harry Hollingsworth Geoffrey to Air Corps.

##### APPOINTMENTS BY PROMOTION IN THE REGULAR ARMY

Laurence Verner Frazier to be colonel, Corps of Engineers.  
Jacob Loucks Devers to be lieutenant colonel, Field Artillery.

Larry McHale to be major, Field Artillery.

Engmann August Andersen to be captain, Quartermaster Corps.

John James Earle, Jr. to be first lieutenant, Coast Artillery Corps.

Robert Frederick Tate to be first lieutenant, Air Corps.

##### POSTMASTERS

##### CALIFORNIA

Owen Kenny, Calistoga.

Harry S. Markofer, Elk Grove.

Leslie A. Johnson, Escalon.  
Edith A. Knudsen, Klamath.  
Sidney F. Horrell, Moneta.  
Edith B. Smith, Patton.

##### KENTUCKY

Benjamin F. Turner, Outwood.

##### LOUISIANA

Ernest B. Miller, Denham Springs.  
Sylvester J. Folse, Patterson.

##### MAINE

Milton Edes, Sangerville.

##### MINNESOTA

Lambert J. Dols, Cologne.  
Anton Malmberg, Lafayette.  
Ruth Stevens, St. Paul Park.

##### MISSISSIPPI

Lewis F. Henry, Carthage.  
Aaron B. Johnston, Enid.  
Johnnie L. Posey, Philadelphia.

##### MISSOURI

Nat M. Snider, Cape Girardeau.  
Elizabeth Farnan, Clyde.  
Ora Lee Dean, Dearborn.  
Joseph F. Hargis, Downing.  
James P. Moore, Liberal.  
Theodore G. Robinson, Maryville.

##### NEBRASKA

Frank A. Moon, Fairbury.

## HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 6, 1934

The House met at 12 o'clock noon.

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

O Father, Lord of heaven and earth, help us to feel that the life of our fellow man is a part of our own; unite us to him by a common center, and may we experience his burden as our burden, his joy as our joy. O give us the charity to ever champion his rights. Send Thy Spirit to make us ready for the duties of this day and gladden and strengthen us within. Do Thou increase the power of our resistance, our faith, blessed Lord, so that trifles or obstacles may not disturb us, may not annoy us. Intensify our love for our country and for its wonderful traditions. We praise Thee that Thou hast a crown for the uncrushed soul, a wreath for the unwithered heart, and a laurel for the undimmed love for Thee. Heavenly Father, above all these things, let us feel eternity in our hearts, and then we shall step bravely through the gates of time, and Thine shall be the everlasting glory. In the name of the world's Savior. Amen.

##### CALL OF THE HOUSE

Mr. LEHLBACH. Mr. Speaker, I make the point of no quorum.

The SPEAKER. Evidently there is not a quorum present. Mr. WOODRUM. 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. 99]

Abernethy	Colmer	Fitzgibbons	Lesinski
Auf der Heide	Corning	Fulmer	Lewis, Md.
Belter	Cross, Tex.	Gambrill	McDuffie
Berlin	Crowther	Gillespie	McFarlane
Black	Crump	Goldsborough	McGugin
Brooks	Darrow	Greenway	McLeod
Burke, Calif.	De Priest	Hancock, N.C.	Mansfield
Cannon, Wis.	DeRouen	Hart	Meeks
Carley, N.Y.	Dickstein	Healey	Montague
Cary	Disney	Kelly, Pa.	Norton
Castellow	Doutrich	Kennedy, Md.	Palmisano
Cavichia	Eltse, Calif.	Kenney	Pou
Claborn	Evans	Lanzetta	Ramsay
Cochran, Pa.	Farley	Lee, Mo.	Reid, Ill.



Richards Robinson, Utah  
Rogers, Okla. Sadowski  
Scrugham Seger  
Simpson Stalker  
Steagall Sullivan  
Thompson, Ill. Thompson, Tex.  
Treadway Wearin  
Williams Wilson

The SPEAKER. Three hundred and fifty-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 JOURNAL

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

#### INTERSTATE AND FOREIGN COMMUNICATION BY WIRE OR RADIO

Mr. BLAND. Mr. Speaker, by authority and direction of the Committee on the Merchant Marine, Radio, and Fisheries, and as chairman of that committee, I move that the reference made by the Speaker on February 27, 1934, to the Committee on Interstate and Foreign Commerce of the bill (H.R. 8301) to provide for the regulation of interstate and foreign communication by wire or radio, and for other purposes, be corrected and that the said bill be referred to the Committee on the Merchant Marine, Radio, and Fisheries.

The SPEAKER. The Clerk will report the motion.

The Clerk reported the motion.

Mr. RAYBURN. Mr. Speaker, I recognize, of course, that except by unanimous consent this motion is not debatable; but the questions involved are so far-reaching and so challenging to the precedents of the House and to the authority of the Speaker to refer measures that I think it would be enlightening to the House if we could have, say, 10 minutes' debate on the side, 10 minutes to be controlled by the gentleman from Virginia [Mr. BLAND] and 10 minutes by myself. I think there are matters that could be developed in even this short time that would certainly make it worth while.

Mr. BLAND. Will the gentleman from Texas not make his suggestion 20 minutes to the side?

Mr. COLLINS of Mississippi. Mr. Speaker, I shall object to 20 minutes to the side. I will not object to 10 minutes to the side.

Mr. BLAND. Will the gentleman from Texas make the time 15 minutes to each side?

Mr. O'CONNOR. Mr. Speaker, will the gentleman from Mississippi yield?

Mr. COLLINS of Mississippi. Certainly.

Mr. O'CONNOR. This is an important question for the House to decide. All these jurisdictional questions are important. The House is not always informed about them. Few Members have examined the precedents. Surely we could spend half an hour on the subject of jurisdiction. This is not asking too much, in spite of the fact we have an appropriation bill pending.

Mr. COLLINS of Mississippi. Mr. Speaker, I shall object to the request of 20 minutes to the side. We must go on with the War Department appropriation bill as agreed to by the House yesterday.

Mr. O'CONNOR. I know; but does the gentleman feel that general debate is of such importance as to take precedence over the question of jurisdiction of a committee over a bill?

Mr. COLLINS of Mississippi. I regret I cannot concur in the request of 20 minutes to each side. I appreciate the desire of the distinguished gentleman from New York, whom I always like to accommodate, but other gentlemen have made preparations to speak on the War Department appropriation bill, and these gentlemen should be accorded this opportunity.

Mr. McFADDEN. Mr. Speaker, reserving the right to object, so far as I personally am concerned, I am ready to vote now on the question of the reference of this bill.

Mr. RAYBURN. Mr. Speaker, I object to any argument out of order.

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

Mr. McFADDEN. Mr. Speaker, I object.

The SPEAKER. The question is on the motion of the gentleman from Virginia.

The question was taken; and on a division (demanded by Mr. BLAND) there were—ayes 103, noes 125.

Mr. BLAND. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 148, nays 212, answered "present" 4, not voting 67, as follows:

[Roll No. 100]

YEAS—148

Andrew, Mass.	Dirksen	Hoidale	Robertson
Arens	Dobbins	Hope	Rudd
Bacharach	Dockweiler	Imhoff	Schulte
Beedy	Douglass	Jacobsen	Scrugham
Beiter	Dowell	Johnson, Minn.	Sears
Biermann	Eagle	Johnson, W. Va.	Secrest
Blanchard	Eaton	Kee	Shoemaker
Bland	Edmiston	Keller	Sinclair
Boileau	Edmonds	Kelly, Pa.	Sirovich
Boland	Elcher	Kennedy, N.Y.	Sisson
Bolton	Elzey, Miss.	Kloeb	Smith, Va.
Boylan	Eltse, Calif.	Kramer	Smith, Wash.
Britten	Evans	Kvale	Smith, W. Va.
Brown, Ga.	Faddis	Lamneck	Somers, N.Y.
Brown, Ky.	Fiesinger	Lehlbach	Studley
Brown, Mich.	Fish	Lehr	Sutphin
Buchanan	Fitzgibbons	Lemke	Tarver
Buckbee	Flannagan	Lindsay	Taylor, S.C.
Burke, Nebr.	Frear	Lloyd	Terry, Ark.
Burnham	Frey	Luce	Tinkham
Cady	Fuller	Lundeen	Tobey
Cannon, Mo.	Fulmer	McFadden	Traeger
Carmichael	Gavagan	Martin, Ore.	Truax
Carpenter, Kans.	Gifford	Miller	Utterback
Carpenter, Nebr.	Gilchrist	Moran	Wallgren
Carter, Calif.	Gillespie	Morehead	Walter
Celler	Gillette	Mott	Weideman
Christianson	Glover	Musselwhite	Welch
Clarke, N.Y.	Griffin	O'Malley	Werner
Collins, Calif.	Guyer	Owen	Wigglesworth
Connery	Harlan	Peterson	Willford
Cravens	Hart	Pierce	Withrow
Crosby	Harter	Plumley	Wood, Ga.
Culkin	Hartley	Powers	Wood, Mo.
Cullen	Hildebrandt	Ramspeck	Woodrum
Darden	Hill, Knute	Randolph	Young
Delaney	Hoepfel	Richardson	Zioncheck

NAYS—212

Adair	Ditter	Kurtz	Rankin
Adams	Dondero	Lambertson	Ransley
Allen	Doughton	Lambeth	Rayburn
Allgood	Doutrich	Lanham	Reece
Andrews, N.Y.	Driver	Larrabee	Reed, N.Y.
Arnold	Duncan, Mo.	Lea, Calif.	Reilly
Ayers, Mont.	Durgan, Ind.	Lee, Mo.	Rich
Ayres, Kans.	Farley	Lewis, Colo.	Richards
Bailey	Fernandez	Lozier	Rogers, Mass.
Bakewell	Fitzpatrick	Ludlow	Rogers, N.H.
Bankhead	Fletcher	McCarthy	Rogers, Okla.
Beam	Focht	McClintic	Romjue
Beck	Ford	McCormack	Ruffin
Blanton	Foss	McFarlane	Sanders
Bloom	Gasque	McGrath	Sandlin
Boehne	Goodwin	McKeown	Schaefer
Brennan	Goss	McLean	Schuetz
Browning	Granfield	McLeod	Shallenberger
Brumm	Gray	McReynolds	Simpson
Brunner	Green	McSwain	Spence
Buck	Gregory	Maloney, Conn.	Steagall
Bulwinkle	Griswold	Maloney, La.	Stokes
Busby	Haines	Mansfield	Strong, Pa.
Caldwell	Hamilton	Mapes	Strong, Tex.
Carden, Ky.	Hancock, N.Y.	Marland	Stubbs
Carter, Wyo.	Hancock, N.C.	Marshall	Summers, Tex.
Cartwright	Hastings	Martin, Colo.	Swank
Cary	Healey	Martin, Mass.	Sweeney
Castellow	Hess	May	Swick
Chapman	Higgins	Mead	Taber
Chase	Hill, Ala.	Meeks	Taylor, Colo.
Chavez	Hill, Samuel B.	Merritt	Taylor, Tenn.
Church	Hollister	Millard	Terrell, Tex.
Claiborne	Holmes	Milligan	Thomas
Clark, N.C.	Howard	Mitchell	Thomason
Cochran, Mo.	Huddleston	Monaghan, Mont.	Turner
Colden	Hughes	Montet	Turpin
Cole	James	Moynihan, Ill.	Umstead
Collins, Miss.	Jeffers	Muldowney	Underwood
Colmer	Jenckes, Ind.	Murdock	Vinson, Ga.
Condon	Jenkins, Ohio	Nesbit	Vinson, Ky.
Connolly	Johnson, Okla.	O'Brien	Wadsworth
Cooper, Ohio	Johnson, Tex.	O'Connell	Warren
Cooper, Tenn.	Jones	O'Connor	Weaver
Crosser, Ohio	Kahn	Oliver, Ala.	West, Ohio
Cummings	Kelly, Ill.	Oliver, N.Y.	West, Tex.
Dear	Kerr	Parks	White
Deen	Kinzer	Parsons	Whitley
Dickinson	Kleberg	Patman	Whittington
Dickstein	Kniffin	Perkins	Wilcox
Dies	Knutson	Pettengill	Wolcott
Dingell	Kocialkowski	Peyser	Wolfenden
Disney	Kopplemann	Polk	Wolverton



## ANSWERED "PRESENT"—4

Byrns	Cox	Dunn	Parker
NOT VOTING—67			
Abernethy	Crump	Lanzetta	Seger
Auf der Heide	Darrow	Lesinski	Shannon
Bacon	De Priest	Lewis, Md.	Snell
Berlin	DeRouen	McDuffie	Snyder
Black	Doxey	McGugin	Stalker
Brooks	Drewry	McMillan	Sullivan
Burch	Duffey	Montague	Thom
Burke, Calif.	Ellenbogen	Norton	Thompson, Ill.
Cannon, Wis.	Englebright	Palmisano	Thompson, Tex.
Carley, N.Y.	Foulkes	Peavey	Thurston
Cavichia	Gambrill	Pou	Treadway
Cochran, Pa.	Goldsborough	Prall	Waldron
Coffin	Greenway	Ramsay	Wearin
Corning	Greenwood	Reid, Ill.	Williams
Cross, Tex.	Henney	Robinson	Wilson
Crowe	Kennedy, Md.	Sabath	Woodruff
Crowther	Kenney	Sadowski	

So the motion was rejected.

The Clerk announced the following general pairs:

Mr. Byrns with Mr. Snell.  
 Mr. Corning with Mr. Darrow.  
 Mr. Doxey with Mr. Treadway.  
 Mr. Greenwood with Mr. Englebright.  
 Mr. McMillan with Mr. Bacon.  
 Mr. Gambrill with Mr. Seger.  
 Mr. McDuffie with Mr. Thurston.  
 Mr. Prall with Mr. Crowther.  
 Mr. Pou with Mr. Woodruff.  
 Mr. Cross of Texas with Mr. Cochran of Pennsylvania.  
 Mrs. Norton with Mr. Cavichia.  
 Mr. Goldsborough with Mr. Waldron.  
 Mr. Black with Mr. Stalker.  
 Mr. Drewry with Mr. McGugin.  
 Mr. Auf der Heide with Mr. Peavey.  
 Mr. Reid of Illinois with Mr. De Priest.  
 Mr. Ramsay with Mr. Wearin.  
 Mr. Crowe with Mr. Burke of California.  
 Mr. Wilson with Mr. Lanzetta.  
 Mr. Kennedy of Maryland with Mr. Ellenbogen.  
 Mr. Shannon with Mr. Berlin.  
 Mr. Carley of New York with Mr. Henney.  
 Mr. Crump with Mr. DeRouen.  
 Mr. Williams with Mr. Thom.  
 Mr. Brooks with Mr. Thompson of Texas.  
 Mr. Sullivan with Mr. Montague.  
 Mr. Abernethy with Mr. Lewis of Maryland.  
 Mr. Greenway with Mr. Duffey.  
 Mr. Kenney with Mr. Snyder.

Mr. DREWRY. Mr. Speaker, I was not present when my name was called. If I had been present, I would have voted "aye."

Mr. BURCH. Mr. Speaker, I was not present, but I would have voted "aye" if I had been present.

Mr. KRAMER. Mr. Speaker, my colleague, Mr. BURKE of California, is ill and asked me to announce that if he were present he would vote "aye."

The result of the vote was announced as above recorded. A motion to reconsider was laid on the table.

## UNFAIR COMPETITION AND PRACTICES IN COTTON INDUSTRY

Mr. BANKHEAD, from the Committee on Rules, reported the following privileged resolution for printing under the rule:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 8402, a 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. That after general debate, which shall be confined to the bill and shall continue not to exceed 8 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. BANKHEAD. Mr. Speaker, may I submit a unanimous-consent request?

The rule that has been presented provides for the consideration of the cotton control bill. A great many Members of the House are interested in the constitutional phases of this legislation, and properly so. May I ask unanimous consent to have incorporated in the RECORD for the benefit

of the Members in studying this bill a brief on the constitutionality of the proposed legislation?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, who is the author of this brief?

Mr. BANKHEAD. The brief was prepared by a representative of the Department of Justice, a very able man in the service of that Department.

Mr. MARTIN of Massachusetts. Mr. Speaker, at this time I object. If the gentleman will renew it later, I will think it over in the meantime.

The SPEAKER. Objection is heard.

## INVESTIGATION BY COMMITTEE ON MILITARY AFFAIRS

Mr. WARREN. Mr. Speaker, I offer a privileged resolution from the Committee on Accounts and ask for its immediate consideration.

The Clerk read as follows:

## House Resolution 284

*Resolved*, That the expenses of conducting the investigation authorized and directed by House Resolution 275, incurred by the Committee on Military Affairs, acting as a whole or by subcommittee, not to exceed \$10,000, including expenditures for the employment of expert, clerical, and stenographic services, shall be paid out of the contingent fund of the House, on vouchers authorized by the committee, signed by the chairman thereof and approved by the Committee on Accounts.

Sec. 2. That the official committee reporters shall serve said committee at its meetings in the District of Columbia.

Mr. WARREN. Mr. Speaker, this is a resolution providing funds for the investigation which was authorized by the House a few days ago to be conducted by the Military Affairs Committee.

We have been promised a thoroughgoing, searching investigation of conditions in the War Department from 1926 to date, letting the chips fall where they will. The committee is unanimous that this amount of \$10,000 is most reasonable and necessary to carry out the purposes of the investigation.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. WARREN. I yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. I am not opposed to the investigation, but is it understood by the committee that it is not likely they will come back for a further appropriation and that this will be sufficient?

Mr. WARREN. They so stated on the floor of the House.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On March 2, 1934:

H.R. 5242. An act for the relief of William C. Campbell;

H.R. 6574. An act to repeal Federal liquor prohibition laws to the extent they are in force in Puerto Rico and the Virgin Islands, and for other purposes; and

H.R. 6951. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes.

On March 5, 1934:

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 Farnum Street, Omaha, Nebr.;

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.;

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. 715. An act to award the Distinguished Service Cross to former holders of the certificate of merit, and for other purposes; and

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.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to the bill (S. 407) for the relief of Willie B. Cleverly.

JOHN O. SNYDER

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

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

There was no objection.

Mr. BOYLAN. Mr. Speaker, I have asked for this time for the purpose of extending the congratulations of the House to one of our very efficient workers, Mr. John O. Snyder, our very capable pair clerk, who completes today 33 years of continuous service in this House. [Applause.] He has served under the following Speakers: Henderson, Cannon, Clark, Gillett, Longworth, Garner, and Rainey. I know you will unite with me in conveying our good wishes to Mr. Snyder and to express the hope that he may continue to work here during the service of many, many other Speakers who are to follow as the presiding officers of this House. [Applause.]

#### WAR DEPARTMENT APPROPRIATION BILL, 1935

Mr. COLLINS of Mississippi. 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. 8471) making appropriations for the military and nonmilitary activities of the War Department 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 consideration of the Army appropriation bill, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

Mr. BOLTON. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, there is an old Latin saying, "Veritas magna est et praevalerebit." Of course, all the lawyers in the House know the translation of this Latin phrase, but for those who are not lawyers and who have not had the benefit of that high degree of classical culture, I will translate it into plain, ordinary English. It means that "The truth is mighty and will prevail."

The other day the gentleman from New York [Mr. MEAD] made an eloquent speech in which he denounced those of us on this side of the House as playing politics when we criticized the cancelation of the air-mail contracts and when we stated that the death of the six Army officers flying or preparing to fly the air mail was legalized murder. The gentleman also went on to say, at least by inference, that the Republicans on this side of the House had spoken disparagingly of these young Army pilots as rosy-faced babies. I asked a good many Republican Members if anyone had used such language or any language of that kind. Of course, I found that none had, but I did find out that that was the language used in the radio address of the Chief of the Army Air Corps, General Foulis, not once but twice, intimating that those of us who had criticized the Army Air Corps and who had condemned the accidents had referred to these young pilots as "a bunch of rosy-cheeked babies." The gentleman from New York [Mr. MEAD] comes here and reiterates this statement and infers that it is made by some Republicans on this side. It is simply an example of the old po-

litical game of creating a straw man to knock down. But in this case, when courageous young Army pilots had lost their lives because someone had blundered, it does not help the Army Air Corps for its commanding officer, General Foulis, to make a political speech and use epithets such as "a bunch of rosy-cheeked babies" about as fine and brave group of Army officers that ever lived. It is unfortunate that it was ever used or repeated for political purposes.

Now, it is time that on both sides that we be permitted to speak out and speak the truth without being charged with playing politics. So far as I am concerned, I believe the cancelation of the air-mail contracts was rotten with politics. [Applause.] I believe it was conceived in politics; that it was aimed at and resulted in the grossest kind of political reprisal in the recent history of our country.

Mr. SABATH. Will the gentleman yield?

Mr. FISH. I am sorry that I cannot yield in the limited time.

They were canceled, all of them, without a hearing and without a trial of any kind, on the basis merely that might makes right. It is simply a striking example of the dictatorial action of an administration drunk and arrogant with power. It proceeded to cancel these contracts without a hearing of any kind in a most ruthless and autocratic manner, and up until this time the country has been waiting to find out the reason for the cancelation of these air-mail contracts.

If there is any fraud, the country is entitled to know where the fraud exists. It is inconceivable that 14 or more air-mail companies and their officials, representing all kinds of people in this country, are corrupt, dishonest, and fraudulent. I do not believe that many American people believe they were, and will not believe so until the officials of these companies have been afforded an impartial and adequate hearing to present their side of the case, which is the right of every American citizen. If there was any politics, it was in the cancelation of the air-mail contracts; that was the inception of it; and the burden of proof rests with the Government to produce evidence of the fraud it claims in general terms.

Now, in answer to the charge—and I believe I was the first one to raise it in the House—that the death of these six Army pilots was legalized murder. I used those words advisedly, but I did not invent them. They were first used by Capt. Eddie Rickenbacker, the greatest war ace in the history of our country, who shot down 26 German airplanes, who was decorated with the Medal of Honor and seven times with the Distinguished Service Cross. He said publicly that using Army pilots without any experience on the air-mail routes, in winter weather, in open machines, was legalized murder.

I do not claim to be an authority on aviation, but Captain Rickenbacker is one of the highest authorities in the United States. The newspapers of the country and the great champion of the Democratic Party in the last election, Mr. Hearst, in his newspapers, has repeatedly gone further and called it downright butchery.

I am not apologizing, nor is anyone else, for having used the words "legalized murder", because this is exactly what was meant at the time and is exactly what we mean today—when six young Army pilots, ordered to fly the mail almost overnight on unknown routes, in winter weather, went to their death on account of politics—and it is because of that we say it is legalized murder.

Very few on this side of the House have criticized the Army Air Corps. The chief criticisms of the Army Air Corps have come from your side of the House, whether they are justifiable or not. The Speaker of the House, over his own signature, sent out a statement that was broadcast in the papers from coast to coast, criticizing the efficiency of the Army Air Corps in the very strongest terms. The gentleman from Mississippi [Mr. COLLINS] has criticized the Army Air Corps for several years, and other Democrats have made much stronger statements denouncing and condemning the types of planes that are being used in the Army Air Corps, but whenever the minority says a word, the cry of politics



is raised. Was it politics when the Democratic Speaker of the House sent his message out to the country, attacking the Army Air Corps—was that Republican politics? Or when the gentleman from Mississippi spoke out about its defects, was that Republican politics?

Some Democrats have developed a new rule in the House. I suppose some member of the "brain trust" has come down here with an old hat filled with Easter bunnies and Easter eggs and has brought out a new rule that the minority party must be seen and not heard; that not only they have no right to offer or vote on amendments, but they have no right to criticize, and that even veiled criticism is taboo. Therefore, from now on under this new gag rule, criticism of the Army Air Corps or of the cancellation of these air-mail contracts is criticism of the Democratic Party and therefore fundamentally wrong, and a new emergency must be created or manufactured every time some Republican begins to criticize either the Army Air Corps or the autocratic cancellation of the air-mail contracts.

I now want to answer more specifically and categorically the statements made by the gentleman from New York [Mr. MEAD]; first, that there were more open machines used by the commercial airplane companies than by the Army. In each case I have taken my evidence either from the Army Air Corps or from some Army authority. The following information was given me only yesterday by a colonel in the Army Air Corps.

The number of open machines being used to carry the mail by the Army is 149, closed machines 62; by the commercial companies, 316 closed machines and only 55 open machines. In other words, the Army is using more than 2 to 1 open planes and the commercial companies are using 6 to 1 closed planes.

Mr. KVALE. Will the gentleman yield?

Mr. FISH. I yield.

Mr. KVALE. Of course, the gentleman will admit that the commercial lines are carrying passengers and the Army is not.

Mr. FISH. Oh, certainly, I admit that; but the gentleman from New York, in speaking the other day, made just the contrary statement. He said:

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.

This is just not correct. It is utterly incorrect.

Then the gentleman from New York [Mr. MEAD] goes on to speak of radio equipment—

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.

In answer to that I want to quote from an article by Maj. Gen. James E. Fechet, retired Chief of the Army Air Service:

This is specially true of radio. Seventy-five percent of Army planes carry no radio. None of them carries the best long-range set which the mail planes find as their greatest aid. The mail pilot can and does remain in constant contact with his ground station. The Army mail man will lose all contact with his ground station within 40 or 50 miles after he takes off.

Mr. KNUTSON. Will the gentleman yield?

Mr. FISH. Yes.

Mr. KNUTSON. Probably under the new regulations issued by the War Department, which are so restrictive, they do not need radios.

Mr. FISH. Continuing the quotation—

He will often plow blindly into fog and snow, because a warning voice from the ground station would not reach him.

This is not from a Republican; it is not Republican politics. It is from a recent published article of General Fechet, formerly Chief of the Army Air Service.

And he has this to say:

In flying the mail, experience is the thing. Army pilots suddenly jerked from military duties to pilot the mail will suffer many handicaps. They are taking the places of a group of pilots who are also expert airmen, who have gained their knowledge from thousands of hours flying over the mail routes.

I want to insist that when we charged these six deaths as being legalized murder we knew exactly what we were talking about, because the proof of the pudding is always in the eating.

Mr. TRUAX. Will the gentleman yield?

Mr. FISH. Not at this moment.

Six Army officers went to their death in 6 days, whereas the entire commercial air force over a period of 1 year, I think, lost eight pilots.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. FISH. Yes.

Mr. FITZPATRICK. How many of those men out of the six were carrying the mail?

Mr. FISH. I am glad the gentleman asked me that pertinent question. He wants to know how many out of the six were carrying the mail. Of all the petty, foolish, picayune subterfuges that have been used by the Army Air Corps and others I think the worst is when they say only one officer was actually killed flying the mail. What difference does it make to the mothers or wives of the other five officers who lost their lives under orders learning the mail routes or ferrying other pilots?

(The time of Mr. FISH having expired, he was given 5 minutes more.)

Mr. FISH. I cannot conceive of any more unfair statement than trying to make out that these young officers who were killed while preparing to fly, or who went out in snowstorms in Utah and other States in order to learn the routes, were not engaged in carrying out the orders of the Postmaster General caused by the high-handed and unwarranted cancellation of the air-mail contracts. They were ordered to fly by the Government, and officers of the Army are accustomed to obey orders. It makes no difference to them or their parents or their families or the American citizens back home to say that they did not lose their lives flying the air mail when they were actually carrying out the orders received from the Chief of the Army Air Corps to prepare themselves to carry the air mail.

Mr. GOSS. Did the gentleman say "Chief of Staff"?

Mr. FISH. I intended to say Chief of the Army Air Corps.

Mr. SEARS. Mr. Chairman, I make the point of order that the gentleman from New York did not yield to the gentleman from Connecticut.

Mr. GOSS. I thought the gentleman yielded to me.

The CHAIRMAN. The Chair will protect the gentleman if he declines to yield.

Mr. FISH. I shall oppose any red herring being dragged across the trail and thereby get away from the main issue, the high-handed and arrogant cancellation without a hearing of the air-mail contracts. All that we have done has been to justifiably criticize from the beginning the cancellation of the air-mail contracts, based, so the Democrats say, on unproven fraud and on the fact that these air-mail companies were making huge profits and that they were robbing the Government. However, when you come to analyze the facts, you will find out that practically none of the companies has ever paid a dividend and that most of them have lost money. Yet, the statement is given out to the people back home that the reason for the cancellation in general terms is not only collusion, but that these air-mail companies were profiteers, that they were making huge sums of money when the fact is that some of the commercial air-mail companies were returning more in air-mail postage than they received in subsidy. My God, gentlemen, to think of any Democrat in these days questioning the right of the Government to build up a new industry by subsidy! Why, the very middle name of the Democratic Party is subsidy. We spend more in subsidies every day, twice as much as they spent last year on the entire air-mail contracts, and you propose to go ahead and spend 10 times as much as we go along on almost every conceivable industry. You have granted subsidies for every one, and now you are raising the question of a subsidy of \$7,000,000 in the air-mail contracts given out by the Republican Party 4 years ago, to develop

and build up the finest commercial air transport in the world, when every one of you is supporting subsidies day in and day out amounting to many times the sum of this particular subsidy.

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

Mr. FISH. I cannot yield now. The gentleman from New York [Mr. MEAD] said he was tired of this sob stuff. It is very easy to talk about sob stuff when you put words into the mouths of other people that were not said by them, about the rosy-checked boys and a bunch of babies. However, it was no sob stuff when we offered an amendment here to pay \$10,000 each to the widows and families of those Army pilots who were killed under orders in connection with flying the air mail. That was not sob stuff. That was plain ordinary justice and exactly what we did during the World War. [Applause on the Republican side.]

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

Mr. BLANTON. Mr. Chairman, I have charge of the time and I yield myself 25 minutes. I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Chairman, I would not be just to this subcommittee of the Committee on Appropriations, upon which I serve, if I did not pay tribute to its able chairman, and to its able ranking minority member. I deem it an honor to serve upon this subcommittee that has framed the War Department supply bill, guided by its distinguished chairman, my good friend Hon. ROSS COLLINS, of Mississippi, and so ably aided by the distinguished minority member, my friend Hon. CHESTER BOLTON, of Ohio. I wish I could tell you gentlemen of all the hard work and of the great service that these men have rendered to the country in framing this bill.

The distinguished gentleman from Mississippi, Hon. ROSS COLLINS, is well equipped and qualified to do the work that he performs here. After finishing the grade schools of his State, he attended the Agricultural and Mechanical College of Mississippi. He received his bachelor of arts degree from the University of Kentucky and his bachelor of laws degree from the University of Mississippi, and his doctor of laws degree from Transylvania University, and the experience which he afterward acquired during the 8 years he was attorney general for the great State of Mississippi, has well fitted and qualified him to serve here in the interest of the people. He is able to cope and to hold his own with these major generals from the general staff, across the table. He is as brave as a lion, and he knows how to develop all the facts about all transactions.

Mr. MARTIN of Oregon rose.

Mr. BLANTON. Oh, I yield to the distinguished major general from Oregon.

Mr. MARTIN of Oregon. Oh, I just wanted to suggest to the gentleman, while he is engaging in these encomiums on the distinguished chairman of his committee, that perhaps he has learned a lot about the Army since he has been a Member of this House.

Mr. BLANTON. Oh, I have learned a lot about all of the Departments. I have learned many valuable lessons from my association with the former commander of the Ninetieth Division, and during the last 2 years I have learned how to get along with him, and on many fundamentals I can agree with him, whenever he is right.

Mr. MARTIN of Oregon. Oh, just a minute. I understand that this is a magnificent Army appropriation bill, and I want to congratulate the gentleman—

Mr. BLANTON. I was sure that it would please my good friend.

Mr. MARTIN of Oregon. And to remind him how different it is from the other two that he brought in.

Mr. BLANTON. Mr. Chairman, our colleague from Mississippi, Hon. ROSS COLLINS, is the kind of man who, when he asks the chief of staff a question that could be answered unequivocally, always gets the question properly answered before he stops. I have heard him ask the same question

over three or four times until finally he would thus force an unequivocal answer. He goes to the bottom of everything. He has a faculty of getting all of the facts. The service he renders is most valuable to the people. He has reduced appropriations and placed valuable restrictions in this bill, and I am gratified that the full Committee on Appropriations has approved his action.

ROSS COLLINS is an entertaining and delightful companion. He is a good neighbor. He is a faithful friend. He is an all around good fellow. He has been most active in his efforts to keep open the schools of the country. He has been working zealously to get the committee to report out his bill in the interest of the teachers and schools of the United States.

I sincerely hope that the good people of Mississippi will see fit to continue sending him here. His defeat would mean a distinct loss to the country. The intimate knowledge he possesses, and the ripe experience he has acquired through years of intensive study of Government bureaus and departments, make his presence here needed and indispensable. [Applause.]

I feel impelled also to mention the splendid work and helpful cooperation of the ranking minority member of this subcommittee, our good friend, the distinguished gentleman from Ohio, Mr. CHESTER BOLTON, of Cleveland. He is well qualified, both through study and experience. He has a bachelor of arts degree from Harvard and an honorary degree from Kenyon College. For several years he was State senator from Ohio. He served on the War Industries Board, and with the rank of lieutenant colonel he served on the General Staff of the United States Army during the World War, and he knows exactly what the business is about when he sits across the table and takes up those estimates and requires a proper showing for them. He has rendered valuable service, and I take my hat off to him. [Applause.]

And now I want to talk about another subject.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. JOHNSON of Texas. I am just wondering whether the display back of the gentleman will have anything to do with his speech.

Mr. BLANTON. Oh, no. These bottles and jars and other things are to be used shortly by our distinguished colleague from New York, Dr. SIROVICH, who will speak in behalf of his pure food and drug bill. I am glad to know that Dr. SIROVICH is not here trying to foist upon the country what is known as the "Tugwell bill." I am glad to know that he is not asking you to support the Tugwell bill.

That bill of Dr. Tugwell would have closed up every country drug store in the United States. It would have put out of business every country newspaper in the United States. It would have stopped a man in ordinary life from buying for 25 cents a family remedy of known efficacy and value that has given satisfaction for 50 years, and would have made him go to a physician and pay \$3 for an ordinary prescription. At last we have got that Tugwell bill killed and buried. Dr. SIROVICH has quit Dr. Tugwell and will speak on his own bill.

LYNN P. TALLEY

Now, I am going to come to my subject. And that is, whether Lynn P. Talley, president of the Commodity Credit Corporation, is the master or the servant of the people he now represents. Every President of the United States, to run this Government, which is the biggest business in the world, must have agents to help him. He cannot do it by himself. If his assistants and agents and helpers are honest, reliable, faithful, and loyal, he can make a success out of it if he has the ability and the intention to do it. If the helpers and the agents of President Franklin D. Roosevelt are honest and loyal, his administration is just as sure to be a success as you are sitting here; but if his agents are not loyal, if they are unfaithful, if they are selfish and autocratic, if they are dishonest, the same thing could happen to President Roosevelt—God forbid—that happened to Woodrow Wilson, who suffered because he had some agents upon



whom he was forced to rely who were unfaithful and who betrayed the trust he placed in them.

This agent of this Government, Lynn P. Talley, who just now is at the head of the Commodities Credit Corporation, that loans money to farmers—not his money, but the Government's money—is the most autocratic, most unreasonable, most inefficient servant of farmers in this Nation. He is their avowed enemy. The Commodities Credit Corporation was created for the benefit of affording help and succor to the farmers of the country. Lynn P. Talley is now using it in an attempt to harass and ruin them. Ten cents a pound has been loaned to farmers on their cotton. The cotton is good security for the loan. Farmers have put their cotton in local warehouses of their own selection, near their homes, where they can see it when they want to, where it is properly housed, properly protected from the weather, properly insured, meeting every provision of the insurance department, and they want it to stay there. There is no reason for moving it. These farmers who own it do not want it moved. It is not to their interest that it be moved. It is not to the interest of the Government that it be moved. The farmers who own the cotton are perfectly satisfied with all conditions.

A few weeks ago, against their interest, Lynn P. Talley issued an order to move cotton from the local warehouses in the country in the interior down to Galveston and Houston and New Orleans. The farmers were not consulted. They were ignored. Their wishes were unimportant to Lynn P. Talley. Hundreds of farmers, from many sections, protested.

I took the matter up with him as to the cotton warehoused in my district, and belonging to the farmers there. He promised me faithfully that he would not move any cotton until he had given me due notice and let me be heard in their behalf as to whether the cotton was properly housed and properly insured and met all the conditions he prescribed. Lynn P. Talley promised to give me that hearing, and I gave such assurance to my constituents, and yet, within the last few days, he has ordered thousands of bales of cotton sent from numerous local warehouses in my section down to the big warehouses in Houston, Galveston, and New Orleans.

This telegram, addressed to me, is from the chamber of commerce of my home city of Abilene, Tex.:

Understand Commodity Credit Corporation planning move Government 10-cent loan cotton to compresses at Houston. We request that cotton remain at local compresses where it is properly stored under shelter and gives us opportunity sell same on competitive bids between interior buyers and port buyers, whereas at port will be at mercy of practically one buyer; also, by keeping at interior leaves money at interior towns and helps local people make living during these trying times. Please investigate and do all you can.

T. N. CARSWELL, *Secretary-Manager.*

Here is one from the Stamford Chamber of Commerce of Stamford, Tex.:

This organization protests the movement of cotton on which farmers secured 10-cent pound loans from Government from interior compresses to ports until cotton is actually sold. Compresses have gone to expense of building sheds to house cotton. We believe farmers will have square deal by leaving cotton where weights and staple can be checked when sold. Please use influence.

STAMFORD CHAMBER OF COMMERCE.

The biggest organization in west Texas is the West Texas Chamber of Commerce. It embraces the city of Fort Worth on the east, represented by our good friend, the gentleman from Texas, now presiding over this House, Hon. FRITZ LANHAM. It embraces the territory from his city of Fort Worth 620 miles west to El Paso. The West Texas Chamber of Commerce, with its thousands of members, represents the best interests of west Texas, including the farmers and all businesses in this vast empire. This is what that chamber of commerce has to say in the following telegram I have received from Hon. D. A. Bandeen, its manager:

Believing C.C.C. cotton should be compressed and warehoused at point of raising until sold and knowing of extraordinary investments made to warehouse this cotton at point of raising, we protest present effort to move this cotton from interior to ports and respectfully request your support.

WEST TEXAS CHAMBER OF COMMERCE.

Here is a telegram from 108 farmers sent from Hamlin, Tex., addressed to me:

The undersigned farmers of this territory, who have 10-cent loans on cotton, are informed it is proposed to move our cotton from local warehouses for concentration elsewhere. We strenuously oppose this. Rather have our cotton kept at home until sold or until maturity of notes than to have it anywhere else. We hope you will abandon any plan for moving this cotton and leave same where it is.

They seemed to think it was a part of my plan, when we Members of Congress have nothing whatever to do with it. There is one man in Washington who is ordering this done, Lynn P. Talley, and nobody else. It is Lynn P. Talley who is assuming to act as master over the property of 108 farmers of the Hamlin, Tex., community.

Mr. PIERCE. Will the gentleman tell us what position he holds?

Mr. BLANTON. I will tell you all about it in just a moment. He is the President of the Commodities Credit Corporation. He was put there to serve the farmers, not to become their master. He was put there to benefit the farmers, not to harass and ruin them. And he has another guess coming if he thinks that we Members of Congress who represent the farmers of America are going to allow him to handle their property in this wasteful, inexcusable, unwarrantable, silly manner, merely to benefit a few big monopolistic warehouses in a few big cities.

Here is another petition from 210 farmers of Jones County, who mailed it to me from Stamford, Tex., and is addressed to me officially:

We, the undersigned, farmers and producers who are vitally interested in the 10-cent loan cotton stored in bonded warehouses in the interior, ask that you use your influence against the movement of cotton from where it is now held until July 31, 1934, or until it is actually sold by the producers. Cotton now held here is all in warehouses and well protected from the weather, and we believe that it should be left in the locality where it was produced so that if we wanted to exercise our option of closing out our contracts we could personally supervise the regading and selling of it.

That is signed by 210 farmers.

Mr. GOSS. Is the gentleman going to put all those names in the RECORD?

Mr. BLANTON. No; I will not print their names, because they would not serve any purpose. I do not want to encumber the RECORD with a lot of names, but I wanted to show you this list of names so that you can see how many farmers there are protesting. There are five pages of signatures to this petition.

Mr. Chairman, I do have some excerpts that I will put in without reading them in full. I want to yield when I have time, if questions are asked, and do not want to take the time right now to read all of the excerpts of documents and records that I shall refer to in my remarks.

I do not want to take the time to read them all. Mr. Chairman, I ask unanimous consent that, excluding long lists of names, I be permitted to put some excerpts in the RECORD in connection with my speech.

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

There was no objection.

Mr. BLANTON. Here is a telegram addressed to me from Abilene:

I have been informed through the press and otherwise that the A.C.C.A. have been appointed sales agent for all pooled and Government-loan cotton. I was appointed sales agent by the producer under Government-loan note under contract clause no. 8. I am a small cotton buyer trying to make an honest living for myself and family. My farmer friends were willing to make me their sales agent for 1,200 bales of this cotton and are still willing for me to act in this capacity. The same condition applies to several other private cotton buyers in and around Abilene. Have been informed that all Government-loan cotton will be moved to the ports from the interior compresses, taking away thousands of dollars in labor from this section. Will you use your influence to protect our interest?

BEN E. ALLEN.

Here is another petition, signed by 194 farmers, from the district of our good friend, MARVIN JONES, who, by the way, is Chairman of the Committee on Agriculture, and is dated at Spur, Tex., in Dickens County, way up north of me, and

addressed to me. I will not print their names, to save expense; but I want you to notice there are four long pages of names, each with a double column of signatures.

This statement reads as follows:

SPUR, TEX., February 27, 1934.

We, the undersigned, farmers having Government 10-cent loan cotton stored in Spur Bonded Warehouse & Compress Co., are registering protest as to Government moving said cotton from said plant and so insist that our cotton remain on said compress.

This warehouse company has built new additional warehouse capacity for our benefit to properly take care of our cotton. There is no congestion of any kind, this warehouse having ample space for all of said cotton.

The insurance rate is some ninety-odd cents per hundred dollars per year, which is about 5 cents per bale per month. We consider their warehouse charges reasonable and must insist on our cotton remaining in this warehouse where we can get our own samples and sell at any time we desire.

Respectfully submitted.

(Names omitted.)

Mr. GLOVER. Mr. Chairman, will the gentleman yield?  
Mr. BLANTON. I yield.

Mr. GLOVER. As I understand it, the Government's lien on this cotton is simply a mortgage; it is just a hypothetical sale, and the Government has no right to remove the cotton unless there is something in the contract that permits it.

Mr. BLANTON. Certainly; or unless it is being damaged. And it is not being damaged. It is well protected, and the farmers want it to remain in their own warehouses.

Mr. GLOVER. Is there anything in the contract which permits them to do this?

Mr. BLANTON. Unfortunately, Lynn P. Talley claims there is.

Mr. GLOVER. Unfortunately, it ought not to be there.

Mr. BLANTON. If my friend the gentleman from Arkansas were a farmer; if he went to a bank and borrowed \$100 on his span of mules and the bank were to attempt to take those mules from the gentleman, and take them 500 miles from the gentleman's farm, the gentleman would object to it, would he not?

Mr. GLOVER. Yes; and it is a penitentiary offense in my State to remove mortgaged property. The principle of this thing is wrong. It ought not to be permitted.

Mr. BLANTON. And the mortgagee has no more right to remove it away than the mortgagor.

Mr. GLOVER. Absolutely not.

Mr. BLANTON. And if Lynn P. Talley moves it, we are going to move him. Here is another telegram I have just received today:

ABILENE, TEX., March 6, 1934.

HON. THOMAS L. BLANTON,  
Washington, D.C.

We have received shipping order from Commodity Credit Corporation 5,654 bales be moved to Galveston. We have no congestion at Abilene compress and have class C marine insurance; also have been promised by underwriters they will restore former class B. If there is to be general movement, we have no complaint, but we understand no movement being made from a number of other compresses over the State not in your district that only have class C rating. What you advise us to do?

WESTERN COMPRESS & STORAGE Co.,  
H. G. HAYNIE.

Here is a long telegram from numerous business firms handling cotton in my home city of Abilene, Tex., addressed to me, and signed by the business firms of Bland & Pratt; Ansley & Co.; Carl A. Sonnen; W. J. Hart; F. H. Ficke & Co.; S. P. Baugh; J. O. Green; Guitar Cotton Co.; H. J. Nebhut; H. M. McBeath; and Ben E. Allen, wherein they strenuously protest against this order of Lynn P. Talley moving thousands of bales of cotton from these local warehouses and concentrating it in the big monopolistic warehouses in a few big cities:

We, the undersigned cottonmen this territory, emphatically protest intention moving Government cotton to port, as this decided economical waste besides would prevent us bidding on cotton. This Government repeatedly stated they are for small man, letting him make livelihood. It's about time getting a break. For example, some Government cotton sold and large concern's bid was \$2 per bale below what cotton sold for here, which shows that someone interested getting cotton out reach of competition, which means that farmers would lose considerable money on top of extra expense moving to port.

And, in a long letter addressed to me, these above firms show that the farmers are all against this removal of their cotton by Lynn P. Talley, that the farmers are well satisfied and want their cotton to remain in local warehouses and not moved away, and they present the following reasons why it should not be moved:

As you are well aware, the cotton business has suffered greatly during the past 5 or 6 years and it was, and is, hard for a small buyer to make a livelihood out of it. The margin of profit has been cut down to such an extent that one has to handle a large volume of business to break even. This season the Government took out of the market practically 2,000,000 bales, putting same into the 10-cent loan plan, thus assuring the farmers a minimum price for their cotton.

This plan was welcomed by all, farmers, business men, and last, but not least, by the cotton men, as by loaning money against this cotton, the trade was assured to have access to the cotton whenever it would sell. In other words, have open competition on all cotton which has been put into the loan plan.

The cotton was stored at local plants, assuring an employment to many a man who otherwise would have been thrown out of a job. The revenue coming out of the handling and storage would be distributed in this community. A good plan and a favorable one.

Now, the matter is intended to be changed. What for? The writer is quite sure that this was done step by step. The first one was to knock down the insurance classification. The Abilene Press is rated B—the Sweetwater, class C. Now the underwriters claim that the plants are overstored and the risk becomes greater, putting the classification down to C and D. Why? To give someone a chance to make this a major issue and have a leg to stand on to move the cotton to a better classified plant? There is a nigger in the woodpile somewhere.

Do you think that farmers would be in favor having the cotton moved to some far-off place? You know the farmers just as well as we cotton men—if not better—and you know that they like to know what happens to their bale, their product raised by their hands. If this cotton goes to the port, what weights would be governing? Would this cotton be open to competitive bids? Who is behind this intention?

A striking example: The other day a small lot of loan cotton was sold in this community. The party negotiating the loan put a price on this cotton, and was \$2 per bale below the price the cotton actually sold for. This is only on a few bales, but it would amount up to a huge sum, and the farmer would benefit by it.

The cotton is stored in plants well able to handle it. From interior points cotton can be shipped either for domestic purposes or for export without additional cost; can be put to high density or move "flat"—the cotton is in the right place to be handled as economical as possible. All costs on the cotton will be borne by the farmer in the final windup so why not leave it where it is, as a minimum charge is assured?

Many a man devoted his time to negotiate the loan, working hours and hours, hoping that he will get the 85-cent per bale for handling the selling of the cotton. Why now try and take this bread away from him, giving him 35 cents, which hardly covers his expense? I am sure that these small fellows will give the farmer a fair deal in trying to sell the cotton to the highest bidder.

This cotton business has gone to the devil because it is dominated by large concerns and it would be a good thing to look into the whole matter—so that the small buyer again has a half-way chance to make a decent living.

What is wrong with the cotton trade, the small buyers have no leader who will put in all his heart and understanding to help them. They have no money to pay to lawyers, as they have a hard time to make a living. Therefore, the undersigned kindly ask you to give them a helping hand and help the small buyers back on their feet. It is the little buyer, whose competitive work is beneficial to the farmer, seeing to it that he gets a square deal. If this medium is taken out of existence, God knows what deal the farmers would get.

Very respectfully yours.

(Names omitted.)

One of these men within the past year has spent \$25,000 to build his new warehouse. Lynn P. Talley cannot get away with this autocratic, unreasonable action of his by claiming that the cotton is unprotected, because it is protected. It is not being injured by weather. It is properly housed. It is properly insured. It is not congested. The farmers who own it have picked the warehouse they prefer, close to their own homes, where they can see their cotton and where they can sell it to advantage. It is against their wish that Talley is moving it. He is acting for the big warehouses in the big concentration cities, and is not acting for the farmers. I know more about conditions in my district than does Lynn P. Talley. The farmers know more about their own cotton and about what they want than does Lynn P. Talley. He is not their master. He is not their overlord. With their cotton moved to Galveston or New Orleans, it



will take over a month to get their certificates back, and they are retarded in making sales.

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

Mr. BLANTON. Certainly.

Mr. PARKER. I merely want to say that the conditions the gentleman pictures exist in my district as well.

Mr. BLANTON. They exist in several of the States.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Certainly, to my friend from Texas.

Mr. JOHNSON of Texas. Did the gentleman protest against moving the cotton from his district?

Mr. BLANTON. Yes; and Mr. Lynn P. Talley promised me he would not do it without first giving me a hearing, but he now has ordered the cotton to be moved out.

Mr. JOHNSON of Texas. I had the unique experience of protesting without result.

Mr. BLANTON. We will get results before we get through with him. We ought to take the very hide off Lynn P. Talley from head to foot. If he moves this cotton, we ought to make him move it back at his own expense.

Mr. KELLER. Let us hear about him, as to his past record.

Mr. BLANTON. I am going to tell you about him.

Mr. DONDERO. Will not the gentleman tell the Members why this cotton was moved?

Mr. BLANTON. It is being moved for no reason in the world except to help big business; to help the big compresses and warehouses of a few big cities. Lynn P. Talley has always had a prejudice against farmers, and has always stood in with the "big fellows" and against the farmers and the "little man", and I will prove this by the RECORD.

I call attention to the facts that were placed in the CONGRESSIONAL RECORD on February 28, 1928, by our former distinguished colleague from Texas, Hon. Guinn Williams. At that time Lynn P. Talley was drawing \$25,000 a year from this Government as a governor of the Federal Reserve bank at Dallas, Tex., Mr. Williams then said:

I make the charge, here and now, that the governor of the Federal Reserve bank at Dallas, Tex., does not have the ability to determine a solvent institution, nor has he the ability to determine an insolvent institution. I realize that is a broad statement; here is the record which I believe will justify the statement:

The governor of the Federal Reserve bank at Dallas, Tex., was never the operating or managing head of but one bank; his record as a banker is as follows: He held the position of assistant cashier with the City National Bank in Dallas, and received a salary of \$4,000 a year; in 1911 he went with the Lumbermans National Bank, at Houston, Tex., as cashier at a salary of \$6,000 a year. He remained with the Lumbermans National Bank until 1914, when he was given a position in the Federal Reserve bank at Dallas, at a salary of \$5,000. This information was furnished by a member of the Federal Reserve Board here in Washington, the information as to the salary he received when he entered the Federal Reserve bank—note this, will you—he received a salary of \$1,000—a-year reduction when he entered the Federal Reserve bank. Do you believe that had he been a banker the Lumbermans National Bank would not have endeavored to retain him? You know that it would.

He remained with the Federal Reserve bank until July 1921, when he accepted the active vice presidency of the Southwest National Bank, of Dallas, Tex., with entire control and management as to policies of the bank; and it would shock you to know what he charged for his services, but he claimed that he could put the bank over, and the directors stood for his demands in the way of a salary. He operated the Southwest National Bank until early in 1923, when he severed his connections with the bank, and at a reorganization of the bank whereby the North Texas National Bank was organized and took over the assets of the Southwest National Bank, it was agreed by the North Texas National that after all losses sustained by the Southwest National—the present governor of the Federal Reserve bank had entire authority in the management for over a year—had been taken care of, the balance would be paid to the stockholders of the Southwest National, and the management of the North Texas National has made the statement that up to this time the stockholders of the Southwest National have not received one cent, and that they might get as much as 15 percent on their stock after the losses in Southwest National had been taken care of. The capital stock of the Southwest National was \$2,000,000, and 15 percent on the stock would be \$300,000, a loss to the stockholders of the Southwest National Bank of \$1,700,000, and, say, the stockholders have not yet received the 15 percent. Do you think that is the record of a banker? And remember that when he was connected with the

City National Bank of Dallas, and the Lumberman's National Bank at Houston, he was not the managing head of either institution.

Then our former colleague, Mr. Williams, said:

As a further evidence that he is not the proper man for the position, I submit the following information, which is evidence to you how the bankers of the district feel toward the policies of the governor of the Federal Reserve bank in that district:

On October 12 last year a meeting of the bankers on the South Plains was held at Lubbock, Tex.; there was present at the meeting 35 bankers, representing 23 banks, and passed resolutions unanimously condemning the policies of the governor of the Federal Reserve bank at Dallas, Tex.

On October 18 last year a meeting of bankers was held at Abilene, Tex., with over 30 bankers present, representing 15 banks, and passed unanimous resolutions condemning the policies of the governor of the Federal Reserve bank at Dallas, Tex.

In November last year a meeting of bankers was held at Corsicana, Tex., with over 35 bankers present, representing 20 banks, and passed resolutions condemning the policies of the governor of the Federal Reserve bank, with one vote dissenting, and I am informed that he stated that it was a personal matter with him.

This month, I believe it was about the 6th or 7th, a meeting of bankers of the Paris (Tex.) district, composed of bankers from Lamar, Red River, and Fannin Counties, and bankers from southern Oklahoma, met at Paris, Tex., with between 90 and 100 bankers present, and passed resolutions unanimously condemning the policies of the governor of the Federal Reserve district at Dallas, Tex., and my colleague [Mr. Hudspeth] is my authority for the statement that the bankers met in his district at San Angelo and passed resolutions condemning the governor's policies. Think of it, gentlemen of the House, at four meetings of bankers, with almost 200 bankers present, and only one vote against the resolutions condemning the policies of this man.

In addition to the above, the directors of the West Texas Chamber of Commerce, at a meeting held at Cisco, Tex., in June last year, with 65 members present, passed resolutions condemning his policies as applied to the member bank located in the farming and livestock communities, and again at a meeting of these directors, held at Fort Worth, Tex., on January 19 of this year, passed resolutions condemning his policies.

And concerning the many small country bankers whom Lynn P. Talley had deliberately caused to be ruined, our former colleague, Mr. Williams, said:

Gentlemen of the House, I know the country banker; I am familiar with the conditions under which a country bank is operated. I know what the country bank means to the community in which it is operated; I doubt if there is a man in my State who knows more country bankers than I. I know them by name, I know where they live, I have visited the community where their banks are located, I have been in their banks, and I want to say here and now, there is not a higher type of banker living than the country banker in my State, and there is no more patriotic and loyal men on earth than the country banker in Texas, and many of the prosperous communities and cities in Texas today is an evidence that some country banker operated a country bank in the community and assisted in developing the resources of that particular part of the State.

During the World War, when drives were being made to sell Liberty bonds and to secure funds for the Red Cross and all other activities to assist in winning the war, the country banker in Texas, as in other States, was working in the lead. He neglected his business, left it in the hands of others, and went out over the country making speeches, contributing money, and loaning money to those who did not have money to contribute, that he might assist in his small way, as a good citizen, in giving the best of which he was capable to his country.

The country banker in my State is a free-born white man, and when he has a right granted to him under the laws of this country he resents being treated in a manner as though he were a crook and that he had no rights. Imagine how you would feel, knowing that you had a legitimate right to apply to the governor of a Federal Reserve bank for the rediscount privilege, a right accorded you under the Federal Reserve Act, and as you know, the member banks are forced under the act to keep a certain percent of their deposits in the Federal Reserve bank upon which the member bank receives no interest, you as the operating head of a member bank, and have the governor not only treat you as though you had no right to make the application but bawl you out and, as he has done in many instances—and the RECORD will bear me out in the statement—absolutely insult you. That is what the governor of the Federal Reserve Bank at Dallas has done on numerous occasions, and a committee from the Senate and this House will find such has been the case, should this resolution be adopted.

The record shows that Lynn P. Talley caused numerous cattlemen in Texas and the Southwest, normally worth several million dollars each, to become broke and to lose everything on earth they possessed. He could have saved them by granting the credit discounts authorized by the purpose and intent of the Federal Reserve Act to the country banks

which offered good security, but that Lynn P. Talley deliberately withheld this credit and deliberately ruined hundreds of the finest cattlemen in the world.

Notice what was said by our former colleagues, Hon. Claude Hudspeth and Hon. Guinn Williams. I quote from the same RECORD of February 28, 1928, as follows:

Mr. HUDSPETH. The gentleman is an experienced banker, as I understand it?

Mr. WILLIAMS. I have been in the banking business for over 25 years.

Mr. HUDSPETH. As I understand, the difficulty with this gentleman is that he caters to the big city bank and discriminates in favor of the big city bank against the country bank?

Mr. WILLIAMS. If I can reach it, I will prove that by the record.

Mr. HUDSPETH. Of course, anyone looking at the gentleman from Texas [Mr. BUCHANAN] and myself would know we are from the country, and I want to ask the gentleman how many of those city banks belong to the Federal Reserve System and how many country banks?

Mr. WILLIAMS. Well, there are 60 banks in the district in group 1—that is, banks having a capital of \$500,000 and up—and there are 467 banks in the 11 Federal Reserve districts which have a capital of \$100,000 down to \$25,000.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I yield myself 10 minutes more.

May I give you this further information from the RECORD of February 28, 1928, and then we are going to hear about some of the big salaries:

Mr. HUDSPETH. And he discriminates against the country banks in favor of the city banks?

Mr. WILLIAMS. Yes; and it seems to me it is for the purpose of compelling those banks to close their doors.

Then our colleague from Oklahoma [Mr. McKEOWN] interrupted and made the following statement:

Mr. McKEOWN. I will state that we have some banks in that Federal Reserve district and the record bears out the fact that they have stood by and knocked at the doors, yet it appears to be the desire to shut the banks in our district.

Mr. JONES of Texas. Is there any practical and direct way for them to get rid of an official who violates the spirit and the purpose of the law?

Mr. WILLIAMS. I do not know. If there is not, there should be legislation introduced in these two Houses that will do it.

We ought to get rid of him now. If Lynn P. Talley moves the cotton of the farmers down there to their detriment and to their disadvantage when they do not want it done, we ought to take him by the nape of the neck and the seat of his pants and throw him out of public life forever and eternally. That is what ought to be done to him.

Here is a banker who went to him with solvent paper and tried to get him to give the discount that the law authorized, and here is what he said, and I quote from Mr. Williams' speech. The banker, addressing the governor, said:

Governor, do you mean to tell me that if it becomes necessary to extend our banks further rediscount privilege or close our bank, that we will have to close the bank?

Here is the governor's reply:

That is exactly what I mean. Go home and close your damn bank. It will be a damn good lesson to your community.

That is the answer that the banker received, who had solvent paper to offer for rediscount purposes under the law of this land.

Another banker went to Talley, so Mr. Williams said, and, by the way, both of these banks are running today. They were denied credit at that time, but they are running today. They did not go broke like his bank at Dallas did. Another banker went to him and asked for credit. Here is what Talley said, which I quote from the RECORD of February 28, 1928:

We have too many banks; we only need a few banks in the larger towns in Texas to take care of all the business.

Then Lynn P. Talley went on further and stated:

You should not loan money to farmers, but invest your money in Government securities and commercial paper.

Is not that a fine kind of governor of a Reserve bank in a district like Dallas, which covers tremendous territory, a man who tells the banks not to make loans to farmers but to invest their money in Government securities? He ought to be run out of this country.

Mr. MOTT. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Oregon.

Mr. MOTT. Who appointed this man that the gentleman from Texas is criticizing?

Mr. BLANTON. He was appointed to this \$25,000 position in Dallas during your Republican administration.

Mr. MOTT. Who appointed him to his present position?

Mr. BLANTON. But we got him out of that \$25,000 per year position.

Mr. MOTT. The gentleman has already said that, but who appointed him to his present position?

Mr. BLANTON. God knows; I do not know. Such fellows have a way of getting appointed.

Mr. MOTT. Can the gentleman find out for us?

Mr. BLANTON. I do not know. He is certainly a misfit and ought to be removed.

Mr. MOTT. Why does not the gentleman go to the appointing power and get rid of this bad man?

Mr. BLANTON. I am bringing these facts to his attention now. This record will be brought to the attention of the President. I talked with Lynn P. Talley this morning and invited him to come here and hear what I had to say about him.

I am going to show you now what was done during Talley's administration and the kind of salaries that were paid. This is also from the CONGRESSIONAL RECORD, and you will find it on page 2346 of the RECORD for February 1, 1928:

Here are the figures furnished me by the secretary of the Federal Reserve Board:

The salary of the chairman of the board of 9 branch banks is \$20,000 per year; 2, \$24,000; and 1, \$50,000; 12 individuals drawing a total salary of \$274,000, or an average of \$22,833.

Governors of 8 branch banks draw a salary each year of \$25,000, 1 a salary of \$22,500, 1 a salary of \$30,000, 1 a salary of \$35,000, and 1 a salary of \$50,000; 12 individuals drawing a total salary of \$337,500, an average of \$28,125.

Twenty-three deputy governors, which is a position of secondary importance and also of limited responsibility, receive salaries as follows:

One deputy governor receives \$40,000; 1, \$36,000; 2 receive \$30,000; 1 receives \$25,000; 2 receive \$20,000; 2 receive \$18,000; 2 receive \$17,500; 1 receives \$16,000; 3 receive \$15,000; 1 receives \$14,000; 2 receive \$13,000; 2 receive \$12,500; and 3 receive \$12,000.

It is a disgrace to this Nation that such salaries are paid.

I quote from yesterday's Washington Star the following concerning salaries paid to bankers in no way connected with the Government, but which concerns the people vitally:

HUGE SALARIES TO BANKERS BARED—SENATE COMMITTEE REVEALS 10 DREW MORE THAN \$100,000 LAST YEAR

During one of the most trying years in American bank history, a year in which the Nation saw an unprecedented bank "holiday", 10 bankers were drawing annual salaries of \$100,000 or more, and 370 others were receiving more than \$25,000.

The disclosure of bank salaries for the year ending last June was made today by the Senate Banking Committee.

Names of the officials were included in a bulging report submitted to the Senate by the Federal Reserve Board in response to a resolution adopted last spring at the request of Senator COSTIGAN, Democrat, of Colorado.

H. C. McEldowney, president of the Union Trust Co. of Pittsburgh, and W. W. Aldrich, chairman of the governing board of Chase National Bank, were the highest-paid bank officers in the United States, the report indicated.

#### RECEIVED \$165,000 A YEAR

The Pittsburgh banker received \$165,000 during the year. His rate of compensation at the start of the year was \$180,000, but later it was cut to \$120,000.

Aldrich's compensation meanwhile was rising. He received \$151,744 during the year, but at the end of the period his salary rate was \$175,000, making him the highest-paid banker in the United States.

This was a far cry, however, from the compensation received by his predecessor, Albert H. Wiggin. The Banking Committee's own investigation had disclosed that Wiggin's peak salary was \$250,000 a year, and that in some years his total compensation was almost \$300,000.

The highest salary in the National City Bank, where Charles C. Mitchell once drew more than \$1,000,000 a year, was paid to Gordon S. Rentschler, president. He received \$125,000 plus a bonus of \$5,550.

James H. Perkins, who succeeded Mitchell, was getting only \$45,000 a year, with a bonus of \$4,550.

#### BONUS NOW ONLY MEMORY

The report showed incidentally that the bonus system uncovered by the committee's investigation in some of the bigger institutions is now only a memory. Most banks paid no bonus during



the year, and the highest were insignificant compared to those of the boom days.

Other bankers who drew \$100,000 or more during the year included:

Charles S. McCain, chairman of the board, Chase National Bank; salary, \$128,488; bonus, \$2,040.

George W. Davison, chairman of the board, Central Hanover Bank & Trust Co.; salary, \$100,000.

Percy H. Johnston, president Chemical Bank & Trust Co. of New York; salary, \$125,000.

Walter E. Frew, chairman Corn Exchange Bank & Trust Co. of New York; salary, \$100,000; bonus, \$2,882.

Charles H. Sabin, chairman Guaranty Trust Co. of New York; salary, \$95,333; bonus, \$5,586.

W. C. Potter, president Guaranty Trust Co.; salary, \$95,333; bonus, \$5,735.

Harvey D. Gibson, chairman of the board and president of the Manufacturers' Trust Co., New York; salary, \$125,000.

#### HIGH SALARIES IN STATE BANKS

The report disclosed that the highest salaries were in the State banks rather than the national banks.

Some of the bigger banks had whole corps of officers making more than \$25,000. In addition to Aldrich and McCain, the Chase National Bank reported seven officers drawing from \$50,000 to \$90,000 and 63 vice presidents getting from \$11,500 to \$45,000.

The National City Bank, in addition to Rentschler, had 6 officers drawing from \$50,000 to \$75,000 and 28 others ranging from \$10,000 to \$40,000.

The Philadelphia National Bank, of Philadelphia, paid three officers salaries ranging from \$39,320 to \$96,674 and 15 others from \$13,750 to \$24,570.

The report also showed that Charles G. Dawes, former Vice President, was getting only \$13,300 as chairman of the board of the City National Bank & Trust Co. of Chicago, although Phillips R. Clark, president, was receiving \$33,000.

#### LIST IN DISTRICT OF COLUMBIA AREA

##### WASHINGTON HAS FOUR BANKERS GETTING OVER \$25,000

The following local and near-by bankers are among the names of bank officers who received \$25,000 or more during the year ended June 30, 1933, with their position, salary, and bonus in that order (figures in parentheses are the salary rate at the end of the year):

##### NATIONAL BANKS

Washington: National Metropolitan Bank, George W. White, president, \$25,000; Riggs National Bank, Robert V. Fleming, president, \$35,200.

Baltimore: First National Bank, Albert D. Graham, chairman of board, \$55,000; Morton D. Prentis, president, \$35,000; James D. Harrison, vice president, \$27,000.

Richmond, Va.: First & Merchants' National Bank, John M. Miller, Jr., president, \$28,679 (\$26,830).

##### STATE MEMBER BANKS

Washington: American Security & Trust Co., Corcoran Thom, president, \$24,583 (\$22,500); Washington Loan & Trust Co., Harry G. Meem, president, \$28,170 (\$25,080).

Baltimore: The Fidelity Trust Co., W. Bladen Lowndes, president, \$25,000; Maryland Trust Co., Heyward E. Boyce, president, \$27,306 (\$25,200).

You will remember the salaries of \$125,000, \$150,000, \$175,000, and even \$200,000 that insurance companies were paying their presidents last year. It is a disgrace. The people ought to stop doing business with them.

I promise you that if I live long enough and if I can stay here in this House long enough, so help me God, I am going to help you to stop these unreasonably big salaries that are being paid Government employees and that are being paid to bank, railroad, and insurance company officials, which is unjust to the people. It ought to stop. It must stop.

If Mr. Talley thinks he can move the cotton from the interior points of the States of Texas and Arkansas and the other States down there and carry it to the big warehouses in a few big cities in the interest of these big compressing and warehouse companies, he has another guess coming. When we Congressmen from the cotton States combine against him, he had better look out. I am asking every one of you to help me pick him up and throw him across the Potomac River. We have no use for him here.

Mr. O'MALLEY. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. What the gentleman complains about is the result of operating certain parts of the new deal with members of the old gang?

Mr. BLANTON. He never has had a heart for the ordinary citizen. He has been against the farmers all his life. He has been against the country and for the big city. He

says that we in the small areas should not have any banks. In other words, in my section I ought to go 200 miles to Dallas in order to do my banking business. The gentleman from Texas [Mr. THOMASON] should go to Dallas to do his banking business. El Paso is not big enough. Talley feels that the banks of the country are needed only in the big cities because his heart is not with the farmers.

He tells these bankers not to lend their money to farmers but put it in Government securities. This is the reason the farmers in the country have been losing their farms. This is the reason that the owners of homes in the small towns of 25,000 and under have been losing their homes.

You can take some peewees and put them in a big position that is much too big for them, and they immediately imagine they are above the people. They immediately become convinced that they are the masters of the people and not the servants of the people. Lynn P. Talley has got to remember that he is a servant of the people and not their master.

Mr. Chairman, I reserve the balance of my time and yield 30 minutes to the distinguished gentleman from New York [Mr. SIROVICH].

Mr. POWERS. Mr. Chairman, I yield 30 minutes to the gentleman from New York [Mr. SIROVICH].

Mr. SIROVICH. Mr. Chairman, ladies and gentlemen of the Committee, food, beverages, and drugs have been the foundation, from time immemorial, upon which the superstructure of the health of mankind has been preserved. Food and beverages to maintain bodily health and vigor. Drugs to restore lost health. Cosmetics to improve women's looks have had the keen attention of the women of all times and climes, and of all races, from the dawn of civilization throughout all the ages.

"Tell me what you eat, and I'll tell you what you are." This adage can be paraphrased by saying:

"Tell me with what his food was adulterated, and I'll tell you what caused his death."

Nature does not produce all our food products the same everywhere. Nor is all food of the best quality. All fruits grown are not of superlative standard. All vegetables that Mother Earth brings forth are not of the finest quality. All meat products do not come from the choicest animals.

There is a natural variation in quality, standard, and nutritive value in all plant and animal products. Food and drugs, offered for sale, should be graded officially, by labeling, to show the consuming public these variations in the quality of food and drugs they purchase.

If the food products we produce are not consumed, as time rolls by, nature, through decomposition, takes its toll on these animal and vegetable products. Deterioration and decay set in. The stage of putrefaction and dissolution arrives. The nutritive, caloric, and vitamin value of the food has been destroyed. In this condition food substance is unfit for human consumption.

Here some of the vultures and carrion crows of unscrupulous business come in. Animated by greed and avarice they actually embalm this animal and vegetable material unfit for human consumption, by the utilization of artificial and chemical preservatives, colorations, astringents, and adulterants, such as sodium sulphite, aniline dyes, sulphur dioxide, sodium benzoate, formaldehyde, alum, boric acid, and countless other poisonous chemicals, that react on these decomposing foods, that are unfit for human consumption, to make them appear to be wholesome, palatable, fresh, and nutritious.

Food, decayed and injurious and wholly unfit for human consumption, is thus sold by the carload. Millions on millions of dollars is the price that the innocent purchaser pays for the privilege of being poisoned daily.

When there is a surplus of good food obtainable, humanity should be protected by stringent laws declaring it to be criminal to adulterate, devitaminize, demineralize, and abstract important nutritive elements and ingredients from the food of mankind for the benefit of the personal greed and the enrichment of unscrupulous racketeers dealing in food products.

What is true about food products is equally true about certain drugs, cosmetics, and nonalcoholic and nonintoxicating beverages. In drugs we have adulteration, substitution, and vitiation of strength. In cosmetics we find the use of poisonous elements that may be harmful to the human body. In nonintoxicating and nonalcoholic beverages we have colored and charged water, dyed to make them attractive seeming to the eyes, no matter how harmful they may be to the human system.

High-pressure salesmanship and false propaganda, designed to make the public what is craftily called "health conscious", not out of regard for the public or the health of any citizen, but solely to sell alleged remedial products, is put out daily, yes, hourly, in a constant barrage through every form of available communication.

Who ought to be held responsible for this frightful and dreadful state of affairs that has excited an innocent and often gullible public with fears about their health, their stomachs, their nervous systems, their teeth, their throats, their appearance? The answer is: Those who seek profit, and profit only, by the sale of alleged medicaments; remedies that neither remedy, nor cure; and cosmetics that scarify rather than beautify. These are the responsible ones, and they should be held up to public contempt and obloquy, and be punished for their reprehensible acts.

Who profits by constantly urging the public to eat, drink, gargle, smear, brush, and spray with products that they promise will postpone the onset of every conceivable disease? Who assures mankind that they will provide recovery from every ailment that flesh is heir to, even to the curing of such diseases as cancer, tuberculosis, and other diseases now incurable by any known remedy? The same type of profiteering buccaneers worshipping on the altar of Mammon—gluttons of greed. [Applause.]

Who is responsible for permitting pears, apples, plums, asparagus, cauliflower, and cabbage to be sold to you still bearing overdoses of insecticides containing arsenic and lead? It is the producers who use the insecticides to kill the bugs that infest their product. They are too indolent to clean away the poison by means, easily available, but send it forth to do its deadly work, not caring who suffers from their criminal indifference or their willful and contributory negligence and callousness.

Who is responsible for the selling to your home of chickens that are infected and diseased with tuberculosis, sarcoma, peritonitis, septicemia, croup, and other infectious diseases? Certainly not the honest poultry raiser. Certainly not the man or firm who takes proper pride in producing a healthful product. There are plenty of such honorable organizations. They should be protected against the avaricious and conniving poultry buccaneers who fatten from the chicken racket by making the public pay tribute to them throughout the length and breadth of our Republic.

Who sells these diseased products to the public without proper Government inspection? Outlaws of the food and drug industry who, under the guise of honest merchants and manufacturers, daily mulct their gullible victims. Why do these outlaws take these desperate chances? Because there are not enough inspectors properly to examine food and drug products offered for sale. There are not enough inspectors because Congress does not provide enough money to pay their wages.

For the current fiscal year ending June 30, 1934, the appropriation actually usable by the Food and Drug Administration is \$1,493,000—a little more than 1 cent a year for the population of the United States. For the 48 States of the Union there are provided 76 inspectors, an average of less than 2 inspectors for each State. Imagine 14 inspectors investigating food, drugs, cosmetics, nonalcoholic and nonintoxicating beverages covering the metropolitan area, which consists of the city of New York and adjacent counties, with a population of over 10,000,000. These 14 inspectors are supposed to inspect all the manufacturing and selling plants of New York City and its five boroughs, besides Albany, Schenectady, Syracuse, Herkimer, Utica, Roch-

ester, Buffalo, and the lesser cities of the State of New York. Imagine four inspectors covering the entire State of California. Bad as it is for New York State and California, it is even worse in the rest of the 46 States of the Union. They have fewer inspectors than New York and California. Is this condition of affairs just? Is this adequate protection to 120,000,000 innocent consumers?

Would it surprise you to learn that certain so-called "germicidal, antiseptic, and disinfectant preparations", profusely advertised by prints, signs, and voice as being able to kill every form of bacteria and germs harmful to humans are so weak in their germ-killing effect that bacteria actually live and thrive in these very solutions and preparations? Alluring and emphatic claims and assertions will not kill germs.

Harmful germs and bacteria subjected to the germicidal effects of much-touted concoctions, for which killing effects have been claimed within 15 seconds, have been proved to be alive and active at the end of long hours of complete immersion in the advertised germicidal fluid, when tests have been made by others than the manufacturer.

In one such series of tests, 21 so-called "antiseptics" were subjected to trial to determine the efficacy of the much-heralded product when used according to the actual directions for application printed by the manufacturers. Instead of the slaughter of germs promised, the results were wholly unsatisfactory, only the weakest of germs succumbing after 15 minutes to 1 hour instead of in the instantaneous slaughter promised.

Infections in industry from accidents due to the use of tools and machinery usually none too clean total about 250,000 a year. Industrial casualty insurance companies pay from 40 to 60 percent of their compensation cases for infected wounds. Time lost by employees in cases of infection of wounds averages 18 weeks longer in serious cases than where the wound is not infected; that is, the wound, of itself, is not as dangerous to the body as the germs that are introduced into the human system at the time of wounding or through later infection. The money loss from industrial wounds each year totals \$104,000,000; the time loss, 4,450,000 weeks, or 85,000 years. These figures do not include wounds received in agriculture, the home, at play, or in transportation, and it is on all these injuries that the germicidal and antiseptic makers fatten.

Do the ladies and gentlemen of this House realize that what are called "radium cures" have sent several persons to horrible deaths after suffering frightful pain and torture ere they passed away? Throughout the length and breadth of our country the newspapers have carried full accounts of such tragedies. Radium has its uses in the treatment of certain malignant diseases by qualified specialists. Even these authorities, with all the knowledge obtainable and available about this mysterious substance, radium, have lost fingers, arms, and parts of their bodies, due to exposure to the effects of radium, and eventually have died from these effects. What chance do you think the innocent drinker of radium water, as it was called, had when this fluid, powerfully fortified by a highly destructive element, came into contact with the sensitive membrane and tissue of the internal organs? None whatsoever. Its sale and distribution were criminal.

I am wholly in sympathy with the efforts of womankind to make themselves as attractive as possible and to aid nature in this process by the careful and judicious help of art. If a touch of rouge on the cheeks relieves a natural pallor, any woman is justified in using it. If a tint of lipstick enhances the color and better defines the form of the lips, what harm does it do? Most men can tell when artificial aids have been used, and accept it as a whim of woman-kind, and let it go at that, in modern days. The women of Babylon and Nineveh, of Egypt, Greece, and Rome used cosmetics. Articles found in tombs prove that as a fact, absolutely beyond any question of doubt. They even bobbed their hair in the most approved method of 1934, as the monuments and statues of ancient days show. When women will, they will. Let the male of the species beware. [Applause.]



Mr. Chairman, adulteration of food is not a new racket of recent growth. It has been practiced by all peoples from the start of recorded time. "There is death in the pot" (II Kings iv: 40) was cried to Elisha to warn him that the herbs of which the pottage was made were poison weeds of which he could not eat.

Amongst the ancient Athenians a row was raised during the building of the Parthenon by the workmen that their wine was being adulterated. A special wine inspector was appointed by the government to catch these adulterators. In 1482 a wine falsifier of Germany was forced to drink 6 quarts of his own vintage, from the effects of which he died.

Pliny the Elder, prior to the destruction of Pompeii and Herculaneum by the volcanic Vesuvius, complained that "white earth" was added to the bread baked in his day.

During the reign of William the Conqueror brewers were heavily fined for adulterating beer and were drawn around in carts receiving the jibes and execrations of an outraged citizenry.

In 1830 there appeared in England an anonymous book on the adulteration of food by the baker, brewer, grocer, cheesemonger, pastry cook, confectioner, and so forth. Most of the food purveyors were implicated. The author recommended that those found guilty of adulteration of food be exiled from England. He opposed fining those guilty of adulteration because of the large profits which made it easy for them to pay their fines.

Apparently the old racket goes on garbed in new vestments. Solomon was right when he said, "There is nothing new under the sun." But that is no reason for any manufacturer to concoct and sell, at ridiculous prices, depilatory creams for removing surplus hair, such as I show you, that contain a large percentage of thallium acetate, a most virulent poison, that has caused terrible and dreadful suffering and permanent scarification to women. These depilatories have been highly advertised and sold to innocent and unsuspecting women to their tragic regret and to their permanent disfigurement.

Here is a bottle of Jamaica ginger, commonly known to those who drank it as "jake", that an irresponsible manufacturer adulterated with triorthocresol phosphate, a powerful poisonous synthetic preparation, that caused horrible deformities and paralysis among 25,000 victims, many of whom died. Thus far sentences of 20 months in prison and fines of \$2,500 were imposed upon two of the individuals responsible for shipment of this poisonous ginger extract, and a prison sentence of 17 months on a third. Two members of a Boston firm responsible for the manufacture of the goods have been prosecuted and upon having pleaded guilty were given jail sentences of 2 years each in addition to a fine of \$1,000 against the company. One member of the firm is serving his sentence. The other is at liberty under suspended sentence.

This is the type of justice meted out to 5 people for killing hundreds of people and poisoning 25,000 people in 24 States of the Union. Thousands of these unfortunate victims of "Ginger Jake" poisoning are still suffering and remain crippled and paralyzed from the poisonous effects of this powerful drug. Millions of dollars have been paid in accident insurance by various companies in the United States to these tragic victims of unscrupulous and criminal business methods of racketeers and bootleggers operating despite the present pure food and drug laws of the United States.

Do you know that yeast used in some commercial bread-making in the United States contains a chemical improver called "potassium bromate", and that French health officials consider this drug so harmful that its use in baking is prohibited in France? Still it is used in the yeast that goes into some of the bread that we eat in the United States.

Heralded far and wide by screaming advertisements everywhere, through radio, newspapers, magazines, periodicals, billboards, are the alleged great and powerful virtues, germicidal and antiseptic powers, of various well-known tooth pastes and preparations. The chief chemical used in forming one of these tooth pastes is so poisonous that a

German officer committed suicide by swallowing the contents of a tube of it. Abrasive ingredients were found in other tooth pastes. These materials were shown to have sharp, heavy angles and edges that not only injured the gums but wore away the hard enamel of the teeth.

Penny prize candies containing copper coins, small toys, and even alcohol are made and sold by manufacturers to innocent little children. Their nefarious profits are obtained from the purchase by innocent children of wares that are heavily injurious, not alone from the prizes they contain but from the poor quality of the candy and the coatings used. It is serious enough when adults are gulled into purchase of foods, drugs, and beverages; but when children are induced by specious and cheap prizes to buy and eat stuff that often is not fit for hogs to eat, the business is being carried on to a point of villany that is indescribable. How would you like to find that your small boy or girl had stuck in its throat, or bronchial tube, a leaden toy, such as a jack, a rabbit, a chicken, or a copper cent covered with the green slime that only copper can produce? In many of these cases surgical intervention had to be resorted to to remove these foreign bodies from the throat and bronchial tubes of these innocent and unsuspecting children.

It would shock the conscience of the American people if they knew that thousands of lives are annually jeopardized upon the operating tables, and serious complications often ensue in our hospitals because the ether with which the patient had been anesthetized is contaminated and vitiated. Ten years ago 35 percent of all ether examined was found to be below standard; that is, dangerously impure and adulterated. When this fact became known there was some improvement. Recently tested samples of ether entering interstate commerce were found to be adulterated and impure.

How would you like to be one of the innocent victims operated in a hospital that might die on the operating table because the ether that the surgeon relied on to relieve you of pain, trusting to the manufacturers' promise that it is pure, gave you eternal sleep and relieved you of pain forever?

There is no time in a woman's life when she needs the most tender and sympathetic care, the utmost sanitation in all accessories, than when she is about to give birth to her child. Maternal mortality at childbirth is still too great. Perhaps the great mortality in modern childbirth that has caused the death of thousands of mothers can be attributed to the terrific hemorrhages that take place after delivery, due to the impotency of the drug called "ergot", which has been found to contain only one fourth of the strength it should have to stop the hemorrhages, which is the purpose for which it is used.

How many Members of Congress know that there is a little pamphlet usually issued monthly by the United States Department of Agriculture which is called "Notices of Judgment Under the Food and Drugs Act", in which are printed the names of organizations, groups, and manufacturers whose foods, drugs, cosmetics, and nonalcoholic and nonintoxicating beverages are being confiscated because these products have been found to be unfit for human consumption through adulteration, decomposition, substitution, and other causes.

Still, in the records I have searched, I have found that only one person was sent to jail, and that for a short time, for violation of the Food and Drugs Act. How many corporate owners, groups, and individuals who manufactured these foods and drugs unfit for human consumption have been arrested? Only one. The containers and packages holding these products are arrested, not the persons who are responsible for the placing of unfit, putrid, decomposed, and filthy food or below-strength or adulterated drugs or poisonous cosmetics in the containers and packages. The thing is made the criminal—not the person who is responsible for the thing—the person who made and sold the thing, whatever it was, that was unfit for human consumption. Did you ever hear of anything so tragically ridicu-

lous? Like arresting the jimmy and not the burglar. Or arresting the pistol and not the murderer. Or, as is actually the case, arresting the poison and not the poisoner. [Applause.]

Mr. Chairman, under the operation of the present food and drug law, I have found, time after time, as disclosed in these notices of judgment the governmental seizure of food that has been libeled as being "adulterated in that it consisted in part of a decomposed-animal substance." In one particular case the packing company admitted the allegation of the libel. The food, in this case, 925 cases of salmon, was released to the claimant conditioned that this decomposed food be made to conform with the Federal Food and Drug Act and the product was allowed to be reshipped back to Seattle to be reconditioned. I would like to have some Member of this distinguished House tell me how and by what means decomposed fish can be reconditioned to make it fit for human food and human consumption. The case I have referred to is that of the United States against McGovern & McGovern reported on page 213 of Notices of Judgment, issued in January 1934.

Ladies and gentlemen of the Committee, do you realize that 120,000,000 people in the United States spend \$20,000,000,000 annually for food, drugs, cosmetics and nonalcoholic and nonintoxicating beverages. Think of it, \$20,000,000,000. Yet the Congress of the United States for the current fiscal year appropriated net, only \$1,493,000 to run the Food and Drug Administration and to enforce all the pure food and drug laws throughout the entire United States, which means that less than 1 cent a year is spent on each person to prevent him or her from being poisoned by unscrupulous racketeers in foods, drugs, cosmetics, and beverages throughout the United States.

May I repeat that to carry out the provisions of the Pure Food and Drugs Act there are only 76 food and drug inspectors employed. Imagine 14 inspectors being able to cover all the nefarious chicanery in food and drugs in the State of New York. Imagine the great expanse of the State of California being successfully covered by four inspectors. This is a tragic indictment of the negligence of legislation to provide sufficient appropriations to safeguard and preserve the vital interests in pure food and drugs of the consuming people of the United States. [Applause.]

During the last 14 years Congress has appropriated the tremendous sum of \$250,000,000 to enforce the prohibition laws that the American people have detested and that were finally repealed. Congress has appropriated between twenty-five and fifty millions of dollars to exterminate the boll weevil, the corn borer, the fruit fly, the grasshopper, hog cholera, cattle diseases and God knows how many other countless parasites that are living in the animal and vegetable kingdom. Yet when it comes to protecting and preserving the human family, the men, women, and children of our Nation against poisoning, adulteration, substitution, abstraction, cheating in quality and quantity, of their food, drugs, cosmetics, and beverages we deny sufficient money to and emasculate the work of the Food and Drug Administration to such a pitiful state that it is impossible for that administration adequately and properly to function and to do justice to its work of preserving the health of 120,000,000 human beings.

Is cotton, or the destruction of the parasites that live and thrive on it, of more value than human life? Was the prohibition of drinking, interfering with the personal liberty of our fellowmen, of more importance than the protection of the quality and the purity of their food? Is the health of cattle and swine more important than the happiness, prosperity, and the health of human beings? Are crop profits of more importance than the physical and mental welfare of our fellowmen? Is human life of such little value that Congress does not appropriate more than 1 cent a year for each person to assure good, wholesome food to keep the vital spark going in our children, our wives and mothers, our aged and infirm, and ourselves? Answer me with your votes, when the time comes to grant adequate appropriations that will safeguard the life, health, and happiness of

our American people and they will answer you when they come to vote for you. In this new era of the new deal—the square deal—the forgotten man must come to the fore. Humanity must take its place in the forefront of civilization. In the future call of the national roll of honor human rights must and will supersede property rights. [Applause.]

Just as the circulation of the blood carries life and nutrition to every tissue of the body, so do newspapers, magazines, periodicals, and other publications carry news, information, and advertising to 120,000,000 people of the United States.

Newspapers, magazines, periodicals, and publications receive only 15 percent of their gross income through circulation. The other 85 percent comes to them through selling advertising space in their publications. Every publication uniformly preaches the gospel of honesty, of integrity, of justice in the business relationship of mankind with his fellowman. Why should not every publication itself do likewise and carry only the truth regarding advertising?

Why should many of our publications exaggerate, falsify, and disseminate advertising news that is palpably and grossly unjust to the consuming public and unfair to the ethics and standards of honest publications?

The slogan of the New York Times, one of the greatest newspapers in all the world, is that it prints "all the news that's fit to print." Why should we not paraphrase that sentiment to every publication and say, "You shall print only the advertising fit and right to print"? The New York Times lives up to this ethical standard and has prospered. Why not all publications?

Only a short time ago the late William E. Humphrey, of the Federal Trade Commission, estimated that there were at least 1,000 advertisers of fraudulent schemes now operating regularly with the aid of certain magazines and newspapers throughout the country. In one publication alone he found no less than 50 different advertisements which he considered safe to designate as illegal. Mr. Humphrey contended that the annual loss to the consumers through false, misleading, and exaggerated advertising runs into hundreds of millions of dollars.

Mr. Chairman, ladies, and gentlemen, it would be a most liberal estimate to say that only 25 percent of the business transacted in our country each day is done as a result of natural demand. The other 75 percent is contributed as a result of salesmanship in one form or another. It is on this 75 percent of advertising that the welfare and prosperity of our country is dependent.

Advertising is founded on the publicity formula and the economic fallacy that "repetition makes reputation." Constant advertising of the virtues and qualities of all food, drugs, cosmetics, nonalcoholic and nonintoxicating beverages brings the product before the consuming public and induces them to purchase food materials whether they need them or not.

More than 16,000,000,000 copies of daily, weekly, and monthly periodicals are printed and circulated every year in the United States. Every copy carries advertising matter intended to induce the readers to buy some article of commerce, and of these at least one third are food, drugs, beverages, and cosmetics. Approximately \$1,000,000,000 is paid publishers annually by advertisers who use the 20,000 daily and monthly newspapers, which have a circulation of about 1,400,000,000 a month.

These publications live on revenue collected from advertisers. The advertisers live on money collected from the purchasing public.

For many years in the past a great many publishers, without consideration for their readers, accepted and published advertisements filled with false and misleading representations and thereby became parties to the deception and fraud perpetrated on their readers.

The vast majority of publishers today are reputable and respect the confidence of and guard the welfare of their readers. The business office of a newspaper or periodical edits advertising copy as carefully as the news section edits reading matter. These reputable publishers will not know-



ingly publish false or misleading advertisements. They approve all efforts to stop such advertising and loyally cooperate with the Federal Trade Commission, which, under the law, now has charge of this type of advertising, in its efforts to prevent it.

Unfortunately, there are many unscrupulous advertisers and publishers who still print any advertising copy for which payment is made to them.

Laws are essential to restrain and punish such unscrupulous advertisers and publishers in order to protect reputable advertisers and publishers as well as the general public.

Laws are not necessary for law-abiding citizens, but they are essential to protect the law-observing from the law-breaking element.

Every reputable advertiser and publisher need fear no law designed to prevent false, misleading, or fraudulent advertising, since they do not use nor publish such form of advertising. It is the unscrupulous and disreputable advertisers and publishers who must be restrained and punished for their use and abuse of a noble profession and institution, the daily, weekly, and periodical press, to forward their nefarious projects to make profits from advertising worthless and dangerous medical products and for helping, through advertisement to dispose of food unfit for human consumption.

The present cooperation of the Federal Trade Commission with the Food and Drug Administration, for the prevention of unfair trade practices as they apply to the advertising in a false, misleading, or fraudulent manner of foods, drugs, cosmetics, and nonalcoholic and nonintoxicating beverages, is made more powerful by my food and drug bill. No powers in the present Federal Trade Commission Act are disturbed by my bill. Indeed, their commendable work is fortified, enhanced, and strengthened.

Newspapers, magazines, periodicals, and publications have constantly been denouncing the paternalistic attitude of our Government through its granting of subsidies. We have subsidized the railroads, the great banking institutions, the great life-insurance organizations, the merchant marine, the different States of the Union for various projects and enterprises, and, last but not least, we have subsidized the newspapers, magazines, periodicals, and publications during the last year by granting them a subsidy of almost \$90,000,000 through the carrying of these publications as second-class mail matter.

It should, therefore, be the privilege, no, I should say the duty of newspapers, receiving the beneficence and munificence of the contributions of 120,000,000 of citizens, taxpayers of the United States, that these great publications to carry into fruition and realization the ideal of having their advertising space carry advertising news that is the truth, the whole truth, and nothing but the truth. [Applause.]

Our modern financial and monetary system is founded upon the philosophy of economic scarcity of gold, while our mass technological standards and industries are built upon the philosophy of economic abundance. These two systems, one represented by economic scarcity and the other by economic abundance, are in conflict with each other. They do not articulate. They do not harmonize. They fail to unite. Because of this incompatibility between economic scarcity and economic abundance, advertising becomes an accepted necessity adequately to distribute in the markets of our country and the world the materials of production. The present condition of production and distribution brings into play the disintegrating forces of competition.

In the old days competition was the life of trade. Today competition is the death of profits. The only medium whereby the principle of economic scarcity and the element of economic abundance can be harmonized is through the element of advertising. Constant repetition is the slogan, watchword, and shibboleth of modern business enterprise. Advertising within the last 30 years has been chiefly instrumental and responsible in making the great strides that business, commerce, and industry have enjoyed.

It has always been my intent, and I believe always my action, to be fair and just to everyone. In the food and

drugs bill which I introduced in the House on January 29, 1934, H.R. 7426, I have embodied proposed legislation that I think will meet and cure many of the difficulties which now arise under the present food and drugs laws.

My main thought has been the protection of the American people against those who would sell them food, drugs, cosmetics, and nonalcoholic and nonintoxicating beverages unfit for human consumption. My chief desire has been to be fair and just to the 90 percent of the producers of such products, who honestly and sincerely desire to provide wholesome goods to our American citizens. No honest producer, processor, or manufacturer need fear the effect of any section of my bill. It is designed to protect him against the racketeersman in his own line of endeavor, as well as against the charlatan and quack, as well as to protect the public.

The cornerstone and touchstone of worthiness I have used throughout my bill is this: Does the product contain anything that is harmful or injurious to the average human system? If it does not, there is nothing to prevent its sale anywhere and any place under the jurisdiction of the United States Government.

If the article be food and it be found to be pure and wholesome, within the common and accepted meaning of this term, the Food and Drug Administration is directed to issue a permit to the producer, processor, or packer to print on or surcharge his private label with these words:

This product meets the requirements of the quality standards of the Food and Drug Administration of the United States of America.

No manufacturer or anyone else could ask more than this.

I define a food to be any edible material, or materials, the nutritive elements of which are ingestible, digestible, absorbable, assimilable into, and beneficial to and not harmful nor injurious to the average human body.

Producers and manufacturers of drugs or medicaments are required to file the formulas of their preparations with the Food and Drug Administration, but such formulas need only disclose the active therapeutic ingredients; and all formulas must be kept secret. If anyone connected with the Food and Drug Administration shall reveal to any unauthorized person the contents of any formula in whole or in part, either while in the employ of the Administration or subsequent thereto, that person is subjected to imprisonment of from 1 to 3 years, and the person soliciting or inducing such disclosure is made equally culpable of a felony and is subjected to the same penalty and must give an accounting of and pay compensatory damages for the illicit use of such formula to the rightful owner thereof. Mutilation or destruction of any formulas, records, or correspondence carries the same penalty. Therefore every safeguard is thrown around the formulas of the manufacturer and producer to prevent the formulas being made known to anyone who might use them illegally to their own purposes.

The manufacturer of any food, drugs, cosmetics, or non-intoxicating and nonalcoholic beverage may continue to use his private label and his present trade mark. Neither right is disturbed in any way, provided that the label contains no false or fraudulent statements in conflict with the contents, capacities, or the amount of fill in the packages or containers in which it is sold. In addition to the surcharge on pure-food products that I have referred to, my bill provides for three other labels to be used, which are white, blue, and orange in color, so the buying public at once can see into what class various drugs are placed.

Here are the ways the classes and the colors of the labels are determined: If the material or materials described in the formula or in the prints, labels, or labeling are not harmful to the average human system, if intaken or applied by self-treatment and contain no harmful drug, injurious to the average human system in the proportions represented by the formula or in the prints or labels presented to the public, the applicant shall be granted a license by the Food and Drug Administration to use a white label on the immediate container or package of his product bearing the words—

Formula registered in the Food and Drug Administration of the United States of America at Washington, D.C.

And in type of the same size the words—

Contains no material or materials harmful or injurious to the average human system in the proportions represented by the formula or formulas for this product.

This white label will be a certificate of character. It will indicate that the food, drugs, and beverages are pure and wholesome. It will make the American consumer "white-label conscious."

I digress to call your attention to the words "average human system" and the reason for their use. All persons do not react the same to all drugs. Some persons have what physicians call an idiosyncrasy against certain foods and drugs. Shellfish, strawberries, cucumbers, and other edibles produce a rash on some folk. Certain drugs, camphor, quinine, and others affect some persons adversely, but that is no reason why the rest of us should be deprived of edibles, potables, and medicines that act favorably on us and produce beneficial results.

Resuming: There are certain powerful and effective drugs and extracts that are most valuable in the restoration of health, but their potency is such that they can be used safely only under the prescription and continuous observation and care of a physician. For such drugs my bill provides that the container or package shall bear a blue label, permit for the use of which is to be issued after the filing of the formula with an analysis of it by the Food and Drug Administration. This label shall bear the words—

Formula registered with the Food and Drug Administration, Washington, D.C.

And shall also state the dosage and name of the drug and continue—

Caution! Contents to be used only under the care and supervision of a registered physician.

Certain hypnotic and narcotic drugs such as opium, morphine, cocaine, and so forth, are highly useful in the practice of medicine and in the alleviation of pain. But they never should be self-administered and should be available to the general public only on the prescription of a doctor and used medically only under the care and supervision of a physician.

These drugs are placed in a third class, and their containers or packages under the provisions of my bill must bear an orange-colored label, permit to use, which is to be granted by the Food and Drug Administration after filing of the formula, and its analysis of the materials proposed to be sold. This label shall bear the words, "Formula registered in the Food and Drug Administration at Washington, D.C.—Caution, Habit Forming", shall bear the name and dosage of the habit-forming hypnotic or narcotic drugs, and continue "to be sold and used only under the prescription and supervision of a registered physician."

Hair dyes which contain an aniline derivative, or an amine or a metallic salt or compound, under the provisions of my bill, shall bear on their containers or packages a white label which shall state this, followed by the words: "For external use only and must be used with care, and should not be used on eyelashes or eyebrows." The formula must be registered with the Food and Drug Administration, and when a permit is granted by it for such use the label shall state "Formula registered in the Food and Drug Administration at Washington, D.C."

The decision as to the medical, therapeutic, or remedial status of the materials in any container or package offered for sale and submitted for analysis does not rest finally with the officials of the Food and Drug Administration. My bill establishes a board of appeals for food, drugs, nonalcoholic and nonintoxicating beverage cases consisting of four specially qualified members to be appointed by the President. To the board any applicant who has been refused a permit to use a white, blue, or orange label, or whose product has been set in a lower class than he thinks it should be placed may appeal. If the board sustains his contention he gets his label; if the decision of the board is adverse to him he still retains his right to appeal to the Federal courts, and the same right of appeal to the Federal courts is granted the Food and Drug Administration if it desires to use it.

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In my bill it is provided that every container or package holding food, drugs, cosmetics, or nonalcoholic and nonintoxicating beverages shall bear a trade mark registered in the United States Patent Office on the private label of the manufacturer. If the manufacturer now has a trade mark so registered, he need not obtain a new one. The art quality in the design of the trade mark is not considered. A special class for such trade marks is established in the Patent Office and the fee for such trade marks is reduced from \$15 to \$1.

The applicant for a permit to use the Food and Drug Administration labels must submit samples of his product for analysis to the Food and Drug Administration, and for this laboratory work a very reasonable fee of from \$1 to \$10 is charged him. Counterfeiting or imitating any private or Government label is made a felony and penalized by from 5 to 10 years' imprisonment, so the manufacturer gets protection for his trade mark and private label such as he never had before. No trade mark is granted until the product has been certified by the Food and Drug Administration not to be harmful or injurious to the health of any average human being.

What I consider the most important feature of my bill is the complete emancipation of the small drug, grocery, and provision storekeeper. He will no longer be subjected to the humiliating disgrace of being indicted and arrested for a crime of which he is innocent. His belief in the manufacturer as to his good faith in producing and selling to him wholesome products relieves him of the responsibility if he acted in good faith. The responsibility is placed where it belongs—at the source—the manufacturer, producer, processor, or packager of food, drugs, beverages, and cosmetics that sold him food and drug products unfit for consumption or use by human beings.

For the benefit of my colleagues I am going to ask unanimous consent to extend my remarks by printing after the conclusion of my address the full text of my bill I have introduced to cure all the evils about which I have complained.

Mr. Chairman, ladies, and gentlemen, the great progress of the United States can be attributed to the tremendous advances that have been wrought in the social, economic, and political fabric of our Republic.

Each Congress of the United States has contributed its political share to the agricultural, industrial, and commercial development of our people. In every form of human endeavor, in science, in art, in literature, in philosophy, in statesmanship, in engineering, invention, and technological perfection and improvement, our Republic stands in the forefront with the highest civilized nations of the world.

In the past, those Congresses have been remembered that have declared war in order to preserve the ideals for which our Republic was founded. The War of 1812, the Mexican War, the Civil War, the Spanish-American War, the World War.

On the field of battle of these great conflicts of our country's past, millions bared their breasts to shot and shell and died that our institutions might be preserved. Today we are engaged in another great conflict. It is to determine whether these institutions founded upon the lifeblood of our martyred citizens shall endure or shall perish. We are waging a great war against economic depression. Revolutionary changes are taking place everywhere. The policies upon which the superstructure of our Government has been reared are tottering and collapsing. Millions of deserving Americans ready to die for our Republic in time of war are starving in times of peace, amidst a harvest of plenty.

To preserve our institutions of hallowed memory, to keep faith with those who have given up their today that others may have their tomorrow, it has become necessary for Franklin D. Roosevelt, the beloved Commander in Chief of our Republic, to strengthen, fortify, and reconstruct those pillars that have supported the superstructure of our social, economic, political, and capitalistic form of government.

When the actions and deeds of every Congress that has preceded us in the past will have been forgotten in the ashes of time, the Seventy-third Congress will remain and



endure in the memory of historians because it enabled us to escape a bloody revolution through adoption and practicing of the principles and ideals of social and economic justice. This action of the Seventy-third Congress has enabled us to rear a new edifice dedicated to our fellow man and consecrated to the philosophic ideals of social, economic, and political justice that will bring the greatest good to the greatest number.

While we are passing through this great period of economic and social transformation, let us not forget in these trying days and depression times, to protect the life, the limb, and health of 120,000,000 American consumers through the adequate enactment of laws that will safeguard to each and to every American citizen food, drugs, and beverages that are and by the rights of humanity should be fit for human consumption. [Applause.]

We have given much consideration to capital and material things, now let this Congress give consideration to men, women, and children and see to it that they are provided with food that is good and clean, with food that is wholesome, with beverages that are pure and palatable, and with medicines that are remedies for sickness, that human life may be made better, fuller, and happier for all. [Applause.]

Mr. Chairman, now that I have concluded my remarks on the subject of pure foods, drugs, cosmetics, nonalcoholic and nonintoxicating beverages, I shall be pleased, as is my usual custom, to answer any questions any Member of the House desires to propound to me.

By the way, I am very pleased to see sitting in the body of the House of Representatives our beloved and distinguished Speaker, the Honorable HENRY T. RAINEY. Our gracious Speaker told me this morning that he was present in the House when the famous Dr. Henry W. Wiley, the great pioneering expert in foods, and James Mann, the leader of the House on the Republican side, appeared on this floor to explain to the Membership of this House the necessity for the enactment of the first pure food and drugs act in 1906. Speaker RAINEY was greatly interested at that time in that measure, an interest which he has maintained ever since in legislation that will insure pure foods, drugs, and beverages, and harmless cosmetics for the men, children, and women of our country.

Our beloved Speaker has been most gracious and exceedingly helpful to me in my efforts to bring the pure food and drugs law up to date, to strengthen them in such a way as will forever prevent fraud and deception in the preparation, manufacture, and sale of articles that play such a great part in the preservation of the health and vigor of our people. For his courtesy to me I most emphatically wish here and now sincerely and gratefully to thank our great Speaker. [Applause.]

Mr. Chairman, ladies and gentlemen of the Committee, before I begin to answer any question that any Member of the House may ask me I am going to show you actual examples of poisoned foods, drugs, and cosmetics, which have been before your eyes here in the well of the House during my discussion. Look at this sample of noodles in clear cellophane and in gold-colored cellophane. Both samples are the same, but the one in the gold-colored container appears as if it were heavily loaded with eggs. Sheer fraud.

Look at this, which shows how the Lydia Pinkham people meet the requirements of the drug law on their label, but continue to make unwarranted claims in their hand-out advertising. If this concoction has any value, it is only in the 18 percent alcohol contained in the alleged remedy.

Here is an exhibit of the kind of alleged Jamaica ginger that a few years ago was sold throughout 24 States and poisoned over 25,000 persons. It is the infamous "jake." It was made in Boston and four men were imprisoned and fined for this murderous fraud and another was sentenced but the sentence was suspended.

This is an example of how a trustful woman, desiring to add to her attractiveness, used a preparation called "Lure-Lash" on her eye lashes, with the result that one of her eyes was destroyed and she was made blind. President

Roosevelt shuddered with horror when his attention was called to this.

Here is a preparation that is made from a rank weed called horsetail. It is of no remedial value but it is advertised to cure a dozen diseases besides diabetes.

Here is a concoction called "Bar-Ban" for which it is claimed that it can be used for rheumatism, neuralgia, bronchitis, colds, kidney trouble, and a long list of diseases. It could be used, but it would be useless for any remedial purpose.

Here is an advertisement of yeast to make a woman grow thin; I have another advertisement of another yeast that claims to make women grow fat. One yeast makes fat women thin; another makes thin women fat. The age of miracles must have come back. [Laughter.]

How many Members of the House know that the Food and Drug Administration issues a monthly pamphlet under the title of "Notices of Judgment" in which are printed the often gruesome details of cases brought against food poisoners? I will have these passed around to the Members of the House. Read them. Take them home with you and study them. You will see from them the necessity of efficient and punitive food and drug laws to stop the racketeering in edible and drinkable products.

Look at these bottles. This one is a genuine 3-ounce bottle. This one seems larger, but is not. It is a 2-ounce bottle. Note the way it is made taller and thinner. Here is another fake bottle. The glass side walls are so close together that this bottle holds only three quarters of an ounce instead of its pretended 2 ounces.

Here is the infamous Marmola of unsavory memory. The name is craftily attractive, but the material itself is vicious when used for self medication. It contains thyroid extract, which is very dangerous to use unless given under the supervision of a physician. Marmola has ruined the health of many unfortunate women who have used it to their bitter regret.

This product that I show you is Koremlu. It was put up by Cora M. Lubin and contains thallium acetate and was used as a depilatory. Over two and a half million dollars damages were asked for in suits brought against this woman, and she is now a bankrupt. But the product is still being sold to ruin and scarify thousands of unfortunate women who buy and use this preparation.

Here I show you a set of testimonials for an alleged remedy, called B & M, and beside them are the death certificates of those who wrote the testimonials and died from the diseases it was alleged to cure.

This B & M alleged remedy is the king fraud of them all—B & M. It began as a horse liniment and was used only for horses. Now it is advertised everywhere to cure tuberculosis, pneumonia, bronchitis, blood poisoning, asthma, heart disease, and every disease that mortal flesh is heir to. Here is the evolution of quack medical concoctions beginning with the horse and ending with man.

Mr. BOLAND. Will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from Pennsylvania.

Mr. BOLAND. May I ask the gentleman if he has read the bill I have introduced (H.R. 8316) along this line?

Mr. SIROVICH. For the benefit of my distinguished friend, and for the edification of the House, I want the Membership to know that there have been several bills introduced regarding pure food, drugs, and cosmetics. One is additional powers to the Secretary of Agriculture which I sponsored in the House and which I have relegated to the background, because it takes away privileges and prerogatives of the Federal Trade Commission and emasculates the work that this great organization is doing. It also gives additional powers to the Secretary of Agriculture to which I am opposed. Then we have the Black-Stephens bill, which is a bill written by the proprietary interests which is simply the old, pure food and drug legislation as it now exists, with a couple of Ethiopians buried in the middle, which would continue the very conditions I have been criticising here.

My friend PAT BOLAND has introduced a bill which I think, if my bill could not be passed, is one of the finest and most complete and progressive measures ever brought before the House. It is a bill that has been written by the Consumers Research of the United States, representing at least 100,000 consuming people. It is a bill that is designed to bring about the millennium in food, drugs, cosmetics, and beverages. It is a bill that will help every human being to have the quality standard and nutritive value in foods and drugs to which he is entitled, and I want to compliment my friend PAT BOLAND for having the courage to introduce this kind of bill. [Applause.]

Mr. BEAM. Will the gentleman yield?

Mr. SIROVICH. I shall be very pleased to yield to the gentleman.

Mr. BEAM. I was very much interested in the gentleman's explanation of the anesthesia proposition. Does not the gentleman think it would be beneficial to the doctor, to the hospital, and to the patient if some analysis were made of the quality of the anesthesia administered to the patient without any direction from the Government itself?

Mr. SIROVICH. I want to explain, for the benefit of my colleague and friend, that the United States Government has a Bureau of Standards and it never purchases anything until this Bureau investigates it to see that everything that is given to any of Uncle Sam's men is of the best quality. It is about time we established a bureau of standards of the United States that would investigate all the food products for the benefit of the consuming public in just the same way. So I believe if we had this kind of bureau that could investigate ether and other products, the doctors and the public hospitals would be in position to buy the best they can have.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from Minnesota.

Mr. SHOEMAKER. It may interest the gentleman to know that our so-called "Bureau of Prisons" has been buying from the wholesale houses stale goods and drugs that have been on the shelves for a long time and has been killing prisoners with them in our Federal penitentiaries.

Mr. SIROVICH. That is not so bad, I will say to my friend, as when the United States Government, in 1920, sold all the ether it found was worthless after the war was over. It sold this to second-class dealers with the understanding that they would use it for varnish, shellac, and other similar purposes. One cruel man relabeled it and sold it to the hospitals of the United States, and 35 percent of it was so vitiated and contaminated that thousands of people died in our country because of its use. I read of one case where there was stamped on an article by the Government of the United States the word "second", and some unscrupulous dealer who bought this product changed it to "second to none" and sold it in that way.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. SIROVICH. I yield to my colleague from New York.

Mr. FITZPATRICK. What are the qualifications that the Government requires of a food inspector? The gentleman knows that to enforce a law of this kind such a man would have to have special qualifications to be able to make such investigations.

Mr. SIROVICH. Mr. Chairman, there are thousands of doctors in the United States who are in penury and want and would be glad to act as food inspectors if they were given an opportunity to take such an examination; but you have not given the Food and Drug Department the appropriation that they need to effectively carry on their work. You have only 76 food inspectors in the United States. We have 48 States in the Union, and if you gave every State 2 inspectors, you would have to have 96. Take my friend TOM BLANTON. BLANTON's State, from what the former Speaker, Jack Garner, told us, could be divided into six States of the Union because it is so large. In that entire State they have not more than one or two inspectors to look after the food, drugs, and cosmetics that they are using there.

Mr. FITZPATRICK. Are these inspectors doctors?

Mr. SIROVICH. No; they are not doctors.

Mr. FITZPATRICK. That is just what I am trying to find out. What are the qualifications required by the Government?

Mr. SIROVICH. The qualifications are such as necessitate knowledge of chemistry, of the physiological action of drugs, ability properly to analyze materials, and determine where adulteration was made. He would have to know physiological chemistry and physiology, and everything that pertains to food, drugs, and cosmetics.

Mr. BLANTON. Will the gentleman yield?

Mr. SIROVICH. I will yield to my friend.

Mr. BLANTON. What are you going to do when the inspectors disagree and when the doctors disagree as to the efficacy of remedies? Forty years ago some doctors would not let us have ice cream when we had a fever but now some feed us on ice cream. Years ago some doctors would not let us have ice with fever and now they pack us in ice. [Laughter.]

Mr. SIROVICH. Increased knowledge, experience, and scientific observation are constantly making the medical profession improve its methods. Time and the increased longevity of mankind has vindicated changes and consequent improvement in treatment. The gentleman from Texas and I have been very consistent in our common ideals. When I was battling against poison in alcohol little did he and I dream that when I called the attention of the people of the United States, single-handed, almost 8 years ago, to poisoned liquor, that we would repeal the iniquitous eighteenth amendment at this time. All the time he was exclaiming, "Hold the line! Hold the line!" Both of us have held the line. [Laughter and applause.] My good friend from Texas does not know when he is licked.

Mr. BLANTON. Will the gentleman yield again?

Mr. SIROVICH. It is a pleasure to yield to my aggressive colleague.

Mr. BLANTON. Does the distinguished physician who does not drink himself feel proud that in most of the large hotels and cafes in Washington you can buy hard liquor that is drunk openly before young people?

Mr. SIROVICH. Let me say to my distinguished friend, whom I personally love, honor, and respect, that I am not conversant with the situation in Washington with which he seems to be so familiar. [Laughter.] Let me say, however, as one who never drinks and never smokes, that I believe in moderation in every form of indulgence. I never condemn the use of anything, but I always condemn the abuse of overindulgence in anything that would make a man or woman lose their self-respect. [Applause.]

Mr. Chairman, I ask unanimous consent that I may have permission to extend my remarks by incorporating here my bill, H.R. 7426.

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

There was no objection.

[Here the gavel fell.]

Following is the bill referred to:

H.R. 7426

A bill to protect the consuming public of the United States of America, numbering 125,000,000 people, and the honest producers and distributors, numbering 50,000 persons, of food, nonalcoholic or nonintoxicating beverages, drugs, and cosmetics, sold, or offered for sale, in containers or packages, and to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drugs, nonalcoholic and nonintoxicating beverages, and cosmetics, and to regulate traffic therein; to prevent the false or fraudulent advertisement of food, drugs, nonalcoholic and nonintoxicating beverages and cosmetics, and for other purposes

Be it enacted, etc., (1) That 9 months after the passage of this act every bulk and separate container or package of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, produced or prepared or processed or packaged or distributed in the United States of America, its Territories, possessions, or in the District of Columbia, shall have affixed thereon and thereto a print or label which shall state: "Trade mark and label registered in the United States Patent Office. Formula registered in the Food and Drug Administration."

(2) When the formula or formulas of the product is filed for registration in the Food and Drug Administration by the producer, or preparer, or processor, of food, nonalcoholic or nonintoxicating



beverages, drugs, or cosmetics, the formula or formulas, shall fully describe the physiological action and properties and proportions, combination or composition of food, nonalcoholic or nonintoxicating beverage, drug, or cosmetic named in the formula, the names of all the active ingredients only being given in full. If the material or materials, named in the formula or formulas be drugs, the therapeutic action, accepted by recognized authorities, shall be fully stated; if the material or materials be cosmetics or any preparation intended for use in improving the appearance of the user, the action, after external application, of the simple form or of the compound, composition, or combination of the material or materials shall be fully stated.

(3) On receipt of the information herein required, together with specimens or samples of sufficient quantity for all tests of the product of the food, nonalcoholic or nonintoxicating beverages, drugs, and cosmetics, and accurate copies of the prints, label, labels, and labeling purposed to be used by the applicant on or in the containers or packages of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, which prints, label, labels, and labeling shall truthfully state the authoritative accepted use and physiological action of the material or materials described in the formula or formulas, the Food and Drug Administration shall make chemical analysis, or other necessary examination, for which the applicant shall pay a minimum fee of \$1 and a maximum fee of \$10, of the specimen or sample material or materials submitted, and of similar material or materials purchased in the open market, if obtainable, and shall compare the material or materials submitted and purchased with the formula or formulas, submitted by the applicant to determine—

(1) If the material or materials described in the formula or formulas, or in the prints, label, labels, or labeling and offered or purposed to be offered for public or private sale, or sold, are not harmful to the average human system if intaken or applied by self-treatment in or to the average human body, and that it or they contain no harmful drug injurious to the average human system in the proportions represented by the formula or formulas, or in or on the prints, label, labels, or labeling presented to the public;

(2) If the material or materials described in the formula or formulas are such that they cannot be used safely for medicative, remedial, palliative, antiseptic, germicidal, disinfectant, or beautifying purposes except under the care and supervision of a registered physician;

(3) If the material or materials described in the formula or formulas, contain any habit-forming, hypnotic, or narcotic drug or drugs, or the material or materials singly are habit forming, hypnotic, or narcotic, and are designated as such by recognized competent authorities, and should be used only under the prescription and care and supervision of a registered physician.

Sec. 2. (1) If there be food in the container or package, with or without a liquid concomitant, and such food be found to be pure and wholesome, within the common and accepted meaning of this term, with no essential element or constituent abstracted, and not to be filthy, putrid, adulterated with foreign or inferior substances, or preserved, processed or packed, or distributed in such manner or by such means or in such places as to be injurious to the health of an average human being, or animal used for food, and to be equal to or surpass the quality standards for that particular food or the general standards for food set up by the Food and Drug Administration under the Food and Drugs Act, the Food and Drug Administration shall issue a permit, to continue in force while this standard is met by the producer, preparer, processor or packager, or distributor of food, to print on or surcharge his label, labels, labeling, or prints with the words: "This product meets the requirements of the quality standards of the Food and Drug Administration of the United States of America."

(2) A food is hereby defined for the purposes of this act to be any edible material or materials the nutritive elements of which are ingestible, digestible, absorbable, assimilable into and beneficial to and not harmful nor injurious to the average human body.

Sec. 3. (1) The Food and Drug Administration is hereby authorized and directed to determine, establish, and promulgate, from time to time, reasonable standards of quality, condition, and/or fill of containers or packages for each class of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics as will, by fair judgment, promote honesty and fair dealing in the interest of the consumer; the Food and Drug Administration is further authorized and directed to prescribe and to promulgate, from time to time, the form of statement that must appear in a plain and conspicuous manner on each label, print, or labeling on or in each immediate container or package of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics that falls below the standards set by and promulgated by the Food and Drug Administration; and the Food and Drug Administration is authorized to alter such form of statement, from time to time, as may be necessary to keep the product level with any improvements in producing, preparing, processing, or packaging that may be developed. In promulgating such standards and forms of statements and any alterations thereof, the Food and Drug Administration shall specify the date or dates when such standards shall become effective, or after which such statements shall be used, and shall give public notice not less than 6 months in advance of the date or dates on which such standards shall become effective or such statements shall be used. Nothing in this paragraph shall be construed to authorize the manufacture in or the sale, shipment, or transportation of adulterated or misbranded food, nonalcoholic

or nonintoxicating beverages, drugs, or cosmetics into or from any State, Territory, or possession of the United States, or into any other State, Territory, or possession of the United States, with intent to violate the provisions of this act.

(2) A product of food, drugs, nonalcoholic or nonintoxicating beverages, or cosmetics shall be deemed to be misbranded if the material or materials or ingredients within, associated with, or combined with such product are not capable of producing the alimentary, curative, medicative, remedial, palliative, antiseptic, germicidal, disinfectant, or beautifying effects and results that are claimed in the label, labels, labeling, or prints attached to, affixed on, or delivered with the product they describe, or otherwise distributed, or if the statements appearing on the label, labels, labeling, or prints attached to, affixed on, or delivered with the containers or packages holding such product are intentionally false or misleading regarding or concerning the contents of the container or package, or if the material or materials fall below the standards authorized herein and in the present food and drug law, as amended, to be set by the Food and Drug Administration.

(3) Nothing in this act shall be held to prohibit the production, manufacture, preparation, processing, packaging, or the offering for sale or distribution of any material or materials, or the combination of a medical formula or formulas, beneficial for the protection, maintenance, or promotion of the public and personal health of the population of the United States of America, its Territories, possessions, and the District of Columbia, if the use of such material or materials, formula or formulas is not injurious to the health of average human beings, and if such material or materials, formula or formulas is or are recommended by a lawfully registered physician or by competent medical authorities.

(4) Any drug, medical or masticatory substance, preparation, product, compound, combination, or composition when mixed with food or coated with confection or other disguising materials shall be deemed to be either a drug or a food, dependent upon its intended use, and shall be classified as such, and its use and physiological action and effects shall be described clearly on the descriptive label on the container or package.

(5) After examination and analysis of the submitted material or materials, if the material or materials shall meet the requirements of this act and the food and drug act, as amended, the Food and Drug Administration shall issue to the applicant therefor a license to print, produce, or impress a label descriptive of his product and to use and be required to use such print or label or labels or labeling as its examination and analysis warrant, which license shall clearly indicate in which class hereinbefore set forth, the material or materials described in the formula or formulas and submitted for examination and analysis should be included.

Sec. 4. (1) If the material or materials fall in class 1, as hereinbefore described, the applicant shall be granted by the Food and Drug Administration a license, revokable for cause, to use, and be required to use, a label, white in color, on the immediate container or package holding his product, bearing the words: "Formula registered in the Food and Drug Administration of the United States of America at Washington, D.C." in clearly legible text of the same size throughout and continue: "Contains no material or materials harmful or injurious to the average human system in the proportions represented by the formula or formulas for this product."

(2) If the material or materials fall in class 2, as hereinbefore described, and if the formula or formulas contains the names of material or materials that may prove dangerous or harmful or injurious to the average human system, unless used under the care and supervision of a registered physician, then the label, blue in color, shall bear the words: "Formula registered with the Food and Drug Administration of the United States of America at Washington, D.C.", shall next state the name and dosage of injurious drugs, and continue: "Caution—Contents to be used only under the care and supervision of a registered physician", in clearly legible text.

(3) If the material or materials fall in class 3, as hereinbefore described, the applicant shall be granted by the Food and Drug Administration a license, revokable for cause, to use and be required to use, a label, orange in color, on the container or package holding his product, bearing the words: "Formula registered in the Food and Drug Administration of the United States of America at Washington, D.C.; caution—habit forming", and state the name and dosage of habit-forming contents of hypnotic or narcotic drug or drugs, as the case may be, and continue: "To be sold and used only under the prescription and supervision of a registered physician." The words "caution" and "habit-forming" shall be prominently displayed on the label and the other text be clearly legible.

(4) The Food and Drug Administration is hereby authorized and directed to prohibit by regulation the transport, sale, or gift to or from any State of the United States, or its Territories, possessions, or in the District of Columbia, of any product or preparation offered for sale or sold as hair dye which contains any of the following material or materials, an aniline derivative or an amine, a metallic salt or compound, unless there shall be affixed to or attached to the container or package a label, white in color, which bears the words "Formula registered with the Food and Drug Administration of the United States of America; caution—this product contains an aniline derivative, or amines, or metallic salt; it is for external use only and must be used with care and should not be used on eyelashes or eyebrows." The words "caution" and "external use only" shall be in capitals of the text.



(5) Every container or package transported, sold, or given away, in the United States, its Territories, possessions, and in the District of Columbia, containing virus, therapeutic serum toxin, antitoxin, bacterial product of analogous products, or any serological or bacteriological products or derivatives shall bear a blue label affixed thereto or thereon which shall state the date of actual manufacture and the final date beyond which the material or materials cannot reasonably be expected to produce the physiological results for which it is intended and prepared, and the words "Not to be sold nor used after the date of its impotency."

Sec. 5. (1) If the applicant is denied a license to use for his product a label authorized by the Food and Drug Administration and is convinced that on the facts disclosed by his formula or formulae and his product he should be granted a license by the Food and Drug Administration to use any or all of the labels hereinbefore described; or if he is granted by the Food and Drug Administration a license to use, and be required to use, a label in a lower class than that in which he thinks his formula or formulae and product should be classified, he shall have the right to appeal from the decision of the Food and Drug Administration to a board of appeals for food, drugs, nonalcoholic and nonintoxicating beverages, and cosmetic cases.

(2) A Board of Appeals for Food, Drugs, Nonalcoholic and Nonintoxicating Beverages and Cosmetic Cases is hereby created, which Board shall consist of four members, to be appointed, if possible, within 30 days after the passage of this act, by the President of the United States of America, with the advice and consent of the Senate, for terms of 4, 3, 2 years, and 1 year, in the order they are named for the first Board, after which the terms of the Board members shall be of 4 years' duration; the members shall be paid a salary of \$7,500 per annum out of the general fund of the Treasury and shall be provided with suitable quarters in a Government-owned building in Washington, D.C., which shall be their headquarters; one of them shall be a qualified and competent expert in animal food products offered for sale and sold in containers or packages; one of whom shall be a qualified expert in vegetable food products offered for sale and sold in containers and packages; one of whom shall be a physician of at least 10 years' experience, who shall be a qualified and competent expert in drugs and the ingredients used to produce cosmetics offered for sale and sold in containers or packages; one of whom shall be a qualified and competent expert in nonalcoholic and nonintoxicating beverages of all classes.

(3) There is hereby created the office of a secretary of the Board of Appeals in Food, Drugs, Nonalcoholic and Nonintoxicating Beverages, and Cosmetic Cases, who shall be appointed for a term of 4 years by the President of the United States with the advice and consent of the Senate, who shall be paid a salary of \$6,500 per annum, out of the general fund of the Treasury, and who shall be provided with suitable quarters in a Government-owned building with the Board of Appeals. The duties of the secretary shall be to receive all papers, records, and correspondence, including the certification of the cases, in cases of appeal from the decision of the Food and Drug Administration in food, drugs, nonalcoholic and nonintoxicating beverages, and cosmetic cases, and who shall assign each case so received to the member of the Board of Appeals to whom jurisdiction in the case is granted by this act, and who shall advise the appellant of day and hour set for the hearing of his appeal, if the attendance in person or by attorney is desired by him, or required by the member of the Board of Appeals hearing his case, and shall also advise the appellant or appellants of the decision of the member of the Board of Appeals who has heard his case, and who shall perform such duties as are customary in such position and who shall request the Civil Service Commission to supply him with such stenographers and typists, clerks, and other help as he may require to aid him in the proper performance of his duties.

Sec. 6. (1) All producers, preparers, processors, packers, or distributors of food, nonalcoholic and nonintoxicating beverages, drugs, or cosmetics offered for sale or sold, in containers or packages, in the United States of America, its Territories, possessions, and in the District of Columbia, shall apply for a license to use the form of Food and Drug Administration white, blue, or orange label herein specified, as applicable to their product not later than 9 months from the date of the passage of this act. No denial of a license to use a Food and Drug Administration label as described shall be effective unless such denial shall be based on the causes set forth in this act and in the Food and Drug Act now in force, which are not inconsistent with or in conflict with the provisions of this act, and be fully stated to the applicant in writing.

(2) In any case where the Food and Drug Administration shall render a decision adversely to any applicant and said applicant shall appeal to the Board of Appeals for a review of said decision, it shall be the duty of the member of the Board of Appeals to whom the case is assigned by the secretary of the Board of Appeals to require by order, or otherwise, any such case to be certified by the Food and Drug Administration to the Board of Appeals for its review and determination and it shall be the duty of the member of the Board of Appeals handling the case to maintain the record in said case in strict secrecy in the same manner as is required by the Food and Drug Administration in the original case.

Sec. 7. (1) Nine months after the passage of this act every bulk and separate container or package of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, produced or prepared, or processed or packaged in the United States of America, its Territories, possessions, or in the District of Columbia, shall have

affixed thereto and thereon in the label hereinbefore prescribed, or on a separate label, the name and postal address of the producer, processor, preparer, packer, or manufacturer thereof, or a trade mark owned by him and registered in the United States Patent Office under the laws providing for registration of trade marks, but it shall be considered a compliance with the requirements of this act if, instead of a registered trade mark, there shall be used a notice that trade-mark registration has been applied for in the United States Patent Office before the passage of this act, or within 30 days after the passage of this act, or within 30 days of the adoption and use of the trade mark by its owner in interstate commerce: *Provided, however,* That the use of any trade mark, registration of which the United States Patent Office has been finally refused, shall not be a compliance with this act.

(2) Trade marks used on foods, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, which have been in bona fide use by the proprietor thereof for not less than 15 days in interstate or foreign commerce, or commerce with the Indian tribes by the proprietor thereof, may be registered under the act of March 19, 1920, notwithstanding the requirements for use not less than 1 year in section 1 (b) of said act, provided said trade marks in all other respects are registrable under such act.

(3) In connection with every application for registration of a trade mark for foods, nonalcoholic and nonintoxicating beverages, drugs, or cosmetics there shall be filed in the United States Patent Office, before the certificate of registration is issued, evidence that the Food and Drug Administration has issued a license to the applicant to use the label submitted as a specimen.

(4) Nine months after the passage of this act, no food, nonalcoholic and nonintoxicating beverages, drugs, or cosmetics shall be sold or transported in interstate commerce unless the bulk and/or separate containers or packages containing the same shall bear a label registered in the United States Patent Office under the copyright laws governing the registration of prints and labels: *Provided,* That no label for use on or in connection with food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics shall be registered in the United States Patent Office unless and until such label has been approved by the Food and Drug Administration.

(5) The Commissioner of Patents shall keep a register of all labels not registrable under the act of June 18, 1874 (18 Stat.L. 78), but which are impressed or stamped directly upon containers or packages of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, or upon a slip or piece of paper or other material to be attached in any manner to receptacle, bottles, boxes, containers, or packages containing the same, upon which a fee of \$1 has been paid to the Commissioner of Patents, and such formalities as required by the said Commissioner of Patents have been complied with: *Provided,* That publication of the label with notice of copyright shall not be required as a prerequisite to registration, nor shall the lack of artistic quality in the label be a ground for refusing registration thereof. No exclusive right of any kind shall attach to or be predicated upon the registration of a label under the provisions of this section.

Sec. 8. (1) Any label which has been refused registration by the Food and Drug Administration or by the United States Patent Office shall not subsequently be affixed to any containers or packages of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics shipped or transported, offered for sale, or sold, in the United States, its Territories, possessions, or in the District of Columbia.

(2) No trade mark used on or in connection with food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, or on the containers or packages of such material, shall be registered, after the passage of this act, in the United States Patent Office under the provisions of the Trade Mark Act of 1905 and the act of 1920, as amended, unless the specimens filed with the application for registration, showing the manner in which the mark is used on the goods, shall have been previously approved by the Food and Drug Administration.

(3) The dissemination in any manner or by any means of communication of any false or fraudulent claim or assertions as to the physiological use, effect, or action on the average human system of any article of food, nonalcoholic or nonintoxicating beverage, drugs, or cosmetics, is hereby declared to be an unfair trade practice and an unfair method of competition in commerce.

The Federal Trade Commission is hereby empowered and directed to prevent the use of such unfair trade practices and unfair methods of competition in commerce by proceeding in the manner provided in the Federal Trade Commission Act as amended (U.S.C., title —, secs. 41 to 77).

Nothing in this act shall be construed to impair the powers of the Federal Trade Commission.

The Food and Drug Administration shall report to the Federal Trade Commission such cases of dissemination together with all evidence in its possession relating thereto and its medical or scientific opinion as to the truth or falsity of the claims or assertions disseminated.

The Federal Trade Commission under its present authority, or on receipt of such report from the Food and Drug Administration, shall promptly cause appropriate proceedings to be instituted to prevent the unfair trade practices or unfair methods of competition reported.

(4) If such person, or persons, real or corporate, persist in making such false and fraudulent claims and/or assertions, he or they shall be fined not less than \$500 nor more than \$1,000 for



each repeated offense, and such real person shall be imprisoned for not less than 6 months nor more than 1 year. This order shall thereon become immediately effective, except as to communications the copy for which has been set up and made ready in the forms of a newspaper, magazine, or periodical and cannot be removed therefrom before going to press, or which communications have already gone to press, and shall remain in effect unless and until it may be canceled by the Board of Appeals of Food, Nonalcoholic and Nonintoxicating Beverages, Drugs, and Cosmetics Cases, or the Food and Drug Administration, or by a court of competent jurisdiction: *Provided*, That any appeal to the court of competent jurisdiction, the respondent shall be entitled to a hearing de novo.

SEC. 9. (1) If the respondent shall persist in false or fraudulent claims or assertions, against which a cease and desist order has been issued by the Federal Trade Commission, the Food and Drug Administration shall revoke his license to use the label, labels, labeling or prints registered in the Food and Drug Administration. If the respondent shall consider the action of the Food and Drug Administration unfair or unjust the respondent shall have the right to appeal to the Board of Appeals and if the Board of Appeals shall sustain the action of the Food and Drug Administration the respondent shall have the right to appeal his case to a court of competent jurisdiction, and if the Board of Appeals shall overrule the action of the Food and Drug Administration, that body shall have the same right as the respondent to appeal the case to a court of competent jurisdiction, if it so desires, but, pending such appeal by the Food and Drug Administration from the Board of Appeals to a court of competent jurisdiction, the respondent shall have his license restored by the Food and Drug Administration and be permitted to use the statements in controversy until the case is finally adjudicated.

(2) Nothing in this act shall prohibit or prevent the wholesale or retail sale at any future time of material or materials produced, prepared, processed, or packed and in the actual physical possession of the wholesaler or retailer before the passage of this act. If it is found impractical, due to excess of official or clerical work, for the Food and Drug Administration to examine and analyze formula or formulae and products submitted to it and within a reasonable time to issue licenses to use the labels required by the provisions of this act, the Food and Drug Administration shall issue temporary licenses to applicants to print and use temporary labels on their products, such license and label or labels to be current until the permanent license is issued to the applicant by the Food and Drug Administration.

(3) Nothing in this act shall be construed to prohibit or prevent the sale after a permanent license has been granted the applicant of products offered for sale under a temporary label or labels authorized by the Food and Drug Administration.

(4) In considering the alimentary, medicative, remedial, palliative, germicidal, antiseptic, or disinfectant properties and physiological effects and actions of any material, materials, or compound, composition, or combination of materials described in any formula or formulas submitted to it for examination, before accepting such formula or formulas as registrable, or rejecting such formula or formulas as injurious to the health of average human beings and granting or denying a license to use the label prescribed by this act, the Food and Drug Administration shall be governed by the majority opinions of competent specialists as expressed in the accepted textbooks and scientific and medical literature on the subject.

SEC. 10. (1) All formula or formulas deposited with the Food and Drug Administration under the provisions of this act shall be kept secret in a safe and secure depository, access to which shall be limited to the Chief of the Food and Drug Administration and the chiefs of the divisions thereof, and the contents of such deposited formula or formulas shall not be made public nor disclosed to others than the owners thereof unless the owner of such formula or formulas shall disclose or publish the formula or formulas so deposited and notifies, in writing, the Food and Drug Administration to that effect.

(2) Any person or persons, officials of, or employed by the Food and Drug Administration who, during such office or employment, or subsequent thereto, shall disclose, or cause to be disclosed, to anyone except the rightful owners, or his heirs, executors, or assigns, or to the Board of Appeals, or to any court of competent jurisdiction, in the event of litigation, any formula or formulas, or any part thereof, deposited with the Food and Drug Administration, under the provisions of this act, shall be guilty of a felony, and on conviction therefor shall be imprisoned for not less than 1 nor more than 3 years, and any person or persons, real or corporate, who shall solicit or induce such disclosures or who shall receive or purchase the original formula or formulas, or any copy, in whole or in part thereof, shall be subjected to the same penalty and shall give an accounting of all moneys obtained from the illicit use of said formula or formulas, and shall be assessed such compensatory damages as the courts may determine, and any person who shall mutilate or destroy any formula or formulas, records, or correspondence in relation thereto shall be subjected to the same penalty.

(3) All bulk and/or separate packages of containers of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics shall bear a label that has been registered in the United States Patent Office under the law governing the registration of prints and labels, but it shall be considered a compliance with the terms of this act if during the interval between the application for and the registration of the label there shall be affixed to each bulk and separate container or package, a notice that application for regis-

tration of a label has been filed in the United States Patent Office within 3 months subsequent to the passage of this act: *Provided*, That if the applicant is the owner of a label already registered by him in the United States Patent Office, that complies with the provisions of this act, he shall not be required to register a new label with the Food and Drug Administration unless he shall so elect: *Provided further*, That any print or label the registration of which has finally been refused by the Food and Drug Administration or the United States Patent Office shall not, subsequently, be affixed to any container or package of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics sold or given away in the United States, its Territories, possessions, or in the District of Columbia.

(4) In the case where food, drugs, nonalcoholic or nonintoxicating beverages, and cosmetics are produced, or prepared, or processed, or packaged, solely for export to foreign countries, they may be produced, prepared, processed, and packaged in the States, Territories, or possessions of the United States, or in the District of Columbia, according to the laws and the regulations under the laws obtaining in the country to which the products are intended for export: *Provided*, That such products are produced and intended solely for export and that they shall not be offered for sale nor sold in the United States, its Territories, possessions, or in the District of Columbia, and the introduction, offering for sale, or sale of any article of simple or combined food, simple or combined nonalcoholic or nonintoxicating beverage, simple or compound drugs, simple or compound cosmetics within a container or package, unless the material or materials comply with the standards set up by the Food and Drug Administration and the print, label, or labels, before designated and required to be affixed thereon and thereto are affixed thereon and thereto, into any State of the United States, or its Territories, possessions, or into the District of Columbia is hereby prohibited. All products of food, nonalcoholic and nonintoxicating beverages, drugs, and cosmetics imported from without the United States, its Territories, or possessions shall be subject to and conform to the provisions of the Food and Drug Act as amended.

(5) Any person or persons, real or corporate, who shall ship or deliver for shipment, for pay or not for pay, from any State, Territory, or possession of the United States, or the District of Columbia, to any other State, Territory, or possession of the United States, or the District of Columbia, or who shall offer to deliver to any other person or persons, real or corporate, within a container or package, any article of simple and compound food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, without such Food and Drug Administration label, described in this act, and such other label registered in the United States Patent Office being affixed thereon and thereto, or any person or persons, who shall sell or offer to sell or give away in any State, Territory, or possession of the United States, or the District of Columbia, any simple or compound article of food, nonalcoholic or nonintoxicating beverage, drugs, or cosmetics without such Food and Drug Administration label and label of the producer, processor, preparer, or packager registered in the United States Patent Office being affixed to the bulk and separate containers or packages thereof, or export or offer to export or import the same for pay or not for pay to or from any foreign country, except as hereinbefore provided, or who shall, with intent to defraud, for profit or with any other motive, substitute in any container or package or in or with any articles of food, nonalcoholic or nonintoxicating beverage, drugs, or cosmetics during the preparation, processing, or manufacturing before such articles are packed, or after such articles are originally packed, or repacked, any material, or materials, other than those specified in the formula or formulae, deposited with the Food and Drug Administration before or after license to use the Food and Drug Administration label or labeling has been issued, on conviction therefor shall be fined not less than \$50 nor more than \$200 for the first offense, which offense shall be predicated as occurring in the place and site of origin from which the product is shipped or caused to be shipped, or introduced into interstate commerce, and for the second offense, as designated, shall be fined not less than \$100 nor more than \$300, or by imprisonment of not less than 3 months nor more than 1 year, or both such fine and imprisonment, and the product involved shall be confiscated and impounded and after final adverse decision, as provided herein, shall be destroyed. For the third violation of this act such person or persons, real or corporate, shall have their license to use the Food and Drug Administration label or labels on the particular product involved, revoked, and if a real person, to be imprisoned for not less than 6 months nor more than 1 year.

SEC. 11. (1) Any person or persons, real or corporate, who shall, with intent to defraud for profit, or with any other motive, counterfeit, imitate, or produce or reproduce by any means whatever, apparent facsimiles of the license, label, labels, prints, or trade marks registered with the Food and Drug Administration, or in the United States Patent Office, for the purposes hereinbefore described, or who shall offer to sell or sell any counterfeit, imitation, apparent facsimile, or any document, paper, or print purporting to be such license or label, or labels, issued by the Food and Drug Administration, or authorized to be used by the Food and Drug Administration, or who shall counterfeit, imitate, or produce any apparent facsimile, or what purports to be such, of a label or trade mark of a producer, processor, preparer, or packer or manufacturer of food, nonalcoholic or nonintoxicating beverages, drugs, or cosmetics, bearing his registered label or labels, or trade mark when the same has been filed with the Food and Drug Administration, and registered with it and/or in the United States Patent



Office under the provisions of this act, shall be guilty of a felony and be imprisoned for not less than 5 nor more than 10 years.

(2) Nothing contained in this act shall affect the operation and/or enforcement of the present Food and Drug Act, as amended, except insofar as the provisions of the present Food and Drug Act, as amended, may be inconsistent with or are replaced by the provisions of this act. All parts of the present Food and Drug Act inconsistent with or in conflict with the provisions of this act are hereby repealed. If any provision of this act is declared unconstitutional or the applicability thereof to any person, circumstance, or commodity is held invalid, the validity of the remainder of this act, the sections thereof, and the applicability thereof to any persons, circumstances, or commodities shall not be affected thereby.

(3) This act shall go into effect 30 days after its passage by Congress.

#### DEFINITIONS

SEC. 12. (1) (a) The term "food", in addition to the definition in the body of this act, includes all materials, substances, and preparations used for or entering into the composition of food, beverage, confectionery, or condiment for man, or for animals used for food by man.

(b) The term "drug" includes all materials, substances, and preparations recognized in the National Formulary, United States Pharmacopœia, Homeopathic Pharmacopœia, or supplements thereto, or presented officially to and accepted and approved by legally organized medical, surgical, or chemical societies or associations after scientific and clinical proof of the efficacy of such materials, substances, or preparations intended for use in the treatment, cure, mitigation, or prevention of disease in man or in other animals.

(c) The term "cosmetic" includes all materials, substances, or preparations intended for cleansing the skin, teeth, nails, or hair, or for altering the appearance of or promoting the attractiveness of the human person or any part thereof. Definitions of food, drugs, nonintoxicating and nonalcoholic beverages and cosmetics are intended to exclude all adulterations or additions of materials dangerous, harmful, or injurious to the average human body.

(d) The term "label" means the principal label or labels, except where "label" refers to the labels to be issued, or authorized, by the Food and Drug Administration, used by the producer, preparer, processor, packager, and/or distributor of any food, nonalcoholic and nonintoxicating beverages, drugs, or cosmetics, on the immediate container or package, or bulk container or package, of the product.

(e) The terms "labeling" and "prints" includes all labels and other written, printed, or impressed text, with or without graphic illustrations or additions, or any combination of text and graphs in any form whatsoever, accompanying any food, drug, nonalcoholic, or nonintoxicating beverage, or cosmetic product.

(f) The terms "container" and "package" mean and include any form, sort, or kind of means capable of making portable any foods, drugs, nonalcoholic, and nonintoxicating beverages or cosmetics.

#### ADULTERATION OF FOOD

(2) A food shall be deemed to be adulterated if it is, or may be, dangerous, harmful, or injurious to the health of an average human being.

#### ADULTERATION OF DRUGS

(3) A drug shall be deemed to be adulterated if it is, or may be, dangerous, harmful, or injurious to the health of an average human being under the conditions of use prescribed in the labeling thereof, or if any other deleterious or injurious material, dangerous, harmful, or injurious to the health of an average human being, is mixed with or added to the drug.

#### ADULTERATION OF COSMETICS AND HAIR DYES

(4) A cosmetic, or a hair dye, shall be deemed to be adulterated if it is, or may be, dangerous, harmful, or injurious to the average human being.

SEC. 13. The short title of this act shall be "An act to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drugs, nonalcoholic and nonintoxicating beverages, and cosmetics, and to regulate traffic therein; to prevent the false or fraudulent advertisement of food, drugs, nonalcoholic and nonintoxicating beverages, and cosmetics, and for other purposes."

Mr. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, ladies, and gentlemen, a Congress, by sound legislation, can help economic forces toward recovery. By unsound legislation it can help to perpetuate economic disaster or it can delay and prevent economic recovery.

Our Democratic Congress started in well in December 1931 because it accepted the recommendation of President Hoover for the passage of the reconstruction finance bill. Then it followed that up by passing a bill to increase some taxes and raise some other new taxes which would help toward balancing the Budget. Then the stage was set for economic recovery, if we had been willing to let it go along that way and had been willing to give it a chance; but the Democratic majority was not willing to do this.

First we had the Garner pork barrel bill, proposing to waste a lot of the people's money, and then we had the Patman bonus bill. These two destructive measures frightened what little there was of economic recovery into the ground, and a further advance was stopped and things remained that way until after Congress adjourned on the 16th of June 1932.

From that date on, until the Maine elections in September, there was every indication of improvement in business and of economic recovery. The Maine election indicated the probable election of a Democratic President, and the fear which was thrown into the business situation as a result of it was sufficient to give us another set-back. In spite of that situation and in spite of the election which followed and the fear which was engendered, the forces of recovery were so strong that we had very marked improvement all through the latter part of December 1932 and the early part of January 1933.

Then there began the agitation for inflation in such volume and with such force that the people were so frightened that they began to draw their gold out of the banks and the Federal Reserve System. This proceeded with such rapidity and force that it caused great deflation in the commodity and security markets and resulted ultimately in the closing of all banks.

The President-elect, by declaring for sound money, could have allayed the fear and could have stopped the runs on the banks, but that responsibility he did not take and would not take, and so we went through the worst period in the lifetimes of most of us in February, March, April, and the early part of May 1933.

The administration, faced with the situation as it was, supported and had passed two sound measures: First, the emergency banking bill; and, second, the Economy Act.

All of us have hated to see the administration wreck the Economy Act by improper regulations with reference to veterans and by improper handling of their claims before the Veterans' Bureau and by the terrific orgy of extravagance which has been indulged in since the 1st of last May.

With the first sign of improvement discretion and sound thinking were lost sight of by the party in power. The Democratic Party brought in the so-called "agricultural bill", creating the A.A.A., and what happened?

Due in part to the operations of the Economy Act, due in part to the drought which affected the Middle West, and due in part to the additional feeling of security which the Banking Act gave, conditions improved very rapidly. The prices of wheat, corn, cotton, and beef mounted. The price of wheat had reached a figure of \$1.25 per bushel when, just about the time Congress adjourned, in the middle of June the Secretary of Agriculture announced that he was going to put into effect the processing tax, and a little after Congress adjourned he announced that the tax would be 30 cents per bushel and that it would go into effect in the early part of July. Almost immediately there began a drop in the price of wheat. Almost immediately the surge of prosperity which had been rising in the farm territory began to drop. The price of wheat dropped to 90 cents, and it has fluctuated between 67 and 91 cents on the Chicago exchange ever since.

Unquestionably the farmer pays the processing tax, and that always must be so when there is a surplus of produce. No other way can possibly be worked out.

The price of cotton was advanced and was kept up to a certain percent only because of governmental loans to support the market.

Then we had the processing tax on tobacco, which ruined the market of the farmers in my territory for tobacco. And then we had, last of all, a processing tax on hogs; and the situation has become so acute that the processing tax has been raised to 2½ cents per pound, and the farmer is receiving in my territory 1 cent per pound for his hogs, so that he is out 1½ cents.

Never before, under any circumstances, has such a situation existed. Frankly, in my own humble opinion, this has been a bad bill. It will raise processing taxes totaling as high as \$800,000,000 or \$900,000,000, and this money will be



spent largely for operations designed to reduce the number of acres in production. Frankly, I do not believe it is going to reduce the volume of crops. In the case of cotton it has raised the price because of the loan given to the cotton growers on cotton by the Government, and this has resulted in an increase in retail prices and resultant stagnation of trade.

This bill also carried the power to devalue the dollar and the power for inflation. That that power was bad, that it has resulted badly, is my opinion. It has demoralized and made unstable our whole business situation. It has restored confidence nowhere.

Next, we had the so-called "National Industrial Recovery Act." The spending features of this proposition, involving \$3,300,000,000, largely spent for unproductive public works and unnecessary public works which provide almost no employment, I have previously discussed. This was unquestionably bad. The part of this act relating to industry I have not so far discussed since its passage. I have not felt that one should discuss it when it was in its first stages of trying out until after it had demonstrated what it could do. That has been done.

The scale-of-labor prices were raised as a result of the demands of the administrator. The amount that each laborer received was reduced as a result of the stagnation of trade which followed the raising of prices, which inevitably follows the increase in wages and prices and costs of operation.

The interest of employees is served best by an increase in wages when the volume of business is sufficient to justify it, but when the volume of business is low an increase in wages does not benefit the employee because the resultant high prices throws them out of work and reduces the pay envelop of each man.

After this act had reached its peak of control on the 1st of October, employment dropped off at an alarming rate. Nineteen hundred and thirty-three figures in January, February, March, and April have been held up to us as low points. Let us consider what some facts are. January retail sales are supposed to have gone up in dollars 16 or 17 percent, as compared with 1933. The commodity index of the Department of Labor went up from .52 in 1933 to .73 in 1934, an increase of 21 points, or 40 percent, indicating that volume sales went down 20 to 25 percent.

There appeared in the Washington Times of yesterday statistics on the sale of automobiles in January 1934 on 41 States reporting to that date, indicating that in January 1933, 67,714 passenger cars were sold, while in January 1934, in the same States, only 51,683 were sold. However, the increase in truck sales was about 90 percent.

The situation seems to be this: When the administration adopted a sound policy of reduction in governmental expenditures and straightening out the bank situation and continuing and expanding the loan policy of the R.F.C., the Farm Loan outfit, and the Home Loan outfit, the trend was to restore confidence, and improvement in business conditions was evident. When the bad features of the administration's policies were the dominant factors, they brought on a stagnation of trade in the fall and winter of 1933 and 1934, which has tended to prevent and delay economic recovery, and now practically the only employment of any extent is relief employment through advance of funds of one kind or the other by the Government.

Now it is proposed to go further with this process and to raise prices further. I expect that this will result in further stagnation of trade and in preventing the natural spring rise that the economic situation has slated for itself, if it is allowed to come along.

Declarations of prominent members of the "brain trust", so called, which seem to control the operations of this administration, indicate a policy of destroying farming in certain sections of the United States, of destroying industry in certain sections of the United States which the professors think are not suited for the particular industry that exists in them now, and forcing the people who live there to move

into other places where their lives will be planned for them. This means just one thing—governmental control of farming, industry, and business; governmental dictation of everything; the rationing of the people; the enslavement of the farmer and the laborer; the wiping out of the professional classes and the business man.

America has provided a better place to live in and better living conditions than any other country in the world, under a system of free labor and the right of each one to go out and develop something on his own initiative for his benefit and the benefit of the people. He developed his spirit of energy and a spirit of thrift beyond that of any other in the world. Our people have not gone back. They are not yet ready to become the slaves of the state as the Communists of Russia.

Some people have said that it is unpatriotic and un-American to criticize the State and its operations. I say to you it is un-American and unpatriotic not to tell of the things which are being done which are leading us straight to socialism and the destruction of industry.

There never was any excuse for the application of the so-called "N.R.A." to the small merchants, the small manufacturers, and the small business man. It has ruined countless thousands of them, and with its further application will ruin countless thousands more. If that is the object of the N.R.A., is it not time and is it not patriotic for the people to know it?

I have followed this administration when it proposed a sound policy. I have done so without regard to whether or not it would make me popular. Frankly, I know it did not. I have opposed it in its tremendous spending program. I oppose it now in the effort that is being made by those in it who desire to destroy American institutions and prevent economic recovery. I oppose it so that we may not have a destruction of industry and of wealth. That is what is now being accomplished. The wiping out of working capital, which is necessary to give business a chance to come back, will not help the workingman.

We must have certain items of governmental relief. An honest effort to relieve distress has never had my opposition, but if we are going to have business come back we must not have those processes which raise prices and clog the channels of trade when the volume of business does not justify it. We must not have those processes which in the long run will destroy the laborer, the farmer, the professional classes, and the small business man. We must have an opportunity for America again to live.

I hope that those whose only answer to constructive criticism so far has been to call names will come to realize what they are doing and stop. The American people will realize what is being done to them and soon they will cast off the fetters which those who would enslave them would put on. [Applause.]

Mr. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. DUNCAN].

Mr. DUNCAN of Missouri. Mr. Chairman, I rise to talk for just a few minutes about the provisions of the farm mortgage law. A few days ago I introduced a bill to amend section 22 of the bill passed at the special session of Congress, by striking out the words and figures "50 percent of the normal appraised value of the land", and inserting "70 percent", and striking out "20 percent of the appraised value of the insured improvements", and inserting the figures "40 percent of the insured improvements." There is no question but that a great deal of good has resulted from the application of the Farm Mortgage Act, but I think it is also true, and that every man in the House will know it, that there are thousands of farmers who have not been able to enjoy the benefits of the law, because of the methods used in making the appraisals. The law provides that the normal value of the land shall be found, and then 50 percent of that value may be loaned, and 20 percent of the insured value of the improvements. Suppose we have a farm valued at \$10,000, \$6,000 of which is upon the land and \$4,000 upon the insured improvements. Under the law as it exists now

the farmer can get relief to the extent of \$3,800 only, and that is not enough to afford relief to thousands of farmers in this country.

In the district that I come from in northwest Missouri we have a very fine agricultural community. There are a lot of farms there of the kind that I have talked about. When this law was passed, those who held the mortgages were willing to give the owners of the farms every opportunity to make their application to the Government to take over these loans. Many of them did put out their \$40, and in hundreds of instances those applications have been declined because under the provisions of the law providing for the valuation they could not get enough money to afford relief. If the law is amended as I suggest, the farmer will be able to get \$5,800 on that kind of a farm, and it ought to be done.

We passed a law providing for home loans. We provided they might borrow 80 percent of the appraised value of their homes. The homes do not produce anything. But, of course, they represent the savings of many years to their owners, and they ought to be protected; but a farm is producing something, and if the new deal is worth anything, if we have any confidence in it—and, of course, we do—we must expect that the value of our land will increase.

The price of hogs has gone up, the price of corn has gone up, the price of all kinds of farm commodities has increased, and yet these appraisers working for the Federal land banks—the same bunch of fellows who went through the depression—are viewing these farms today through the eyes of depression. The Federal land banks have gathered unto themselves a lot of ex-bankers, men who worked in banks that have failed, and are using them as appraisers, and they are still making appraisals just as they visualized things during the darkest period of the depression. So I say to you the time has come when these mortgagees, who have been holding off, are going to foreclose on farms, where the owners cannot obtain assistance from the Government. They will be foreclosed because the mortgagee can visualize the increase in the value of the farms and they are going to enjoy the benefits of the increase in value of those farms. I hope that this House will take seriously the amendment I have offered to the bill and raise the amount that may be loaned to the farmers for the purpose of refinancing their mortgages. [Applause.]

Mr. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, I listened very intently yesterday to the address of our distinguished President before 5,000 or more code authorities representing the principal industries of the United States. Anyone listening to that address must have been impressed with its constant reference to humanity's needs and the desire of the present administration to care for them. I am rather inclined to agree with Dr. Sirovich that this Congress will go down in history not so much for what it has done but for what it has failed to do. It has failed in a number of instances to understand the public pulse in its demand for legislation affecting humanity. Before talking of my subject matter I am going to quote from the President himself as of October 13, 1933, when he addressed by radio, over a national hook-up, the Third Annual Women's Conference of Current Problems. He referred to the school problem in particular as one of humanity's needs. He said:

The main point is that we need to make infinitely better the average education which the average child now receives, and that, through this education we will instill into the coming generation a realization of the part that the coming generation must play in working out what you have called "this crisis in history."

I repeat, "this crisis in history"; he then said:

This crisis can be met, but not in a day or a year, and education is a vital factor in the meeting of it.

Education is a vital factor in the meeting of this crisis, said the President at that time. Let us see what Mr. Harry Hopkins, the Civil Works Administrator, had to say about education on August 23, 1933. At that time he said:

While it is most emphatically not the intention of the Federal Emergency Relief Administration to subsidize the school system in any community or relieve school officials of their responsibility, I believe that the expenditure of work-relief funds in the interest of destitute teachers will result indirectly in great community benefits.

I repeat:

Will result indirectly in more community benefits.

Then he added:

No one will ever be able to make up for the loss to the children who are deprived of education, for the plastic state of childhood mind comes but once.

I repeat:

The plastic state of childhood mind comes but once—

Said the Civil Works Administrator.

Mr. Chairman, there are 30,000,000 boys and girls seeking an education in the 1934-35 year. Three and a half to four million between the ages of 6 and 15 will be without any instruction at all this year. That is a horrible situation to comprehend, my friends, and much of it, very much of that, can be completely removed by some action of the present Congress.

There are pending before the Committee on Banking and Currency probably a dozen bills which have for their purpose—not necessarily relief for the school teachers through the C.W.A.—but we have proposals before that committee looking toward loans by the Federal Government to municipalities or school districts where the loan would be positively assured and good, and where the Federal Treasury would make money by extending the loan rather than losing money; and yet no definite action appears to be taken by that committee. I am not criticizing the chairman of that committee or any member of it, but there is a dormant attitude. There is a recalcitrant attitude toward those bills by that committee. They are showing no disposition, except through a little hearing that was held by a subcommittee some few weeks ago, to press that legislation into effect.

My colleague the gentleman from Illinois [Mr. SABATH] has a very good bill pending before that committee. It provides for one form of Government relief in the purchase of school-district bonds and the acceptance of tax warrants. I have a bill before that committee, but I am not thinking solely of Chicago. I am thinking of the United States. I am thinking of the fact that 20,000 schoolhouses will be closed to education on the 1st day of April of this year throughout the United States.

Mr. SABATH. Will the gentleman yield?

Mr. BRITTEN. I yield for a question.

Mr. SABATH. I have been informed that Mr. Hopkins has made an allocation of about \$50,000,000 that will take care of all the schoolhouses through the United States, in the smaller and less populous communities. I am informed that none of those schools will be closed; that he will see to it that they will remain open for the balance of the year.

Mr. BRITTEN. That is not quite correct. The amount is \$20,000,000 instead of \$50,000,000. It is true that the Civil Works Administrator has set aside approximately \$20,000,000, and that \$20,000,000 is being distributed according to population throughout the United States. Illinois is to get \$124,000 per month, as an outright gift, for the payment of salaries of school teachers, and nothing else, in communities and localities of 5,000 population and less. Some 40,000 teachers are being helped in this manner by direct expenditures out of the Federal Treasury. That is the reason I am on my feet now, Mr. Chairman.

Just why a school teacher in a town of 5,000 population is a preferential educational factor over one in a large city is hard to understand, and just why Federal money should be given outright for education in smaller communities and at the same time refused as a loan upon excellent securities in larger cities is equally hard to understand. Just why railroad bonds and notes of questionable value should be accepted as collateral on loans when anticipation tax warrants in a city like Chicago are refused on a loan is a question that even an astute banker cannot answer.



I say they should go hand in hand. But where the Federal Government is spreading throughout the United States this very beneficent activity, and it is good, it is a couple of million dollars a month as an outright gift for the payment of teachers' salaries.

Mr. Chairman, the Reconstruction Finance Corporation should be authorized by law to make loans to municipalities and to public-school districts for the payment to teachers of unpaid as well as current salaries. Such loans should be made upon school warrants lawfully issued or upon real estate tax warrants issued in anticipation of taxes, at a rate of interest not exceeding 3 percent per annum, and should be made for a period not to exceed 10 years. The Federal Government certainly should make loans in this direction in the interest of the education of our children. What public work is there in the United States more important than the public work of educating our children? There is no public work in the United States so important as the education of our children, and why it should be so shamefully neglected will be a question which the present administration will have to answer before long. Money is being loaned to railroads on questionable security, almost by the billion. Is the stabilization of a railroad more important than the education of our children?

[Here the gavel fell.]

Mr. BOLTON. Mr. Chairman, I yield to the gentleman from Illinois 5 additional minutes.

Mr. BRITTEN. I contend that even the preservation of the banks, the preservation of the insurance companies, the public works that are being instituted all over the United States, is not as important to the future welfare of the United States as is the education of our boys and girls. Surely, my friends, this Congress should take action on at least one of those bills pending before the Committee on Banking and Currency, where no outright expenditure or gift from the Federal Treasury is demanded. There is no loan in the United States, under ordinary circumstances, that is as good as an anticipation tax warrant on private property, particularly in a city like Chicago. It has always been held the very finest sort of security. The banks of the country have accepted tax anticipation warrants in your town and mine, I do not care where you live or where you come from, as the ultrasecurity to be had for loans because of the simplicity of its collection. Suppose the Federal Government had a lot of these tax warrants, it could put a manager in any man's property until the taxes had been paid, and when the taxes were paid the Federal Government could step out again. The Reconstruction Finance Corporation is equipped today to handle this business.

I say to you, and I think I know the general attitude of President Roosevelt about as well as any man on the floor of this House, that this Congress does not sense the President's desire when he constantly refers to humanity's needs, as he did on yesterday. Is there any need of humanity so important as the education of your child and mine; the child who, 10 or 15 or 20 years from now, has to go out in the world and compete with the European and with the South American and with the Asiatic; and if he does not have the proper gray matter he is going down to defeat. We are just sitting idly by and we are doing nothing. I contend that we do not propose to do anything, when in certain communities—and I am not thinking alone of Chicago—the teachers are actually starving. That frightful condition is the reason for the \$20,000,000 expenditure, which is an outright grant coming through the Civil Works Administration.

Mr. RANDOLPH. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. RANDOLPH. I am in hearty accord with what the gentleman is saying, and I simply want to add the observation that in the State of West Virginia the condition of our school system for the children and for the teachers is one of the most challenging in the history of our Commonwealth.

In the face of this crisis I commend the spirit and sacrifice of those who are carrying on in the face of discouragement. To forget our duty to America's youth today is for us to fail in our duty to the future.

Mr. BRITTEN. Oh, yes; and I may say to the gentleman that we are spending this \$20,000,000 through the C.W.A. as a relief measure. I agree with the gentleman that relief is very valuable there, but in the rural communities the teacher is very much closer to the student and very much closer to the parents than in the big cities.

Mr. COLLINS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. COLLINS of Mississippi. The gentleman knows that I introduced a bill to authorize an appropriation of \$100,000,000 for that purpose. This bill went to the Committee on Education. This committee held hearings. Did the gentleman testify at the hearings?

Mr. BRITTEN. No; I did not even know the gentleman had such a bill before the committee. I did appear before the Committee on Banking and Currency where nine or ten bills were pending; but I do not recall that the gentleman had one there, although he may have.

Then, the gentleman agrees with everything I say. I repeat that in the rural communities the teachers are very much closer to the students and the parents. The teachers there are in no danger of starvation. The farmers will see that they get eggs, that they get pork, that they get apples, that they get potatoes and other farm products; there is no danger of the teacher in the rural community going without a good roof over her head or going hungry. But this does not apply in the big cities like Chicago, Detroit, Pittsburgh, Philadelphia, and New York where teachers have actually fallen over through weakness from hunger because they had no funds with which to provide the daily needs of life.

Mr. Chairman, in the city of Chicago the school teachers worked 9 months last year and got but 6 weeks' pay; yet the schools in Chicago are open today and the school teachers are not being paid. This spirit is as courageous as any spirit in war time, these fine men and women toiling with the kids they love with little in their stomachs in the shape of food. This condition could not come about in a rural district, because there the teachers and the families are very close; they understand each other; they call each other by their first names.

One of these bills should be reported out; and if this Congress does not do it, I say to you that every Republican on this side of the aisle will make speeches between now and next election time and let the fault lay where it will. If the Democratic administration is not going to insist on this legislation, then the House of Representatives should insist upon it.

You gentlemen on the other side of the aisle who have your President's interest at heart, your democracy at heart, your own political welfare at heart—you gentlemen with your tremendous majority can report out one of these bills. It will not cost the Federal Treasury a dime if you surround the Reconstruction Finance Corporation with authority to lend money only on good sound collateral and on rules and regulations to be made by the R.F.C.

[Here the gavel fell.]

Mr. BAILEY. Mr. Chairman, will the gentleman from Mississippi yield 1 minute to the gentleman from Illinois that I may ask the gentleman from Illinois a question?

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 1 minute to the gentleman from Illinois.

Mr. BAILEY. Does the gentleman know that the Committee on Education just a week ago completed hearings on this question and are now considering a bill covering the problem?

Mr. BRITTEN. The gentleman from Mississippi [Mr. COLLINS] told me a moment ago about a bill he had before that committee.

Mr. BAILEY. Yes; they are considering this very question and have heard the testimony of representatives from the gentleman's own city and State. The committee is now considering the question and will report the bill out as soon as they can wisely do so.

Mr. BRITTEN. I wish to congratulate the gentleman for making the positive statement that the committee of

which he is a member is going to report such a bill. I feel that loans should be made to municipalities to pay the salaries of these teachers where the municipalities have good collateral. I regard this as much more important than 90 percent, or I will say 100 percent of your Public Works program scattered throughout the United States. A very large portion of the P.W.A. appropriation is given as an outright grant to the community.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, I am very much pleased that my colleague [Mr. BRITTEN] takes such interest in wishing to relieve our school situation, of which he so bitterly complains.

Had it not been for the action of a Republican President, Mr. Hoover, in vetoing the first Reconstruction Finance Corporation bill, this relief would have been provided long ago. Unfortunately, President Hoover vetoed the bill because it provided that loans could be made to municipalities, to States, and even to private institutions. In the desire to give the country some legislation we were obliged to take the bill as amended by the Senate, which precluded making any loans for projects that were not self-liquidating. This made loans to school districts for school purposes impossible. He remembers that, I presume.

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

Mr. SABATH. I gladly yield.

Mr. BRITTEN. Is the present administration in favor of making loans to private individuals and corporations?

Mr. SABATH. The present administration is going to do anything and everything to properly help everybody in the country, private interests, individuals, and corporations if it will aid the masses of the people and restore the commerce of the country.

Mr. BRITTEN. That is not an answer to my question.

Mr. SABATH. Mr. Chairman, I cannot yield further.

The criticism made by the gentleman from Illinois [Mr. BRITTEN] of the R.F.C. is proper; but all the things about which he complains occurred under a Republican administration. Although loans were made to railroad companies, to insurance companies, and to the big bankers of the Nation, the small banks were forced to close and the millions of depositors lost their life savings—everything they had—in the smaller institutions.

When I introduced that bill the first day of the Seventy-second Congress I had in mind, and my bill so provided, aiding municipalities and States. This would have taken care of the school districts and been of benefit to the entire Nation. I advocated and pleaded with President Hoover and with Eugene Meyer, then Governor of the Federal Reserve Board, to accept for rediscount Finance Corporation paper and short-term municipal bonds and anticipating warrants of municipalities. I urged it on them and pleaded with them to adopt it. I still believe that had they followed my advice at that time the Nation could have been saved from much of the wreck and ruin which was brought about because they refused to listen to reason and good advice.

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

Mr. SABATH. I yield.

Mr. BRITTEN. Has the gentleman begged and pleaded with Jesse Jones, Chairman of the Reconstruction Finance Corporation, at the present time?

Mr. SABATH. Yes; I have. But unfortunately, the law does not allow making loans for school purposes or municipalities unless it be for self-liquidating projects. It is for that reason, as the gentleman knows, I have introduced several bills in the last session and again this session, giving the R.F.C. the authority and power to make loans regardless of the self-liquidating provisions.

These bills are now before the Committee on Banking and Currency, and, as the gentleman knows, I have secured a hearing on them and have appeared before the committee, urging favorable action upon them, and I have been assured that due consideration will be given them shortly. More-

over, I have endeavored to secure relief from the Civil Works Administration, as well as having urged favorable consideration of the bill pending before the Committee on Education.

My colleague is unjustified, however, in charging that nothing has been done for Chicago or Illinois. I think it is the first time in many, many years that Illinois has been decently and fairly treated, as he himself knows.

The Civil Works Administration has set aside fifty millions to keep schools open. True, this fund has gone to the rural communities, because it is believed that the large centers are in better position to keep their schools open than are the cities with a population of less than 5,000. However, in view of that relief to the rural sections, I am hopeful that this will enable us to obtain favorable action on my bill, which is not seeking any grant but which only authorizes making loans to municipalities that can amply and fully protect the Government against failure to repay, the same as Chicago can, especially since a special act of our legislature authorizing the school board to pledge in addition to bonds the clear real estate of the school board having a value of between thirty and forty million dollars.

We secured relief for the sanitary board. We have secured loans that are of great benefit and blessing to thousands and thousands of employees. I understand, appreciate, and deplore the condition of our school teachers and our children, but unfortunately I am obliged to call attention to the fact that in the city of Chicago, where the school teachers have remained unpaid for many, many months, it is not the fault of this administration. It is the fault of a Republican administration that wasted the school funds. If proper care had been taken of the taxes that had been collected and of the funds of the school board, the school teachers today would not be 8 or 9 months without pay.

Mr. MILLARD. Will the gentleman yield?

Mr. SABATH. The gentleman does not know enough about the situation.

Mr. MILLARD. May I ask the gentleman one question?

The last three mayors of the city of Chicago were Democrats?

Mr. SABATH. No; the gentleman, as I knew, is not well informed. The Democrats came into power in Chicago in 1933, not quite 2 years ago, and due to the assassination of Mayor Cermak we have had two Democratic mayors since that time; but, unfortunately, the Republican school board remained in complete power until some months ago, and had it yielded to the appeals of Mayor Cermak, a Democrat, after he was elected and started to practice economy instead of extravagance, the school board could have paid up. The reckless extravagance occurred under Thompson's Republican administration. Thompson was in power for 4 years, and the deficit was created under his administration. The Democratic administration stepped in and started to practice economy. We have eliminated these abuses and graft and have brought about a condition whereby we will be able to balance the budget from now on. As I have stated, had the Republican school board taken the advice or listened to former Mayor Cermak and Mayor Kelley, the conditions would have been different. These unfortunate conditions, however, are with us, due to Republican misrule. The school teachers and the children are not responsible.

In addition to the reasons I have given and the reckless extravagance of the Republican school board appointed under ex-Mayor Thompson, which school administration held sway and had control until May or June 1933, a further cause for the nonpayment of teachers' and school employees' salaries was the differences of Republican Mayor Thompson and the Republican State Tax Commissioner, Mr. Malone, as to tax assessments. Their protracted fight, together with the action of the Republican board of review in ordering a reassessment of properties in Cook County, delayed the collection of our 1929 and 1930 taxes for 2 years. Thousands of taxpayers with millions of dollars available in pocket and in bank were forced to hold their tax funds awaiting receipt of tax bills. With the crash and destruc-



tion brought about by the Republicans, with the resultant and continuing closing of banks in the Chicago area in 1930, 1931, and 1932, today approximately 40 percent of the 1929 and 1930 taxes remain uncollected, a great majority of the hard-pressed property owners being the victims of these bank failures in which their tax funds were tied up or totally lost. Therefore, in the face of these facts, the attempt of some of my Republican colleagues to find fault with the Democratic administration in the city of Chicago, county of Cook, or the State of Illinois, as to the present unfortunate financial condition is ridiculous and preposterous.

I hope and expect that the House Committee on Education, as well as the Committee on Banking and Currency, will report bills that will bring about relief. I am heart and soul for any bill which will bring about this relief. I am not wedded to the bill I have introduced. I would be just as happy if they would report any bill regardless whose name it bears so long as it will relieve the conditions now existing in Chicago and elsewhere. With me it is not a question of politics; it is not a question of whose bill it is. It is how we can relieve the conditions, and while I am pleading for relief I cannot allow to go unanswered the criticism against this administration. My colleague charges that we have appropriated tremendous sums for other purposes, and that is the charge of other Republicans.

Concededly, we have been expending a great deal of money under the direction of President Roosevelt and the Democratic administration for humane purposes. I grant that education is of particular importance to the Nation, but let me tell you that the feeding of the starving people and creating employment for the unemployed, to my mind, is of as great importance to the starving people of this country as is providing for the payment of these school teachers.

The school teachers are patriotic men and women and I know they will continue to bear with the Nation until we can be placed in a position whereby we will meet our bills, balance the Budget, and pay these deserving people. As I previously stated, we have expended large sums of money, but is there anybody here who will deny that the expenditures made to feed hungry, starving people were unfair or unjustifiable? No one can tell today what would have taken place in this country if we had not taken care of the 15,000,000 people who were unemployed in 1930, 1931, and 1932. Thanks to President Roosevelt and the Democratic Party, we have to a great extent demonstrated to the masses of this country that this administration will not permit the American people to starve, that we are ready and willing to appropriate millions more to see that they are properly clothed and obtain enough food so that they can continue to exist. [Applause.] But we are not ready and willing to continue that procedure if we can create employment for worthy citizens, whereby they will be self-sustaining; if these eight or nine millions still out of employment can be put to work to provide for themselves and their families without assistance from the Federal Government, the States or the municipalities to keep them off charity. [Applause.]

Knowing my Republican colleagues as I do, I feel that they will claim that under Thompson's administration the school teachers were paid. Yes; I admit that the school teachers and the thousands of employees and contractors were paid under Thompson, but he used \$60,000,000 of the city's funds and the subway fund for that purpose; and he left millions of unpaid bills, so many that in 1931 the work on the many school buildings had to cease, because not only school funds and the city funds were gone, but the credit of the city and of the school board was gone.

Mr. Chairman and gentlemen, I do not object to honest criticism, but I do resent undeserved, willful, destructive criticism. Criticize until you are black and blue in the face, yet people know, appreciate, and recognize that President Roosevelt is doing all within his power to improve conditions brought about by Republican extravagance, corruption, and misrule.

Mr. BOLTON. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, this looks like a field day for the State of Illinois. I am very happy to have a brief opportunity to elaborate upon the remarks of the preceding speaker with reference to the pedagogical situation in Chicago. The eloquent and epic statement made by the gentleman from Illinois [Mr. SABATH] would be convincing enough if we who also share the honor of citizenship in the State of Illinois did not know better.

They owe these school teachers in Cook County and the city of Chicago about \$22,000,000, and when they had Republican mayors in Chicago previous to the late lamented Mr. Cermak and the present Democratic mayor, Mr. Kelley, they always paid the school teachers right on the dot, and the gentleman from Illinois, the distinguished member of the Rules Committee, will admit the truth of this statement. All of the deficit that is piled up at the present time has been piled up under the scuttling practices of a couple of Democratic mayors and a Democratic city administration. Is that not right?

Mr. SABATH. It is not right. The gentleman is wrong, absolutely wrong.

Mr. DIRKSEN. The facts will bear out the statement.

Mr. SABATH. The deficit was created under Thompson's administration.

Mr. DIRKSEN. There was some deficit, but not such a tremendous deficit as exists at the present time. What is the situation with respect to the Sanitary District, another of your taxing bodies that the gentleman knows all about? You cannot go out and pledge any of those bonds for money on the line, without tremendous discount.

Mr. SABATH. We do not need it any more.

Mr. DIRKSEN. The gentleman will probably be coming here to the Government of the United States and asking for more before very long.

Mr. BRITTEN. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Illinois.

Mr. BRITTEN. The fact of the matter is that during the last administration of a Republican mayor of Chicago every city employee was paid right up to the last moment before the Democrats came in.

When Cermak came in the deficit started. The deficit got larger, pay was withheld, with the result that between \$22,000,000 and \$24,000,000 today is owed to the city employees of all kinds, policemen, firemen, school teachers, and everybody in the city of Chicago is behind in pay, due entirely to the two Democratic administrations.

Mr. DIRKSEN. And let me say that that is not all: they owe the State of Illinois many millions in taxes which the State has not been able to collect.

Mr. SABATH. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. SABATH. I know the gentleman does not desire to be unfair to the city of Chicago.

Mr. DIRKSEN. No, indeed.

Mr. SABATH. There is one fact which I did not have time to call attention to, and that is the fact that we are 2 years behind in the collection of taxes.

Mr. BRITTEN. Two Democratic years.

Mr. SABATH. And this is due to the fight between a Republican mayor and the Republican tax commissioners, who by their fight prevented the levying of taxes against real estate and prevented the collection of any kind of taxes. We are now beginning to collect them.

Mr. MILLARD. Will the gentleman yield? Is this the same city that the gentleman from Illinois referred to in his speech?

Mr. DIRKSEN. The great city of Chicago, the metropolis of the West; yes.

However, Mr. Chairman, I had no intention of washing any of the linen of the great Commonwealth of Illinois here this afternoon. What I rose to speak about very briefly has reference to the proposed measure that will come to the attention of this body before very long dealing with reciprocal tariff powers to be conferred upon the Chief Executive.

I am led to speak very briefly on the subject for the reason that on Sunday night when I went to my apartment there

was a professional broadcaster on the radio who charged directly and indirectly that the Republican criticism that had been aimed at the contemplated enlargement of the tariff powers of the President was based on pettiness and partisanship and that sort of thing. So I believe I should clarify my own particular position, because I am at present opposed to the granting of such powers, and I believe I can rise above all sectional interests to the point where my objection can be based on principle.

You know Adam Smith, the old English economist, long ago advanced the theory that there should be division of labor between nations as well as individuals; in other words, if some nation in Europe has a special adaptability to some kind of manufacturing, that nation ought to lend its efforts in that direction and so take that share of the world's work. If over in the Western Hemisphere there is a nation that can best produce foodstuffs and raw materials, that nation ought to direct its energies to that end. Nations, like individuals, should do the things they could most efficiently and economically do. They preached this doctrine of division of labor between nations for a long time, but it occurs to me that this doctrine has become worn out, particularly so under the stimulus of the World War.

Let me say that when the World War came on and the submarine warfare became rather effective we found, for instance, in this country that we were dependent upon Germany for a supply of salvarsan to take care of that dread social scourge, syphilis; we did not have sufficient to go around, and here we were dependent on another nation. We were dependent upon Germany for luminal, which is used as a preventive of epileptic fits. We were dependent upon Japan for camphor. We were dependent upon Sicily for sulphur, until they discovered the deposits in Louisiana. One might compile a long list of items for which we were dependent on other nations.

We shared a certain dependency upon all the nations of the world, but when the war came on and we found that these available supplies in the different countries of the world had been shut off, it stimulated inventiveness, it stimulated industrial enterprise, and as a direct consequence we began to expand our nationalistic spirit and to determine that perhaps after all, both agriculturally and industrially, we could set up a certain kind of independence. We found ourselves more or less dependent on Germany for dyes and dyestuffs, but under the stimulus of the nationalistic and inventive spirit that deficiency was remedied and we now produce dyes. We seemed so dependent on Chile and Germany for nitrates, and then came the fixation process, a development of which we now see in the work being carried on at Muscle Shoals. We used to import five sixths of our requirements of rayon, because as late as 1921 we only produced 15,000,000 pounds. Today, however, we are producing more than 140,000,000 pounds annually and giving employment to 40,000 people in that industry. The war made us keenly conscious of our dependent condition, stimulated enterprise, disclosed the tremendous opportunities in so many fields, and as a result we are in the position where we cannot only produce virtually everything we need but can produce more.

While this development was proceeding in the United States, do not forget that the same stimulus was operating in other countries. Mussolini no longer needs Johnny Bull's coal, because Mr. Mussolini developed Italian water power. Hydroelectric development also proceeded in Sweden and Switzerland and elsewhere. Germany and Norway carried the nitrogen fixation for fertilizers to a high and efficient degree. The world's sugar problem was aggravated by expansion not only in this country but in Asia and European countries as well. The Chinese and Japanese, quite alive to the fact that the great market for cotton goods was in the Orient, increased the number of mill spindles by the hundreds of thousand and already threaten the outlet for the cotton cloth which is made in England of American cotton and then shipped to the Orient. We are proud of American craftsmanship in the manufacture of shoes, and yet so intensive has been the development that Cuba, Mexico, Bo-

livia, Czechoslovakia, and virtually all other countries now manufacture shoes in quantities. One cannot point to a single industry but what he will find, with few exceptions, that other nations have so paced our development that today they are not only our competitors, but by virtue of low wages, can actually threaten us because of the low prices which they are able to maintain. A look in the merchandise stores will convince anyone that Japanese shrimp, pottery, toys, incandescent lamps, Chinese novelties, Czechoslovakian linens, Norwegian sardines, and canned fish, and a host of other items are selling in quantities, and in proportion as they do they simply perpetuate unemployment, because there is no market in those countries for our wares.

Nor will there be. What will they use for money if we expect them to become outlets for our goods? We shall be compelled to finance them if we expect to sell to them. If they use our money to buy capital goods, it means that they are only preparing for more intensive competition with us. If they use loaned money to buy consumers' goods, we may just as well kiss it good-bye, because it will probably not be repaid. If we must take goods from them, then we must squarely face the problem of determining what portion of our people must relinquish their present livelihoods and transfer their efforts to the production of exports goods. There will ultimately be no way to avoid these painful decisions. They must be made.

One fact we so often overlook is that we have steadily reduced immigration to the point where we now lose more people annually than we gain. If outlets for the peoples of other nations are closed, those nations must provide plant equipment to give them employment and that but intensifies the ultimate struggle, if we intend to follow this will-o'-the-wisp of international trade.

As I see it, we have in recent years loaned money to every country on the globe, sold them machinery, sent them our best brains, taught them how to become manufacturing nations, making the same goods we used to sell them, and now we are about to plunge into competition with them by trying to revive international trade.

Now, it seems to me that the program of the administration, as it began last March, was definitely along nationalistic lines, and I am willing to subscribe to that program for better or for worse, provided it consistently seeks to carry out such a policy. But in this reciprocal proposal, it makes a sharp departure. For some time economists have contended that there should be brought about a balance between consumption and production, and the policies they are pursuing under the Agricultural Adjustment Administration, such as retiring of marginal land, reducing the production of corn and tobacco and cotton and hogs, is a direct attempt to bring about a better balance between consumption and production. But it occurs to me that if the Chief Executive should carry out the traditional policy and the leanings of his party with respect to economic treaties that are in contemplation at the present time, it would be hopelessly at variance with the very program upon which we embarked in March of last year.

I can see no relationship between the two. They seem to be at complete variance. On the one hand we seek to effect a domestic balance and on the other we are asked to throw that same domestic market open to foreign exploitation. Be it understood that these conclusions are by no means hard and fast. Rather, I am sort of thinking aloud today in the hope that queries will bring out additional light on the subject. After all, whether there shall be high protective tariffs or low tariffs, or free interchange of goods with nations whose standards of living are lower than ours, is not a question of preserving any one or any group of industries. It goes deeper than that. It is a question of preserving American living standards. Are we willing, for the sake of making a benevolent attempt to pull the standards of other nations up, to take the perilous chance of having our own pulled down?

It seems to me to be an altogether futile task to breathe life into a dead horse, and by "dead horse" I mean this theory of internationalism that we have embraced hereto-



fore. First, I doubt whether it can be done. Secondly, it is highly doubtful whether it should be done, if it could.

Let us look at it for a moment from the viewpoint of agriculture. If I thought for one moment or can be convinced that reciprocal tariffs will bring benefits to the farmer, I would embrace the idea with great enthusiasm. I can see no benefits for the farmer, because I can see no outlet for the very agricultural commodities that constitute our chief surplus.

If we go back to the war for just a little bit, we find there was such an intensification of agricultural efficiency in Denmark, in Norway, in Great Britain, in France, in Germany, and elsewhere, that their acreage yields have substantially increased since the war. We find, for instance, in Italy—where they produced 184,000,000 bushels of wheat in 1915—Mussolini stated, on the 16th of December 1933, in a special article in the St. Louis Post Despatch, that their production would be 300,000,000 bushels, and they are reclaiming an additional 7,000,000 acres of land with which to enlarge their wheat production.

The result is what? It may be determined by looking at Italy's wheat purchases in 1915 when it was 52,000,000 bushels, while the amount last year was less than one and one half million bushels. She has become self-sustaining as far as wheat is concerned. A little bit later she will not only be self-sustaining but be a competitor for exports.

The same thing is true of Argentina, the same thing is true of Australia, the same thing is true of Canada, and of the United States. As a result I believe that Secretary Wallace was on perfectly good ground when on the 16th of December, in a special article, he wrote that the world production of wheat had increased more rapidly than the population, and that our excess carry-over of foodstuffs in 1933 was twice that of 1926.

A glance at the figures in the Agricultural Yearbook for 1933 are rather illuminating. In 1890 world production of wheat was 1,878 million bushels. In 1932 it was 3,771 million bushels. That total for 1932 does not include Russia, where production was enormous. In 1890 Russia produced but 212 million bushels. It is safe to assume that in 1933 it will be in excess of a billion bushels. Canada produced but 42 million bushels in 1890 and 431 million bushels in 1933. Argentina produced but 31 million in 1890 and 321 million in 1933. Australia produced but 27 million in 1890 and 200 million in 1933. Greater farm efficiency, not only in America but in all corners of the world, but also greater acreages have simply drugged the world with wheat that far exceeds the increase in population.

This kind of decrease is also reflected in beef, pork, lard, and other commodities, and if one will but examine the figures he will find that the decline in exports did not set in in 1930 or 1929, but back in 1920 and 1921. Already at that early date we were beginning to feel the effects of production in other nations, but we paid little attention to it. The figures are expressed, not in dollars but in pounds, bushels, tons, and bales. That means that the old wheeze of depreciated money cannot be brought out as an explanation that the declines are due to fluctuating exchange rates.

I saw a statement made by Dr. Ezekiel only recently in a pamphlet saying that this excess carry-over started 6 or 7 years ago. I agree. It is not a matter that comes to us like a thief in the night. It started years ago and we did not heed the warning, we did not sense the signal bells, and as a result today you find intensified production of agricultural commodities the world over, far in excess of world demand, and then expect to remedy the trouble by applying reciprocal agreements.

That leads us to this radical question: Suppose we enter into reciprocal agreements with relation to wheat, of which, prior to 1929, we exported 20 percent of our entire crop. Where are we going to export it now? Send it to Italy? I say no, because the aggregate amount of wheat there is beyond their requirements. Send it to Norway, to Sweden, Germany, to Denmark? Indeed, no, because they have a sufficiency. They are in the export market themselves, and

so far as the information comes to us they have sufficiency. That is to say, their requirements are so small as to be of little consequence in this export picture. Are we to enter into reciprocal agreements with the nations that are not able to pay for it? No; we have had some experience in that respect.

Mr. DONDERO. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. DONDERO. Is what the gentleman says about wheat true of other things going to make up food for the existence of life?

Mr. DIRKSEN. Those are the precise things I want to discuss as I go along. All these staples that are designated as agricultural commodities are the things that manifestly we would want to export. We face that condition in all respects, particularly with regard to cotton, the market for which is being slowly shut off because they are raising cotton in Argentina, in Brazil, in the Georgian Caucasus, and in India. It was said by a member of the British Parliament that in 5 years the calico printers of Lancashire and a great many weavers will be put out of business. Do you know why?

The cotton that went from the United States across the pond was fabricated into cloth in Lancashire mills, and then the cloth was shipped to India, China, Japan, the Orient generally. What is happening today? They are setting up the printing and knitting and weaving and spinning mills right there in the Orient where they are growing the cotton. That is the reason for the statement in the Parliament that they expect ultimately to have their interests prejudiced in England. If that is true, then what outlet other than a temporary one can we see, particularly for this fluffy product of the South? How can the situation be improved to any measurable or advantageous degree by conferring a grant of power to the President to enter into reciprocal agreements that might result in downward as well as upward revision, and do more harm than good in unbalancing the present program and imperiling the vast expenditures already made?

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

Mr. BOLTON. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. SUMNERS of Texas. Mr. Chairman, before the gentleman begins I should like to ask him a question.

Mr. DIRKSEN. I yield.

Mr. SUMNERS of Texas. The gentleman is making a very interesting statement. Does the gentleman have any notion that possibly the tariff policies of the world have resulted in a congestion, and in a congestion in the world's economic circulatory system, that it might be agreed that we could work around and go back to the old notion of letting other people produce, and bartering with them?

Perhaps I can make my question a little more pointed. If the cotton producers and the corn producers are shut out from the markets of the world, then the manufacturers of America, it seems, would be shut out from the purchasing power of the people heretofore producing that surplus. I am asking that question not in a combative or antagonistic way, but it is an interesting point, and the gentleman has evidently studied this question.

Mr. DIRKSEN. I am grateful to the distinguished gentleman from Texas for the question. I want to assure the gentleman that I do not profess to be an expert, but I have labored over this matter, and shall be glad to present my views on the matter. The gentleman alludes now to the purchasing power of the world; that is, these other countries with which we have had commercial intercourse all these years.

Mr. SUMNERS of Texas. Yes.

Mr. DIRKSEN. And of the purchasing power that would recede from this country by virtue of high tariff walls?

Mr. SUMNERS of Texas. Let me make my question a little more clear. If, by reason of our tariff walls, we force countries who have ordinarily purchased from us to make

capital investment in order to supply their own needs, would not that be rather a dangerous thing for us to do?

Mr. DIRKSEN. I am glad to get the gentleman's question correctly, because I fear precisely that conclusion. I believe, first of all, that this country has capacity for self-containment. I believe that as a matter of policy it would be basic and fundamental, and that we would be infinitely better off than to give opportunity to other hungry nations in the world to come in and exploit the greatest and most open free market that is left on the face of the globe. I rather fancy that there are only a few countries that have a complete capacity for self-containment at the present time. I should say that the United States is one, that Russia perhaps is another, and that ultimately Japan, if she enlarges her territorial domain and continues to push into Manchukuo and Manchuria will have that. Now the gentleman says that is dangerous.

Mr. SUMNERS of Texas. I did not say so. I was asking the gentleman.

Mr. DIRKSEN. The gentleman will excuse me making the wrong inference. There are a great many people who infer and assume that it is dangerous to carry on a policy of isolation. I say that economically we can do it. We can do it for the simple reason that there are only three or four products that are lacking within the territorial confines of this country to make us completely self-contained, and if we were compelled to do so, those could be synthetically produced. I refer to tin, that we receive from Bolivia, and to rubber and to tea and possibly to coffee, and I assume there would be a way to supply our needs and requirements of those through the laboratory or in some other synthetic way, so that we could be self-containing.

I started out with the premise that I thought we were trying to breathe life into a dead horse called "international trade" through the instrumentality of this reciprocal tariff policy, and that, in my estimation, it cannot be done for one thing; and, secondly, it is not desirable. When we look at our export trade, here is what we find: In 1932, 35 percent of our total exports were made to five countries that have defaulted on their war debts—Germany, France, Belgium, Italy, and Great Britain. Those five countries took 35 percent of our exports in 1932.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. BOLTON. I yield the gentleman 2 minutes more.

Mr. DIRKSEN. Mr. Chairman, by way of conclusion, and I am sorry that I must conclude, let me say this. What has happened in this country, as far as expansion of industry and efficiency are concerned, is happening also in other countries. Let no one labor under the misapprehension, because a man's skin is yellow or black, that under modern conditions, with the agencies of standardization and mass production, that that man is not equal in skill to the American workingman. Why, Henry Ford can take a man, black or yellow, who cannot talk our language, and inside of a week he will make an efficient workman out of him.

That has happened in all countries. They have developed agricultural independence. They have developed certain industrial independence, and largely so through our own contriving.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. SHALLENBERGER. The gentleman's argument leads to the fact that we should abandon tariffs and place embargoes? In other words, we should abandon the idea of restoring our foreign trade by simply prohibiting it entirely?

Mr. DIRKSEN. I think ultimately that is what we would come to, if the present condition persists.

Mr. SHALLENBERGER. The gentleman has not forgotten that upon this matter of reciprocity the great Republican President, William McKinley, and James G. Blaine were the first advocates and forceful speakers for this policy of reciprocity. It really had its origin in the Republican Party and not in the Democratic Party.

Mr. DIRKSEN. Possibly so, but as an individual who tries to get away from all sectional sentiment I cannot sub-

scribe to it in the light of what has happened since 1917 and 1918. The war opened our eyes. It opened the eyes of other nations. It was the rude jolt which indicated to nations that there was nothing particularly sacred or divine about industry or agriculture and that they could make shoes and ships and pottery and raise wheat and rye and hogs the same as this or any other country.

It is regrettable that more time is not available for a more logical and extended discussion of this matter. However, by way of conclusion, let me say that we have in the hysteria days loaned billions to other nations, have in fact begged them to accept our money, have sold them machinery and capital goods, have showed them how to do it, have watched them do it, have watched them develop from customers to competitors, have seen them become efficient both industrially and agriculturally, and thus shatter Adam Smith's old theory of division of labor among nations; and now, with their low wages, low standards of living, and their inability to buy from us unless we loan them the money, we contemplate opening up the American market and pulling down the American standard of living in an international trade battle. I doubt the wisdom of such a course.

We started out on a nationalistic basis. Millions have been expended to curtail production. Millions are exacted from the American public in the form of processing taxes. We seek to effect a domestic balance of consumption and production, and now we are about to open the back door and let the products of other nations in, in the hope that they will buy from us and so help ease the present situation. If you can show me what they can buy from us and what they will use for money and show me a single substantial advantage, I shall be better able to understand the wisdom of this contemplated power to effect reciprocal agreements.

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

Mr. COLLINS of Mississippi. Mr. Chairman, I yield such time as he may desire to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent to extend my remarks on the recovery program of the President since he was inaugurated in March 1933, and to insert as a part of my remarks some excerpts from messages and speeches of the President relating thereto.

Mr. MARTIN of Massachusetts. Reserving the right to object, is it the gentleman's own remarks?

Mr. OLIVER of Alabama. Yes; and some excerpts from the President's speeches and messages on his recovery program.

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

There was no objection.

Mr. OLIVER of Alabama. Mr. Chairman, in a modest way I shall attempt to review some of the outstanding accomplishments of this administration. When the President was inducted into office and announced his program of recovery, I took my place at his side and have consistently supported and cooperated with him.

The progress that has been made and is now being made is nothing short of marvelous. Neither time nor space will permit a comprehensive survey of the entire work done and the difficulties overcome. The whole work has not been completed, but the light in the east is the breaking of the dawn of a new era, the coming of which is as sure as that Time itself will endure. No other President has faced such a serious situation as did Mr. Roosevelt when he took the helm of state in March 1933.

#### HOW NEW DEAL MET DESPERATE SITUATION

The banking situation was desperate. He did not delay or dally but told the bankers that they must all close their doors and keep them closed until such time as would be necessary to let the people get rid of the hysteria that was causing them to withdraw their holdings. He told the bankers that they must put their houses in order, that the



crooked money changers must be driven from the temple. He told the people that they must not hoard gold, and had laws passed by Congress that brought into the channels of commerce a vast amount of that money which was being hidden out.

The Reconstruction Finance Corporation was given broader powers and made to function more smoothly. In our own State, for example, the Corporation stepped into the breach and provided funds to pay our teachers and keep our schools operating in order that there should be no temporary breakdown in our educational system. Funds were poured into all needy sections of Alabama for this purpose. Funds have also been available to prevent foreclosure sales of many homes in country and town.

The National Recovery Act became a law and under it an unheard of field of activities was initiated. Millions of idle people were put to work, and bare backs were clothed, and empty stomachs were filled. The activities under this act have been far-reaching. No other peace-time undertaking has ever approached it in magnitude.

#### T.V.A. DEVELOPMENT CITED

The Tennessee Valley improvements are well under way, and soon the waters of that stream will be harnessed, the floods will be controlled, and the waters that through the eons of time have been wasted will be driving the turbines, producing electric energy, and will become one of our greatest national assets—instead of a white elephant it has become a white hope—

Auspicious Hope! in thy sweet garden grow  
Wreaths for each toil, a charm for every woe.

#### PAY CHECK VERSUS DOLE

The Public Works program has given jobs to idle people in every corner of the Nation. The pay check has forestalled the dole. The independence of the people has been encouraged and preserved.

The question of capital and labor, always difficult and trying, has been and is being ironed out. The Biblical edict that the laborer is worthy of his hire has been disinterred and a new motto has been added—that there must be reasonable working hours and adequate living wages, so that when pay day comes the workman will have money for meat and bread, clothes and raiment, a little to spend for pleasure and comforts, and some to lay by for the rainy day.

There can be no general prosperity if the farmer and those who toil for a daily wage are not adequately paid for their work. These classes consume more than three fourths of the necessities and essentials. The ball of progress can only be started when these people have something to spend. When these millions are gainfully employed, each revolution of the wheels of industry is given momentum, resulting in a demand for more coal, and iron and steel, more lumber and building materials, more things to eat, and more clothes to wear.

#### FARMER GAINS EQUAL RECOGNITION

Much has been done for the farmers. They were paid to plow up parts of their crops. Loans have been made to them at reasonable rates of interest. They have been advised and importuned to rotate crops, and grow on their farms, as nearly as possible, everything needed for living purposes. The table given below shows how the farmer has benefited. These figures are approximate and, of course, change from day to day:

Wheat today, 87 cents; last year, 47 cents.

Corn today, 51 cents; last year, 24 cents.

Oats today, 35 cents; last year, 16 cents.

Cotton today, 12 cents; last year, 6 cents.

Many other farm products are bringing better and more adequate prices.

The President has recognized and stressed the self-evident proposition that for real prosperity to be regained and maintained, the productivity of the farm and labor must be nurtured and not exploited.

Look at the prices given above and see what it means to my immediate constituents. The difference between the value of a cotton crop of 11,000,000 bales now and last

year is around \$300,000,000. This benefit does not stop the farmer, but enables him to pay the merchant, who can pay the banker; puts all kinds of money in circulation, and creates a cycle of spending that is felt in every mart of trade and commerce.

There is one strange thing in the history of this country. The farmers have never been recognized and treated by the Government as have been the industrial and financial interests. Everything we wear and eat must come from the farms. Without their products we must die. That farmers are entitled to an adequate, comfortable living is recognized by the President, and he has done more to help them than any other man who has ever served this Nation.

#### WOMEN SHARE NEW-DEAL EFFORTS

The President has not overlooked the good women. He has paid just tribute to their part in conducting the affairs of the Nation. Miss Perkins has been made Secretary of Labor, and no one can deny that she is making good with her administration of the affairs of her high and honorable position. Mrs. Ruth Bryan Owen is the Nation's representative at the Danish court, where her grace and charm are reflecting great credit and evidencing an ability for public service that is worthy of the daughter of the great commoner, William Jennings Bryan. Miss Allen, a lawyer and jurist from the State of Ohio, has been elevated to the United States Circuit Court of Appeals, the first woman to hold such a high place. There are many other able women also holding honorable and responsible places of trust under Mr. Roosevelt's appointments.

#### PRESIDENT ASKS CONTINUED COOPERATION

I want to call particular attention to some of the sayings of the President in a recent speech concerning his investigations of the capital-and-labor issues:

Every examination I make and all the information I receive lead me to the inescapable conclusion that we must now consider immediate cooperation to secure increase in wages and shortening of hours. I am confident that your deliberations will lead you also to this conclusion.

Reduction in hours, coupled with a decrease in weekly wages, will do no good at all, for it amounts merely to a forced contribution to unemployment relief by the class least able to bear it. I have never believed that we should violently impose flat, arbitrary, and abrupt changes on the economic structure, but we can nevertheless work together in arriving at a common objective.

#### SUPREME COURT CATCHES SPIRIT

The judges of the high courts of last resort have been caught by the spirit of the times and have held that emergencies such as have and now are confronting this Nation must be taken into consideration in passing upon the validity of laws enacted for the purpose of ameliorating the conditions which now surround and are prevalent all over the country.

The following is from a recent opinion of the United States Supreme Court holding valid a law passed by the New York Legislature fixing the minimum price of milk:

Under our form of government the use of property and the making of contracts are normally matters of private and not of public concern. The general rule is that both shall be free of governmental interference. But neither property rights nor contract rights are absolute, for government cannot exist if the citizen may at will use his property to the detriment of his fellows or exercise his freedom of contract to work them harm. Equally fundamental with the private right is that of the public to regulate it in the common interest.

The milk industry in New York has been the subject of long-standing and drastic regulation in the public interest. The legislative investigation of 1932 was persuasive of the fact that for this and other reasons unrestricted competition aggravated existing evils, and the normal law of supply and demand was insufficient to correct maladjustments detrimental to the community. The inquiry disclosed destructive and demoralizing competitive conditions and unfair trade practices which resulted in retail price cutting and reduced the income of the farmer below the cost of production.

#### NEW-DEAL POLICIES WILL WIN

In every crisis, in every emergency through which this Nation has passed, there has arisen some great genius—and I say it most reverently, at the call of the Almighty Ruler of the Universe—to grasp the helm of the Ship of State and pilot

her safely through the breakers to a haven where peace, plenty, happiness, and prosperity are found, where cosmos and not chaos reigns.

No one can say that the whole work has been done, but our undaunted and unafraid leader is still carrying on with wizardous foresight and intuition, and just as sure as Moses led the hosts of Israel in triumph through the Wilderness, just as sure as George Washington piloted the Continental Army to victory and nurtured the young Nation through its period of swaddling clothes, just so surely will we emerge from these troublesome times. We must all stand shoulder to shoulder and arm to arm and give all the aid and power at our command to the gallant captain of our hosts. There must be no bickering and no stalling at this time of travail in our country's history.

#### CONTINUED SUPPORT PLEDGED

The President has subordinated political expediency and partisan politics to the higher things which are exacting from him unbelievable labor, but his capacity for work seems unlimited. His grasp of the many difficult questions which he has been called on to decide and the facility with which he has handled them are marvelous. His cheery smile and contagious good humor, with his devotion to duty, have made him the idol of his people.

From the depths of my heart comes this sincere tribute to the great Chieftain. I have supported him as best I know how and shall continue to do so. I am proud and deeply appreciative that my people have honored me by giving me the opportunity to serve under such a leader.

May the President live long and see and enjoy the full fruition of his toil and have a happy journey down the shaded side of life's highway, surrounded by a happy and contented people.

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Chairman, I think the subcommittee on this War Department appropriation bill is entitled to great praise for the splendid work it has done on this measure.

By referring to bill we find that the total appropriation carried this year is about \$349,000,000. The appropriation for next year shows that the committee has cut that some seventy-odd million dollars, for which they are entitled to great credit.

What I want to speak to you about at this time is our national-defense policy in the air.

As you know, we have it divided up at this time among different departments—Bureau of Aeronautics, of the Army, Navy, Post Office Department, Commerce Department, Coast Guard, and several other bureaus bearing directly on this subject. Since the World War the Government has averaged in spending, so I am informed, more than \$100,000,000 annually on aviation, and this is more than any other nation is spending on aviation. Where are we going and what progress are we making? All of these are questions I am sure, in which we are all vitally interested.

#### WHAT IS OUR POSITION IN THE AIR?

What is our position in the air today? Where do we find ourselves? We find a divided organization, our land forces supreme on the land, our sea forces supreme on the sea, each

primarily interested in the fundamental principles and purposes for which they were organized, and therefore slight or neglect other departments under them where there is a conflict of interest.

Mr. WALTER. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. WALTER. Does the gentleman feel that a combination of all of the aviation activities into one department might in some way eliminate the various things we have been learning about recently?

Mr. McFARLANE. Yes, sir. That is just the proposition I am coming to, that is, a unified system of national defense. The creating and organizing of all these different departments and bureaus into one unified air system is what I have in mind. I believe that we must of necessity come to that if we are to take our proper place in the air. We must have unified air control. Hon. JAMES A. FREAR, in making their report on investigating aircraft expenditures in the War Department in 1921, said:

#### A SEPARATE AIR SERVICE INDISPENSABLE

Any investigation to be of permanent value should offer a solution for the problem of intelligent aircraft advancement.

Fortunately or unfortunately, the striking failure of the War Department to rise to the aircraft emergency, either in peace or in war, has made necessary the creation of a separate bureau or department of aeronautics. Therein all governmental activities should be centered, with a capable, progressive official at the head.

Practically every witness examined on the subject of future American air service united in a plea for separate independent control. From generals to lieutenants, from private citizens familiar with the subject, and from every experienced aviator appearing before our committee, including Generals Mitchell, Kenly, and Foulis, military aircraft authorities, and LaGuardia, Meissner, Kindley, and, last but not least, Rickenbacker—men who upheld American air laurels at the front—all unanimously urge a separate air service that will work and cooperate with the Army, Navy, Post Office and Interior Departments in the development of aviation. We feel that real progress in aviation must depend in a material degree upon encouragement given to civil and commercial aviation.

Adequate appropriations, wisely expended, are necessary to put America to the front, where she belongs. The imperative necessity for this policy must be apparent to all who have studied the constantly increasing scope of aeronautics. Cooperation with and encouragement to inventors and manufacturers and a broad, intelligent policy are demanded. Practically all other countries have adopted that course, and ours must not fall at this crucial period to do so.

The future of aviation is beyond our present dreams or understanding, and our Government must do her full part in leading in its development.

Great Britain faced this same situation during the World War. Germany organized and unified its air force in 1916. Great Britain in 1917, after much of its country was bombed and much property destroyed, was forced to organize and unify its own air forces under one head. Soon thereafter France, Italy, Spain, and the other countries followed suit. Ours is one of the few major powers today that do not have a unified air system.

It may be argued that we should continue as we have done, with a divided departmental service, and that each will not suffer as a result thereof. The answer to that, my friends, I think, can be found in a careful analysis of some statistical charts that I shall insert in the RECORD to show the exact position of the United States in the air as near as we can reach a conclusion at this time.

(The charts are as follows:)

#### COMPARISON OF THE LEADING WARPLANE ENGINES OF THE WORLD, 1933

TABLE I.—Warplane engines, characteristics and performance

SEC. A. 400 TO 450 HORSEPOWER FOR SMALL FIGHTERS

Position	Country	Engine	Cylinder arrangement	Cooling	Rated horsepower	Maximum power		Weight (pounds per horsepower)	Supercharged	Remarks
						Actual horsepower	Altitude (feet)			
1	France	Delage G.V.I.S.	12A	W	450	450	16,500	1.30	S	Inverted.
		Farman 12 G.V.I.	12A	W	450	420	18,150	1.28	S	Inverted, 540 h.p. maximum.
		Potez 12 A.S.	12	W	400	400	21,450	1.71	S	Opposed cylinders.
2	Great Britain	Armstrong-Siddeley "Jaquar"	14 R	A	400	400	14,500	1.99	S	
2	Japan	Mitsubishi "Jaquar"	14 R	A	400	400	14,500	1.99	S	License from Great Britain.
3	U.S.A.	Pratt & Whitney "Wasp Jr." T-3A	9 R	A	420	360	4,000	1.50	S	Mildly supercharged, 1932.
		Wright "Whirlwind" SR-975-E2	9 R	A	420	360	4,000	1.40	S	Mildly supercharged, 1932.



TABLE I.—Warplane engines, characteristics and performance—Continued  
SEC. B. 500 TO 550 HORSEPOWER FOR FIGHTERS

Position	Country	Engine	Cylinder arrangement	Cooling	Rated horsepower	Maximum power		Weight, pounds per horsepower	Supercharged	Remarks
						Actual horsepower	Altitude (feet)			
1	Great Britain	Bristol "Mercury IV" S. 2.	9R.	A	540	560	16,000	1.12	S	Special: 893 h.p. at 16,000 feet. 1351. Holds world's long-distance record of 5,341 miles. License from Gt. Britain, 1931. 800 h.p. maximum.
		Armstrong-Siddeley "Panther"	9R.	A	535	520	11,200	1.86	S	
		Napier "Lion" XV	12V.	W	550	600		1.75		
2	Japan	Nakajima "Jupiter" XF	9R.	A	540	570	12,000	1.66	S	550 h.p. at 5,000 feet, 1933.
3	France	Lorraine "Petrel"	12V.	W	500	500	14,850	1.09	S	
		Gnome-Rhone "Mistral" K. 9.	9R.	A	500	500	13,200	1.33	S	
		Farman 12 W.E.S.	12V.	W	500	500	19,000	1.40	S	
4	U.S.A.	Pratt & Whitney "Wasp" S1-D1	9R.	A	550	500	11,000	1.42	S	

SEC. C. 600 TO 650 HORSEPOWER FOR FIGHTERS, BOMBERS

1	Great Britain	Rolls-Royce "Kestrel" II S.	12V.	W	600	840	11,500	1.11	S	Ground equivalent: 1,200 h.p. Holds world's altitude record of 43,976 feet, 1932.
		Bristol "Pegasus" S. 2.	9R.	A	600	580	13,500	1.09	S	
		Armstrong-Siddeley "Tiger"	14R.	A	650	722		1.53	S	
2	France	Hispano-Suiza 12 X brs.	12V.	W	(500)	710	13,200	1.29	S	Ground equivalent: 1,100 h.p.
		Renault	12V.	W	650	650	13,200	1.73	S	
		Lorraine "Courlis"	12V.	W	600	660		1.41		
2	Japan	Farman 12 W.I.	12A.	W	600	555	18,000	1.36	S	Inverted, 74 h.p. maximum. Japan can also manufacture Rolls-Royce and Lorraine engines.
		Kawasaki-B.M.W. VII A.	12V.	W	600	770		1.39	S	
		Mitsubishi-Hispano-Suiza	12V.	W	600	650	13,200	1.29	S	
3	Italy	Fiat A. 30R.	12V.	W	600	600	13,200	1.20	S	850 h.p. maximum. First supercharged September 1932.
3	U.S.A.	Curtiss "Conqueror" SV-1570F	12V.	W	600	600	12,000	1.44	S	
		Pratt & Whitney "Twin Wasp Jr." R. 1535.	14R.	A	600	625		1.33	S	
		Pratt & Whitney "Hornet" T. 10.	9R.	A	(700)	578	8,000	1.20	S	605 h.p. maximum. 1933.
		Wright "Cyclone" SR-1820-F2.	9R.	A	(700)	600	12,000	1.21	S	
		Wright "Whirlwind" R. 1510.	14R.	A	(700)	600	12,000	1.24	S	

SEC. D. 700 TO 900 HORSEPOWER FOR HEAVY DUTY

1	Great Britain	Rolls-Royce "Buzzard" II M.S.	12V.	W	850	935		1.65	S	1932. Ground equivalent: 1,490 h.p. Ground equivalent: 1,340 h.p.
		Armstrong-Siddeley "Leopard"	9R.	A	800	854		1.89	S	
2	France	Hispano-Suiza 12 Y brs.	12V.	W	(650)	900	13,200	1.09	S	
		Gnome-Rhone "Mistral Major" K. 14.	14R.	A	800	870	13,200	1.56	S	Japan can also manufacture Lorraine and Junkers engines.
		Lorraine "Orion"	18V.	W	700	870		1.44		
		Renault 18 J br.	18V.	W	700	850		1.67	S	
3	Japan	Kawasaki-B.M.W. IX A.	12V.	W	800	900		1.53	S	Allied to France. 725 h.p. maximum, 1933.
		Mitsubishi-Hispano-Suiza	12V.	W	700	860	13,200	1.09	S	
3	Italy	Isotta-Fraschini "Asso" 750R.	18V.	W	850	920		1.64		
		Fiat A. 26R.	12V.	W	700	760		1.44		
4	Germany	Junkers L. 88a.	12V.	W	800	850		1.98	S	
5	Czechoslovakia	Avia V. 30.	12V.	W	700	700	13,200	1.76	S	
6	U.S.A.	P. & W. "Twin Wasp, Jr."	14R.	A	700	700	8,000	1.33	S	
		P. & W. "Twin Wasp"	14R.	A	800	830	4,500	1.36	S	

SEC. E. 900 TO 1,000 HORSEPOWER FOR HEAVY DUTY

1	Czechoslovakia	Avia W. 44.	18V.	W	1,000	1,000	15,200	1.65	S	Allied to France, 1932.
2	France	Hispano-Suiza 18 Sb.	18V.	W	1,100	1,125		1.20	S	
		Lorraine "Elder"	12V.	W	900	1,050		1.33	S	
3	Great Britain	Rolls-Royce "Buzzard" II M.S.	12V.	W	(900)	935		1.65	S	As supplied to China.
3	Italy	Fiat A. 25.	12V.	W	950	1,050		1.69	S	
		Isotta-Fraschini "Asso 1000"	18V.	W	900	1,100		1.62		
4	Germany	Mercedes-Benz F.2.	12V.	W	900	1,030		1.76	S	
4	Japan	Licensed to manufacture Hispano-Suiza, Lorraine, and Rolls-Royce airplane engines.								
0	U.S.A.	None.								

SEC. F. 1,000 HORSEPOWER AND UP, FOR RACING PLANES

1	Italy	Fiat A.S. 6.	24V.	W	2,300	2,600		0.78	S	2,900 h.p. at 3,000 r.p.m. World's airplane speed record, 1933. World's airplane speed record, 1931.
1	Great Britain	Rolls-Royce "R"	12V.	W	2,300	2,600		0.63	S	
		Napier "Lion" VII.	12V.	W	1,250	1,350		0.89	S	
2	France	Renault 12 Ner.	12V.	W	1,600	2,000		0.68	S	Inverted, not developed.
		Farman 18T.	18T.	W	1,200	1,480	3,630	0.72	S	
		Lorraine "Radium"	12V.	W	2,000	2,200			S	
3	Japan	Licensed to manufacture Rolls-Royce and Lorraine airplane engines.								1929, never flown.
4	U.S.A.	Packard X (IA-2775)	24X.	W	1,200	1,250		1.21		

SEC. G. DIESEL (HEAVY-OIL) ENGINES—ALL TYPES

1	Germany	Junkers "Jumo-4"	6-line.	W	600	750		2.20		Undergoing trials.
		Mercedes-Benz	12V.	W	700	750		2.78		
2	France	Hispano-Suiza-Clerget 14U.	14R.	A	800	600		2.20		
		Hispano-Suiza-Clerget 9T.	9R.	A	300	400		2.20		
		Lilloise-Junkers "C.L.M."	6-line.	W	480	530	13,200	2.80	S	
3	Great Britain	Rolls-Royce "Condor"	12V.	W	500	600		2.80		
4	Japan	Licensed to manufacture Junkers, Hispano-Suiza, and Rolls-Royce airplane engines.								
5	U.S.A.	Packard DR-980.	9R.	A	225			2.26		
		Guiberson A-980.	9R.	A	185			2.74		

SUPPLEMENTARY, THE LEADING AIRSHIP ENGINE OF THE WORLD

1	Germany	Maybach VL2.	12V.	W	550	550		4.35		Used on the late U.S.S. Akron, and Macon, reversible.
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NOTE 1.—64 different airplane engines have been compared in the above table I.

NOTE 2.—Soviet Russia is manufacturing airplane engines of its own design, and of German and Italian design. It may be considered as not weaker than the United States in airplane engines.

NOTE 3.—A=Air-cooled; P=Prestone-cooled; W=Water-cooled; R=Radial; S=Supercharged.

TABLE II.—Leading warplane engines in table I compared according to the actual power they develop at war-service altitudes  
SEC. A. 400 TO 450 HORSEPOWER FOR SMALL FIGHTERS (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

Position	Country	Engine	Horsepower	United States deficiency in power of warplane engines	
				Measured in horsepower	Measured in percentage
1	France	Delage G.V.I.S.	450		
2	Great Britain	Armstrong-Siddeley "Jaguar"	400		
2	Japan	Mitsubishi "Jaguar" (license from Great Britain)	400		
3	United States of America	(P. & W. "Wasp Jr." T. 3A) Wright "Whirlwind"	300 420	150	-33.33

SEC. B. 500 TO 550 HORSEPOWER FOR FIGHTERS (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

1	Great Britain	Bristol "Mercury IV" S. 2	600		
2	Japan	Nakajima "Jupiter" XF	525		
3	France	Lorraine "Petrel"	500		
4	United States of America	P. & W. "Wasp" S1-D1	425	-175	-29.17

SEC. C. 600 TO 650 HORSEPOWER FOR FIGHTERS, BOMBERS (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

1	Great Britain	Rolls-Royce "Kestrel" II S. (1932)	700		
2	France	Hispano-Suiza 12 X brs	600		
2	Japan	Kawasaki-B.M.W. VII A	600		
3	Italy	Fiat A. 30R	550		
3	United States of America	(Curtiss "Conqueror") P. & W. "Hornet" T. 1C Wright "Whirlwind" R. 1510	550 500 500	-150	-21.43

SEC. D. 700 TO 900 HORSEPOWER FOR HEAVY DUTY (WAR-SERVICE ALTITUDE, 10,000 TO 15,000 FEET)

1	Great Britain	Rolls-Royce "Buzzard" II M.S. (1932)	900		
2	France	Hispano-Suiza 12 Y brs (1932)	850		
2	Japan	Mitsubishi-Hispano-Suiza (1932)	800		
3	Italy	Isotta-Fraschini "Asso" 750R (1932)	800		
4	Germany	Junkers L. 88a (1932)	750		
5	Czechoslovakia	Avia V. 30 (1932)	700		
6	United States of America	P. & W. "Twin Wasp" (1933)	675	-225	-25.00

SEC. E. 900 TO 1,000 HORSEPOWER FOR HEAVY DUTY

1	Czechoslovakia	Avia W. 44	1,100		
2	France	Hispano-Suiza 18 Sb	1,000		
2	Great Britain	Rolls-Royce "Buzzard" II M.S.	900		
3	Italy	Fiat A. 25	900		
3	Germany	Mercedes-Benz F. 2	900		
4	Japan	Licensed to manufacture Hispano-Suiza, Lorraine, and Rolls-Royce airplane engines.			
	United States of America	None		-1,100	-100.00

SEC. F. 1,000 HORSEPOWER AND UP FOR RACING PLANES

1	Italy	Fiat A. 5.6	2,600		
1	Great Britain	Rolls-Royce "R"	2,600		
2	France	Renault 12 Ner	2,000		
3	Japan	Licensed to manufacture Rolls-Royce and Lorraine airplane engines			
4	United States of America	Packard X (1929)	1,250	-1,650	-55.9

SEC. G. DIESEL (HEAVY OIL) ENGINES, ALL TYPES

1	Germany	Junkers "Jumo"	650		
2	France	Hispano-Suiza-Clerget 14U	600		
3	Great Britain	Rolls-Royce "Condor"	550		
4	Japan	Licensed to manufacture Junkers, Hispano-Suiza, and Rolls-Royce airplane engines.			
5	United States of America	Packard	225	-525	-70.00
	United States average deficiency for all engines.			-567.8	-47.97

TABLE III.—Warplanes—duty, characteristics, and performance

SEC. A. ARMY FIGHTERS (PURSUIT) 1-PLACE, LIGHT DUTY

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Maximum speed			Speed (m.p.h.)			Climb to 15,000 feet (mins.)	War-service ceiling (feet)	Crew	Number of guns	Remarks
							Miles per hour	At altitude (feet)	At 10,000 feet	At 15,000 feet	At 20,000 feet						
1,2	Gt. Britain	Vickers "Jockey"-----	M	Bristol "Mercury IV" 1	A	500	238	20,000	225	238	238	7	36,000	1	2	238 m.p.h. at 20,000 feet in February 1932. Vertical power dives exceed 400 m.p.h. 223 m.p.h. at 13,000 feet in January 1932. Compare with Curtiss "Strike" in sec. C. 187 m.p.h. at 25,000 feet. 212 m.p.h. maximum.	
		Hawker "Fury" 1-----	B	Rolls-Royce "Kestrel"-----	W	600	223	13,000	225	230	225	7	35,000	1	2		
		Fairey "Firefly II"-----	B	Rolls-Royce "Kestrel"-----	W	600	223	13,000	225	230	225	8	35,000	1	2		
		Bristol "Bulldog III A"-----	B	Bristol "Mercury IV"-----	A	500	205	10,000	205	205	195	8	35,000	1	2		
		Gloster S.S. 19-----	B	Bristol "Mercury IV"-----	A	500	209	10,000	209	207	195	8	35,000	1	6		
		Armstrong-Whitworth XVI-----	B	Armstrong-Siddeley "Panther"-----	A	500	205	10,000	205	200	192	9	35,000	1	2		
		D.H. 77-----	M	Napier "Rapiet"-----	A	300	203	10,000	203	195	195	9	32,000	1	2		

<sup>1</sup> +30 horsepower now (1933).

<sup>2</sup> 250 miles per hour now (1933).



TABLE III.—Warplanes—duty, characteristics, and performance—Continued  
SEC. A. ARMY FIGHTERS (PURSUIT), 1-PLACE, LIGHT DUTY—continued

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Maximum speed		Speed (m.p.h.)			Climb to 15,000 feet (mins.)	War-service ceiling (feet)	Crew	Number of guns	Remarks
							Miles per hour	At altitude (feet)	At 10,000 feet	At 15,000 feet	At 20,000 feet					
2	France	Dewoitine 500	M	Hispano-Suiza	W	500	230	15,000	220	230	215	8	35,000	1	2	207 m.p.h. at 26,000 feet.
		Nieuport-Delage 121C-1	M	Hispano-Suiza	W	500	229	11,500	228	225	220	6	39,600	1	2	Highest war-service ceiling.
		Loire 43C-1	M	Hispano-Suiza	W	500	223	10,500	224	221	215	8	35,000	1	2	
		Mureaux 170C-1	M	Hispano-Suiza	W	500	225	12,000	227	220	215	8	33,000	1	2	
		Morane-Sauvainer 325	M	Hispano-Suiza	W	500	225	13,000	220	225	210	8	36,000	1	2	
3	Poland	P.Z.L. P. XI	M	Bristol "Mercury IV"	A	500	217	13,200	217	215	205	6	33,000	1	2	Allied to France.
		P.Z.L. P. VIII	M	Lorraine "Petrel"	W	500	208	12,040	210	200	190	7	30,000	1	2	Supercharged engine.
3	Italy	Fiat C.R. 30	B	Fiat A. 30R	W	600	224	10,000	224	214	205	8	30,000	1	2	
4	Japan	Kawasaki 92 (K.D.S.)	B	Kawasaki-B.M.W.	W	600	217	5,000	210	205	200	6	32,000	1	2	Licensed to manufacture Hawker and Nieuport-Delage warplanes.
		Nakajima 91	M	Nakajima "Jupiter"	A	500	190	10,000	190	185	180	8	30,000	1	2	
5	Sweden	Svenska "Kjartor"	B	Armstrong-Siddeley "Panther"	A	500	203	13,000	205	205	195	9	32,000	1	2	Svenska Aero A.B. allied with Heinkel Co. in Germany.
6	U.S.A.	Curtiss "Swift" XP-934	M	Curtiss "Conqueror"	W	650	215	6,000	205	195	185	8	30,000	1	2	Enclosed cockpit.
		Curtiss "Hawk" P-6E	B	Curtiss "Conqueror"	W	650	197	5,000	189	182	175	9	26,500	1	2	
		Boeing P-26	M	P. & W. "Wasp"	A	500	210	6,000	205	195	185	8	30,000	1	2	
		Boeing P-12E	B	P. & W. "Wasp"	A	500	189	6,000	187	180	173	10	28,000	1	2	Wire-braced monoplane.

## SEC. B. NAVY FIGHTERS, 1-PLACE, LIGHT DUTY

1	Gt. Britain	Hawker "Nimrod"	B	Rolls-Royce "Kestrel"	W	600	210	13,000	210	210	210	8	35,000	1	2	Fastest navy fighter in the world.
		Hawker "Hoopoe"	B	Armstrong-Siddeley "Panther"	A	500	203	10,000	205	205	200	9	33,000	1	2	
		Fairey "Firefly III"	B	Rolls-Royce "Kestrel"	W	600	210	10,000	210	205	200	8	33,000	1	2	
2	Japan	Hawker "Nimrod"	B	Rolls-Royce "Kestrel"	W	600	205	13,000	205	205	205	8	35,000	1	2	License from Gt. Britain.
		Nakajima 90	B	Nakajima "Jupiter"	A	500	205	10,000	205	200	195	7	33,000	1	2	
3	U.S.A.	Boeing F4B-4	B	P. & W. "Wasp"	A	500	190	6,000	190	185	175	9	27,500	1	2	
		Curtiss "Goshawk" F11C-2	B	Wright "Cyclone"	A	700	193	5,000	187	180	175	11	25,400	1	2	Similar to Army plane supplied to Turkey.
		Curtiss "Sparrowhawk" F9C-2	B	Wright "Whirlwind 420"	A	420	175	5,000	171	163	155	13	21,700	1	2	U.S.S. Macon airship defender.
		Berliner-Joyce XFJ-2	B	P. & W. "Wasp"	A	500	193	6,000	190	180	170	11	24,700	1	2	

## SEC. C. ARMY FIGHTERS, MULTIPLE, LIGHT DUTY

1	Gt. Britain	Hawker "Demon"	B	Rolls-Royce "Kestrel"	W	600	210	13,000	210	210	205	8	35,000	2	3	Two engines. Licensed to manufacture Hawker, Breguet, Junkers, and Dornier warplanes.
		Fairey "Fox II"	B	Rolls-Royce "Kestrel"	W	600	210	13,000	210	210	205	8	35,000	2	3	
2	France	Breguet 41M3	S	2-Hispano-Suiza	W	650	195	15,000	200	195	190	11	31,350	3	5	
3	Japan	Junkers K. 47	M	Nakajima "Jupiter"	A	500	192	13,000	200	190	180	9	33,000	2	3	Branch of German Metallbau G.m.b.H.
4	Switzerland	Dornier Do. C4	M	Hispano-Suiza	W	650	197	11,500	200	190	180	12	31,150	2	4	
5	U.S.A.	Berliner-Joyce P. 16	B	Curtiss "Conqueror"	W	600	186	6,000	180	170	160	12	26,200	2	3	Ground attack—see Gloucester, sec. A.
		Curtiss "Shrike" A. 8	M	Curtiss "Conqueror"	W	600	197	(?)	180	170	165	20	19,800	2	6	

## SEC. D. NAVY FIGHTERS, MULTIPLE, LIGHT DUTY

1	Gt. Britain	Hawker "Osprey"	B	Rolls-Royce "Kestrel"	W	600	205	13,000	205	200	195	8	33,000	2	3	As supplied to U.S. Marine Corps.
2	Japan	Licensed to manufacture Hawker, Junkers, and Dornier warplanes.														
3	U.S.A.	Vought V-70	B	P. & W. "Hornet"	A	600	174	6,000	165	160	150	10	22,300	2	3	
		Curtiss "Helldiver" F8C-7	B	Wright "Cyclone"	A	575	165	10,000	165	160	150	11	22,000	2	3	

## SEC. E. ARMY OBSERVATION, GENERAL-PURPOSE PLANES, LIGHT DUTY

1	Gt. Britain	Hawker "Audax", "Hart"	B	Rolls-Royce "Kestrel"	W	600	210	13,000	210	210	200	8	35,000	2	3	140 m.p.h. at 35,000 feet. Flew over Mount Everest (29,121 ft.) April 1933.
		Westland "Wallace"	B	Bristol "Pegasus"	A	600	190	12,000	190	185	180	10	35,000	2	3	
		Armstrong - Whitworth "Atlas II"	B	Armstrong-Siddeley "Tiger"	A	650	175	10,000	175	170	165	10	32,000	2	3	
		Fairey "Gordon"	B	Armstrong-Siddeley "Panther"	A	600	180	10,000	180	175	170	10	32,000	2	3	
		Vickers "Vespa"	B	Bristol "Pegasus"	A	600	180	6,500	175	170	165	9	32,000	2	3	Holds world's altitude record: 43,976 feet.
		Bristol 118	B	Bristol "Pegasus"	A	600	175	12,000	175	170	165	10	32,000	2	3	
1	Belgium	Renard R. 31	M	Rolls-Royce "Kestrel"	W	600	208	13,000	210	205	200	10	34,500	2	3	
2	France	Mureaux 112 R. 2	M	Hispano-Suiza	W	650	192	16,500	200	195	190	8	35,000	2	4	3 guns rearwards. Also licensed to manufacture Hawker, Breguet, Junkers, and Dornier warplanes.
		Breguet 27-3	S	Hispano-Suiza	W	650	200	13,500	200	200	180	11	30,000	2	4	
		Potez 50 A-2	S	Gnome-Rhone K. 14	A	700	192	6,500	192	185	180	8	31,000	2	4	
		Latecoere 49	B	Hispano-Suiza	W	650	171	13,500	170	165	160	13	26,500	2	5	Retractable landing gear.
3	Japan	Kawasaki 88	B	Kawasaki-B.M.W.	W	500	160	10,000	160	155	150	12	27,000	2	4	
3	U.S.A.	Curtiss "Raven" Y 10-40A	S	Wright "Cyclone"	A	700	195	6,000	192	187	175	10	26,000	2	3	
		Consolidated 23	S	Curtiss "Conqueror"	W	600	192	5,500	190	180	170	10	25,000	2	3	
		Douglas O-38 S	B	Wright "Cyclone"	A	575	172	5,000	170	165	155	12	21,500	2	3	
		Thomas-Morse O-19E	B	P. & W. "Wasp"	A	500	158	5,000	150	145	140	15	21,000	2	3	

## SEC. F. NAVY OBSERVATION LAND PLANES, CARRIER PLANES, LIGHT DUTY

1	Gt. Britain	Hawker "Osprey"	B	Rolls-Royce "Kestrel"	W	600	200	13,000	200	195	190	8	32,000	2	3	
		Short "Gurnard"	B	Rolls-Royce "Kestrel"	W	600	192	11,000	190	185	180	9	30,000	2	3	
		Fairey III F	B	Napier "Lion" XI	W	570	175	10,000	175	165	160	10	30,000	3	3	
2	Japan	Licensed to manufacture Hawker, Short, Junkers, and Dornier warplanes.														
3	U.S.A.	Vought V. 50	B	P. & W. "Hornet"	A	575	190	6,000	170	160	150	11	25,000	2	3	
		Vought SU. 1	B	P. & W. "Hornet"	A	600	180	6,000	170	165	160	11	25,000	2	3	
		Vought "Corsair" O3U-4	B	P. & W. "Hornet"	A	600	167	6,000	160	155	150	10	23,000	2	3	
		Berliner-Joyce OJ-25	B	P. & W. "Wasp Jr."	A	420	160	6,000	155	150	145	12	20,000	2	3	

\* Ground.

TABLE III.—Warplanes—duty, characteristics, and performance—Continued  
SEC. G. NAVY TORPEDO BOMBERS, LANDPLANES, CARRIER PLANES, HEAVY DUTY (10,000 FEET)

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Number of engines	Total horsepower of engines	Total weight of plane loaded (pounds)	Power loading, pounds per horsepower	Maximum speed		Speed, miles per hour at altitude (feet)	War-service ceiling (feet)	Crew	Gun stations	Tail-gun station	Range (miles)	Load: Torpedo or bomb (pounds)	Remarks
											Miles per hour	At altitude (feet)								
1	Gt. Britain.	Blackburn "Ripon" M. 1/30.	B	Rolls-Royce "Buz-zard."	W	850	1	850	7,400	8.7	150	10,000	150	18,000	2	2	---	600	2,150	Fastest torpedo plane in the world.
		Hawker "Horsley"	B	Armstrong-Siddeley "Leopard."	A	800	1	800	9,650	12.1	145	10,000	145	16,000	3	2	---	600	2,150	
		Vickers M. 1/30.	B	Rolls-Royce "Buz-zard."	W	850	1	850	8,500	10.0	145	10,000	145	19,000	2	2	---	600	2,150	
2	France	Latecoere 29.	M	Hispano-Suiza	W	650	1	650	6,100	9.4	143	5,000	140	15,000	3	2	---	500	1,540	Blackburn type.
3	Japan	Navy 89.	B	Mitsubishi-Hispano-Suiza.	W	650	1	650	7,500	11.5	140	5,000	135	15,000	3	2	---	800	2,000	
4	U.S.A.	Martin BM-2 (125)	B	P. & W. "Hornet"	A	575	1	575	6,140	10.7	143	6,000	125	16,500	2	2	---	450	1,000	Diving bomber.
		Douglas P2D-1	B	Wright "Cyclone"	A	575	2	1,150	12,700	11.0	125	6,000	115	12,000	3	2	---	800	2,000	
		Great Lakes TG-2.	B	Wright "Cyclone"	A	575	1	575	8,340	14.7	125	6,000	115	12,000	3	2	---	800	2,000	

## SEC. H. ARMY FIGHTER-BOMBERS, HEAVY DUTY (15,000 FEET)

1	Gt. Britain.	Vickers B. 19/27.	B	Rolls-Royce "Kes-trel."	W	600	2	1,200	16,400	13.7	195	10,000	180	27,000	4	2	*1	---	---	No gun-station amidships. To 15,000 feet in 10 minutes (1931). Retractable land-ing gear.
		Boulton & Paul "Siderstrand III."	B	Bristol "Jupiter"	A	500	2	1,000	10,200	10.2	160	20,000	170	30,000	4	3	*0	---	---	
2	U.S.A.	Martin YB-10, 12, 13 (123). <sup>4</sup>	M	Wright "Cyclone"	A	575	2	1,150	12,000	10.4	195	6,000	170	25,000	3	2	*0	---	---	Retractable land-ing gear.
		Boeing B-9 <sup>5</sup>	M	P. & W. "Hornet"	A	650	2	1,300	13,500	10.3	185	6,000	170	22,600	4	2	*0	---	---	
2	France	Amiot 141 M.	M	Lorraine "Orion"	W	700	2	1,400	15,070	10.8	180	10,000	170	26,000	5	3	*0	---	---	Twin fuselage.
		S.E.C.M. 141 M.	M	Lorraine "Orion"	W	700	2	1,400	14,236	10.2	161	10,000	155	23,700	5	3	*0	---	---	
		S.P.C.A. 30 M 4.	M	Hispano-Suiza	W	650	2	1,300	14,300	11.0	158	10,000	150	24,600	6	4	*0	---	---	
3	Japan	Junkers K. 37.	M	Nakajima "Jupiter"	A	500	2	1,000	9,500	9.5	169	13,500	165	27,000	4	3	*0	---	---	Allied to France.
4	Czechoslo-vakia.	Aero A. 42.	M	Isotta-Fraschini.	W	1,000	1	1,000	10,428	10.4	168	10,000	160	22,000	3	2	*0	---	---	

## SEC. I. ARMY HEAVY BOMBERS, TROOP TRANSPORTS, HEAVY DUTY (15,000 FEET)

1	Gt. Britain.	Fairey.	M	Rolls-Royce "Kes-trel."	W	600	2	1,200	19,050	15.9	180	10,000	175	25,000	5	3	1	---	---	As transport: 4+20 soldiers.
		Vickers 163.	B	Rolls-Royce "Kes-trel."	W	600	4	2,400	25,700	10.7	160	10,000	150	20,000	5	4	1	---	---	
		Boulton & Paul P. 32.	B	Bristol "Pegasus"	A	600	3	1,800	22,700	12.6	165	10,000	155	18,000	5	3	1	---	---	As transport: 4+21 soldiers.
		Gloster.	B	Rolls-Royce "Kes-trel."	W	600	4	2,400	28,000	11.7	146	12,000	143	19,000	5	4	1	---	---	
		Handley-Page "Heyford."	B	Rolls-Royce "Kes-trel."	W	600	2	1,200	15,600	13.0	160	10,000	150	22,000	4	3	0	---	---	As transport: 4+30 soldiers.
2	Japan	Junkers K. 51.	M	Junkers L. 88.	W	800	4	3,200	65,000	17.2	157	18,000	160	24,000	10	4	0	---	---	
		Kawasaki 87.	M	Kawasaki-B.M.W.	W	600	2	1,200	15,000	12.5	150	13,200	150	20,000	6	4	0	---	---	Similar to Dornier Do. F. Estimated. 20 supplied to China.
2	Italy	Caproni 95.	M	Isotta-Fraschini.	W	650	3	1,950	20,000	10.2	155	10,000	160	18,000	6	3	1	---	---	
		Fiat B.R. 3.	B	Fiat A-25.	W	950	1	950	10,010	10.5	150	10,000	140	18,400	2	2	0	---	---	(See note 4), ob-solescent.
3	France	Lire et Olivier "Le O" 206.	B	Gnome-Rhone K. 7.	A	300	4	1,200	17,820	14.7	143	13,200	140	25,000	4	3	0	---	---	
		Bleriot 137.	M	Hispano-Suiza	W	650	2	1,300	12,300	9.3	140	15,000	140	26,600	6	3	0	---	---	
4	U.S.A.	Keystone B-6A.	B	Wright "Cyclone"	A	575	2	1,150	13,334	12.5	111	10,000	100	16,500	5	3	0	---	---	

## SEC. J. NAVY PATROL FLYING BOATS, HEAVY DUTY (10,000 FEET)

1	Gt. Britain.	Short "Singapore II".	B	Rolls-Royce "Kes-trel."	W	600	4	2,400	27,750	11.6	155	6,000	150	16,000	7	4	1	---	---	Altitude maintained on 2 engines. 5,580 h.p. maxi-mum.
		Short "Rochester"	B	Rolls-Royce "Buz-zard"	W	850	6	5,100	74,000	14.5	150	6,000	145	15,000	10	4	1	---	---	
		Supermarine "Southampton X".	B	Bristol "Jupiter"	A	500	3	1,500	23,000	15.3	130	6,000	125	15,000	7	4	1	---	---	
		Blackburn "Iris V".	B	Rolls-Royce "Buz-zard"	W	850	3	2,550	31,500	12.4	130	6,000	120	15,000	5	3	1	---	---	
		Blackburn "Syd-ney"	M	Rolls-Royce "Kes-trel"	W	600	3	1,800	22,730	12.6	127	6,000	120	15,000	5	3	1	---	---	Twin-hull, engines in tandem. Engines in tandem. Cruises at 130 m. p.h.
		Saunders-Roe "Sev-ern".	S	Bristol "Jupiter"	A	500	3	1,500	22,150	14.8	124	6,000	120	15,000	5	3	1	---	---	
2	Italy	Savoia - Marchetti S-55.	M	Fiat A-24R.	W	700	2	1,400	16,940	12.1	147	5,000	135	13,776	6	4	0	---	---	K.F. 1 et seq. Cruises 124 m. p.h.
2	Holland	Dornier "Wal"	M	Lorraine "Courlis"	W	600	2	1,200	14,100	11.8	143	5,000	135	12,000	6	3	0	---	---	
3	Japan	Navy 90-1 (Navy Yard).	M	Mitsubishi-Hispano-Suiza.	W	708	3	2,100	26,880	12.8	142	6,000	130	15,000	6	4	1	---	---	Supermarine "Southampton." Engines in tandem.
		Navy 90-2 (Kawan-ishi).	B	Rolls-Royce "Buz-zard"	W	850	3	2,550	40,000	15.7	130	6,000	125	15,000	7	4	1	---	---	
		Navy 15.	B	Nakajima "Lor-raine"	W	450	2	900	15,000	16.7	128	6,000	125	15,000	5	3	0	---	---	Estimated. Has a tail gun.
4	France	C.A.M.S. 55-3.	B	Hispano-Suiza	W	600	2	1,200	15,180	12.6	130	6,000	125	12,136	5	2	0	---	---	
		Amiot 110.	M	Hispano-Suiza	W	650	1	650	9,094	13.9	132	6,000	125	16,400	5	2	0	---	---	
5	U.S.A.	Martin XP2M-1 (121).	M	Wright "Cyclone"	A	575	3	1,725	23,150	13.4	140	5,000	120	14,600	5	2	0	---	---	
		Martin XP3M-1 (120).	M	P. & W. "Hornet"	A	540	2	1,080	15,600	14.4	115	5,000	100	12,500	4	2	0	---	---	
		Consolidated P2Y-1.	S	Wright "Cyclone"	A	575	3	1,725	20,000	11.6	120	5,000	100	14,000	5	2	0	---	---	
		Hall <sup>6</sup> .	S	Wright "Cyclone"	A	650	4	2,600	40,000	15.4	140	5,000	120	14,000	6	2	1	---	---	
		Keystone PK-1.	B	Wright "Cyclone"	A	525	2	1,050	16,303	15.5	120	5,000	100	12,000	5	2	0	---	---	

<sup>4</sup> See note 2.<sup>5</sup> Betwixt and between types not encouraged abroad.<sup>6</sup> Displays ignorance of aerobatics.



TABLE III.—Warplanes—duty, characteristics, and performance—Continued  
SUPPLEMENTARY—THE RACING PLANES OF THE WORLD

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Maximum horsepower	Maximum speed	Year	Remarks
1	Italy	Macchi-Castoldi S-M. 67	M	Fiat A.S. 6	W	2,300	2,600	424.03	1933	World's speed record for all types of planes.
2	Great Britain	Macchi M. 52 bis	M	Fiat A.S. 3	W	1,000	1,050	318.4	1928	World's speed record in 1928.
		Supermarine S-6 B	M	Rolls-Royce "R"	W	2,300	2,600	407.5	1931	World's speed record for all types of planes.
3	France	Gloster VI	M	Napier "Lion" VII D	W	1,250	1,350	336.3	1929	World's speed record in 1929.
		Bernard 120	M	Hispano-Suiza	W	1,000	1,200	310.5	1929	Unofficial speed.
		Nieuport-Delage	M	Lorraine "Radium"	W	2,000	2,200	400.0	1931	Estimated speed, has not completed tests.
4	Japan	Licensed to manufacture Rolls-Royce, Hispano-Suiza and Lorraine airplane engines, and Nieuport-Delage airplanes.								
5	United States of America	"Mercury"	M	Packard X	W	1,200	1,250		1929	Never flown, could not leave the water.
		Granville "Gee Bee" R-2	M	P. & W. "Wasp Jr." special	A	600	800	294.4	1932	U.S.A. landplane record.

SUPPLEMENTARY—THE STRATOSPHERE (HIGH-ALTITUDE) PLANES OF THE WORLD

Position	Country	Type	Wing arrangement	Engine	Cooling	Rated horsepower	Weight (pounds)	Lbs./hp.	Miles per hour	Ceiling (feet)	Crew	Performance	Remarks
1	Germany	Junkers JU. 49	M	Junkers L. 88	W	800	8,800	11.0	310	50,000	2	Estimated	Supercharged. Variable-pitch propeller.
2	France	Farman F. 1000	M	Farman S V. I.	W	400	5,600	14.0		65,000	2	do.	3-stage supercharger. Ultimate ceiling: 80,000 feet.
3	Japan	Guerchais	M	Lorraine "Orion"	W	700	5,500	7.9	200	150,000	2	do.	Brown-Boveri supercharger.
		Licensed to manufacture Junkers airplanes and airplane engines.											
4	Great Britain, Italy, and Soviet Russia are considering stratosphere planes, and developments are under way.												
5	United States of America	No stratosphere planes under development.											

NOTE 1.—122 different warplanes have been compared in table III.

NOTE 2.—Tail-gun stations on the warplanes in secs. H, I, and J are behind the tail surfaces. For defensive armament, the use of such a tail-gun station gives a warplane 50 percent superiority over a warplane without it.

NOTE 3.—Only the speeds of warplanes at war-service altitudes have been compared in table IV. If rate of climb, war-service ceiling, useful load, and armament were also to be included, the United States average deficiency would be much worse, approximating engine table II.

NOTE 4.—The deficiency figures for the United States in sec. I have been omitted from the average deficiency totals, as the U.S. Army heavy bomber has been superseded by the United States fighter bomber.

NOTE 5.—Soviet Russia is manufacturing warplanes of its own design, and of German and Italian design. It may be considered as not weaker than the United States in warplanes.

NOTE 6.—A=Air-cooled; P=Prestone-cooled; W=Water-cooled; B=Biplane; M=Monoplane; S=Sesquiplane (1½ plane).

TABLE IV.—Leading warplanes in table III compared according to their actual speeds at war-service altitudes  
SEC. A. ARMY FIGHTERS, PURSUIT, 1-PLACE (WAR-SERVICE ALTITUDE 15,000 TO 20,000 FEET)

Position	Country	Type	Miles per hour	United States deficiency in speed at war-service altitudes	
				Measured in miles per hour	Measured in percentage
1	Great Britain	Vickers "Jockey"	238		
2	Do	Hawker "Fury"	225		
2	France	Dewoitine 500	215		
3	Poland	P.Z.L. P. XI	205		
3	Italy	Fiat C.R. 30	205		
4	Japan	Kawasaki 92 (licensed to manufacture Hawker and Nieuport-Delage warplanes)	200		
5	Sweden	Svenska "Jaktfolk"	195	-53	-22.27
6	United States of America	Curtiss XP-934	185	-40	-17.78
		Boeing P. 26			

SEC. B. NAVY FIGHTERS, 1-PLACE (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

1	Great Britain	Hawker "Nimrod"	210		
2	Japan	Hawker "Nimrod" (license from Great Britain)	205		
3	United States of America	Boeing F4B-4	175	-35	-16.67
		Curtiss "Goshawk" F11C-2			

SEC. C. ARMY FIGHTERS, MULTIPLE (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

1	Great Britain	Hawker "Demon"	205		
2	France	Breguet 41M3	195		
3	Japan	Junkers K. 47 (licensed to manufacture Hawker, Breguet, Junkers, and Dornier warplanes.)	180		
4	Switzerland	Dornier Do. C4	175		
5	United States of America	Berliner-Joyce P. 16	160	-45	-21.95

SEC. D. NAVY FIGHTERS, MULTIPLE (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

1	Great Britain	Hawker "Osprey"	195		
2	Japan	Licensed to manufacture Hawker, Junkers, and Dornier warplanes			
3	United States of America	Vought V. 70	160	-35	-17.95

TABLE IV.—Leading warplanes in table III compared according to their actual speeds at war-service altitudes—Continued  
SEC. E. ARMY OBSERVATION GENERAL-PURPOSE PLANES (WAR-SERVICE ALTITUDE, 15,000 TO 20,000 FEET)

Position	Country	Engine	Horse-power	United States deficiency in power of warplane engines	
				Measured in horse-power	Measured in percentage
1	Great Britain.....	Hawker "Audax".....	200	-----	-----
1	Belgium.....	Renard R. 31.....	200	-----	-----
2	France.....	Mureaux 112 R. 2.....	190	-----	-----
3	Japan.....	Kawasaki 88 (also licensed to manufacture Hawker, Breguet, Junkers, and Dornier warplanes).....	150	-----	-----
3	United States of America.....	Curtiss "Raven" O-40A.....	175	-25	-12.50

## SEC. F. NAVY OBSERVATION LANDPLANES, CARRIER PLANES, (WAR-SERVICE ALTITUDE, 15,000 FEET)

1	Great Britain.....	Hawker "Osprey".....	195	-----	-----
2	Japan.....	Licensed to manufacture Hawker, Short, Junkers, and Dornier warplanes.....	-----	-----	-----
3	United States of America.....	Vought V. 50.....	160	-35	-17.95

## SEC. G. NAVY TORPEDO BOMBERS, LANDPLANES, CARRIER PLANES (WAR-SERVICE ALTITUDE, 10,000 FEET)

1	Great Britain.....	Blackburn "Ripon" M. 1/30.....	150	-----	-----
2	France.....	Latecoere 29.....	140	-----	-----
3	Japan.....	Navy 89 (licensed to manufacture Blackburn and Hawker warplanes).....	135	-----	-----
4	United States of America.....	Martin MB-2.....	125	-25	-16.67

## SEC. H. ARMY FIGHTER BOMBERS (WAR-SERVICE ALTITUDE, 15,000 FEET)

1	Great Britain.....	Vickers B. 19/27.....	180	-----	-----
2	United States of America.....	Martin YB-10.....	170	-----	-----
2	France.....	Amiot 141 M.....	170	-----	-----
3	Japan.....	Junkers K. 37 (licensed to manufacture Junkers warplanes).....	165	-----	-----
4	Czechoslovakia.....	Aero A. 42.....	160	-10	-5.56

## SEC. I. ARMY HEAVY BOMBERS, TROOP TRANSPORTS (WAR-SERVICE ALTITUDE, 15,000 FEET)

1	Great Britain.....	Fairey.....	175	-----	-----
2	Japan.....	Junkers K. 51 (licensed to manufacture Junkers and Dornier warplanes).....	160	-----	-----
2	Italy.....	Caproni 95.....	160	-----	-----
3	France.....	Lioré et Olivier "Le O" 206.....	140	-----	-----
4	United States of America.....	Keystone B-6A.....	100	<sup>1</sup> -75	<sup>1</sup> -42.86

## SEC. J. NAVY PATROL FLYING BOATS (WAR-SERVICE ALTITUDE, 10,000 FEET)

1	Great Britain.....	Short "Singapore II".....	150	-----	-----
2	Italy.....	Savoia-Marchetti S-55.....	135	-----	-----
2	Holland.....	Dornier "Wal".....	135	-----	-----
3	Japan.....	Navy 90-1 (licensed to manufacture Short, Blackburn, and Dornier warplanes).....	130	-----	-----
4	France.....	C. A. M. S. 55-3.....	125	-----	-----
5	United States of America.....	Martin XP2M-1.....	120	-30	-20.00

## SUPPLEMENTARY—THE RACING PLANES OF THE WORLD

1	Italy.....	Macchi-Castoldi S-M. 67 (official world's record, 1933).....	424.03	-----	-----
2	Great Britain.....	Supermarine S-6B (official world's record, 1931).....	407.5	-----	-----
3	France.....	Bernard 120.....	310.5	-----	-----
4	Japan.....	Licensed to manufacture Rolls-Royce, Hispano-Suiza, and Lorraine airplane engines, and Nieuport-Delage airplanes.....	-----	-----	-----
5	United States of America.....	Granville "Gee Bee" R-2.....	294.4	-----	-----
Total I, using Vickers "Jockey" (d <sup>1</sup> ) in sec. A (United States average deficiency in speed, all classes).....			-----	-33	-16.84
Total II, using Hawker "Fury" (d <sup>1</sup> ) in sec. A (United States average deficiency in speed, all classes).....			-----	-31	-16.34
Total III, racing planes, all types (United States deficiency in speed of racing planes).....			-----	-129.63	-3.570

<sup>1</sup> Omitted, see note 4, p. 3853.

## BATTLE COMPARISON OF THE LEADING UNITED STATES WARPLANES WITH THE LEADING FOREIGN WARPLANES, 1933

TABLE V.—United States Army fighters attacking foreign army warplanes  
GROUP A. UNITED STATES ARMY FIGHTERS (PURSUIT), 1-PLACE AND MULTIPLE<sup>1</sup>

Comparison no.	Country	Type of warplane	Maximum speed (m.p.h. at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
1	United States.....	Boeing P-26.....	195	1	2	30,000	Wire-braced monoplane.
		Curtiss "Swift" XP-934.....	195	1	2	30,000	Enclosed cockpit.
		Berliner-Joyce P-16.....	170	2	3	26,000	Ground attack plane.
		Curtiss "Shrike" A-8.....	170	2	6	19,800	

<sup>1</sup> These machines cannot even reach the corresponding foreign planes.



TABLE V.—United States Army fighters attacking foreign army warplanes—Continued

VERSUS

GROUP B. FOREIGN ARMY FIGHTERS, 1-PLACE<sup>1</sup>

Country	Type of warplane	Maximum speed (m.p.h. at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain.....	Vickers "Jockey" <sup>2</sup> .....	238	1	2	-----	36,000	Vertical power dives, 400 m.p.h.
	Hawker "Fury" <sup>3</sup> .....	225	1	2	-----	34,000	
	Fairey "Firefly II" <sup>4</sup> .....	225	1	2	-----	35,000	
	Bristol "Bulldog IIIA" <sup>5</sup> .....	200	1	2	-----	33,000	
	Gloster S.S. 19.....	207	1	6	-----	32,000	
France.....	Dewoitine 500.....	230	1	2	-----	35,000	Compare with Curtiss "Shrike." 207 m.p.h. at 26,000 feet. Highest war-service ceiling.
	Nieuport-Delage 121C-1.....	225	1	2	-----	39,000	
	Loire 43 C-1.....	221	1	2	-----	35,000	
	Mureaux 170C-1.....	220	1	2	-----	33,000	
	P.Z.L.P. XI.....	215	1	2	-----	33,000	
Poland.....	P.Z.L.P. XI.....	215	1	2	-----	33,000	Allied to France.
Italy.....	Fiat C.R. 30.....	214	1	2	-----	30,000	
Japan.....	Kawasaki 92 (K.D. 5).....	205	1	2	-----	32,000	(Licensed to manufacture. Hawker and Nieuport-Delage.

C. FOREIGN ARMY FIGHTERS, MULTIPLE<sup>1</sup>

Great Britain.....	Hawker "Demon".....	210	2	3	-----	32,000	2 engines. Licensed to manufacture Hawker, Breguet, Junkers, and Dornier.
	Fairey "Fox II".....	210	2	3	-----	32,000	
France.....	Breguet 41 M3.....	195	3	5	-----	31,350	
Japan.....	Junkers K. 47.....	190	3	3	-----	33,000	
Switzerland.....	Dornier Do. C4.....	190	2	4	-----	31,150	

GROUP D. FOREIGN ARMY, OBSERVATION GENERAL-PURPOSE, PLANES<sup>1</sup>

Great Britain.....	Hawker "Audax".....	210	2	3	-----	35,000	Licensed to manufacture, Hawker, Breguet, Junkers and Dornier.
	Westland "Wallace".....	190	2	3	-----	35,000	
France.....	Mureaux 121 R-2.....	195	2	4	-----	35,000	
	Breguet 27-3.....	200	2	4	-----	30,000	
Belgium.....	Renard R. 31.....	205	2	3	-----	34,500	
Japan.....	Kawasaki 88.....	155	2	4	-----	27,000	

GROUP E. FOREIGN ARMY FIGHTER BOMBERS<sup>1</sup>

Great Britain.....	Vickers B. 19/27.....	180	4	12	1	27,000	No gun-station amidships.
France.....	Amiot 141 M.....	170	5	13	0	26,000	
Japan.....	Junkers K. 37.....	165	4	13	0	27,000	

GROUP F. FOREIGN ARMY HEAVY BOMBERS, TROOP TRANSPORTS<sup>1</sup>

Great Britain.....	Fairey.....	175	5	13	1	25,000	As transport: 4+20 soldiers.
	Vickers 163.....	150	5	14	1	20,000	As transport: 4+21 soldiers.
	Boulton & Paul P. 32.....	155	5	13	1	18,000	
	Gloster.....	143	5	14	1	19,000	As transport: 4+30 soldiers.
Italy.....	Caproni 95.....	160	6	13	1	18,000	Estimated.
Japan.....	Junkers K. 51.....	160	10	14	0	24,000	Licensed to manufacture Junkers.
	Kawasaki 87.....	150	6	14	0	20,000	Similar to Dornier Do. F.

<sup>1</sup> Superior in speed and ceiling to U.S. planes in group 1-A. Out of reach of United States planes in group 1-A.<sup>2</sup> +30 horsepower now (1933).<sup>3</sup> 250 miles per hour now (1933).<sup>4</sup> Superior in armament, speed, and ceiling to United States planes in group 1-A. Out of reach of United States planes.<sup>5</sup> No protection required owing to superior armament, speed and ceiling. Out of reach of United States planes in group 1-A.<sup>6</sup> No protection required owing to superior defensive armament with tail gun.<sup>7</sup> Gun stations.<sup>8</sup> No protection required owing to superior defensive armament with tail-gun station. Optional defense by planes in group 1-C.

TABLE VI.—U.S. Navy fighters attacking foreign navy warplanes

GROUP A. U.S. NAVY FIGHTERS, 1-PLACE AND MULTIPLE							
Com- pari- son no.	Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
2	United States of America.....	Boeing F4B-4	185	1	2	27,500	U.S.S. <i>Macon</i> airship defender.
		Curtiss "Goshawk" F11C-2	180	1	2	25,400	
		Curtiss "Sparrowhawk" F9C-2	163	1	2	21,700	
		Berliner-Joyce XFJ-2	180	1	2	24,700	
		Vought V-70	160	2	3	22,300	
		Curtiss "Helldiver" F8C-7	160	2	3	22,000	As supplied to U.S. Marine Corps.
VERSUS							
GROUP B. FOREIGN NAVY FIGHTERS, 1-PLACE <sup>1</sup>							
Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain.....	Hawker "Nimrod"	210	1	2	-----	35,000	Fastest navy fighter in the world.
Japan.....	do.	205	1	2	-----	35,000	License from Great Britain.
Do.....	Nakajima 90	200	1	2	-----	32,000	

<sup>1</sup> Superior in speed and ceiling to all U.S. planes in group 2-A.

TABLE VI.—U.S. Navy fighters attacking foreign navy warplanes—Continued  
GROUP C. FOREIGN NAVY FIGHTERS, MULTIPLACE<sup>1</sup>

Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
Great Britain..... Japan.....	Hawker "Osprey".....	200	2	3	-----	32,000	Licensed to manufacture Hawker, Junkers, and Dornier warplanes.

GROUP D. FOREIGN NAVY OBSERVATION, LANDPLANES AND CARRIER PLANES<sup>2</sup>

Great Britain.....	Hawker "Osprey".....	195	2	3	-----	32,000	Licensed to manufacture Hawker, Short, Junkers, and Dornier warplanes.
Japan.....	Short "Gurnard".....	185	2	3	-----	30,000	

GROUP E. FOREIGN NAVY PATROL FLYING BOATS<sup>3</sup>

Great Britain.....	Short "Singapore II".....	150	7	4	1	18,000	Altitude maintained on 2 engines. 5,580 horsepower maximum.
	Short "Rochester".....	145	10	4	1	15,000	
	Supermarine "Southampton X".....	125	7	4	1	15,000	
	Blackburn "Iris V".....	120	5	4	1	15,000	
Japan.....	Navy 90-1 (navy yard).....	130	6	4	1	15,000	Cruises at 130 m. p. h. K.F. 1 et seq. Cruises at 124 m. p. h.
	Navy 90-2 (Kawanishi).....	125	7	4	1	15,000	

<sup>1</sup> Superior in speed and ceiling to all U.S. planes in group 2-A.

<sup>2</sup> No protection required. Out of reach of all U.S. planes in group 2-A.

<sup>3</sup> No protection required owing to superior defensive armament with tail-gun station.

<sup>4</sup> Miles per hour at 10,000 feet.

<sup>5</sup> Gun stations.

TABLE VII.—Foreign army fighters attacking United States Army warplanes

GROUP A. FOREIGN ARMY FIGHTERS, 1-PLACE AND MULTIPLACE

Comparison no.	Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
3	Great Britain.....	Vickers "Jockey".....	238	1	2	35,000	Vertical power dives, 400 m. p. h.
		Hawker "Fury".....	225	1	2	35,000	
		Fairey "Firefly II".....	225	1	2	35,000	
		Bristol "Bulldog III A".....	200	1	2	33,000	Compare with Curtiss "Shrike."
		Gloster S.S. 19.....	207	1	6	32,000	
		Hawker "Demon".....	210	2	3	32,000	
		Fairey "Fox II".....	210	2	3	32,000	
	France.....	Dewoitine 500.....	230	1	2	35,000	207 miles per hour at 26,000 feet. Highest war-service ceiling.
		Nieuport-Delage 121 C-1.....	225	1	2	39,600	
		Loire 43 C-1.....	221	1	2	35,000	
		Mureaux 170 C-1.....	220	1	2	33,000	
		Breguet 41 M 3.....	195	3	5	31,350	2 engines. Allied to France.
	Poland.....	P.Z.L. P. XI.....	215	1	2	30,000	
	Italy.....	Fiat C.R. 30.....	214	1	2	30,000	Licensed to manufacture Junkers. Licensed to manufacture Hawker, Nieuport-Delage, Breguet and Dornier warplanes also; and Rolls-Royce, Hispano Suiza, and other leading European airplane engines.
	Switzerland.....	Dornier Do. C4.....	190	2	4	31,150	
	Japan.....	Kawasaki 92 (K.D. 5).....	205	1	2	32,000	
		Junkers K. 47.....	190	2	3	33,000	

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GROUP B. U.S. ARMY FIGHTERS (PURSUIT), 1-PLACE<sup>1</sup>

Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
United States of America.....	Boeing P-26.....	195	1	2	-----	30,000	Wire-braced monoplane. Enclosed cockpit.
	Curtiss "Swift" XP-934.....	192	1	2	-----	30,000	

GROUP C. U.S. ARMY FIGHTERS, MULTIPLACE<sup>2</sup>

Country	Type of warplane	Maximum speed (miles per hour at 15,000 feet)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
United States of America.....	Berliner-Joyce P-16.....	170	2	3	-----	26,200	Ground attack plane.
	Curtiss "Shrike" A-8.....	170	2	6	-----	19,800	

GROUP D. U.S. ARMY OBSERVATION-GENERAL PURPOSE PLANES<sup>3</sup>

United States of America.....	Curtiss "Raven" O-40A.....	185	2	2	-----	25,400	Retractable landing gear.
	Consolidated 23.....	180	2	2	-----	25,000	
	Douglas O-38S.....	165	2	2	-----	21,500	

GROUP E. U.S. ARMY FIGHTER BOMBERS<sup>4</sup>

United States of America.....	Martin YB-10, 12, 13 (123).....	170	3	2	-----	25,000	Retractable landing gear. Do.
	Boeing B-9.....	170	4	2	-----	22,600	

<sup>1</sup> Inadequate speed and ceiling against group 3-A.

<sup>2</sup> Inadequate speed, cannot reach planes in group 3-A.

<sup>3</sup> Protection required by United States planes in group 3-A and group 3-B.

<sup>4</sup> Protection required owing to the "blind tail".

<sup>5</sup> Gun stations.



TABLE VIII.—Foreign navy fighters attacking U.S. Navy warplanes  
GROUP A. FOREIGN NAVY FIGHTERS, 1-PLACE AND MULTIPLE

Com- parison no.	Country	Type of warplane	Max. speed (m.p.h. at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
4	Great Britain.....	Hawker "Nimrod".....	210	1	2	35,000	Fastest navy fighter in the world.
4	Japan.....	Hawker "Osprey".....	200	2	3	35,000	License from Great Britain.
		Hawker "Nimrod".....	205	1	2	32,000	
		Nakajima 90.....	200	1	2	32,000	

## VERSUS

GROUP B. U.S. NAVY FIGHTERS, 1-PLACE<sup>1</sup>

Country	Type of warplane	Max. speed (m.p.h. at 15,000 feet)	Crew	Number of guns	War-service ceiling (feet)	Remarks
United States of America.....	Boeing F4B-4.....	185	1	2	27,500	
	Curtiss "Goshawk" F11C-2.....	180	1	2	25,400	
	Berliner-Joyce XFJ-2.....	180	1	2	24,700	

GROUP C. U.S. NAVY FIGHTERS, MULTIPLE<sup>2</sup>

Country	Type of warplane	Max. speed (m.p.h. at 15,000 ft.)	Crew	Number of guns	Tail-gun station	War-service ceiling (feet)	Remarks
United States.....	Curtiss "Helldiver" F8C-7.....	160	2	3	.....	22,000	As supplied to U.S. Marine Corps.
	Vought V-70.....	160	2	3	.....	22,300	

GROUP D. U.S. NAVY OBSERVATION LAND PLANES-CARRIER PLANES<sup>3</sup>

United States.....	Vought V-50.....	160	2	3	.....	25,000	
	Vought SU-1.....	165	2	3	.....	25,000	

GROUP E. U.S. NAVY PATROL FLYING-BOATS<sup>4</sup>

United States.....	Martin XP2M-1 (121).....	120	5	12	.....	14,600	
	Martin XP3M-1 (120).....	100	4	12	.....	12,500	
	Consolidated P2Y-1.....	100	5	12	.....	14,000	

GROUP F. U.S. NAVY AIRSHIPS AND AIRSHIP-DEFENDER PLANES<sup>5</sup>

United States.....	"Macon".....	84	81	16	3	30,000	Airship defender plane.
	Curtiss "Sparrowhawk" F9C-2.....	163	1	2	.....	21,700	

<sup>1</sup> Inadequate speed and ceiling against foreign planes in group 4-A.<sup>2</sup> Inadequate speed and ceiling against group 4-A.<sup>3</sup> Protection required by group 4-B and group 4-C.<sup>4</sup> Protection required by group 4-B because of "blind tail."<sup>5</sup> Miles per hour at 10,000 feet.<sup>6</sup> Gun stations.<sup>7</sup> Airship defender too slow; cannot reach ceiling.<sup>8</sup> Cannot return to mother ship at altitude, nor defend it at latitude.

Mr. McFARLANE. These charts show that our country is far behind several of the other major powers as to its position in the air. We find as a comparative basis that the speed of our aircraft or warplanes is from 20 to 30 percent less than that of other countries. That is a very serious situation. What does it mean to us? It means that our air forces cannot fight when they like, where they like, or how they like. Our leading warplanes are most deficient in elasticity of performance. They cannot even reach similar foreign planes to do battle with them. Comparatively speaking, these charts show we do not actually make or possess any warplanes.

## OUR NAVAL COMMITTEE INVESTIGATION

As you know, our Committee on Naval Affairs has just recently concluded hearings on aircraft purchases for the Navy. It may be interesting for you to know that we have not had before our committee, in examining the different aircraft manufacturers, any but very few of what some might believe are independent aircraft concerns. How can we accurately arrive at the facts in the case when we hear very largely only one side of the question? I am sure we all will be greatly interested in the facts that will be brought out by the Military Affairs Committee of the House, which is now starting its labor, delving into the aircraft purchases for the Army under a resolution unanimously adopted by the House in which investigators will be employed and an appropriation of \$10,000 made to make a thorough investigation.

## THE AIR TRUST

Both the House Naval and Military Affairs Committees have been studying this question for more than the past

month. After considerable effort I have today received the chart I hold in my hand. I believe it is the first time a chart of this kind has been compiled. It shows the interlocking connection of the aircraft trust in the United States and how it functions.

Mr. Chairman, I ask unanimous consent to insert this chart in the RECORD in connection with my remarks that the Members may have an opportunity to study it.

Mr. MARTIN of Massachusetts. Mr. Chairman, reserving the right to object, does the gentleman mean to insert the entire chart?

Mr. McFARLANE. Yes. I have examined the RECORD, I may say to the gentleman from Massachusetts, and find it has been done frequently in the past. This chart can easily be inserted on one page; and it will give accurately information I think each Member should have. I trust the gentleman from Massachusetts will not insist upon his objection.

Mr. MARTIN of Massachusetts. Will not the gentleman withhold his request until the ranking minority member of the Committee on Appropriations returns to the Chamber? This will not be long. For the time being I object.

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

Mr. McFARLANE. I yield.

Mr. O'CONNOR. It is not an unusual request. We have had charts printed in the RECORD.

Mr. MARTIN of Massachusetts. I never saw one printed.

Mr. O'CONNOR. We have seen charts printed in the RECORD where they had to be spread out the long way of the page. We have had a number of charts printed in the RECORD. There is no question about it.

Mr. MARTIN of Massachusetts. Mr. Chairman, I withdraw my objection.

Mr. O'CONNOR. The gentleman was thinking of the cartoons that the gentleman from New York wanted to put in.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to include in his remarks purely statistical matter arranged in columns.

Mr. McFARLANE. That is right, this chart showing the interlocking directorate of the Air Trust.

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

There was no objection.

Mr. McFARLANE. Mr. Chairman, this chart shows the intimate connection between the different aircraft companies now doing business with the Government. It shows that all, or practically all, the aircraft concerns of any consequence in the country head up through four holding corporations. The chart shows their connection and their interdependence upon these four holding companies.

#### NO COMPETITIVE BIDDING IN AIRCRAFT PURCHASES

What does this mean when our Government goes into the field to purchase aircraft for the different departments? It means that we are confronted with the Air Trust which sets the price all governmental agencies must pay for their aircraft equipment. The hearings before the Committee on Naval Affairs have shown clearly that there is not any serious competition in bidding for the sale of aircraft equipment to the Navy.

Most of the Members are familiar with the purchases of aircraft made by the different departments. After the experimental-design period has passed, then comes the question of production contracts. The hearings disclose that there has been very little, if any, competition in the procurement of aircraft for the Government departments. The aircraft are purchased by what is known as "negotiated" or "proprietary contracts"; the company that gets the experimental contract in practically every instance secures the production contract.

On February 2 Admiral King testified before our Subcommittee on Naval Affairs investigating aircraft purchases for the Navy, as follows:

Mr. DELANEY. You will take up the engines later?

Admiral KING. Yes, sir. There are only two engine companies in this country which produce engines of the size and power which are required for military aircraft. One is the Wright Aeronautical Co., of Paterson, N.J., and the other is the Pratt & Whitney Aircraft Co., of Hartford, Conn.

Mr. DELANEY. These are the two companies whose books you have audited in connection with their contracts with the Government for engines?

Admiral KING. Yes, sir.

Mr. DELANEY. Those are the Wright Aeronautical Co. and the Pratt & Whitney Co.?

Admiral KING. Yes. Those are the only two companies in this country which produce engines of the size and power to meet the requirements of military aircraft. \* \* \*

As to the Pratt & Whitney Co., engines and spare parts completed during 1927 to 1933, total sales, \$21,299,867; cost to the company, \$15,563,067; profit to the company, \$5,736,800; or a profit of 36 percent. That is a summary of it.

Mr. DELANEY. Then the difference in profit between the Wright Aeronautical Co. and the Pratt & Whitney Co. would be a difference of 31 percent; Pratt & Whitney making 36 percent and Wright Aeronautical Co. 5 percent.

Admiral KING. That is one way of looking at it, yes; Mr. Chairman.

On February 27 Admiral King gave additional testimony as follows:

We have provided first-class aircraft representing the most advanced state of performance available at the time of purchase. Aircraft which we feel are not inferior for our mission to those of any foreign power. \* \* \*

I come now as to what is the crux of this hearing, viz, why do we not have competition? The answer to this is that we do have competition and extremely keen competition it is. \* \* \*

The only engines that they make that is comparable in size and power are the Hornet and Cyclone series. When you come to the intermediate powers, only Pratt and Whitney make the Wasp engine. The Wright Aeronautical people have never brought out an engine of that size and power. Also, the Wright Aeronautical people bring out a whirlwind series which is about 200

or 300 horsepower, and Pratt and Whitney have no competition for that. So that you have the low-horsepower Wright Aeronautical, intermediate Pratt and Whitney, and in the high power they are comparable, and you find that the power is about the same and the prices are about the same. \* \* \*

In the printed hearings before the Subcommittee of the House Committee on Appropriations for this bill Generals Pratt and Foulis testified as follows:

Page 489, lines 5 to 19, inclusive:

Mr. COLLINS. Now, as a matter of truth, the specifications were written down as to cruising radius, as to speeds, and as to ceiling?

General PRATT. Yes, sir; that is, the specifications simply said in words that no plane would be considered at all that did not meet those minimum requirements. There is nothing in the proposal to show that a plane that meets those requirements has to be bought.

Mr. COLLINS. I understand that in one instance the cruising radius was reduced from 500 miles to 375 miles; is that so?

General PRATT. I would have to check the exact figures. But I might clear that point, Mr. COLLINS. Those minimum specifications were inserted by me and my officers. They were not seen by the Assistant Secretary of War, and they were not seen by the Chief of Air Corps. I received instructions that the lawyers felt that minimum performance must go in there or else there would be no competition. There was a legal point involved, and they were inserted by me. \* \* \*

Page 490, lines 20 to 40, inclusive:

Mr. COLLINS. General Foulis, you were allotted certain moneys by the Public Works Administration for the procurement of bombing, pursuit, and attack planes, were you not?

General FOULIS. Yes, sir; \$7,500,000.

Mr. COLLINS. Now, in the procurement of the three types of planes you wanted to get, of course, you wanted planes of each type having the largest proven accomplishments, did you not?

General FOULIS. Yes, sir.

Mr. COLLINS. And, therefore, you specified types that you had every reason to believe would have a cruising radius of a certain amount, a ceiling of a certain amount, a speed of a certain amount, and other accomplishments; is that so?

General FOULIS. In general, that is correct; yes, sir.

Mr. COLLINS. But before bids were invited on these three types of planes, with those particular accomplishments as the minimum, a change was made, was there not?

General FOULIS. Yes, sir.

Mr. COLLINS. Who made that change?

General FOULIS. The change was made by the Assistant Secretary of War.

These statements speak for themselves.

#### REMARKS IN INTERVIEW MISCONSTRUED

On Saturday I gave an interview, and my remarks in regard to the interview have been somewhat misconstrued. I was quoted as saying at that time that certain officials had even lied to cover up the deplorable conditions of our air forces.

My remarks have been misconstrued, for what I really meant was that because of the sudden way in which our investigation was brought to a close we were unable to bring out the true facts regarding the way the Navy has actually been procuring its planes and engines. I am confident that, if given the opportunity, our committee could and would have been able to show the existence of an air trust and that it completely dominates the purchase of aircraft equipment by the Government in the different departments. Every effort has been made to stop these hearings as soon as possible, although they were being conducted very cheaply and without any salaries being paid investigators or others in the conduct of the hearings.

Mr. Chairman, I ask unanimous consent to revise and extend my own remarks and to insert in the RECORD statements I have taken from the recorded testimony of Admiral King, General Foulis, and General Pratt.

Mr. MARTIN of Massachusetts. Mr. Chairman, reserving the right to object, are these statements taken from the printed hearings?

Mr. McFARLANE. They are taken from the printed hearings; yes.

Mr. MARTIN of Massachusetts. Mr. Chairman, to that I object.

As a matter of fact, I believe objection should have been made to the gentleman's request to insert the chart. At the time I withdrew my request I had not seen the chart.

The CHAIRMAN. The Chair understands, with reference to the chart, the gentleman from Texas desired to insert



in the RECORD a compilation of statistics which could be set out in parallel columns; that it is not a chart showing curves or things of that character.

Mr. BRITTEN. Mr. Chairman, I think the Chair is in error in the Chair's impression of what the chart is. It is a graph.

Mr. MARTIN of Massachusetts. For such a chart to be inserted in the RECORD permission must be obtained from the Committee on Printing.

Mr. McFARLANE. If the gentleman from Massachusetts thinks the circles showing the interlocking of the directorates should not be included, they can be left out and the balance of the information shown in parallel columns.

Mr. MARTIN of Massachusetts. All I am trying to do is to protect the rules of the House. The rules state that such a request must go before the Committee on Printing.

Mr. McFARLANE. I shall be glad to take it up with the Committee on Printing.

The CHAIRMAN. The usual procedure is as indicated by the gentleman from Massachusetts if it is not a compilation of statistics which may be shown in parallel columns. If the matter sought to be inserted is a diagram the permission must come from the Committee on Printing.

Mr. McFARLANE. I am perfectly willing to take it up with the Committee on Printing. If it is a violation of the rules, I shall withdraw my request.

The CHAIRMAN. In view of the statements that have been made as to the nature of the chart, the Chair thinks it would be better for the gentleman to submit his request in the House, for the Committee, of course, has no jurisdiction over the Committee on Printing.

The gentleman from Texas asks unanimous consent to revise and extend his own remarks. Is there objection?

There was no objection.

Mr. McFARLANE. Mr. Chairman, I find that the present world position of the United States air forces is as follows:

First. Not higher up than third of the nations in merely the number of warplanes. Three other nations, namely, Italy, Soviet Russia, and Japan, are so close to the United States in this connection that it would be easy for some authorities to place this country sixth of the nations.

Second. Not higher up than sixth of the nations in the number of factories manufacturing warplanes or high-powered airplane engines. In fact, the United States can easily be classed as eighth of the nations in this respect as I show in detail hereinafter.

Third. Definitely the most backward of all the nations manufacturing warplane engines and warplanes in the design of them in service and projected.

Fourth. Its leading warplanes are most deficient in elasticity of performance.

Fifth. Its leading warplanes cannot even reach similar foreign planes to do battle with them.

Sixth. Comparatively, it does not actually make or possess any warplanes.

Seventh. The whole of its air forces could probably be grounded and rendered useless or destroyed by the tiny Belgian air force, given the same type of warplane pilots as the principal combatant nations had in the World War.

Eighth. The whole of its air forces could be grounded and rendered useless or destroyed by 30 percent of the British Royal Air Force, or 40 percent of the French air force, or 50 percent of each of the Italian, Japanese, or Soviet Russian air forces.

Ninth. It will take at least 2 years to catch up with the outside world in design, production, and availability of warplane engines and warplanes if it begins to produce the leading types of these devices under license from the original foreign manufacturers; and at least 3 to 4 years if it proceeds without such foreign licenses, and if the foreign nations concerned stop progress meanwhile.

Tenth. The United States has as much to defend in the sense of actual wealth as the British Empire.

The United States air forces decidedly cannot fight when they like, where they like, or how they like.

The preceding would seem to be emphasized by recent experiences with air-mail transport.

The warplane engine factories of the world, exclusive of diesel engines, are as follows:

Position	Country	Number of factories	Names of factories
1	France.....	7	Delage, Farman, Gnome-Rhone, Hispano-Suiza, Lorraine, Potey, and Renault.
2	Japan.....	5	Alteha (Lorraine under French license and own air-cooled radial engines), Kawanisi (Rolls-Royce under British license), Kawasaki (B.M.W. under German license), Mitsubishi (Armstrong-Siddeley under British license and Hispano-Suiza under French license and Junkers under German license), Nakajima (Lorraine under French license and Bristol "Jupiter" under British license).
3	Great Britain.....	4	Armstrong-Siddeley, Bristol, Napier and Rolls-Royce.
4	Germany.....	4	B.M.W., Junkers, Mercedes-Benz and Siemens Halske.
5	Soviet Russia.....	4	Amstro (B.M.W. under German license and Hispano-Suiza under French license), Ikar (Bristol "Jupiter" under British license and own water-cooled types), Motor (B.M.W. under German license and Gnome-Rhone under French license), "9 Zawod", translated means "Ninth Factory" (B.M.W. under German license). A series of "M" air-cooled radial engines is also being manufactured in Soviet Russia. Besides the preceding, the British-made Napier "Lion" engines; the French-made Lorraine engines; and the German made Junkers engines are used. The said factories can produce at least 80 warplane-engines per week at present on a peace footing.
6	Italy.....	3	Alfa-Romeo, Fiat, and Isotta-Fraschini.
7	Czechoslovakia.....	3	Avia, Praga, and Walters.
8	United States.....	2	Pratt & Whitney and Wright Aeronautical Corporation, both making only moderately high-powered airplane engines. These factories make principally air-cooled radial engines, the United States being strongly biased in favor of such engines. However, the Wright Corporation also makes the only type of moderately high-powered, liquid-cooled airplane engine in the United States. The United States makes no warplane engines according to the understanding of such an engine abroad. By comparison it resembles a person of athletic appearance but with a weak heart. Thus, the position of the United States is a good eighth with regard to warplane-engine factories; in fact, even this places it too far forward. Besides this, it is to be seen that this country has practically all its eggs in one basket, even for production of moderately high-powered airplane engines. The warplane engine has long passed its horse-and-buggy stage of the World War. It is not now possible for the United States to repeat its feat with the "Liberty 12 installation" in that war, in connection with the modern warplane engine. The grave difficulties experienced by the Curtiss Aeroplane & Motor Co., Inc., of Buffalo, N.Y., and all other aviation factories in the United States, with warplane production during the World War should not have been consigned to oblivion. In consequence, they will now be much greater. It is only possible now to use efficient commercial-type airplanes as very poor auxiliaries in war. In fact, they are basically, so far as possible, removed from modern war service. The lore acquired by their pilots and crews has to be jettisoned and replaced by real warplane experience before such pilots and crews can be usefully employed in war—qualified to face the deadly air attacks of only seconds in duration. Finally, the United States air forces are hybrid to such an extent, owing to civilian engineering and operational influence, that it is doubtful that they can perform either war service or civil transportation satisfactorily.

The aforesaid foreign warplane-engine factories are large factories with more war experience than any corresponding factory in the United States. Many of these foreign factories are world famous for the best of reasons—excellence of products in war and in peace. All of these factories are in the position to swing into maximum production at the peak of possible improvement of their products on the outbreak of war. This cannot be said of any United States aviation-engine factory.

The Mitsubishi Aircraft Co., Ltd., of Nagoya, Japan, is an example of the size of the said foreign factories. In 1931 it

covered 59 acres and had 2,500 employees. Now it covers about 70 acres and has over 4,000 employees. It is a branch of the great Japanese armament, engineering, and shipbuilding firm of Mitsubishi, Busan & Kaisha, and was originally sponsored by the giant British armament firm of Vickers, Ltd., to which no United States manufacturer can ever approach for war experience throughout the world.

The superiority for airplane and warplane performance of the high-powered, water-cooled engine over the corresponding air-cooled radial engine, which is recognized abroad, is demonstrated by the following table of frontal areas:

Engine type	Approximate frontal area engine (square feet)	Approximate frontal area radiator (square feet)	Make of engine
6 cylinder in-line	3	1 1/2-2	German, Junkers Juno-4.
12 cylinder "V"	4	1 1/2-2	British, Rolls-Royce; French, Hispano-Suiza; etc.
14 cylinder radial (44-inch diameter).	10	-----	American, Pratt & Whitney (Twin Wasp Jr.).
14 cylinder radial (48-inch diameter).	12	-----	American, Pratt & Whitney (Twin Wasp).
9 cylinder radial (56-inch diameter).	16	-----	American, Pratt & Whitney (Hornet T.I.C.).

The water-cooled engines are much easier to stream line, and have the additional advantage of affording much better visibility for the pilot-gunner in the fighter types of warplanes—a matter of greatest importance. The Townsend ring and N.A.C.A. cowlings have helped to reduce the frontal resistance of air-cooled engines slightly, enabling increase of the speed of the plane by a few miles per hour. The disadvantages of increased weight of cooling equipment are more than offset by the greatly reduced frontal area and lighter and better stream-lining possibilities of the water-cooled engine.

The weights per rated horsepower of water-cooled engines usually include only the air-screw hub, magnetos, carburetors, supercharger, and gearing, if any. The weight of the radiator, cooling water, piping, and so forth, is equal to about 0.4 to 0.5 pound per rated horsepower.

My investigations have disclosed to me the shackled state of the aviation industry of the United States.

The structure of that portion of the aviation industry of the United States which is producing warplane engines and warplanes is assembled as follows:

(a) The United Aircraft & Transport Corporation, New York, N.Y., which comprises the following:

First. Boeing Airplane Co., Seattle, Wash., airplanes and warplanes.

Second. Stearman Aircraft Co., Wichita, Kans., airplanes.

Third. Sikorsky Aircraft Corporation, Bridgeport, Conn., airplanes and warplanes.

Fourth. Chance-Vought Corporation, East Hartford, Conn., warplanes.

Fifth. Pratt & Whitney Aircraft Co., East Hartford, Conn., P. & W. Wasp and Hornet air-cooled radial airplane and warplane engines.

Sixth. Hamilton Propeller Co., East Hartford, Conn., airplane and warplane propellers.

Seventh. Boeing School of Aeronautics, Oakland, Calif., flying service.

Eighth. United Aircraft Exports, Inc., New York, N.Y.

Ninth. Boeing Aircraft of Canada, Ltd., Vancouver, British Columbia.

This group of firms, probably the largest Aircraft Trust in the United States, is not free to make its own decisions on aviation matters. Possibly its technical and other material becomes speedily known to foreign countries. It is controlled by the National City Co. and the National City Bank of New York and by the Morgan international financial interests.

(b) The Goodyear-Zeppelin Corporation, Akron, Ohio. This corporation is the manufacturer of the rigid United States airship *Akron*, ZRS-4—destroyed by a storm in April

1933—and the new rigid United States airship *Macon*, ZRS-5, of United States Naval Aviation, the new nonrigid coastal patrol, 65 miles per hour, United States airship *TC-13*, of the United States Army Air Corps, and other slower and smaller nonrigid airships. It owns the Zeppelin rights for the United States and controls airship work previously undertaken by the Goodyear Tire & Rubber Co. Probably all its technical and other material soon becomes known to Germany and other foreign countries. The National City Co. and the National City Bank of New York and the Morgan international financial interests are concerned with the Goodyear-Zeppelin Corporation.

Its activities have led the United States taxpayer into a useless expenditure on gas-filled airships during the years 1930-33 of at least \$20,000,000, which has largely benefited the Mellon controlled Aluminum Co. of America.

This unnecessary expenditure of time, energy, and money is still being caused to mount rapidly. What is even more serious, it detracts not less than to an equal extent from the development of airplanes and warplanes and their engines. It is altogether the wrong way for the United States to recognize foreign or aviation ability.

(c) The Curtiss-Wright Corporation, New York, N.Y., which comprises the following:

First. Curtiss Aeroplane & Motor Co., Buffalo, N.Y., airplanes and warplanes.

Second. Keystone Aircraft Corporation, Bristol, Pa., airplanes and warplanes.

Third. Curtiss-Wright Airplane Co., St. Louis, Mo., airplanes.

Fourth. Wright Aeronautical Corporation, Paterson, N.J., Curtiss D-12 (450/500 rated horsepower, water-cooled), and "Conqueror", "Prestone"-cooled, airplane and warplane engines, and Wright "Cyclone" and "Whirlwind" air-cooled radial airplane and warplane engines.

Fifth. Curtiss-Wright Flying Service, flying service.

Sixth. Curtiss-Wright Export Corporation, New York, N.Y.

Seventh. Canadian Wright, Ltd., Montreal, Canada.

This group of firms constitutes another aircraft trust in the United States, and it is about the size of the United Aircraft & Transport Corporation already referred to. The Curtiss-Wright Corporation is likewise not free to make its own decisions on aviation matters. Possibly, all its technical and other material also becomes quickly known to foreign countries. In the background, the Chase National Bank and the Rockefeller financial interests are concerned with the Curtiss-Wright Corporation. The Bank of the Manhattan Co., the City Bank Farmers Trust Co., the Central Hanover Bank & Trust Co., and the Marine Bank of Buffalo, N.Y., appear more prominently as this corporation's bankers.

The Curtiss-Wright Corporation and the United Aircraft & Transport Corporation between them control the aviation industry of the United States. Their pattern is the same, and they present a united front to any third party, including the Government of the United States. They monopolize the manufacture of airplane and warplane engines in this country. It is the case with both of them, that the last word, on whether or not they shall adopt any aviation improvement or invention, lies not with their technical executives, but with their outside, unqualified financier masters. These groups maintain a pool of patents that discourages the offer and adoption of any aviation improvement or invention from without, and deprives their own personnel of real incentive to make any such improvement or invention. Neither of the groups has been responsible for the introduction or adoption of any actual improvement in aircraft or aircraft engines.

They have been—and are being—caused by the purely financial powers behind them, to adhere to the false manufacturing policy in a competitive market of maximum reproduction with minimum improvement. Although the trust builders and stock manipulators of these combines have prevented competition in the design and production of aircraft and aircraft engines in the United States, they have been, naturally, unable even to slow down that of foreign



countries, and so, as the appended charts show, their progress has made United States air defense a negligible factor in the world today.

The only momentous development in aircraft production which any of these financial interests has supported is the already referred to extremely costly and unnecessary one of the gas-filled airships which can be made to call for much greater lump sums of money from the United States Treasury, be more spectacular than any other form of aircraft production as yet, and benefit the Aluminum Co. of America. No foreign nation would tolerate in the path of the development of its air defense any such double-faceted single block of private interests as the United Aircraft & Transport Corporation and the Curtiss-Wright Corporation, nor any such conflicting appendage of the financial systems behind either or both of them as the Goodyear-Zeppelin Corporation.

(d) North American Aviation, Inc., New York, N.Y., which comprises the following:

First. Berliner-Joyce Aircraft Corporation, Baltimore, Md., warplanes.

Second. Douglas Aircraft Co., Inc., Santa Monica, Calif., airplanes and warplanes.

Third. Sperry Gyroscope Co., Inc., Brooklyn, N.Y.

Fourth. Ford Instrument Co., Long Island City, N.Y.

Fifth. Transcontinental & Western Air, Inc., New York, N.Y.

Sixth. Eastern Air Transport, Inc., Brooklyn, N.Y.

This smaller aircraft combine is, perforce, subject to the United Aircraft and Transport Corporation and the Curtiss-Wright Corporation because of its dependence upon them for airplane and warplane engines, their ascendancy in the aviation industry of the United States, the market they provide, the great financial powers behind them, and interlocking interests in general.

(e) The leading allegedly individual firms engaged in warplane production in the United States are the following:

First. Bellanca Aircraft Corporation, New Castle, Del.

Second. Consolidated Aircraft Corporation, Buffalo, N.Y.

Third. Glenn L. Martin Co., Baltimore, Md.

Fourth. Great Lakes Aircraft Corporation, Cleveland, Ohio.

Fifth. Grumman Aircraft Engineering Corporation, Valley Stream, Long Island, N.Y.

Sixth. Hall-Aluminum Aircraft Co., Buffalo, N.Y., affiliate of the said Aluminum Co. of America, New York, N.Y., the Mellon-controlled Aluminum Trust.

I understand that now some of these firms even have been absorbed by the aforesaid North American Aviation Corporation.

These six concerns together merely approximate the size of only the Curtiss-Wright Corporation. They are more or less independent as regards each other and North American Aviation, Inc., but they are, perforce, subject to the United Aircraft & Transport Corporation and the Curtiss-Wright Corporation for the same reasons that North American Aviation, Inc., works hand in hand with these two ascendant combines.

Thus at least all the worth-while limbs of the aviation industry of the United States engaged in producing warplane engines and warplanes are shackled as heavily as possible by the limitations of the private and wholly financial interests of the Wall and Pine Streets area of New York. No foreign country manufacturing warplane engines and warplanes permits any similar restriction of its aviation industry.

These interests have dictated and persisted in the false manufacturing policy of maximum reproduction with minimum improvement in the highly specialized and competitive field of warplane engines and warplanes.

Although this policy is the line of least resistance for purely financial interests to follow, it is treacherously harmful to industry in general and to the manufacture of devices for war in particular. The extent to which it has been caused to prevail in the United States has made this country paramount in reproductive means for obsolete or obsolescent finished products and the least protected against internal price cutting and unemployment. It has been largely re-

sponsible for the United States lacking competent air defense.

The private banking and similar financial interests of the United States are the arch priests of this untruthful doctrine, and not this country's comparatively few, efficient, and quite independent manufacturers, such as Mr. Henry Ford. The historical Ford automobile, model T, which received throughout the world more nicknames—including "Tin Lizzie" and "Spider Car"—than anything else has ever done, is not an example of maximum reproduction with minimum improvement in a competitive market, even though some 15,000,000 of these automobiles were made and sold without appreciable change for many years up to 1928. It was uniquely constituted for the road surfaces of its heyday, and so it cost less all around to own and operate than any other automobile. It could be made to get anywhere with the least amount of trouble.

During the World War the British Royal Army Service Corps, operating against the Germans in the wilds of Africa, kept official records of the mileage that various types of automobiles could be relied upon to make without having to be abandoned. These records proved that the Ford model T made by far the greatest mileage per car and that it was the only type of automobile to give satisfactory service in these African campaigns. Improvement of road surfaces and not any advance made by the automobile industry in general has been the principal reason for the Ford model T being superseded in 1929 by the Ford model A, and this type being followed by the Ford model V-8 in 1932, and so on.

While road surfaces guided Mr. Henry Ford, the automobile industry generally was guided by mechanical detail. This caused him to lead in the prevention, rather than the cure of automobile failures, somewhat like the sanitary engineers who, through attention to first considerations, have been more responsible by prevention of disease, than the doctors have been by cures of the sick for the improvement in the general health of civilized communities. It was principally responsible for Mr. Ford's phenomenal success as an automobile manufacturer. He satisfied the chief demand in connection with automobiles, and stubbornly kept on doing so. Those responsible for United States air defense have not yet embarked upon this policy in connection with it, as this country has no real air defense.

The fostering of maximum reproduction with minimum improvement naturally entailed the shutting out from production in the United States for this country's air forces of foreign warplane engines and warplanes under license from their original manufacturers abroad.

#### WEAKNESS OF THE UNITED STATES WARPLANE ENGINE PROGRESS LIES IN INSUFFICIENT DEVELOPMENT OF AVIATION ENGINE SUPERCHARGERS

Superchargers are used on a rapidly growing number of aviation engines today to increase or boost the power of the latter at high altitudes, particularly for warplanes, and to maintain an increased, constant power output from sea level to the maximum boost altitude.

A supercharger forces a super, or additional charge, of fuel into an aviation engine, and thereby boosts or increases its power. Without a supercharger the power of an aviation engine falls off rapidly as an airplane or airship climbs, but with a supercharger not only is the sea-level power output of an aviation engine greatly increased but this increased power is maintained up to the supercharger altitude, which varies for the most part between 12,000 feet and 20,000 feet at present.

Since a full supercharger maintains for an airplane a much faster rate of climb and speed at high altitude, it is recognized as indispensable for warplanes. But a supercharger is also useful in a moderate form for other types of planes for economical service—some of these planes may be for war purposes also.

There are two principal methods of supercharging used, but the results obtained are the same. Mechanically these two types of superchargers are somewhat similar, the rotating element consisting of an impeller or fan which is driven at high speed through gearing from the engine crank-

shaft. A flexible friction drive is provided to protect the gearing against damage upon sudden acceleration or acceleration of the engine due to the inertia of the impeller. The gear ratio varies from 1:6 in moderate superchargers to 1:10 in full superchargers, the normal speed of the impeller being from 12,000 revolutions per minute to 32,000 revolutions per minute for different types of aviation engines. Maximum impeller speeds often exceed 25,000 revolutions per minute.

In the United States and Great Britain the accepted practice is to connect the supercharger on the output end of the carburetor so that it sucks the mixture from the carburetor and forces it into the engine. This system is used on the American Curtiss "Conqueror", the British Rolls-Royce "Kestrel" and "Buzzard", and the various radial air-cooled engines. The French Lorraine "Petrel", one of the lightest aviation engines in the world for its power—500 horsepower at 14,850 feet, 1.09 pounds per horsepower—uses a two-speed supercharger of this type.

Most of the French aviation engines, however, are fitted with a supercharger connected to the input end of the carburetor, which blows air through the carburetor into the engine. The new Delage inverted engine has two positive Roots-type blowers which operate on this principle, and which maintain the sea-level power output of the engine up to 16,500 feet. The French Hispano-Suiza engines have blower-type superchargers with automatic air-pressure regulators. The French Farman inverted engine has a two-speed Farman supercharger of this type controlled by the pilot, which functions up to 6,000 feet and 18,000 feet altitudes.

A moderate supercharger gives increased power to the engine for taking-off, and maintains power to 2,000 or 3,000 feet altitude. A full supercharger maintains the sea-level rated power of the engine up to at least 12,000 feet altitude—the United States maximum. In Europe and Japan supercharge altitudes for warplanes (with correspondingly increased engine powers) are very much higher, going up to 18,000 feet and 25,000 feet. Thus, European and Japanese warplanes can maintain engine output and corresponding performance from sea level to 25,000 feet, which is vastly superior to the capabilities of United States warplanes. This deficiency is a principal fault in the United States warplanes, and makes the whole of the United States air forces of the present time practically useless. It should be remedied in all new warplanes contracted for by the United States; otherwise all the additional expenditures involved by these new warplanes will be wasteful. As such remedy entails redesign and reconstruction of the United States warplane engines, it will take at least 3 to 4 years to carry out if the manufacture in the United States of foreign warplane engines is still excluded; otherwise it will take at least 2 years to accomplish. This means that immediate wholesale manufacture in the United States of new warplanes without imported foreign engines for them will be largely extravagant.

As regards boost control. It is essential to provide against serious damage to a fully supercharged aviation engine which would result from the unrestricted use of full throttle and supercharger at low altitudes. An automatic boost control or gate control is used to prevent such full-throttle opening, and is controlled by atmospheric pressure or other means. It automatically opens the throttle sufficiently when climbing to keep the engine operating at normal boost power up to its maximum boost altitude. Above this altitude, of course, the power of the engine decreases up to the ceiling of the plane.

In an emergency, at low altitudes, such as an "over-shot" landing in a small field or on an airplane carrier, the momentary use of the full sea-level supercharged power of the engine should be provided for to gain flying speed and altitude which will frequently save a serious crash.

The full sea-level supercharged power of the 600-horsepower British Rolls-Royce Kestrel II S warplane engine is equivalent to 1,200 horsepower, that of the 500-horsepower French Hispano-Suiza 12 Xbrs warplane engine is equivalent

to 1,110 horsepower, and of the larger 600-horsepower French Hispano-Suiza 12 Ybrs is equivalent to 1,490 horsepower.

The Rolls-Royce Kestrel II S supercharged warplane engine has an automatic gate control which normally functions up to the maximum boost altitude, but it also has an emergency feature—a pilot can go through the gate, as with the gear shift of an automobile, for a few moments to have the use of the enormous full sea-level supercharged power of the engine, a most excellent form of life insurance in battle.

In conclusion, it is to be readily seen from this question of supercharging aviation engines that commercial planes are unsatisfactory for war purposes and that warplane pilots have to be specially trained.

The aforesaid very backward position of the United States air forces is principally due to the bankers' control of the American aviation industry, which has naturally fostered maximum production with minimum improvement instead of moderate production with maximum improvement. In case of war at the present time the United States has only quantity production facilities for obsolete or obsolescent warplane engines and warplanes instead of being able to swing into quantity production of such devices at their maximum point of improvement.

The foregoing deals with the question of supercharging aviation engines in the simplest terms. It does not go into such matters as the three-stage supercharger of the French Farman 8V.I. aviation engine for an ultimate ceiling of 80,000 feet, nor with the use of oxygen and similar subjects.

Warplane-engine development in the United States has been additionally interfered with by Prestone cooling, a form of liquid cooling of aviation engines.

This mixture, as used for the American Curtiss "Conqueror" SV-1570-type aviation engine, is ethylene-glycol, with about 5 percent water added to prevent freezing.

#### Advantages:

First. Saves weight, about 0.2 pound per horsepower, or 120 pounds for 600 horsepower. This, however, amounts to a saving of only 44 pounds on the weight of the corresponding French Hispano-Suiza 12 Xbrs., which develops much more power, i.e., 710 horsepower at an altitude of 13,200 feet.

Second. Saves area of radiator by 35 percent, but the tunnel radiator practically wipes this out.

#### Disadvantages:

Besides obstructing full supercharging of the engine, these are as follows:

First. Engine must be run at a higher temperature (250° to 180° F.).

Second. Power of engine is limited by higher temperature.

Third. Life of engine is shortened by higher temperature.

Fourth. Life of lubricating oil is shortened by higher temperature.

Fifth. Difficult to cool the pistons properly.

Sixth. Difficult to lubricate engine; oil flow must be increased.

Seventh. Engine clearances must be greater; more wear, more noise.

Eighth. Strength of aluminum alloys may be affected.

Ninth. Coolant has more tendency to leak, requiring special gaskets to withstand the composition of coolant and higher temperature.

Tenth. Special rubber-hose joints in the cooling system are required to withstand the higher temperature.

Eleventh. The radiator must be made stronger, using special solder.

Twelfth. The engine cannot be cooled by water in an emergency.

The aforesaid explains the aversion to this cooling mixture for aviation engines abroad. It has interfered with the development of the liquid-cooled aviation engine in the United States for several years.

I have already submitted for the consideration of the committee four at-a-glance tables of the world's leading warplane engines and warplanes showing the actual position of the United States air forces in detail. The position re-



vealed by this survey reminds me forcibly of the advice "scrap the lot" of the late British admiral of the fleet and first sea lord, Lord Fisher, to the British Board of Admiralty in connection with unsatisfactory equipment and administration of the British Fleet at the time. Lord Fisher had the strength of character to carry out this policy, and did so.

It would seem to me that the United States Army Air Corps and Naval Aviation would be benefited greatly by being merged into a single United States air force under a department of aviation presided over by a secretary and two assistant secretaries for aviation. This department of aviation should be divided into an air staff, responsible for the air force, and a civil aviation branch, responsible for civil aviation. The air force should be directed by a chief of the air staff. All of the said officials should constitute together an aviation council, headed by the secretary for aviation, within the department of aviation. This department should be able to sue and be sued in the same way as a citizen of the United States may sue or be sued by a fellow citizen and therefore be subject to this strict control by law.

As an air force is a mechanized force operating three dimensionally, the pay of the pilots, flying observers, designers, engineers, and mechanics of the air force should be made to compare favorably with corresponding civil aviation pay. In addition, pilots, their observers, and the mechanics responsible for their machines should receive a cash bonus for each hour of actual flying without accident, but with a suitable cash penalty applying only to such bonus in the case of any accident due to them.

The present practice of inviting competitive manufacturing bids and proprietary aviation devices be abandoned, and replaced by the grant of contracts on solely a net cost (including labor) plus a suitable percentage.

A mobile aircraft inspection section should be formed in such a way that intimacy with contractors is reduced to minimum.

The present policy of buying in quantity airplanes for war purposes, and their engines, be discontinued.

The present policy of maximum reproduction with minimum improvement of warplanes and their engines be dropped as beneficial only to commercial bankers and the like.

All gas-filled airships and amphibian planes for war purposes be jettisoned as of no war value and a sheer waste of the taxpayers' money.

The United States might well acquire the license to manufacture at home certain foreign types of warplane engines and warplanes. Payment for such licenses to be an offset in kind against debt payments owed to the United States by the foreign countries concerned.

The type percentages of warplanes in the present United States Army and Navy Air Force is unsatisfactory as shown by the following:

Warplane:	Percent of total
1. Fighters.....	28.89
2. Observation planes.....	48.89
3. Other types.....	22.22

It will be seen from this that the largest part of the equipment in planes of the United States air defense consists of observation planes, known as "joy riders" in England, and I believe called "air taxis" for officers in this country. The present allotment of planes to war vessels of the United States Battle Fleet is 4 observation planes per cruiser, and 3 observation planes per battleship, which provide excellent taxi facilities.

I respectfully suggest that the type percentages of warplanes be modified as follows:

Warplane:	Percent of total
1. Fighters.....	62.5
2. Observation planes.....	15.0
3. Other types.....	22.5

The allotment of planes to the battle fleet should be altered to 3 fighters and 1 observation plane per cruiser and 2 fighters and 1 observation plane per battleship. I have observed a demand to very greatly increase the number of planes of the Army and Navy Air Corps. If the planes be

made really efficient, the number need not be so great. A total of about 2,000 to 2,500 planes should form a substantial air force.

As the United States has some very large and wealthy cities to protect, at least nine, special combat squadrons should be formed and stationed in these cities, these squadrons to be known as the "city defense squadrons." They should consist of one-place fighters, specially made with enclosed cockpit and designed capable of high-altitude, combat-patrol service, with a speed of not less than 240 miles per hour at 25,000 feet and war service ceiling of 40,000.

The practically universal use of aluminum alloys in the construction of war planes of the United States Air Forces should be either terminated altogether or very drastically curtailed. This usage of aluminum would appear to benefit only the aluminum interests in this country. The action of sea water—salt water—is not favorable to this material in navy planes; besides it is very prone to perishing; also it is merely a superstition that an airplane constructed of aluminum or duraluminum or similar aluminum alloys is necessarily lighter than one constructed of steel. In fact, the aluminum plane works out to be the heavier one because of the weakness of the material.

In foreign countries aluminum is being rapidly dropped as a structural element in war planes. Great Britain has now switched to stainless-steel structure for navy and other planes, and exhaustive tests of this material in completed warplanes have proved its great superiority over aluminum for lightness, strength, and in every other way. Great Britain already has indestructible stainless-steel seaplane floats and flying-boat hulls tested in actual collisions. Machines constructed of stainless steel require much less ground attention, and so effect a great all-around saving which offsets very favorably any increase of initial cost of production. In the United States are some factories capable of producing excellent stainless steel for warplanes, but they are not encouraged. Great Britain has always been suspicious of aluminum for the construction of airplanes.

I am aware of a statement made by Mr. Edward P. Warner, editor of *Aviation*, made in the committee hearings; because of several references made by him therein to the aforesaid "at-a-glance" tables, I inserted in my remarks March 6—I note that in the latter part of 1926 he was responsible for an order by the Navy Department to the Pratt-Whitney Co. of 200 radial air-cooled engines of nominal horsepower, each of 400 horsepower, at a price of \$9,250 each. Before this order was obtained by the Pratt-Whitney Co. they had had practically no experience of aviation-engine manufacture. They had made only about three engines for which they had been paid \$15,000 each by the Navy Department. This engine was named the "Wasp", and nothing in it was new or superior, or even equal, to other radial air-cooled engines existing at the time. Thus there was really no experimental work to be done. It was really a question of teaching the Pratt-Whitney Co. to make a very ordinary aviation engine, and at a time when they had practically no factory facilities for aviation engines. If in these circumstances the company was satisfied with \$15,000 apiece for three engines, the price of \$9,250 each for 200 engines was unconscionable high, and certainly included provision that the United States Government should pay in advance for the teaching of Pratt-Whitney Co. to make aviation engines and to equip them so that they would become an unnecessary competitor with a mediocre article of an older aviation-engine manufacturer in the United States—the Wright Co.

The circumstances make clear a situation in which a company promoter or stock speculator would be provided with a sort of manna from heaven, upon which he could transform very little capital into enormous profits.

I note that in a period of about a couple of years or so the Wasp engine price became reduced to less than \$5,000 each, due principally to the fact that nothing was done to supply the Navy Department with a better engine for war purposes than was necessary for an ordinary commercial plane. In other words, the practice was to reproduce both for war purposes and commercial purposes exactly the same engine as

many times as possible so as to bring in as large a return as could be obtained for the capital invested.

Thus we find that the figures for warplane engines of the United States set out in my set of tables are fully confirmed. These figures show no special warplane-engine development for the United States.

At the time that the Pratt-Whitney Co. aviation-engine enterprise was so colossally boosted by the Navy Department there existed in Great Britain an aviation engine known as the "Bristol Jupiter", behind which there was a number of years of warplane-service experience and which was in all respects a superior engine to the said Pratt-Whitney Wasp. A responsible American firm had laid themselves out to manufacture this engine in the United States, but they were given practically no support to do so.

The Bristol Jupiter engine is manufactured under license in at least six countries outside of England. Incidentally, in 1932 that fine American naval flyer, Capt. Alford Williams, D.F.C., owned a Curtiss Hawk with a Bristol Jupiter engine. All Colonel Lindbergh's great flights have been made with Wright engines.

Mr. Warner says that the British Government paid about the same price as the United States Government for radial engines. This may be so, but the British engines maintained power up to 15,000 feet at the time, whereas the Pratt-Whitney Wasp dropped about 50 horsepower at 4,000 feet at this time.

In my considered opinion, the Pratt-Whitney should not have been given the said order for 200 engines. It would have served the Navy Department better to have placed an order at the time for only 50 engines, as would be the practice in the strictly supervised foreign countries.

Mr. Warner's qualifications for recommending or approving any warplane engine orders were well illustrated by his own description in the July 1932 issue of *Aviation* of the *Boeing XP-936* pursuit plane of the United States Army Air Corps that its general appearance suggests something over 220 miles per hour at low altitudes. Just how this shows efficiency in a pursuit ship is very obscure. And what speed would the general appearance suggest at the recognized war-service altitudes of 15,000 feet and 20,000 feet?

It would seem that he was then in sympathy with Maj. Louis K. Hibb's ridiculous theory that the United States air forces should operate by hedge hopping, published in the *Field Artillery Journal* in 1933; one reason prompting this being that then American warplanes would blend with the ground and so escape being attacked. No idea of attacking enemy planes here, merely running away from them.

Mr. Warner refers to the French Delage G.V.I.S., 450-horsepower aviation engine as merely a racing-plane engine, and ignores the fact that this engine maintains that power up to the altitude of 16,500 feet, which is altogether too high an altitude for racing planes under usual circumstances. As the French air forces consist of many thousands of warplanes, it is quite possible that Mr. Warner has not noticed the Delage engine amongst them to any great degree.

He also refers to the fact that there is more than one liquid used for cooling aviation engines. This is barely noticeable abroad, but in the United States, Prestone cooling is practiced. Although Mr. Warner thinks this system a great tribute to the country, I have shown hereinbefore the exact value of Prestone cooling for warplane engines. He has informed the committee that Mr. MacKenzie-Kennedy is the only person who classes planes by horsepower in my aforesaid tables. This confirms that he has little recollection of them. In the tables referred to, planes are not classed by horsepower, as will be seen from them. The only table that is classed by horsepower is the warplane engine table which, I think, is reasonable. By referring to his aviation magazine for April 1934 we find that Mr. Warner is now using a similar classification, but he refuses to vouch for their accuracy.

He refers to the British Hawker Super Fury fighter as not yet out of the development stage. It was last year a unit of the Royal Air Force. Mr. Warner's notions with regard

to rapid climbing for planes seem to be confined to something to do with crossing the English Channel, but, as the great French war ace Guynemer always emphasized, it was exceedingly convenient to possess this facility in air combat. I refer the committee to the book *Guynemer, Knight of the Air*, published by Harvard University Press.

I believe that Mr. Warner skipped the fact that the Pratt-Whitney Wasp engines are in several models of more or less horsepower, and so he conveys an exaggerated impression of improvement. The United States Army and Navy programs of about 340 and about 225 planes for the 6 months ending December 1933 and 18 months ending December 1933, respectively, support the impression that the said Pratt-Whitney 400-horsepower model was being supplied quite recently.

It appears that Mr. Warner very materially champions the Pratt-Whitney concern, both by his statements and his silences. It seems, however, that Pratt-Whitney is merely an incubus on United States air defense. It only duplicates unnecessarily the Wright engine factory. Pratt-Whitney might with benefit to the country be made to manufacture a good foreign water-cooled engine under license obtained by the Nation, as aforesaid.

Aviation trade periodicals still have a limited circulation, and this enhances the value of a consistently big advertiser. Thus, members of the staff of such journals are not called upon abroad for information likely to operate against their advertisers.

In conclusion let me say that since the World War repeated investigations have been held and recommendations made for a unified air force. We are all familiar with the scandals growing out of the \$1,051,000,000 spent for aircraft during the World War, and know that apart from the training planes and about 100 flaming coffins D.H.-4s were in service in France at the signing of the armistice. Now, 16 years later, according to the above statistical data, we find ourselves badly outclassed in the performance in practically all the different categories in all warplanes and warplane engines, and yet the records show we are spending more money than others and are receiving in return what several other nations would consider as obsolete equipment. It is easily seen that unless and until we enact legislation placing our entire air forces under one command and under one central purchasing agent, providing competitive bidding in the purchase of all aircraft, that we cannot expect to reach our proper place among other nations of the world in the performance of our warplanes and warplane engines. [Applause.]

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, may I discuss for a short period the reconsideration by the House of the independent offices appropriation bill, which is soon to come before us?

In the first place, a very careful study of the language of the amendment as it refers to World War veterans is exactly in line with the policy of the present administration in the treatment of service-connected and non-service-connected veterans, in my opinion. I do not understand that there is a great deal of difference between the Byrnes amendment and the Steiwer-McCarran amendment in that regard, the principal difference being that the presumptive cases are restored by the Byrnes amendment with a 25-percent cut pending reconsideration, whereas under the Steiwer-McCarran amendment they are restored with full compensation subject to being cut off if the Government can satisfy the burden of proof and show by clear and convincing evidence that their disability arose prior to or subsequent to their service. I feel that this is a very fair obligation for the Government to undertake. It still preserves the differentiation which this administration has attempted to make between so-called "service-connected" disabilities and "non-service-connected" disabilities.

We have necessarily done many an injustice by making that distinction. Without any personal reference, I know of many cases in which men have received disabilities which they are unable to connect with their service but which are



in fact so connected; and this administration has established the principle of compensation to service-connected disabled World War veterans and no compensation to veterans of that war who cannot prove a service connection for their disabilities.

In this particular amendment only those World War veterans rated as service connected before March 1933 are restored, and from this number are excepted, first, those who have joined the service after the 11th of November, the date of the actual closing of hostilities; second, those whose disabilities are the result of their own misconduct; third, those who are on the rolls by fraud, mistake, or misrepresentation; and, lastly, those in which the Government can prove by clear and unmistakable evidence that the disease, injury, or disability had its inception before the period of active military service or thereafter. As far as I am concerned, the Steiwer-McCarran amendment gives fair treatment to the service-connected disability cases, and I shall be glad to support it. I shall also be glad to support the next amendment, which deals with Spanish-American War veterans, but it needs some changes.

I realize, of course, just as all other Members of this Congress realize, that the Spanish-American War veterans, by reason of the lack of hospital, medical, and physical-examination records, are under an insuperable handicap. I realize also that by reason of the scattering of their comrades the necessity of obtaining affidavits becomes a real obligation. It is difficult and often impossible to locate them, and when they are found no memory can be accurate 35 years after the war. For this reason I have reached the conclusion, after considerable investigation of my own, that these veterans ought to be granted the benefit of any doubt. In other words, by putting an impossible task upon these service-connected veterans and thus excluding them all, we would be doing a greater injustice to men who have received their disability by reason of their service than we would be doing if we included them all. This is predicated upon the theory, however, that the disabilities from which they suffer are caused by their service. This administration has committed itself to the program of differentiating between service-connected and non-service-connected disability cases.

Mr. BOLTON. Will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Ohio.

Mr. BOLTON. Was it not stated in the case of the Spanish-American War veterans that the burden of proof rested upon the Government?

Mr. BAILEY. No; nowhere in this amendment is that stated.

Mr. BOLTON. I mean in the first regulation put out by the Chief Executive?

Mr. BAILEY. In regulation no. 12. The gentleman is correct. I am sorry to say that the Veterans' Bureau apparently never read the regulation, or, if they did, they never obeyed it. This is one of the reasons why, after a considerable investigation, I have come to the conclusion that these men must be restored in order that ample and simple justice may be done to the truly service-connected cases.

I have recently completed the review of the case of a Spanish-American War veteran who had an affidavit from a doctor that had treated him for 28 continuous years, and the doctor in his affidavit stated that during all of this time the veteran had suffered from his present disability and from the condition of the disability 28 years before it was apparent that prior to that time the disability had occurred. He had an affidavit from his regimental surgeon to the effect that while he could not make it definite because of the lapse of 35 years, his recollection was that this man had reported to him for treatment for this same disability a number of times during his service. He also had affidavits from two of his comrades to the effect that about 2 months after he joined the service he had been compelled to be excused from duty because of this disability and was not permitted to drill. He had his own affidavit and the affidavit of his family; and yet, despite all that clear

and convincing proof, the Veterans' Bureau had three times refused this man a service-connected rating.

Mr. SIROVICH. On what ground?

Mr. BAILEY. I have no idea. I do not know that they had any ground. Under regulation no. 12 of the President they had no ground at all for refusing this man this rating.

Mr. CHRISTIANSON. As I understand the gentleman, there is nothing in the Economy Act itself that would prevent the Veterans' Bureau from doing full justice?

Mr. BAILEY. No, sir; not with respect to Spanish War veterans. There is nothing in the Economy Act and nothing in the regulations of the President that would prevent this. It is only in the administration of the regulations by the Veterans' Bureau that it has been done.

Mr. CHRISTIANSON. The gentleman agrees that what we need is not new legislation but a more humane attitude upon the part of those who are charged with the responsibility of administering it?

Mr. BAILEY. Yes; and about the only way I know to get that humane attitude is to clean most of them out that have been put in there during the 12 years preceding this administration.

Mr. DONDERO. Can the gentleman tell the House the reason for the great difference in the percentage of cases allowed in some of the States as against the very small percentage of cases allowed in other States?

Mr. BAILEY. Is the gentleman dealing with World War veterans or with the Spanish-American War veterans?

Mr. DONDERO. World War veterans.

Mr. BAILEY. That is not a question that I had in mind discussing. My own experience with the two boards in the State of Texas is that they worked excellently; and if all the boards had aroused as little complaints as those boards, there would not be any justification for complaint. These boards had very capable men. One of the members of the Dallas board was the commander of the American Legion in Texas; two others were, and had been, vitally interested in the welfare of the veterans. They were personal acquaintances of mine; and from a personal examination of many of the cases rejected by them, I must say they did the right and the fair thing to the veterans and to the Government. I do not understand that any man can sit here and say that because a certain percentage was accepted and a certain percentage rejected, these boards are, because of that fact, to be condemned. The real question is what cases were rejected, and so far as I know, no Member of this Congress can answer that question.

If we do not believe they did their duty, we ought to investigate the boards and the rejected cases. Then we would know what we are talking about.

But to return to Spanish-American War veterans. As I say, I am perfectly willing, and I am anxious, to restore these Spanish-American War veterans to the rolls at 90 percent of their previous allowance on the theory that they are service connected. But if we are to assume that they are to be restored as service-connected disabilities, then I can see no possible justification for excepting World War veterans under circumstances such as to preclude service connection and including Spanish-American War veterans in the same such instances.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. BAILEY. If you adopt the Steiwer-McCarran amendment without change, you will restore to the rolls all of those men who were on there under the act of 1930. You will restore 781 men suffering with misconduct cases; you will restore 12,177 men who joined the Spanish-American War forces after the close of actual hostilities and who did not see service in the Philippine Insurrection in the Moro Province or the Boxer Rebellion.

It seems to me, if you are going to do equal and exact justice to the World War veterans, then the same facts which would exclude a World War veteran from receiving a service-connected pension should also prevent a Spanish War veteran from receiving a pension.

All of us know that some injustices were done when the disability allowance was dropped. Many of those men had disability which was actually caused by their service, but we have dropped all World War veterans in that class. Are we to do a further injustice to these men and, while still excluding them, restore the Spanish War veterans in the same class of cases?

I know the argument is made that the Spanish War veteran is disabled with age, and so he is. I sympathize with him, and so do you, I am sure; and yet his disability is no greater than a World War veteran of 40 years whose body is wracked with tuberculosis. If the World War veteran enlisted after November 11, 1918, by the present Presidential regulation, he would only get \$30 a month if totally disabled. But the Spanish-American War veteran who joined after August 12, 1898, and never saw foreign service could draw as high as \$72 a month.

One of the things which contributed more than anything else to the passage of the Economy Act and the consequent trouble of all veterans in the past year was the fact that Congress had so liberalized the pension laws that many undeserving cases had been included by those laws on the pension lists. The adoption of this amendment without the qualifications suggested would restore these same undeserving cases. Again the real deserving veteran would suffer, just as he always has before. It is perhaps true that 13,000 veterans would be kept off the pension rolls, but by so doing about 180,000 real deserving Spanish War veterans would be left in peace to enjoy the rewards of a grateful Government. A real friend of the veteran would not hesitate in making such a decision.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, I am sorry the gentleman from Illinois [Mr. DIRKSEN] is not here, because in the few moments given me I want to challenge some of the statements be made with reference to the reciprocal-tariffs proposed by the President of the United States.

In the first place, the gentleman has accepted the untenable and intolerable theory that is prevalent in the Department of Agriculture and in the A.A.A. that the ills of agriculture in this country are due to overproduction. I expect within the next few days to give you tabulations taken from the various annual reports of Secretaries of Agriculture to prove conclusively that in the past 10 years we have produced less basic farm commodities in this country than we did in the preceding 10 years. In other words, this entire fallacious theory which, up until the present administration, has advocated a policy of laissez faire, or let well enough alone, is predicated upon the false premise that during the war the farmers greatly overproduced the basic farm commodities of this country, and since the war, instead of a reduction in production, this increase has been steadily carried on year after year, thus producing the demoralization of agricultural prices that we have witnessed for the past 3 years.

The gentleman from Illinois [Mr. DIRKSEN] said that the world had increased its production of wheat tremendously in the past few years. This is distinctly not the fact, I will say to this House. In 1909 the world production of wheat was three billion six hundred and odd million bushels; in 1933 the world production was 3,700,000,000 bushels of wheat, a slight increase of 100,000,000 bushels; while the increase in world population has been tremendous since 1909, particularly in this country of ours.

The gentleman from Illinois said European countries were becoming self-sufficient in agricultural production. I challenge any Member of this House to name one European country that is self-sufficient or that will ever be self-sufficient, with the possible exception of Italy, one of the countries named by the gentleman from Illinois.

It is true that the European peasant farmers produce more bushels per acre than we do in America. But the American farmer produces more per man than any farmer in Europe. His nearest competitor is the Belgian farmer,

and our farmer produces three times as much as the Belgian farmer. Then comes the German farmer, and we produce nearly four times as much as does the German farmer. Then comes the Italian farmer, and we produce five and a half times as much as the Italian farmer. So that theory is proved to be fallacious.

In Europe they produce more bushels because the farms are small—usually 5 acres. The 10-acre farm is a big farm. They plant their fields as we plant our gardens. When it come to livestock and beef, they do not compare with our production. In Germany they kill the calf when it is born because they have not sufficient grain and forage to feed their cattle and to raise the calf to even a veal stage as we do in this country. So our farming is entirely different.

In normal times we send abroad 15 percent of our agricultural products, and this 15 percent has been seized upon by the theorists, doctors, and crystal gazers as the cause of all our ills.

I would point out that the only success achieved thus far with the A.A.A. has been where prices have been definitely fixed for commodities; cotton at 12 cents, corn at 45 cents a bushel, tobacco about 10 cents a pound. They have fixed these prices by lending the farmer an equivalent of that price on his crop, which is stored in the bin or in the warehouse.

I predict that the only success which will ever be recorded is where prices are fixed on a minimum basis.

Today the United States Supreme Court rendered a decision nearly as momentous as the Minnesota case, when that Court decided that the price fixed for milk was constitutional and legal. I ask now, in the face of that decision, how can the A.A.A. in consistency and in harmony with the program of the President of the United States, longer refuse to fix prices for such basic commodities as wheat, pork, beef, butter fat, poultry, and other commodities? [Applause.]

The Secretary of Agriculture, Henry A. Wallace, is quoted in press dispatches of a few days ago as stating that it may be necessary to change not only the present cropping system of the country, but to change the present cropping systems of various States, or words to that effect.

He said, for instance, that it may be necessary to eliminate the growing of wheat in my own State of Ohio, and let the State of Kansas produce Ohio's normal wheat crop, varying between 38,000,000 and 40,000,000 bushels per year.

For the Secretary's information I would state that in 1850, or 83 years ago, in an official report issued by the Ohio State Department of Agriculture, the total wheat yield of my State was 35,000,000 bushels or more. That was 83 years ago. Today we are producing yearly thirty-eight or forty million bushels, an increase of slightly more than 10 percent, proving conclusively that in no wise has the production of wheat kept pace with the increase in population, or with the increase in number of consumers.

What is true of Ohio is also true of the Nation, and I warn the Secretary that any attempt to force Ohio farmers to abandon the growing of wheat will be met with State-wide revolt.

As another illustration I will point out to this Committee that in 1909 the total production of wheat in this country was 737,189,000 bushels. The farm value of that wheat in that year was \$730,046,000. We exported slightly more than 15 percent of our total crop, yet the price on the farm averaged nearly \$1 per bushel. The year 1918, the year in which the Armistice was signed, witnessed the first large increase in wheat production in this country, 921,438,000 bushels being harvested that year. This production was of course superinduced by the Government appeal to the patriotism of the farmers through its food administrator and spokesman, Herbert Hoover, who exhorted wheat growers to raise more wheat.

Mr. Hoover asked our farmers to double their production of the year before of 30,000,000 bushels to 60,000,000 bushels. Consequently, acreage greatly increased, which necessitated reduction of other basic crops. The war prices then pre-



vailing, of approximately \$2.10 a bushel for wheat in the Corn Belt, of course, was another great incentive.

The year 1919 was another bumper year: 948,987,000 bushels were produced. In the year 1920 a marked reduction was noted, 787,000,000 bushels being recorded, and in 1921 a slight upturn took place with a yield of 795,000,000 bushels.

It is worthy of note that the record yield of wheat in this country occurred in 1915, when we beheld a bumper crop, 1,025,801,000 bushels. The crop year 1932 records the lowest production in 18 years, 726,831,000 bushels being given as the total production for that year. It will be noted that this production had occurred in a year which was considerably more than a year in advance of the creation of the Agricultural Adjustment Administration by the Congress of the United States.

It is also worthwhile to note that the farm value of that wheat was only \$254,525,000.

A survey of world production figures dating back to 1921 does not reveal the alarming increase in world production of wheat, or, as some assert, that it makes European countries self-sufficient insofar as breadstuffs are concerned.

1921-22 to 1925-26	3,281,000,000
1929-30	3,561,000,000
1930-31	3,813,000,000
1931-32	3,771,000,000
1932-33	3,760,000,000
1909	3,624,418,000

Where is the Arabian Nights increase in production that the farm doctors, quacks, theorists, and professors continually prattle about? I cannot share the conclusions of the gentleman from Illinois that our foreign-export markets are now a "dead horse." We cannot expect European nations to buy our wheat when we erect insurmountable tariff walls and barriers against certain products we could well use in this country under reciprocal tariff agreements as proposed by Franklin D. Roosevelt.

It might be well for Secretary Wallace to either look into the records more closely, or to confer with some honest-to-God dirt farmers in Ohio before deciding upon such an unwarranted, unprecedented, asinine plan. He will find that our Ohio farmers raise wheat because:

First. In normal times wheat is a profitable summer cash crop.

Second. Wheat is the principal rotation crop to seed the soil with clovers, alfalfas, and other legumes, so as to conserve and increase the fertility of the soil. Of all the small grains grown in Ohio, it is only in a crop of wheat that the farmer can be assured of obtaining a good stand of clover and other legumes. Hence, most Ohio farmers are willing to produce a certain acreage of wheat year after year, even though it should only return cost of production. However, they will not continue forever to produce it at a distinct monetary loss.

Third. Good wheat crops must be grown on good soil. Consequently, the only alternative crops for our Ohio farmers are corn, oats, rye, or barley. They will not permit the land to lie fallow and idle, as the Secretary's plan contemplates.

The present method of lending the farmer 45 cents a bushel on his wheat means depletion of the fertility of the soil, and, naturally, a destructive, devastating, and unpatriotic policy.

The early Roman Empire collapsed because its leaders in their generation were not wise enough to safeguard the resources of the soil. Two thousand six hundred years ago Solon, wise old Greek philosopher, bemoaned in nearly identical words and phrases the difficulties and agonies that Greek agriculture was experiencing.

Said Solon: "Agricultural pauperism is a cancerous growth in the economic life of our country and will eventually pull the nation down." That is exactly what happened.

England started on the road to industrial stagnation, agricultural bankruptcy, and universal doles away back in 1848 when she repealed her corn laws, acting on the fallacious theory that England should be superindustrialized,

that she should devote all of her finances, man power, and resources to the intense development of industrial production, subordinating her agriculture, letting her farmers go to ruin, on the ill-advised theory that England could go out into the world's markets and buy her food much cheaper than she could afford to raise it at home. This theory worked until the superindustrial plant had to be dismantled, following the signing of the armistice. With that slowing-up, thousands of men were unemployed, and universal doles, adopted originally as an emergency measure, became a permanent policy, just as this country today in P.W.A. and C.W.A. projects is, in a sense, granting doles to unemployed workers, and must continue to grant those doles until the prosperity of the basic industry, agriculture, normally representing 40 percent of the Nation's purchasing power, is restored in full.

Other older European nations, France, Italy, Germany, Belgium, and Denmark, have all been confronted squarely with these early and mistaken policies, and for the past several years have been doing everything humanly possible to rectify those mistakes, by granting huge bonuses and subsidies to the farmers of their respective countries. Arbitrary price levels in those countries can be easily maintained, because they produce less than their people consume. Hence a tariff sufficiently high to keep out American wheat and American meat tells the story.

Russia is often mentioned as a nation that is increasing agricultural production tremendously. Even if true, the United States does not need to be unnecessarily alarmed. For decades the peasant farmer of Russia has been notorious for his poverty, illiteracy, and general demoralization. In the past, hope has been stifled, and ambition has been annihilated by the plutocrats.

Today Russia, under the iron-clad rule of the dictator, Stalin, produces more per acre. She produces better quality of foods, but not by the wildest stretch of the imagination can Russia be considered as a real competitor for our American farmers within this or the next decade.

Every well-informed individual knows or believes that a war between Russia and Japan is imminent and unavoidable. No one would be so foolish as to accuse Stalin and his advisors of even attempting to export any great quantities of their agricultural production under this crisis that is impending. Rather we must believe that whatever surpluses that may be accumulated will be held in reserve for this titanic conflict for supremacy between the two nations.

Further recital of facts, statistics, and data pertaining to production of other agricultural crops and commodities would only strengthen the belief and conviction that instead of being a "dead horse", our foreign markets are a most fertile and lucrative field, ready to open its arms to our exports, provided we reciprocate in a manner and form that enables them to dispose of certain of their commodities, industrial and otherwise, that we could use to the best advantage without imposing penalties of any sort on American industry or American labor.

Let Franklin D. Roosevelt, the friend of the oppressed and the protector of the poor, breathe the breath of the new deal into the nostrils of this so-called "dead horse" of foreign trade, and the horse will spring up and be transformed as with a magician's wand, into a charging, spirited steed that neither partisan politics nor capitalistic influence can stop.

Again reverting to the subject of wheat, and bearing in mind that in the years 1931, 1932, and 1933 the world's importation of wheat has increased by more than 100,000,000 bushels, while our exportation has declined from 25 percent in 1929 to 14 percent in 1933, the final spike is driven into the propaganda of those who knowingly or unintentionally disseminate the false doctrine and dogma of the bureaucrats, dreamers, and crystal gazers of the United States Department of Agriculture and of the A.A.A., who make a living by farming the farmer. [Applause.]

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

Mr. TRUAX. Can the gentleman from Mississippi give me a couple of minutes more? I should like to answer the inquiry of my friend from Ohio [Mr. BOLTON].

Mr. COLLINS of Mississippi. Mr. Chairman, I yield the gentleman 1 minute more.

Mr. BOLTON. I just wanted to learn how the gentleman felt about the A.A.A., and I think his remarks have answered that thoroughly.

Mr. COLLINS of Mississippi. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. MILLER].

Mr. MILLER. Mr. Chairman, when I came over here this afternoon, I had no intention of undertaking to submit any remarks at all; but in listening to the general debate, pro and con, I feel impelled to submit a few observations. I was very much interested in the discussion of our educational system in this country by the gentleman from Illinois [Mr. BRITTON]. I agree with him that it is of vital importance that the youth of our country be educated. I agree with him that any Government ought to devote whatever attention is necessary to accomplish that end. I further agree that ordinarily anticipating tax warrants that are issued are ultrasecurity, but I am wondering if we have not reached the point in this country today where the people have become, we might say, quite oblivious to the matter of taxation. We will all support any bill that the Committee on Education reports, whether it be a direct gift from the National Government or what not, to support our schools, and it looks as if it might be necessary to do it at this time. I am wondering if the people of our country today, if the average citizen, has not lost all sense of taxation. I am also wondering what the cause of the deplorable condition is aside from what is generally laid to the depression. Are there alive in the people of the country today that knowledge and that feeling that this money, whether it be given as a gift or a loan, must some day be repaid by taxation? Is there a tax consciousness among the people of America today? Are we not having entirely too much government? This is not a partisan question.

I am wondering if the Congress, regardless of politics—you and I as individuals—are not partially responsible for the feeling that exists in this country, for the condition that exists, whether it be in Chicago, the Far West, or the East, which causes the people to turn their eyes and lift their hands to the Federal Government for help. Have we not unconsciously undermined the self-reliance of our people? I am wondering where we are going and what is going to be the end. The National Government cannot nationalize the school system. We cannot continue these unprecedented expenditures of money unless we take that money back from the people by taxation. I should like to see in this country a reawakening of that spirit which prompted your father and my father to carve empires out of the wilderness, when they went out and of their own strength and determination and will power earned a living for themselves and their families; when the Government was unknown from the standpoint of looking to that Government for some help.

The only thing that a just government owes to its people is an equal opportunity for them to earn a livelihood by honest toil and labor. This idea that is growing up in your State and my State that the Government owes help to this class or that class of citizens is fallacious. It is the entering wedge that will bring down upon our heads our superstructure of government unless we stop it. We all agree with that, but we are much in the position of Mark Twain in respect to the weather. Mark Twain said that a lot of people complained about the weather, but he never did see anybody doing anything about it. That is the way we are. We are going ahead in this Congress making appropriations for purposes heretofore unheard of and without precedent because we are convinced that the emergency is such that it is necessary. The roads will come in, and this and that will come in, but what will this Congress or the next Congress or the Congresses after that do about the practical question of stopping the paternalistic demands in this country?

Mr. MARTIN of Colorado. Mr. Chairman, has the gentleman time enough for a friendly interjection?

Mr. MILLER. Yes.

Mr. MARTIN of Colorado. Frequently when I do down through these gigantic buildings swarming with Federal employees I get a very disturbed feeling. More gigantic buildings are coming up all the time and are being filled to overflowing before they are completed. It makes me realize that government is the major industry in this country, that all eyes are turned and lifted to Washington. It is the matter of give, give, give. There are others of us besides the gentleman from Arkansas who wonder what the final answer to this will be. When I was in this Congress 25 years ago we used to congregate in this cloakroom and cuss this or that bill creating some bureau and then rush in on the floor and vote for it, and the same thing is going on today.

Mr. MILLER. Of course, it can be said in justification of our course that during the last 20 years the whole social structure in this country has undergone a change. We are prone to believe that the war was and is responsible for the creation of a great many of these demands, and during the depression people in their distress naturally turned to the Federal Government. But the Federal Government is not something apart from the people themselves. It is their creature and they must sustain it. They cannot sustain it and forever draw its strength away with demands that cannot be met without the levying of taxation that will be so burdensome as to cause a revolt.

We have said that there will be no more appropriations for direct loans to make a crop. I do not know whether there will be more or not. We often say that there will be no more appropriations of a certain class, but that does not stop them. They will not stop until an enlightened citizenship demands that they stop, and these demands on the Federal Government cannot stop until the local, the State, and municipal governments reassume their proper functions and meet the obligations of local government and thus take from the National Government some of its present-day load.

The support of the schools is primarily a question for the local governments, but if they cannot or will not support them, then we must, and I shall go as far as anyone to see that every youth of our land has an opportunity to qualify himself for the duties of citizenship.

I am just as much concerned about the stability of government as I am with any function of that government, and if our schools, the press, and our leaders desire to render a real service to the coming generations of our country they will join in the efforts to reawaken in our people that spirit of self-reliance.

The entire governmental theories have undergone a change. We can say that in justification of it, but still that does not justify us from getting away from the bedrock upon which our Government exists. Our Government is just as strong as the individual will and determination of its people is. [Applause.]

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 8471) making appropriation for the War Department, and for other purposes, had come to no resolution thereon.

#### EXTENSION OF REMARKS

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include the bill which I introduced on the control of food and drugs.

Mr. TABER. The gentleman's own remarks?

Mr. SIROVICH. My own remarks.

The SPEAKER. Without objection, it is so ordered. There was no objection.



Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include short statements of Admiral King and General Foulis, and also the chart which I discussed in my remarks, showing the Aircraft Trust in the United States.

Mr. MARTIN of Massachusetts. Reserving the right to object, just for a moment—and I shall not object—I just want to call the attention of the gentleman to rule 10 of the Regulations for the publication of the CONGRESSIONAL RECORD promulgated under authority of law by the Joint Committee on Printing which provides that no illustration may be published in the CONGRESSIONAL RECORD unless approved by that committee through our Committee on Printing. I do not intend to object.

Mr. McFARLANE. I expect to present that to the Joint Committee today. This is not an illustration but a chart, pure and simple. However, I expect to discuss the matter with the Joint Committee on Printing of the House.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. McFARLANE]?

There was no objection.

#### INTER-AMERICAN HIGHWAY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Roads:

*To the Congress of the United States:*

I transmit herewith two copies of a report prepared by the Bureau of Public Roads, Department of Agriculture, a letter of transmittal addressed to the Secretary of State by the Secretary of Agriculture, and a letter from the Secretary of State concerning a reconnaissance survey for an inter-American highway.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 6, 1934.

(Enclosures: Two copies of report on inter-American highway; from Secretary of Agriculture, January 25, 1934; from Secretary of State to the President.)

#### ELECTION CONTEST—RALPH O. BREWSTER v. JOHN G. UTTERBACK

The SPEAKER laid before the House the following communication from the Clerk of the House, which was read, and, together with the accompanying papers, referred to the Committee on Elections No. 3, and ordered printed:

HOUSE OF REPRESENTATIVES,  
CLERK'S OFFICE,  
Washington, D.C., March 6, 1934.

THE SPEAKER, HOUSE OF REPRESENTATIVES,  
Washington, D.C.

SIR: I have the honor to lay before the House of Representatives the contest for a seat in the House of Representatives for the Seventy-third Congress of the United States for the Third District of the State of Maine, *Ralph O. Brewster v. John G. Utterback*, notice of which has been filed in the office of the Clerk of the House; and also transmit herewith original testimony, papers, and documents relating thereto.

In compliance with the act approved March 2, 1887, entitled "An act relating to contested-election cases", the Clerk has opened and printed the testimony in the above case, and such portions of the testimony as the parties in interest agreed upon or as seemed proper to the Clerk, after giving the requisite notices, have been printed and indexed together with the notices of contest, and the answers thereto, and original papers and exhibits have been sealed up and are ready to be laid before the Committee on Elections.

Two copies of the printed testimony in the aforesaid case have been mailed to the contestant and the same number to the contestee, which, together with an abstract thereof and copies of the briefs of the parties, will be laid before the Committee on Elections to which the case shall be referred.

Yours respectfully,

SOUTH TRIMBLE,  
Clerk of the House of Representatives.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. THOMPSON of Illinois, for an indefinite time, on account of illness.

Mr. BYRNS. Mr. Speaker, the gentleman from Pennsylvania, Mr. BERLIN, has been called home on account of illness in his family. I ask unanimous consent that he be granted indefinite leave of absence.

The SPEAKER. Without objection, the request is granted. There was no objection.

#### SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

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

S. 2277. An act to establish fish and game sanctuaries in the national forests;

S. 2461. An act to amend an act entitled "An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict"; and

S. 2529. An act to promote the conservation of wild life, fish, and game, and for other purposes.

#### ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 25 minutes p.m.) the House adjourned until tomorrow, Wednesday, March 7, 1934, at 12 o'clock noon.

#### COMMITTEE HEARINGS

SUBCOMMITTEE OF THE COMMITTEE ON THE POST OFFICE AND POST ROADS

(Wednesday, Mar. 7, 9:30 a.m.)

Hearings on H.R. 3384, H.R. 4940, H.R. 6923, and H.R. 7083, in committee rooms.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, Mar. 7, 10 a.m.)

Continuation of hearings on H.R. 7852, the National Securities Exchange Act of 1934.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BANKHEAD: Committee on Rules. House Resolution 292. Resolution for the consideration of H.R. 8402, a 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; without amendment (Rept. No. 872). Referred to the House Calendar.

Mr. WARREN: Committee on Accounts. House Resolution 284. Resolution relative to the expenses of conducting the investigation authorized and directed by House Resolution 275; without amendment (Rept. No. 873). Ordered to be printed.

Mr. SCHULTE: Committee on Immigration and Naturalization. H.R. 3674. A bill to clarify the application of the contract-labor provisions of the immigration laws to actors; without amendment (Rept. No. 874). Referred to the House Calendar.

Mr. ADAMS: Committee on Public Buildings and Grounds. H.R. 7428. A bill providing for the transfer of certain lands from the United States to the city of Wilmington, Del., and from the city of Wilmington, Del., to the United States; without amendment (Rept. No. 876). Referred to the Committee of the Whole House on the state of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KVALE: Committee on Military Affairs. H.R. 3980. A bill for the relief of Carl L. Bernau; without amendment (Rept. No. 875). Referred to the Committee of the Whole House.

#### 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. 6859) to amend the act entitled "An act for the relief of contractors and subcontractors for post offices and other buildings and work under the supervision of the Treasury Department, and for other purposes", approved August 25, 1919, as amended by act of March 6, 1920; Committee on Claims discharged, and referred to the Committee on Public Buildings and Grounds.

A bill (H.R. 8211) granting insurance to Maybelle M. Hannan; Committee on Claims discharged, and referred to the Committee on World War Veterans' Legislation.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MURDOCK: A bill (H.R. 8491) to define and fix the standard of value and to regulate the coinage; to the Committee on Coinage, Weights, and Measures.

By Mr. CONNERY: A bill (H.R. 8492) to provide a 30-hour week for industry, and for other purposes; to the Committee on Labor.

By Mr. BOEHNE: A bill (H.R. 8493) authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River; to the Committee on Interstate and Foreign Commerce.

By Mr. KNUTE HILL: A bill (H.R. 8494) to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on the Quinault Indian Reservation, when it is in the interest of the Indians so to do; to the Committee on Indian Affairs.

By Mr. EDMONDS (by request): A bill (H.R. 8495) to authorize the Secretary of the Interior to repossess certain mineral lands ceded by Mexico to the United States of America by the Treaty of Guadalupe Hidalgo, and to provide for the national defense, and for other purposes; to the Committee on the Public Lands.

Also (by request), a bill (H.R. 8496) to withdraw from "disposition and sale" under the public land laws all lands lying within the exterior boundaries of "alleged" or "duly asserted" Spanish or Mexican land grants, and for the protection of bona-fide homesteaders, settlers, and/or innocent purchasers thereon, and for other purposes; to the Committee on the Public Lands.

By Mr. DIMOND: A bill (H.R. 8497) to grant 160 acres of land or one placer- or lode-mining claim in the Territory of Alaska to the surviving residents, or the widow and minor children of deceased residents, of Alaska who served in the World War; to the Committee on the Public Lands.

Also, a bill (H.R. 8498) to extend the facilities of the Public Health Service to seamen on Government vessels not in the Military or Naval Establishments; to the Committee on Interstate and Foreign Commerce.

By Mr. MARTIN of Colorado: A bill (H.R. 8499) to provide for the payment to veterans of the face value of their adjusted-service certificates; to the Committee on Ways and Means.

By Mr. JOHNSON of Texas: A bill (H.R. 8500) to amend the World War Adjusted Compensation Act; to the Committee on Ways and Means.

By Mr. BANKHEAD: Resolution (H.Res. 292) for the consideration of H.R. 8402, a 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; to the Committee on Rules.

By Mr. BOYLAN: Resolution (H.Res. 293) creating a select committee of five Members of the House, to be appointed by the Speaker, to determine the desirability and practicability of stabilizing the domestic and world price of silver by legislation and international agreement designed to establish and maintain a proper ratio of the value of silver to gold; 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. COLDEN: A bill (H.R. 8501) for the relief of Fred West; to the Committee on Military Affairs.

By Mr. DOBBINS: A bill (H.R. 8502) for the relief of Arch Boyles; to the Committee on Military Affairs.

By Mr. JOHNSON of Texas: A bill (H.R. 8503) granting a pension to Claudia E. J. Davenport; to the Committee on Pensions.

By Mr. KOPPLEMANN: A bill (H.R. 8504) granting to William J. Wholean the privilege of filing application for benefits under the Emergency Officers' Retirement Act; to the Committee on Military Affairs.

By Mr. LAMNECK: A bill (H.R. 8505) for the relief of Alex Lindsay; to the Committee on Military Affairs.

By Mr. LUDLOW: A bill (H.R. 8506) for the relief of Edwina R. Munchhof; to the Committee on War Claims.

By Mr. LUNDEEN: A bill (H.R. 8507) for the relief of John W. Sweger; to the Committee on Military Affairs.

By Mr. SOMERS of New York: A bill (H.R. 8508) to correct the military record of Arthur R. Adair; to the Committee on Military Affairs.

By Mr. TARVER: A bill (H.R. 8509) for the relief of Ida N. Moulton; to the Committee on Claims.

By Mr. WADSWORTH: A bill (H.R. 8510) for the relief of Julian C. Dorr; to the Committee on Claims.

#### PETITIONS, ETC.

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

2774. By Mr. BEITER: Petition of Buffalo Junior Chamber of Commerce, Buffalo, N.Y., urging restoration of Air Mail Service in Buffalo district; to the Committee on the Post Office and Post Roads.

2775. By Mr. BOYLAN: Resolution adopted by the Men's Energetic Club, of Brooklyn, N.Y., approving the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2776. By Mr. COLDEN: Petition of 3,487 voters of the Seventeenth Congressional District of California, asking for the restoration of pensions, hospitalization, and care of veterans of the Spanish-American War as same existed prior to enactment of Public, No. 2, Seventy-second Congress; also that the act of June 2, 1930, be reinstated, and that relief be provided for veterans and nurses of the war mentioned who are physically incapacitated and unable to earn a livelihood; to the Committee on Appropriations.

2777. By Mr. CULLEN: Petition of Men's Energetic Club, of the Brown Memorial Baptist Church, Brooklyn, N.Y., urging the enactment of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2778. By Mr. JAMES: Petition of Board of Supervisors, Ontonagon County, Mich., favoring continuation of Civil Works Administration; to the Committee on Appropriations.

2779. By Mr. JOHNSON of Texas: Petition of J. T. Mayfield and 15 others, of Hillsboro, Tex., favoring truck and bus regulations as proposed in House bill 6836; to the Committee on Interstate and Foreign Commerce.

2780. Also, petition of A. C. Hall and 141 others, of Teague, Tex., favoring truck and bus regulations as proposed in House bill 6836; to the Committee on Interstate and Foreign Commerce.

2781. Also, petition of Mr. and Mrs. Robert Fry, of Madisonville, Tex., favoring House bill 7986, McFadden radio bill; to the Committee on Merchant Marine, Radio, and Fisheries.

2782. Also, petition of R. V. Dunbar, agent, Missouri Pacific Lines, Malone, Tex., favoring House bill 6836, regulating motor carriers; to the Committee on Interstate and Foreign Commerce.

2783. Also, petition of A. E. Mahon and 117 others, of Ennis, Tex., favoring truck and bus regulations as proposed in House bill 6836; to the Committee on Interstate and Foreign Commerce.



2784. By Mr. KVALE: Petition of 59 farmers of Kandiyohi and Renville Counties, Minn., urging passage of farm relief legislation; to the Committee on Banking and Currency.

2785. Also, petition of members of the Congregational Church of Barnesville, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2786. Also, resolution of the Minnesota Conservation Commission, opposing any action on House bill 2833; to the Committee on Indian Affairs.

2787. Also, resolution of the Minnesota Conservation Commission, urging the Federal Government to remove debris, etc., from the waters of the upper Mississippi reservoirs because of their menace to navigation; to the Committee on Rivers and Harbors.

2788. By Mr. LINDSAY: Petition of National Committee on Wild Life Legislation, favoring the passage of Senate bills 2277, 2529, and 2633; to the Committee on Agriculture.

2789. Also, petition of Men's Energetic Club of Brown Memorial Baptist Church, Brooklyn, N.Y., urging the enactment of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2790. By Mr. LUNDEEN: Petition of the Farmer-Labor Association of Polk County, Minn., urging that the Frazier bill for refinancing farm loans be immediately passed; to the Committee on Banking and Currency.

2791. Also, petition of the Farmer-Labor Association of Polk County, Minn., opposing the Prince plan, or any other similar plan of merger of railroads; to the Committee on Interstate and Foreign Commerce.

2792. Also, petition of Branch 9, National Association of Letter Carriers, urging Congress to defeat wage reductions for postal employees; to the Committee on the Post Office and Post Roads.

2793. Also, petition of the St. Louis County Club and Farm Bureau Association, Gilbert, Minn., urging that the St. Lawrence Treaty be ratified; to the Committee on Foreign Affairs.

2794. Also, petition of the Farmers Educational and Co-operative Union of America, Big Stone Local, No. 160, Ortonville, Minn., urging that the Frazier bill, the Swank-Thomas bill, and the Wheeler bill be passed, and that Congress take upon itself their constitutional power to issue currency and regulate the value thereof; to the Committee on Coinage, Weights, and Measures.

2795. Also, petition of the Brown County Farm Bureau Association, Inc., Sleepy Eye, Minn., urging an immediate embargo on imports of all dairy products, fats, and oils; control over the manufacture of oleomargarine and butter substitutes; the elimination of diseased dairy cows; the use of a portion of the processing tax to meet the cost of a national disease-control program; and a further reduction of interest rates on loans to farmers; to the Committee on Agriculture.

2796. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, relative to increasing immigration quotas so as to enable persecuted Jewish people in Germany to enter the United States; to the Committee on Immigration and Naturalization.

2797. By Mr. MEAD: Petition of the Ladies' Society of the Brotherhood of Locomotive Firemen and Enginemen, Holly Lodge, No. 70, Buffalo, N.Y., protesting against the plan for railroad consolidation; to the Committee on Interstate and Foreign Commerce.

2798. Also, petition of the Society of Polish Apothecaries, Buffalo, N.Y., urging adoption of legislation for protection of drug stores; to the Committee on Agriculture.

2799. By Mr. RUDD: Petition of National Committee on Wild-Life Legislation, favoring Senate bills 2277, 2529, and 2633; to the Committee on Agriculture.

2800. Also, petition of the Men's Energetic Club of Brown Memorial Baptist Church, 629 Herkimer Street, Brooklyn, N.Y., favoring the passage of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2801. By Mr. SINCLAIR: Petition of J. L. Maupin and 155 others of Minot, New Rockford, and other points in North Dakota, favoring House bill 7401 to limit the car

length of trains; to the Committee on Interstate and Foreign Commerce.

2802. By Mr. STRONG of Pennsylvania: Petition of the teachers of the Johnstown Senior High School, Johnstown, Pa., favoring Senate bill 2000; to the Committee on Interstate and Foreign Commerce.

2803. Also, petition of the Westmont Woman's Christian Temperance Union, Johnstown, Pa., favoring the Patman bill for the Federal supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

2804. By Mr. TAYLOR of Colorado: Petition of citizens of Dolores, Colo., urging legislative action for the remonetization of silver; to the Committee on Coinage, Weights, and Measures.

2805. Also, petition of citizens of Rico, Colo., urging legislative action for the remonetization of silver; to the Committee on Coinage, Weights, and Measures.

2806. By the SPEAKER: Petition of the city of Amarillo, Tex., regarding the demobilization of the Civil Works Administration; to the Committee on Agriculture.

## SENATE

WEDNESDAY, MARCH 7, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

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

### MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Hattigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

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

S. 2277. An act to establish fish and game sanctuaries in the national forests;

S. 2461. An act to amend an act entitled "An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict"; and

S. 2529. An act to promote the conservation of wild life, fish, and game, and for other purposes.

### CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. HEBERT. I desire to announce that my colleague the senior Senator from Rhode Island [Mr. METCALF], the Senator from South Dakota [Mr. NORBECK], and the Senator from Delaware [Mr. HASTINGS] are necessarily absent.

Mr. LEWIS. I desire to announce that my colleague the junior Senator from Illinois [Mr. DIETERICH] and the Senator from South Carolina [Mr. SMITH] are unavoidably detained from the Senate, and that the Senator from Kansas [Mr. MCGILL] is absent because of a severe cold.